

CLERK OF THE COURT

Clerk of the Court
FILED**SEP 14 2017**JUDICIAL CENTRE
OF CALGARY

COURT FILE NUMBER 1701- 12253
 COURT COURT OF QUEEN'S BENCH OF ALBERTA
 JUDICIAL CENTRE CALGARY
 PLAINTIFF ACMO S.À R.L.
 DEFENDANTS US OIL SANDS INC. and US OIL SANDS (UTAH)
 INC.
 DOCUMENT **AFFIDAVIT**

ADDRESS FOR SERVICE AND CONTACT
 INFORMATION OF PARTY FILING THIS
 DOCUMENT Norton Rose Fulbright Canada LLP
 400 3rd Avenue SW, Suite 3700
 Calgary, Alberta T2P 4H2 CANADA

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Lawyers for ACMO S.À R.L.
 File no.: 01136205-0002

AFFIDAVIT OF STEPHEN LEHNER

Sworn (or Affirmed) on September 13th, 2017.

I, Stephen Lehner, of New York, NY, SWEAR/AFFIRM AND SAY THAT:

INTRODUCTION AND FACTUAL BACKGROUND

1. I am a Managing Director, and Portfolio Manager for Energy, Power and Commodities for Anchorage Capital Group LLC, the Investment Manager of the plaintiff in the within action, ACMO S.À R.L. (**ACMO**), and as such have personal knowledge of the facts and matters hereinafter deposed, except where stated to be based on information and belief, in which case I verily believe the same to be true.

2. I have been directly involved with matters relating to the defendants, US Oil Sands Inc. (**USOS**) and US Oil Sands (Utah) Inc. (**USOS(Utah)**), and together with USOS, the **Debtors**), and have had the opportunity to review the records of ACMO relevant to the indebtedness of the Debtors to ACMO, and have satisfied myself that I am possessed of sufficient knowledge to swear this Affidavit on behalf of ACMO.

3. I am authorized to swear this Affidavit on behalf of ACMO.

BUSINESS OF THE DEBTORS

4. USOS is a public corporation duly incorporated under the laws of Alberta. Attached hereto and marked as **Exhibit "A"** is a true copy of a certificate of status issued by the Alberta Registrar of Corporations with respect to USOS. The shares of USOS were delisted from the TSX Venture Exchange effective June 29, 2017.

5. USOS(Utah) is a corporation duly incorporated under the laws of the state of Utah. Attached hereto and marked as **Exhibit "B"** is a true copy of a certificate of existence issued by the Utah Division of Corporations and Commercial Code with respect to USOS(Utah).

6. USOS(Utah) is a wholly-owned subsidiary of USOS, and the owner of a 100% interest in bitumen leases covering 32,005 acres of land in Utah. Together, the Debtors are in the business of oil sands production and extraction. Their main asset in that regard is the interest of USOS(Utah) in two major oil sands project areas in Utah: the PR Spring Project Area, consisting of 5,930 contiguous acres, and which has been in testing and development since 2005, and the Cedar Camp and NW Project Area, consisting of an additional 26,075 acres of exploration land.

7. ACMO is the largest shareholder of USOS, holding approximately 31.3% of the issued and outstanding share equity of USOS. In addition to this significant equity stake in USOS, ACMO holds outstanding convertible instruments, which if exercised could result in ACMO holding as much as a 74.3% equity stake in USOS. However, ACMO is not currently a majority shareholder of USOS.

8. The Debtors unaudited consolidated financial statements for the three and six months ending June 30, 2017 are attached hereto as **Exhibit "C"**.

LOAN INDEBTEDNESS

9. On or about January 12, 2017, ACMO and the Debtors entered into a Senior Secured Loan Agreement, which contemplated a US\$7.5 million senior secured loan by ACMO to the Debtors, intended, among other things, to finance the completion by the Debtors of a mining facility in the PR Spring Project Area. In June of 2017, ACMO and the Debtors entered into a First Amending Agreement with respect to the Senior Secured Loan Agreement, which contemplated an increase in the senior secured loan of ACMO of up to an additional \$5 million, part of which was contingent on the Debtors' achievement of certain production benchmarks from their producing assets in Utah.

10. Attached hereto, and marked collectively as **Exhibit “D”** are true copies of the Senior Secured Loan Agreement dated January 12, 2017 and the First Amending Agreement dated June 30th, 2017 (collectively, the **Loan Agreements**).

11. In accordance with the Loan Agreements, and between January 12, 2017 and the date of this Affidavit, ACMO advanced at least US\$10 million to the Debtors, in two tranches: an initial tranche of US\$7.5 million, advanced in respect of the January 12, 2017 Senior Secured Loan Agreement, and an additional US\$2.5 million, advanced under the terms of the First Amending Agreement dated June 30, 2017.

12. As at the date of this Affidavit, the indebtedness of the Debtors to ACMO thus exceeds US\$10,000,000, plus interest accruing on those amounts, and fees and costs (including legal costs) pursuant to the terms of the Loan Agreements (the **Indebtedness**).

13. Under the Loan Agreements, USOS is the borrower, and its obligations are guaranteed by USOS(Utah).

14. On the occurrence of certain events of default, it is an express term of the Loan Agreements that the Indebtedness will immediately become due and payable without declaration, notice, or demand by ACMO: among other things, the Indebtedness will become due and payable without declaration notice or demand if the Debtors, or either of them, cease to be solvent, or admit to a present or prospective inability to pay their debts as they become due.

GRANTING OF SECURITY

15. As security for the amounts advanced under the Loan Agreements, the Debtors provided various security to ACMO, which security includes:

- (a) General Security Agreement executed by USOS in favour of ACMO, a true copy of which is attached hereto and marked as **Exhibit “E”**;
- (b) Stock Pledge Agreement between USUS and ACMO in respect of the shares of USOS in USOS(Utah), a true copy of which is attached hereto and marked as **Exhibit “F”**;
- (c) All Personal Property Assets Security Agreement between USOS(Utah) and ACMO in respect of the former’s guarantee of the obligations of USOS, a true copy of which is attached hereto and marked as **Exhibit “G”**; and

- (d) Leasehold Deeds of Trust and Security Agreements, Financing Statements, and Assignments of Production granted by USOS(Utah) in respect of Uintah County and Grand County in Utah respectively, true copies of which are attached hereto and marked collectively as **Exhibit “H”**.
(collectively, the **Security**)

16. In addition, USOS(Utah) executed a Confirmation of Guarantee and Security, a true copy of which is attached hereto as **Exhibit “I”**.

17. Alberta PPR searches for each of the Debtors conducted September 13, 2017, are collectively attached hereto as **Exhibit “J”**.

DEFAULT UNDER THE LOAN AGREEMENTS AND SECURITY

18. Based on my involvement with this matter, my knowledge of the business of the Debtors, and my review of the records of ACMO in respect of this matter, I believe that the Debtors are now insolvent within the meaning of the default provisions of the Loan Agreements, in that the Debtors cannot pay their debts generally as they come due, and the fair value of the business and assets of the Debtors is less than the amount required to pay their liabilities on a consolidated basis.

19. In particular, I am informed that the Debtors currently have negative cash flow, and that their cash on hand is depleting rapidly.

20. The capital work contemplated in the Loan Agreements has not resulted in the oil sands assets of the Debtors becoming commercially viable. The Debtors have failed to meet the benchmarks set forth in the First Amending Agreement, with the result that the final \$2.5 million of financing that is contemplated therein was not advanced in 2017 as planned.

21. ACMO has attempted to work with the Debtors to resolve the issues between them, and recently the Debtors gave serious consideration to filing for protection from their creditors under the provisions of the *Companies’ Creditors Arrangement Act*, RSC 1985, c. C-36 (the **CCAA**).

22. However, on or about September 12, 2017, each of the members of the Board of Directors of USOS resigned. The Debtors have not taken steps to restructure under the **CCAA**, and given the lack of leadership, the cash position of the Debtors, and the diminishing prospects of the Debtors’ producing assets, I do verily believe that ACMO’s Security is at risk.

23. Further, it is important to protect and preserve the Debtors’ records and intellectual property and to protect and preserve the Debtors’ hard assets, including the Debtors’ mine facility in Utah.

24. I am informed, and do believe, that there is an outstanding lien action with respect to USOS(Utah)'s properties in Utah that will require a Receiver's oversight and management.

25. On September 13, 2017, ACOMO, through its counsel, issued a demand letter to the Debtors and notices to each of them pursuant to Section 244(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c. 3, as amended (the **Demand and Notices**). Attached hereto and marked as **Exhibit "K"** is a true copy of the Demands and Notices.

RECEIVER

26. In all of the circumstances, I do verily believe that the appointment of FTI as receiver and manager, or, alternatively, as receiver of the undertakings, property, and assets of the Debtors is necessary to protect the interests of ACOMO, and to preserve and realize upon the Security.

27. It is my further belief that the Security of ACOMO is at risk in light of the current financial predicament of the Debtors, and that the value of this Security may be further eroded unless a receiver and manager is appointed over the property, assets, and undertakings of the Debtors.

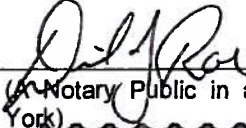
28. I am advised by counsel and do believe that FTI has consented to act as receiver and manager, or alternatively as receiver of the Debtors.

CONCLUSION

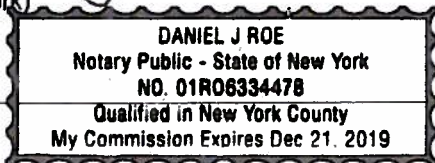
29. I am authorized to swear this Affidavit on behalf of ACOMO.

30. I make this Affidavit in support of an Application to this Court to appoint FTI as receiver and manager, or as receiver, of the undertakings, property, and assets of the Debtors and such other and related relief as may be sought therewith, and for no other or improper purpose.

SWORN (OR AFFIRMED) BEFORE ME
at the City of New York, NY, USA,
this 13th day of September, 2017.



(Notary Public in and for the State of New York)





(Signature)

Stephen Lehner

Exhibit "A"

THIS IS EXHIBIT "A" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13th day of September, A.D. 2017.

Jessica Fairman
[Signature of Witness]

Jessica Fairman
[Print Name of Witness]

[Signature]
A NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R06334478
Qualified in New York County
My Commission Expires Dec 21, 2019

CERTIFICATE OF STATUS

Form 32

I CERTIFY THAT ACCORDING TO THE OFFICIAL RECORDS OF THE CORPORATE
REGISTRY

US OIL SANDS INC.
FORMED BY AMALGAMATION IN ALBERTA ON 2011/05/09
IS AS OF THIS DATE A VALID AND SUBSISTING CORPORATION.

GIVEN UNDER MY SEAL OF OFFICE IN THE PROVINCE OF ALBERTA.

DATED: 2017/06/30



Exhibit “B”

THIS IS EXHIBIT "B" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13th day of September, A.D. 2017.

Jessica Fairman

[Signature of Witness]

Jessica Fairman

[Print Name of Witness]

[Signature]

A NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R06334478
Qualified in New York County
My Commission Expires Dec 21 2019



Utah Department of Commerce
Division of Corporations & Commercial Code

160 East 300 South, 2nd Floor, PO Box 146705
Salt Lake City, UT 84114-6705
Service Center: (801) 530-4849
Toll Free: (877) 526-3994 Utah Residents
Fax: (801) 530-6438
Web Site: <http://www.commerce.utah.gov>

06/30/2017
5834125-014206302017-2572597

CERTIFICATE OF EXISTENCE

Registration Number: 5834125-0142
Business Name: US OIL SANDS (UTAH) INC
Registered Date: February 11, 2005
Entity Type: Corporation - Domestic - Profit
Current Status: Good Standing

The Division of Corporations and Commercial Code of the State of Utah, custodian of the records of business registrations, certifies that the business entity on this certificate is authorized to transact business and was duly registered under the laws of the State of Utah. The Division also certifies that this entity has paid all fees and penalties owed to this state; its most recent annual report has been filed by the Division (unless Delinquent); and, that Articles of Dissolution have not been filed.



Kathy Berg
Director
Division of Corporations and Commercial Code

Exhibit "C"

THIS IS EXHIBIT "C" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13th day of September, A.D. 2017.

Jessica Fairman

[Signature of Witness]

Jessica Fairman

[Print Name of Witness]

[Signature]

A NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01RO6334478
Qualified in New York County
My Commission Expires Dec 21, 2019



US Oil Sands Inc.

**Unaudited Condensed Consolidated Financial Statements
For the Three and Six months ended June 30, 2017**
(Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated financial statements have been prepared by and are the responsibility of management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

US Oil Sands Inc.
Consolidated Statements of Financial Position
(Cdn\$)

As at	Notes	June 30, 2017	December 31, 2016
Assets			
Current Assets			
Cash and cash equivalents	5	\$ 4,402,904	\$ 306,601
Accounts receivable		189,329	362,216
Prepaid expenses		604,124	921,853
		5,196,357	1,590,670
Non-current assets			
Property, plant and equipment	6	2,518,413	2,899,606
Exploration and evaluation assets	7	69,547,035	67,787,604
Intangible assets	8	1,662,886	1,667,529
Reclamation funds on deposit		1,040,376	597,152
		74,768,710	72,951,891
Total assets		\$ 79,965,067	\$ 74,542,561
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	9	\$ 6,236,633	\$ 9,004,272
Current portion of bank debt	11	294,496	287,664
		6,531,129	9,291,936
Non-current liabilities			
Senior secured loan	10	12,754,797	-
Bank debt	11	187,818	359,045
Decommissioning liabilities	12	1,089,277	1,179,042
Total liabilities		20,563,021	10,830,023
Shareholders' equity			
Shareholders' capital	13	126,021,113	124,234,790
Contributed surplus		16,303,113	16,414,346
Deficit		(89,095,500)	(85,311,467)
Accumulated other comprehensive income		6,173,320	8,374,869
Total shareholders' equity		59,402,046	63,712,538
Total liabilities and shareholders' equity		\$ 79,965,067	\$ 74,542,561

Going Concern (note 2)
Commitments (note 18)

US Oil Sands Inc.
Consolidated Statements of Comprehensive Loss
For the three and six months ended June 30
(Cdn\$)

	Notes	For the Three Months Ended June 30		For the Six months Ended June 30	
		2017	2016	2017	2016
Income					
Other Income	10	\$ 2,652,873	\$ -	\$ 2,652,873	\$ -
Investment income & interest		1,223	33,765	1,736	37,489
		2,654,096	33,765	2,654,609	37,489
Expenses					
Operation costs		334,730	411,324	686,253	868,026
Amortization	6,8	170,137	63,010	346,436	125,160
Accretion	12	6,472	4,858	12,842	11,428
Property evaluation		-	4,051	-	4,153
Technology development		116,554	209,524	251,499	332,636
General and administrative		950,415	885,394	1,796,575	1,761,288
Foreign exchange loss (gain)		(14,023)	(405,574)	(92,127)	822,346
Share-based payment	13	165,404	97,018	679,714	396,132
Interest Expense	9	(324,584)	7,746	11,610	13,941
		1,405,105	1,277,351	3,692,802	4,335,110
Income (loss) before taxes		1,248,991	(1,243,586)	(1,038,193)	(4,297,621)
Income tax expense		-	129	-	133
Net income (loss)		1,248,991	(1,243,715)	(1,038,193)	(4,297,754)
Other comprehensive income (loss)		(1,708,865)	39,401	(2,201,549)	(4,932,244)
Total comprehensive income (loss)		\$ (459,874)	\$ (1,204,314)	\$ (3,239,742)	\$ (9,229,998)
Loss per share – basic and diluted		\$ 0.035	\$ (0.054)	\$ (0.030)	\$ (0.215)
Weighted average number of shares outstanding		35,431,995	22,875,465	35,116,916	19,969,156

*Certain comparative figures have been adjusted to reflect current account presentation

US Oil Sands Inc.
Consolidated Statements of Changes in Equity
For the six months ended June 30
(Cdn\$)

	Shareholders' Capital	Contributed Surplus	Warrants	Deficit	Accumulated other comprehensive income (loss)	Total Shareholders' Equity
January 1, 2016	\$113,634,766	\$ 13,410,532	-	\$ (34,331,504)	\$ 10,640,950	\$103,354,744
Net loss	-	-	-	(4,297,754)	-	(4,297,754)
Other comprehensive loss – currency translation adjustment	-	-	-	-	(4,932,244)	(4,932,244)
Rights offering	9,906,154	-	-	-	-	9,906,154
Share-based payments	-	396,132	-	-	-	396,132
Warrants	-	-	2,635,881	-	-	2,635,881
June 30, 2016	\$123,540,920	\$ 13,806,664	\$ 2,635,881	\$ (38,629,258)	\$ 5,708,706	\$107,062,913
July 1, 2016	\$123,540,920	\$ 13,806,664	\$ 2,635,881	\$ (38,629,258)	\$ 5,708,706	\$107,062,913
Net loss	-	-	-	(46,682,209)	-	(46,682,209)
Rights offering	262,461	-	-	-	-	262,461
Other comprehensive income – currency translation adjustment	-	-	-	-	2,666,163	2,666,163
Share-based payments	-	665,671	-	-	-	665,671
Restricted share unit release	431,409	(431,409)	-	-	-	-
Warrants expired	-	2,373,420	(2,635,881)	-	-	(262,641)
December 31, 2016	\$124,234,790	\$ 16,414,346	\$ -	\$ (85,311,467)	\$ 8,374,869	\$ 63,712,538
January 1, 2017	\$124,234,790	\$ 16,414,346	\$ -	\$ (85,311,467)	\$ 8,374,869	\$ 63,712,538
Net loss	-	-	-	(1,038,193)	-	(1,038,193)
Other comprehensive income – currency translation adjustment	-	-	-	-	(2,201,549)	(2,201,549)
Share-based payments	1,480	678,235	-	-	-	679,715
Amended loan agreement	-	-	-	(2,745,840)	-	(2,745,840)
Shares for debt	995,375	-	-	-	-	995,375
Restricted share unit release	789,468	(789,468)	-	-	-	-
Warrants	-	-	13,724,436	(13,817,403)	-	(92,967)
Warrants cancelled	-	-	(13,724,436)	13,817,403	-	92,967
June 30, 2017	\$126,021,113	\$ 16,303,113	\$ -	\$ (89,095,500)	\$ 6,173,320	\$ 59,402,046

US Oil Sands Inc.
Unaudited Consolidated Statements of Cash Flows
For the Six months ended June 30
(Cdn\$)

	Notes	2017	2016
Operating activities			
Net income (loss)		\$ (1,038,193)	\$ (4,297,754)
Adjustments for:			
Investment income & interest		(1,736)	(37,489)
Amortization	6,8	346,436	125,160
Accretion	12	12,842	11,428
Share-based payments	13	679,714	396,132
Gain on modification of debt		(2,652,873)	-
Unrealized (gain) loss on foreign exchange		(92,509)	1,562,476
Changes in non-cash working capital	14	59,700	368,896
		(2,686,619)	(1,871,151)
Investing activities			
Interest received		1,736	37,489
Purchase of property, plant and equipment	6	(10,512)	(115,841)
Expenditures on exploration and evaluation assets	7	(4,187,708)	(17,184,473)
Expenditures on intangible assets	8	-	(26,896)
Changes in non-cash working capital	14	(2,336,723)	(1,757,816)
		(6,533,207)	(19,047,537)
Financing activities			
Proceeds from issuance of shares from rights offering		-	12,797,136
Share issue costs	13	(12,562)	(255,101)
Warrants issue cost		(92,967)	-
Senior loan financing		13,091,750	-
Legal fees on senior loan financing		(132,042)	-
Bank debt payments		(147,152)	(12,629)
		12,707,027	12,529,406
Effects of exchange rate changes on cash and cash equivalents		609,102	(213,332)
Net decrease in cash and cash equivalents		4,096,303	(8,579,941)
Cash and cash equivalents, beginning of period		\$ 306,601	\$ 18,529,111
Cash and cash equivalents, end of period		\$ 4,402,904	\$ 9,926,497
Cash Paid:			
Interest		\$ 11,610	\$ 13,941
Taxes		\$ -	\$ -

US Oil Sands Inc.
Notes to Consolidated Financial Statements
(Expressed in Canadian dollars, except as noted)

1. NATURE OF BUSINESS

US Oil Sands Inc. (the "Company") is engaged in the exploration and development of oil sands properties and, through its wholly owned United States subsidiary US Oil Sands (Utah) Inc., has a 100% interest in bitumen leases covering 32,005 acres of land in Utah. To date, the Company has not earned significant revenues as it is in the pre-production stage.

The Company's registered office is located at Suite 1600, 521 – 3rd Ave. SW., Calgary, Alberta, Canada T2P 3T3.

2. GOING CONCERN

These condensed consolidated financial statements ("interim financial statements") have been prepared on a going concern basis which contemplates the realization of assets and the satisfaction of liabilities and commitments in the normal course of business for the foreseeable future. The Company has historically met its day to day working capital requirements and funded its capital and operating expenditures through funding received from the proceeds of share and debt issuances.

On June 30, 2017, the Company closed a US\$5.0 million amendment to its existing US\$7.5 million senior secured loan facility with ACO S.à R.L. ("ACO"), the Company's largest shareholder. The first US\$2.5 million tranche was funded on June 30, 2017 with the closing of the amendment. The second US\$2.5 million tranche will become available upon the PR Spring Project producing 500 barrels per day of oil for five consecutive days. The additional loan facility funds are to be used to complete commissioning and startup of the PR Spring Project, fund operations and corporate general and administrative costs.

Future operations are dependent on the funding of the second tranche of the additional financing, the commissioning and startup of the PR Spring Project and the successful commercialization of the Company's proprietary bitumen extraction technology, the generation of positive cashflows from operations and the ability to discharge obligations as they come due. There is no assurance that the Company will be successful in achieving the second tranche funding milestone of producing 500 barrels of oil per day for five consecutive days. As such, there is significant doubt and there can be no assurance that the Company will be able to continue as a going concern.

The timing and extent of forecast capital and operating expenditures is based on the Company's 2017 budget and on management's estimate of expenditures expected to be incurred beyond 2017. The Company has a significant degree of control and flexibility over both the extent and timing of payments relating to creditors.

Management has applied significant judgement in preparing forecasts supporting the going concern assumption. Specifically, management has made assumptions regarding projected oil sales volumes and pricing, scheduling of payments arising from various obligations as at June 30, 2017, the availability of additional financing, and the timing and extent of capital and operating expenditures.

The financial statements have been prepared on a basis which asserts the Company has the ability to continue to realize its assets and discharge its liabilities and commitments in a planned manner giving consideration to the above and expected possible outcomes. Conversely, if the going concern assumption is not appropriate, adjustments to the carrying amounts of the Company's assets, liabilities, revenues, expenses and balance sheet classifications may be necessary, and adjustments may be material.

The financial statements reflect management's best estimates after giving consideration to likely outcomes. The financial statements continue to be prepared in accordance with International Financial Reporting Standards ("IFRS") and are consistent with the Company's accounting policies as outlined in financial statement note 3.

3. BASIS OF PRESENTATION

a) Statement of compliance

These condensed consolidated financial statements ("Interim financial statements") were approved by the Board of Directors of the Company on August 16, 2017.

The interim financial statements have been prepared using the accounting policies under International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and have been prepared in accordance with International Standards ("IAS") 34 "Interim Financial Reporting".

The interim financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the Audited Consolidated Financial Statements for the year ended December 31, 2016. The Company has prepared these interim financial statements using the same significant accounting policies, critical judgments, accounting estimates and methods of computation applied in the 2016 audited financial statements, except as noted below.

b) Basis of measurement

The interim financial statements are presented on a historical cost basis and in Canadian dollars which is the Company's functional and presentation currency. The Company has a wholly owned subsidiary which uses the US dollar as its functional currency. The Company follows the foreign currency translation method prescribed in IAS 21.

4. FUTURE ACCOUNTING STANDARDS

On January 1, 2018, the Company will be required to adopt IFRS 15, "Revenue from Contracts with Customers". IFRS 15 provides a single, principle-based five-step model that will apply to all contracts with customers with limited exceptions. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. The extent of the impact of the adoption of IFRS 15 has not yet been determined.

IFRS 9 Financial Instruments, finalized in July 2015 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. The standard is effective for annual periods beginning on or after January 1, 2018. The extent of the impact of the adoption of IFRS 9 amendments has not yet been determined.

IFRS 16 Leases replaces IAS 17 Leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less. This removes the classification of leases as either operating leases or finance leases. All leases will be treated as finance leases, effective January 1, 2019.

The Company has not completed its evaluation of the effect of adopting these standards on its financial statements.

5. CASH AND CASH EQUIVALENTS

	June 30 2017	December 31 2016
Cash	\$ 4,402,904	\$ 305,799
Short-term investments	-	802
	\$ 4,402,904	\$ 306,601

6. PROPERTY, PLANT AND EQUIPMENT

	Processing Equipment	Shop and Laboratory Equipment	Automotive Equipment	Mining Equipment	Corporate and Other	Total
Cost						
As at January 1, 2016	\$ 1,445,326	\$ 1,012,456	\$ 139,703	\$ -	\$ 387,672	\$ 2,985,157
Additions	-	72,406	46,289	1,860,311	643	1,979,649
Foreign exchange effect	-	(89)	(3,095)	25,136	(3,058)	18,894
As at December 31, 2016	\$ 1,445,326	\$ 1,084,773	\$ 182,897	\$ 1,885,447	\$ 385,257	\$ 4,983,700
Additions	-	10,512	-	-	-	10,512
Foreign exchange effect	-	(301)	(5,627)	(63,190)	(3,361)	(72,479)
As at June 30, 2017	\$ 1,445,326	\$ 1,094,984	\$ 177,270	\$ 1,822,257	\$ 381,896	\$ 4,921,733
Accumulated amortization						
As at January 1, 2016	\$ 727,315	\$ 639,505	\$ 66,561	\$ -	\$ 214,182	\$ 1,647,563
Amortization	9,843	119,424	27,950	232,539	45,240	434,996
Foreign exchange effect	-	(37)	(1,168)	3,142	(402)	1,535
As at December 31, 2016	\$ 737,158	\$ 758,892	\$ 93,343	\$ 235,681	\$ 259,020	\$ 2,084,094
Amortization	7,992	50,058	13,349	245,917	21,105	338,421
Foreign exchange effect	-	(97)	(2,996)	(14,644)	(1,458)	(19,195)
As at June 30, 2017	\$ 745,150	\$ 808,853	\$ 103,696	\$ 466,954	\$ 278,667	\$ 2,403,320
Carrying value						
As at December 31, 2016	\$ 708,168	\$ 325,881	\$ 89,555	\$ 1,649,766	\$ 126,237	\$ 2,899,606
As at June 30, 2017	\$ 700,176	\$ 286,131	\$ 73,574	\$ 1,355,303	\$ 103,229	\$ 2,518,413

7. EXPLORATION AND EVALUATION ASSETS

Cost and carrying value

As at January 1, 2016	\$ 86,737,570
Additions	27,071,467
Changes in decommissioning liabilities (note 10)	163,055
impairment	(44,000,000)
Foreign exchange effect	(2,184,488)
As at December 31, 2016	\$ 67,787,604
Additions	4,187,708
Changes in decommissioning liabilities (note 10)	(89,765)
Foreign exchange effect	(2,338,512)
As at June 30, 2017	\$ 69,547,035

Exploration and evaluation assets are not subject to depletion as the properties have not been fully developed and technical feasibility or commercial viability has not yet been determined.

The Company performs impairment tests when events and/or circumstances indicate that the carrying value of an asset or CGU may exceed the recoverable amount. At June 30, 2017, the Company determined that no indicators of impairment existed with respect to its E&E assets and no impairment losses or reversals of E&E impairment losses were recorded during the six months ended June 30, 2017 (2016 - \$Nil).

8. INTANGIBLE ASSETS

	Technology and Patents	Computer Software	Corporate & Other	Total
Cost				
As at January 1, 2015	\$ 1,588,283	\$ 160,201	\$ 81,695	\$ 1,830,179
Additions	25,642	1,249	-	26,891
Foreign exchange effect	(144)	(4,521)	-	(4,665)
As at December 31, 2016	\$ 1,613,781	\$ 156,929	\$ 81,695	\$ 1,852,405
Additions	-	-	-	-
Foreign exchange effect	4,861	(4,985)	-	(124)
As at June 30, 2017	\$ 1,618,642	\$ 151,944	\$ 81,695	\$ 1,852,281
Accumulated amortization				
As at January 1, 2016	\$ -	\$ 82,800	\$ 81,695	\$ 164,495
Amortization	-	22,456	-	22,456
Foreign exchange effect	-	(2,075)	-	(2,075)
As at December 31, 2016	\$ -	\$ 103,181	\$ 81,695	\$ 184,876
Amortization	-	8,015	-	8,015
Foreign exchange effect	-	(3,496)	-	(3,496)
As at June 30, 2017	\$ -	\$ 107,700	\$ 81,695	\$ 189,395
Carrying value				
As at December 31, 2016	\$ 1,613,781	\$ 74,129	\$ -	\$ 1,687,910
As at June 30, 2017	\$ 1,618,642	\$ 44,244	\$ -	\$ 1,662,886

No impairment on intangible assets have been identified as at June 30, 2017 and December 31, 2016.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30 2017	December 31 2016
Accounts payables	\$ 5,677,972	\$ 8,472,832
Accrued liabilities	558,661	531,440
	\$ 6,236,633	\$ 9,004,272

10. SENIOR SECURED LOAN

On June 30, 2017 the Company secured additional financing by amending the existing US\$7.5 million senior secured loan facility ("Existing Loan") with ACMO. The additional financing will provide the Company with US\$5 million to be provided in two tranches ("Additional Loan"). The first US\$2.5 million tranche was funded on June 30, 2017 with the closing of the amendment. The second US\$2.5 million tranche will become available upon the Project producing 500 barrels per day of oil for five consecutive days. In conjunction with the amendment, the Company's common shares have been delisted from the TSX Venture Exchange effective June 29, 2017. The Company continues to be a reporting issuer under Canadian securities laws and subject to Canadian continuous disclosure requirements.

The Existing Loan was extended by one year to January 12, 2019 and the Additional Loan is due on June 30, 2027, as such the Senior Secured Loan has been presented as a long-term liability. Interest payable in respect of the Existing Loan is reduced to zero percent per annum and all accrued and unpaid interest is forgiven. The Company recorded a gain on the modification of the Existing Loan of \$2,652,873 as a result of the interest rate being reduced and extension of the loan for one year in accordance with IFRS 9.

Security is a first priority interest on all present and future property, assets of the Company and its wholly owned subsidiary, US Oil Sands (Utah) Inc. A provision allows the Company to obtain a US\$3.0 million loan facility using accounts receivable and inventory as security, where ACMO will postpone its security in favour of a first place position.

At any time between the closing date and maturity, the Additional Loan may be convertible into that number of common shares of the Company that provides ACMO with 90% of the Company's fully diluted common shares outstanding when combined with its existing share holdings.

Pursuant to the amendment transaction, the 24 million warrants issued to ACMO in connection with the Existing Loan on January 12, 2017 were cancelled.

11. Bank Debt

	June 30 2017	December 31 2016
Current portion of bank debt	\$ 294,496	\$ 287,664
Non-current portion of bank debt	187,818	359,045
	\$ 482,314	\$ 646,709

The Company finalized a three-year loan at 3.70% APR for US\$645,000 in January 2016 to partially fund the purchase of US\$1.3 million of mining equipment, with the balance of the purchase price paid in cash. Also held is a US\$42,000 loan at 6.47% APR for term of five years, ending November 2019. The equipment under each loan is held as collateral, and there are no specified covenants.

12. DECOMMISSIONING LIABILITIES

	June 30 2017	December 31 2016
Balance, beginning of period	\$ 1,179,042	\$ 1,015,987
Changes in estimates	(64,510)	168,232
Liabilities added (note 6)	-	-
Accretion	12,842	22,563
Foreign exchange effect	(38,097)	(27,740)
Balance, end of period	\$ 1,089,277	\$ 1,179,042

The Company is liable for its share of dismantling, decommissioning, and site disturbance remediation activities of its properties upon abandonment. The estimated amount required to settle the decommissioning liabilities have been discounted using risk-free rates between 2.13% and 3.24% and an inflation rate of 1.6%. The properties are estimated to require reclamation in 15.2 years as at June 30, 2017.

13. SHARE CAPITAL

a) Common shares

	June 30 2017		December 31 2016	
	Number	Amount	Number	Amount
Balance, beginning of period	34,255,736	\$ 124,234,790	17,062,847	\$ 113,634,766
Rights offering, net of allocation to warrants	-	-	17,062,847	10,423,716
Share issue costs	-	(12,562)	-	(255,101)
RSU Release	305,959	790,948	130,060	431,409
Shares for debt issuance	986,725	1,007,937	-	-
Share Consolidation Rounding	-	-	(18)	-
Balance, end of period	35,548,420	\$ 126,021,113	34,255,736	\$ 124,234,790
Weighted average common shares outstanding, basic and diluted	35,116,916		19,969,156	

During Q2 2017, the Company entered into agreements with three of its service provider creditors to issue 192,868 common shares at a deemed price of \$0.68 per common share in settlement of an aggregate of \$131,149 in debt.

b) Warrants

	June 30 2017		December 31 2016	
	Number of Warrants	Fair Value	Number of Warrants	Fair Value
Balance, beginning of the period	-	\$ -	-	\$ -
Issued on rights offering	-	-	3,214,500	2,373,420
Issued on Senior Secured Loan	24,000,000	13,724,436	-	-
Expired	-	-	(3,214,500)	(2,373,420)
Cancelled	(24,000,000)	(13,724,436)	-	-
Balance, end of the period	-	\$ -	-	\$ -

As an inducement to provide the Existing Loan, ACOMO was granted, on a post-consolidation basis, 24,000,000 warrants that were exercisable into one common share per warrant at \$0.75 for a term of five years. The warrants were cancelled on June 30, 2017 as part of the amendment to the Existing Loan.

The fair value of the warrants were estimated on the date of issuance using the Black-Scholes pricing model with the following assumptions: Risk-free interest rate 1.08%, expected life 5 years, expected volatility 56%, dividend per share \$0.00. Based on this model, the weighted average fair value per warrant was \$0.98.

c) Stock options

The following table summarizes the changes in stock options and the weighted average exercise prices:

	June 30 2017		December 31 2016	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,014,640	\$ 9.39	1,037,160	\$ 9.32
Granted	1,609,144	0.18	-	-
Expired	(27,000)	9.00	(16,000)	(6.25)
Forfeited	(171,567)	(8.11)	(6,520)	(5.38)
Outstanding, end of period	2,425,217	\$ 3.37	1,014,640	\$ 9.39
Exercisable, end of period	778,913	\$ 9.74	896,680	\$ 9.95

The following table summarizes the ranges of exercise prices and weighted average remaining life:

Range of Exercise Prices (\$)	Outstanding			Exercisable		
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Life
0.00-1.00	1,609,144	\$ 0.18	9.99	-	\$ 0.00	0.00
5.00-7.50	249,573	\$ 5.43	1.99	212,413	\$ 5.49	1.88
7.51-10.00	430,000	\$ 9.50	1.37	430,000	\$ 9.50	1.37
17.51-18.00	136,500	\$ 18.00	3.80	136,500	\$ 18.00	3.80
	2,425,217	\$ 9.50	7.30	778,913	\$ 9.90	1.93

As at June 30, 2017, the exercise prices of the options outstanding ranged from \$0.180 to \$18.00 per option with a weighted average remaining life of 7.3 years.

The fair value of stock options granted were estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30 2017	December 31 2016
Risk-free interest rate	1.74%	1.58%
Expected life (years)	10.00	5.00
Expected volatility	148%	119%
Forfeiture rate	12.3%	0.88%
Dividend per share	0.00%	0.00%

On June 30, 2017, 1,609,144 stock options with an exercise price of \$0.18 were granted to officers of the Company. The stock options vest one-third on the first, second, and third anniversary dates of the grant. The weighted average fair value of these options is \$0.03 per option. This option grant was in consideration for amendments to the officers' employment agreements, including elimination of the aggregate \$2.0 million potential severance entitlement over and above the provisions of the *Employment Standards Code* (Alberta).

The Company may grant stock options to directors, officers, employees, charities and consultants pursuant to individual stock option agreements. The exercise price, terms of vesting and expiry date of stock options are fixed by directors of the Company at the time of grant.

The Company adopted a "rolling" Stock Option Plan (the "Plan") in compliance with the TSX Venture Exchange policy for granting shares. Under the Plan, the number of shares reserved for issuance may not exceed 10% of the total number of issued and outstanding shares and, to any one optionee, may not exceed 5% of the issued shares on a yearly basis. The exercise price of each option shall not be less than the market price of the Company's stock at the date of grant with a minimum exercise price of \$0.05. Options can be granted for a maximum term of ten years and will vest on issuance unless otherwise determined by the board of directors.

d) Restricted Share Units

The Company has a Restricted Share Unit Plan which authorizes the Board of Directors to granted restricted share units ("RSUs") to directors, officers, employees and consultants of US Oil Sands Inc. and its subsidiary.

The RSUs vest one-third on the first, second, and third anniversary dates of the grant. On the vesting dates, the Corporation has the option of settling the award value in cash or common shares of the Corporation.

For the purpose of calculating share-based compensation, the fair value of each award is determined at the grant date using the closing price of the common shares. An estimated forfeiture rate of 10.96% was used to value all awards granted for the period ended June 30, 2017.

The number of restricted share units outstanding are as follows:

	June 30 2017	December 31 2016
Balance, beginning of period	962,167	265,246
Granted	25,000	880,724
Vested	(305,959)	(170,068)
Forfeited	(91,367)	(13,735)
Balance, end of period	589,841	962,167

e) Share-based Payments

A reconciliation of the share-based payments expense is provided below:

For the six months ended June 30	2017	2016
Share-based payments on stock options	\$ 10,824	\$ 123,300
Share-based payments on RSUs	785,772	359,596
Gross share-based payment expense	\$ 796,596	\$ 482,896
Recoveries from forfeitures on stock options	(75,462)	-
Recoveries from forfeitures on RSUs	(41,420)	(86,764)
	\$ 679,714	\$ 396,132

14. SUPPLEMENTAL CASH FLOW INFORMATION

For the six months ended June 30	2017	2016
Accounts receivable	\$ 172,887	\$ (172,927)
Prepaid expenses	317,729	829,446
Inventory	-	2,896
Accounts payable and accrued liabilities	(2,767,639)	(2,048,335)
	\$ (2,277,023)	\$ (1,388,920)
Related to:		
Changes in non-cash working capital - operating	\$ 59,700	\$ 368,896
Changes in non-cash working capital - investing	(2,336,723)	(1,757,816)
	\$ (2,277,023)	\$ (1,388,920)

15. SEGMENT INFORMATION

Management has segmented the Company's business based on nature of products and services. The Company conducts its oil sands development predominately through its wholly-owned subsidiary, US Oil Sands (Utah) Inc. The accounting policy for each segment is the same as the Company and information regarding the results of each segment is included as below:

a) Non-current segment assets

As at June 30, 2017	Corporate	Utah Oil Sand Development	Consolidated
Property, plant and equipment	\$ 1,028,980	\$ 1,489,433	\$ 2,518,413
Exploration and evaluation assets	260,000	69,287,035	69,547,035
Intangible assets	1,616,747	46,139	1,662,886
Reclamation funds on deposits	-	1,040,376	1,040,376
Segment non-current assets	\$ 2,905,727	\$ 71,862,983	\$ 74,768,710

As at December 31, 2016	Corporate	Utah Oil Sand Development	Consolidated
Property, plant and equipment	\$ 1,096,990	\$ 1,802,616	\$ 2,899,606
Exploration and evaluation assets	260,000	67,527,604	67,787,604
Intangible assets	1,612,197	55,332	1,667,529
Reclamation funds on deposits	-	597,152	597,152
Segment non-current assets	\$ 2,969,187	\$ 69,982,704	\$ 72,951,891

b) Reported segment income (loss)

For the three months ended June 30	Corporate		Utah Oil Sand Development		Consolidated	
	2017	2016	2017	2016	2017	2016
Income						
Other Income	\$ 2,652,873	\$ -	\$ -	\$ -	\$ 2,652,873	\$ -
Investment income & interest	34	32,625	1,189	1,140	1,223	33,765
	2,652,907	32,625	1,189	1,140	2,654,096	33,765
Less: Expenses						
Operation costs	-	-	334,730	411,324	334,730	411,324
Amortization	31,606	46,794	138,531	16,216	170,137	63,010
Accretion	-	-	6,472	4,858	6,472	4,858
Property evaluation	-	900	-	3,151	-	4,051
Technology development	116,554	209,524	-	-	116,554	209,524
General and administrative	705,592	687,223	244,823	198,171	950,415	885,394
Foreign exchange	(14,023)	(405,574)	-	-	(14,023)	(405,574)
Share-based payments	165,404	97,018	-	-	165,404	97,018
Interest expense	(329,962)	-	5,378	7,746	(324,584)	7,746
	675,171	635,885	729,934	641,466	1,405,105	1,277,351
Income (loss) before taxes	1,977,736	(603,260)	(728,745)	(640,326)	1,248,991	(1,243,586)
Income tax expense	-	-	-	129	-	129
Segment net income (loss)	\$ 1,977,736	\$ (603,260)	\$ (728,745)	\$ (640,455)	\$ 1,248,991	\$ (1,243,715)
Capital Expenditures	\$ 8,096	\$ 28,240	\$ 2,022,608	\$ 6,341,962	\$ 2,030,704	\$ 6,370,202

*Certain comparative figures have been adjusted to reflect current account presentation

For the Six months ended June 30	Corporate		Utah Oil Sand Development		Consolidated	
	2017	2016	2017	2016	2017	2016
Income						
Other Income	\$ 2,652,873	\$ -	\$ -	\$ -	\$ 2,652,873	\$ -
Investment income & Interest	444	36,312	1,292	1,177	1,736	37,489
	2,653,317	36,312	1,292	1,177	2,654,609	37,489
Less: Expenses						
Operation costs	-	-	686,253	868,026	686,253	868,026
Amortization	71,557	91,826	274,879	33,334	346,436	125,160
Accretion	-	-	12,842	11,428	12,842	11,428
Property evaluation	-	900	-	3,253	-	4,153
Technology development	251,499	332,636	-	-	251,499	332,636
General and administrative	1,383,818	1,276,287	412,757	485,001	1,796,575	1,761,288
Foreign exchange	(92,127)	822,346	-	-	(92,127)	822,346
Share-based payments	679,714	396,132	-	-	679,714	396,132
Interest Expense	-	-	11,610	13,941	11,610	13,941
	2,294,461	2,920,127	1,398,341	1,414,983	3,692,802	4,335,110
Income (loss) before taxes	358,856	(2,883,815)	(1,397,049)	(1,413,806)	(1,038,193)	(4,297,621)
Income tax expense	-	-	-	-	-	-
Segment net income (loss)	\$ 358,856	\$ (2,883,815)	\$ (1,397,049)	\$ (1,413,806)	\$ (1,038,193)	\$ (4,297,621)
Capital Expenditures	\$ 8,096	\$ 40,651	\$ 4,143,476	\$ 11,268,349	\$ 4,151,572	\$ 11,309,000

*Certain comparative figures have been adjusted to reflect current account presentation

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, reclamation funds on deposit, accounts payable, accrued liabilities, and bank debt. All financial instruments must be classified into one of the following five categories: loans and receivables, held-to-maturity, fair value through profit or loss, available-for-sale financial assets or financial liabilities measured at amortized cost. The Company classified all of the financial instruments as loans and receivables with accounts payable, accrued liabilities and bank debt as other financial liabilities measured at amortized cost.

Fair value of financial instruments

The carrying amount of cash and cash equivalents, accounts receivable, reclamation funds, accounts payable, accrued liabilities and bank debt is approximated by their fair value due to their short-term nature. The Company classifies fair value measurements using a fair value hierarchy with the following levels:

- Level 1 – Unadjusted quoted price in active markets for identical assets and liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Inputs for the asset or liability that are not based on observable market data.

All of the financial instruments held by the Company are recorded at amortized cost; therefore, the fair value hierarchy is not applicable and the Company does not have financial instruments of which fair values were based on Level 1, 2 or Level 3 measurement.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company has not entered into any mitigating interest rate hedges or swaps, and the Company does not have any cashable short-term investments. Had the interest rate on the investments been 100 basis points higher (or lower) throughout the six months ended June 30, 2017, earnings would have been affected by \$nil (2016 – \$395,253) based on the average investment balance outstanding during the six month period.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company enters into transactions denominated in United States currency for which the related expenses and accounts payable balances are subject to exchange rate fluctuations. The following items are denominated in United States currency:

	June 30 2017 (US Dollars)	December 31 2016 (US Dollars)
Cash and cash equivalents	\$ 3,160,755	\$ 167,185
Accounts payable	4,120,069	5,616,615
Accrued liabilities	124,045	163,321

As at June 30, 2017, the exchange was 1.2977 USD/CAD. A change of the value of the Canadian dollar relative to the US dollar of 1% will result in an \$10,834 increase in the gain or loss of foreign exchange, respectively.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The maximum risk to credit exposure is equal to the Accounts Receivable and Cash and Cash Equivalents balances. The majority of Accounts Receivable consists of receivables due from the Government of Canada. The Company holds cash and cash equivalents with large and reputable North American banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company enters into transactions for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Company's future net cashflows for the possibility of a negative net cashflow. For the quarter ended June 30, 2017, the Company had a negative working capital of \$1.3 million (2016 - \$1.6 million surplus) and an accumulated deficit of \$89.1 million (2016 - \$37.4 million). The Company's ability to remain a going concern is dependent on the funding of the second tranche of financing, the successful commercialization of the Company's proprietary bitumen extraction technology, the generation of positive cashflows from operations and the ability to discharge obligations as they become due.

17. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to maintain financial flexibility to meet financial obligations; to facilitate growth; and to optimize the use of capital sources to provide an appropriate investment return to its shareholders. The Company is not subject to any externally imposed capital requirements.

The Company strives to properly exploit its current asset base. Currently, the Company's capital structure is comprised of equity as follows:

	June 30 2017	December 31 2016
Shareholders' capital	\$ 126,021,113	\$ 124,234,790
Contributed surplus	16,303,113	16,414,346
Deficit	(89,097,056)	(85,311,467)

18. RELATED PARTY TRANSACTIONS

The key management personnel of the Company are comprised of members of the US Oil Sands Board of Directors and executives of the Company. Directors only receive share-based payment compensation and no cash compensation. The remuneration of key management personnel during the six months ended June 30 are as follows:

	2017	2016
Short-term employee benefits	\$ 412,613	\$ 503,640
Share-based payments	431,247	169,038
	\$ 843,860	\$ 672,678

The Existing Loan entered into on January 12, 2017 and Additional Loan entered into on June 30, 2017 are both with ACMO, the Company's largest shareholder. Upon closing of the amended Loan Facility, the Board decreased from five seats to three, all of which are appointed by ACMO.

19. COMMITMENTS

	Office and equipment	Resource properties (US dollars)
2017	\$ 338,355	\$ 313,434
2018	210,295	336,094
2019	3,191	336,094
2020	-	318,934
2021	-	53,020
Thereafter	-	164,560
	\$ 551,841	\$ 1,522,136

The Company leases equipment and office premises in Canada and USA. The resource properties are leased from the State of Utah. With 32,005 acres held under separate leases and each having differing expiry terms.

Exhibit “D”

THIS IS EXHIBIT "D" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13 day of September, A.D. 2017.

Jessie Jani

[Signature of Witness]

Jessica Fairman

[Print Name of Witness]

DJR

A NOTARY PUBLIC In and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R06334478
Qualified in New York County
My Commission Expires Dec 21, 2019

Execution version

Dated **January 12, 2017**

US OIL SANDS INC.
as Borrower

and

ACMO S.À R.L.
as Lender

SENIOR SECURED LOAN AGREEMENT

 **NORTON ROSE FULBRIGHT**

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SENIOR SECURED LOAN AGREEMENT

This **SENIOR SECURED LOAN AGREEMENT** is dated as of January 12, 2017 and entered into by and among **US OIL SANDS INC.** (the "**Borrower**"), a corporation incorporated pursuant to the laws of the Province of Alberta, as borrower, **US OIL SANDS (UTAH) INC.** (the "**US Subsidiary**"), a corporation incorporated pursuant to the laws of Utah, as Guarantor and **ACMO S.À R.L.** (the "**Lender**"), a *société à responsabilité limitée* formed pursuant to the laws of Luxembourg.

RECITALS

WHEREAS the Borrower wishes to finance the completion of the PR Spring Project, an oil sands mining facility (the "**Project**");

AND WHEREAS pursuant to the Project, the Borrower and the Lender have agreed to establish senior secured extendible non-revolving credit facilities on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants herein contained, the Borrower, Guarantor and the Lender agree as follows:

SECTION 1 DEFINITIONS

1.1 Defined Terms

The following terms used in this Agreement shall have the following meanings:

"**Affiliate**" in relation to any Person (in this definition, the "**relevant party**") means any other Person that directly or indirectly, Controls, is Controlled by or is under common Control with, the relevant party.

"**Agreement**" means this Senior Secured Loan Agreement as it may be amended, restated, supplemented or otherwise modified from time to time.

"**Amended and Restated Governance Agreement**" has the meaning assigned to that term in Section 3.1(c)(i) hereof.

"**Anti-Corruption Laws**" means all laws concerning or relating to bribery or public corruption, including the *Corruption of Foreign Public Officials Act* (Canada) and the FCPA and any similar laws currently in force or hereafter enacted (and including any regulations, rules, guidelines or orders thereunder) and, in any case, which are applicable to the Borrower, any Subsidiary or the Lender.

"**Anti-Money Laundering/Anti-Terrorist Financing Laws**" means all laws concerning or relating to money laundering or terrorist financing, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Bank Secrecy Act*, 31 U.S.C. sections 5301 et seq., the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* of 2001, Pub. L. 107-56 (a/k/a the USA Patriot Act), *Laundering of Monetary Instruments*, 18 U.S.C. section 1956, *Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity*, 18 U.S.C. section 1957, the *Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations*, 31 C.F.R. Chapter X (Parts 1000 et. seq.) and any similar laws currently in force or hereafter enacted (and including any regulations, rules, guidelines or orders thereunder) and, in any case, which are applicable to any member of the Group or the Lender.

"**AML/KYC Legislation**" has the meaning set out in Section 10.15 hereof.

"**Applicable Laws**" or "**applicable law**" means, in relation to any person, transaction or event:

- (a) all applicable provisions of laws, statutes, rules and regulations from time to time in effect of any Governmental Authority; and
- (b) all Governmental Authorizations to which the person is a party or by which it or its property is bound or having application to the transaction or event.

"AR Facility" means a credit facility in an amount not to exceed US\$3,000,000 entered into at any time following the Closing Date between the Borrower and any AR Lender, to be secured against the Borrower's accounts receivable and inventory, in a form acceptable to the Lender (acting reasonably).

"AR Lender" means any lender in respect of the AR Facility.

"AR Security" means the Security Interests granted by the Borrower to the AR Lender pursuant to the terms of the AR Facility.

"Borrower" has the meaning assigned to that term in the preamble of this Agreement.

"Budget Versus Actual Report" has the meaning set out in Section 5.1(c) hereof.

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the Province of Alberta, or the country of Luxembourg, or is a day on which banking institutions located in the Province of Alberta or the country of Luxembourg are permitted to be closed.

"Canadian Security Document" means the general security agreement dated on or about the date hereof granted by the Borrower in favour of the Lender.

"Capital Lease Obligations" means obligations under any present or future lease that is or would have been characterized as a capital lease under GAAP as in effect on the date hereof.

"Capital Stock" means all of the shares of capital stock, partnership interests, membership interests, beneficial interests or other equity interests in any Person or any warrants, options or other rights to acquire any such interests.

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following:

- (a) the adoption or taking effect of any law, rule, regulation or treaty;
- (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority; or
- (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority;

provided that notwithstanding anything herein to the contrary, all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the Canadian regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means the occurrence of any change in the legal or organizational structure or any change in the composition of the Borrower's shareholders as of the Closing Date which results in any shareholder or group of shareholders other than the Lender or any of its Affiliates (i) acquiring, directly or indirectly (including through any Affiliates), the power to direct or cause the direction of the management or policies of the Borrower (whether through ownership of Capital Stock which carries the right to vote, by contract or otherwise) or (ii) acquiring, directly or indirectly (including through any Affiliates), more than

50% of the Capital Stock of the Borrower having ordinary voting power for the election of the directors or Persons performing similar functions of the Borrower.

“Closing Date” means the date upon which all of the conditions specified in Section 3.1 are either satisfied or waived (in each case, as determined by the Lender).

“Collateral” has the meaning assigned to that term in Section 8.1(a) hereof.

“Control” and “Controlled” when used with respect to any Person means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person (whether through ownership of Capital Stock which carries the right to vote, by contract or otherwise); *provided* that, in any event and without limitation, any Person or combination of Persons acting jointly or in concert which owns or own, directly or indirectly, more than 50% of the Capital Stock having ordinary voting power for the election of the directors of, or Persons performing similar functions for, such Person will be deemed to Control such Person (irrespective of whether at the time any other Capital Stock of such Person of any other class shall or might have voting power upon the occurrence of any contingency).

“Default” means a condition, act or event that, after the giving of notice, lapse of time or both, would constitute an Event of Default.

“Dollars” and “\$”, unless otherwise specified herein, means the lawful currency of the United States of America.

“Engagement Agreement” has the meaning assigned to that term in Section 5.1(f) hereof.

“Environmental Claims” means claims, liabilities, investigations, litigation, administrative proceedings, judgments or orders relating to Hazardous Materials.

“Environmental Laws” means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directives, licenses, authorizations and permits of, and agreements with (including consent decrees), any Governmental Authority or authority, in each case relating to or imposing liability or standards of conduct concerning public health, safety and environmental protection matters.

“Event of Default” means any of the events set forth in Section 7.1 hereof.

“Existing Title Opinions” means those title opinions delivered by Van Cott Bagley Cornwall and McCarthy in respect of each Mineral Lease and each Exploratory Lease, dated July 2013.

“Exploratory Leases” means the mineral leases listed on Schedule 4.

“FCPA” means the *United States Foreign Corrupt Practices Act of 1977*, including any subordinate legislation thereunder.

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

“Fiscal Year” means each twelve month period ending on the last day of December in each year.

“Financial Consultant” has the meaning assigned to that term in Section 5.1(f) hereof.

“Financial Model” has the meaning assigned to that term in Section 5.1(b) hereof.

“Financial Reports” has the meaning assigned to that term in Section 5.1(d) hereof.

"GAAP" means generally accepted accounting principles in Canada as approved by the Canadian Institute of Chartered Accountants in effect from time to time; and for greater certainty if international accounting standards are adopted by the Canadian Institute of Chartered Accountants in replacement for generally accepted accounting principles, "GAAP" shall be deemed to refer to such international accounting standards.

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

"Governmental Authorizations" means each and every approval, order in council, authorization, license, permit, consent, filing and registration by or with any Governmental Authority or other Person which are required by Applicable Law and necessary to authorize or permit the business of an Obligor.

"Guarantors" means the US Subsidiary and any other Person who is required to become a Guarantor pursuant to Section 8.1(b) hereof, and **"Guarantor"** means any one of them

"Guarantor Percentage" has the meaning assigned to that term in Section 9.9 hereof.

"Group" means collectively, the Borrower and its Subsidiaries from time to time.

"Hazardous Material" means all or any of the following: substances that are defined or listed in, or otherwise classified pursuant to, any Environmental Laws or regulations as "hazardous substances", "hazardous materials", "hazardous wastes", "toxic substances" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity.

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

"Indebtedness" as applied to each Obligor and its Subsidiary, means without duplication:

- (a) all obligations of such Obligor or Subsidiary for borrowed money, or with respect to advances of any kind;
- (b) all obligations of such Obligor or Subsidiary evidenced by bonds, debentures, notes or similar instruments, or mandatory redeemable or exchangeable stock;
- (c) all obligations of such Obligor or Subsidiary upon which interest charges are customarily paid prior to default by such Obligor;
- (d) all indebtedness of such Obligor or Subsidiary under conditional sale or other title retention agreements relating to property acquired by such Obligor or Subsidiary;
- (e) (i) all indebtedness of such Obligor or Subsidiary in respect of the deferred purchase price of property or services to the extent that such indebtedness is or remains outstanding after the expiry of the customary time period for payment (not to exceed 90 days) (excluding accounts payable incurred in the ordinary course of business and excluding installments of premiums payable with respect to policies of insurance contracted for in the ordinary course of business) and (ii) Capital Lease Obligations;

- (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Obligor or Subsidiary, whether or not the Indebtedness secured thereby has been assumed;
- (g) all guarantees by such Obligor or Subsidiary of Indebtedness of others;
- (h) all obligations, contingent or otherwise, of such Obligor or Subsidiary as an account party in respect of letters of credit and letters of guarantee;
- (i) all obligations, contingent or otherwise, of such Obligor or Subsidiary in respect of bankers' acceptances;
- (j) any other contingent or off-balance sheet transactions (including hedging agreements) relating to obligations which would otherwise constitute Indebtedness; and
- (k) all production payment obligations of such Obligor or Subsidiary under any contract for the sale, purchase or exchange, or for future delivery of commodities (whether or not such commodities are to be delivered or exchanged).

The Indebtedness of each Obligor or Subsidiary shall include the Indebtedness of any other entity (including any partnership in which any Obligor or Subsidiary is a general partner) to the extent such Obligor or Subsidiary is liable therefor as a result of such Obligor's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Obligor or Subsidiary is not liable therefor.

"**Indemnified Taxes**" means any and all Taxes, and shall in any event specifically include any Taxes required to be withheld in respect of payments paid or credited (or deemed to be paid or credited) to the Lender under any Loan Document or under any other documents or as a result of any steps or transactions connected with the Loan Documents.

"**Indemnifiable Circumstance**" has the meaning assigned to that term in Section 9.2(a) hereof.

"**Indemnitee**" has the meaning assigned to that term in Section 10.5 hereof.

"**Information**" has the meaning assigned to that term in Section 10.1 hereof.

"**Intellectual Property**" means:

- (a) any patents, trade marks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Group (which may now or in the future subsist).

"**Interest**" has that meaning assigned to that term in Section 2.7 hereof.

"**Investment**" means, directly or indirectly, any advance, account receivable (other than an account receivable arising in the ordinary course of business), loan or capital contribution to (by means of transfers of property to others, payments for property or services for the account or use of others or otherwise), the purchase of any Capital Stock, bonds, notes or debentures of, the acquisition, by purchase or otherwise, of all or substantially all of the business or assets or stock or other evidence of beneficial ownership of, any Person or the making of any investment in any Person. Investments shall

exclude (i) extensions of trade credit on commercially reasonable terms in accordance with normal trade practices and (ii) the repurchase of securities of any Person by such Person.

"Joint Venture" means any joint venture entity, whether a corporation, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"Lender" has the meaning assigned to that term in the preamble of this Agreement.

"Liabilities" has the meaning given to that term in accordance with GAAP and includes, without limitation, all Indebtedness.

"Lien" means any lien, mortgage, pledge, security interest, charge or encumbrance of any kind, whether voluntary or involuntary, (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest but excluding any present or future lease that is or would have been characterized as an operating lease under GAAP as in effect on the date hereof).

"Loan Documents" means this Agreement, the Security Documents and all other instruments, documents, guarantees and agreements executed by or on behalf of any Obligor and delivered concurrently herewith or at any time hereafter to or for the Lender in connection with the Loan or any other transaction contemplated by this Agreement, all as amended, restated, supplemented or modified from time to time.

"Loan" has the meaning assigned to that term in Section 2.1(a) hereof.

"Material Adverse Effect" means a material adverse effect upon:

- (a) the condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole;
- (b) the ability of any Obligor to observe or perform its obligations under any Loan Document to which it is a party or the validity or enforceability of such Loan Documents or any material provision thereof;
- (c) the business, operations, property, creditworthiness, liabilities or capitalization of the Borrower and its Subsidiaries taken as a whole; or
- (d) the Security, the priority thereof or any material right or remedy of the Lender thereunder.

"Material Contract" means any agreement, contract, obligation, promise or undertaking (whether written or oral and whether express or implied) to which an Obligor is a party, the breach, non-performance, non-enforceability or cancellation of which or the failure of which to renew could reasonably be expected to have a Material Adverse Effect, including, without limitation those agreements listed on Schedule 5.

"Maturity Date" means the day that is twelve (12) calendar months following the Closing Date, or such later date as may be extended in accordance with Section 2.1(d).

"Maximum Liability" has the meaning assigned to that term in Section 9.8 hereof.

"Mineral Leases" has the meaning assigned to that term in Section 3.2(a) hereof.

"Non-Paying Guarantor" has the meaning assigned to that term in Section 9.9 hereof.

"Obligations" means all obligations, liabilities and Indebtedness of every nature of each Obligor from time to time owed to the Lender under the Loan Documents including the repayment of the Principal Amount, all debts, claims and Indebtedness (whether incurred before or after the applicable Maturity Date),

accrued and unpaid Interest and all fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now and/or from time to time hereafter owing, due or payable including, without limitation, all interest, fees, costs and expenses accrued or incurred after the filing of any petition under any bankruptcy or insolvency law.

"Obligated Party" has the meaning assigned to that term in Section 9.3 hereof.

"Obligors" means, collectively, the Borrower and the Guarantors, and **"Obligor"** means any one of them.

"OFAC" means The Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Officer's Certificate" means a certificate signed in the name of an Obligor by any of the Chief Executive Officer, the Chief Financial Officer or any other senior executive officer of such Obligor.

"Operating Report" has the meaning assigned to that term in Section 5.1(d) hereof.

"Organizational Documents" means

- (a) the articles or certificate of incorporation and the bylaws of a corporation;
- (b) any charter or similar document adopted or filed in connection with the creation, formation or organization of a Person;
- (c) any unanimous shareholders' agreement or similar agreement; and
- (d) any amendment to any of the foregoing.

"Paying Guarantor" has the meaning assigned to that term in Section 9.9 hereof.

"Permitted Encumbrances" means the following types of Liens:

- (a) Liens securing the Obligations;
- (b) Liens securing the AR Facility;
- (c) Liens listed on Schedule 6;
- (d) Liens for taxes, assessments and governmental charges (other than Environmental Claims) the payment of which is not yet due and payable or which are being contested in good faith by an Obligor or a Subsidiary of an Obligor and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;
- (e) Liens imposed by law, such as carrier's, warehousemen's, mechanic's, materialmen's and other similar Liens securing obligations (other than Indebtedness for borrowed money) that are not due or delinquent or that are being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;
- (f) deposits and pledges of cash or securities securing (i) the performance of bids, tenders, leases, contracts (other than for the payment of money) or statutory obligations or (ii) obligations on surety or appeal or performance bonds, including those to support or secure reclamation in accordance with Applicable Law and, in each case, only to the extent such deposits or pledges are incurred or otherwise arise in the ordinary course of business and secure obligations that are not past due or that are being contested in good

faith and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;

- (g) pledges, deposits and Liens in connection with workers' compensation, employment insurance and other similar legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements to the extent required by law;
- (h) rights of set-off or bankers' Liens upon deposits of cash or broker's Liens upon securities in favour of financial institutions, banks or other depositary institutions;
- (i) survey exceptions, title defects, easements, zoning restrictions and similar encumbrances on real property and minor irregularities in the title thereto that do not (i) secure obligations for the payment of money or (ii) materially adversely impair the value of such property or its use by any Obligor or any Subsidiary of an Obligor in the normal conduct of such Person's business;
- (j) Liens given in the ordinary course of business to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or governmental or other authority in connection with the operations of any Obligor or any Subsidiary of an Obligor;
- (k) Liens which could not be reasonably expected to cause a Material Adverse Effect, arising or potentially arising under statutory provisions (other than Environmental Laws) which have not at the time been filed or registered in accordance with Applicable Law or of which written notice has not been duly given in accordance with Applicable Law or which, although filed or registered, relate to obligations that are not due or delinquent or that are being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as shall be required by GAAP shall have been made therefor;
- (l) the right reserved to or vested in any government or Governmental Authority by any statutory provision or by the terms of any lease, production sharing contract, licence, franchise, grant or permit of the Person, to terminate any such lease, licence, franchise, grant or permit, or to require annual or other payments as a condition to the continuance thereof; and
- (m) Liens arising from the right of distress enjoyed by landlords or Liens otherwise granted to landlords, in either case, to secure the payment of arrears of rent in respect of leased properties.

"Permitted Indebtedness" means, for any Person, the following types of Indebtedness:

- (a) Indebtedness under any of the Loan Documents;
- (b) Indebtedness owing to an Obligor; and
- (c) Indebtedness secured by Permitted Encumbrances.

"Permitted Investments" means, subject to the terms of this Agreement imposing any restrictions on any such activity, for any Person, Investments or Restricted Payments made on or after the date of this Agreement consisting of:

- (a) Investments or Restricted Payments by an Obligor or a Subsidiary of an Obligor, in or to an Obligor;

- (b) time deposits, certificates of deposit, money market deposits of, and bankers' acceptances and commercial papers issued by, any commercial bank incorporated in the United States of recognized standing having capital and surplus in excess of \$100,000,000 or of any Canadian chartered bank, in each case, with maturities of not more than one year from the date of acquisition by such Person;
- (c) Investments or Restricted Payments in marketable, direct obligations issued or guaranteed by the federal government of Canada or the United States or any provincial or state government of Canada or the United States of America, or of any Governmental Authority thereof, maturing within 365 days of the date of purchase; and
- (d) accounts receivable of any Obligor or any Subsidiary of an Obligor generated in the ordinary course of business.

"Permitted Share Issue" means:

- (a) any issuance of shares by an Obligor to another Obligor; and
- (b) any issuance of shares by the Borrower made in accordance with the Amended and Restated Governance Agreement.

"Person" means and includes natural persons, corporations, limited partnerships, general partnerships, limited liability companies, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and Governmental Authorities and political subdivisions thereof.

"Principal Amount" means the principal amount of the Loan in the sum of SEVEN MILLION FIVE HUNDRED THOUSAND (US\$7,500,000) Dollars.

"Project" has the meaning assigned to that term in the preamble of this Agreement.

"Related Party" means any person which is any one or more of the following:

- (a) an Affiliate of the Borrower or any Subsidiary thereof;
- (b) a unitholder, shareholder or partner of the Borrower or any Subsidiary which, together with all Affiliates of such person, owns or controls, directly or indirectly, more than 10% of the units, shares, capital or other ownership interests (however designated) of the Borrower or any Subsidiary, or an Affiliate of any such unitholder, shareholder or partner;
- (c) an officer, director or trustee of any of the foregoing; and
- (d) a person which does not deal at arm's length (within the meaning of the *Income Tax Act (Canada)*) with the Borrower and its Subsidiaries.

"Restricted Payment" means any of the following:

- (a) the declaration or payment of any dividend or any other distribution or payment on capital of any Obligor or any Subsidiary of an Obligor or any payment made to the direct or indirect holders (in their capacities as such) of capital of the Obligors or their respective Subsidiaries;
- (b) the purchase, redemption or other acquisition or retirement for value of any shares in the Capital Stock of an Obligor or a Subsidiary of an Obligor;

- (c) the making of any principal payment on, or the purchase, defeasance, repurchase, redemption or other acquisition or retirement for value, prior to any scheduled maturity, scheduled repayment or scheduled sinking fund payment, of any Indebtedness;
- (d) the making of any Investment or guarantee of any Investment in any Person other than a Permitted Investment; and
- (e) forgiveness of any Indebtedness of an Affiliate of the Borrower (other than an Obligor) owed to an Obligor or a Subsidiary of an Obligor.

"Sanctions" means the economic sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctions Authority, including any sanctions or requirements imposed by, or based upon the obligations or authorities set forth in, the *Special Economic Measures Act* (Canada), the *United Nations Act* (Canada), the *Criminal Code* (Canada), the *Freezing of Assets of Corrupt Foreign Officials Act* (Canada), the Executive Order, the *U.S. Bank Secrecy Act* (31 U.S.C. §§ 5311 et seq.), the *U.S. Money Laundering Control Act of 1986* (18 U.S.C. §§ 1956 et seq.), the *USA Patriot Act of 2001*, the *U.S. International Emergency Economic Powers Act* (50 U.S.C. §§ 1701 et seq.), the *U.S. Trading with the Enemy Act* (50 U.S.C. App. §§ 1 et seq.), the *U.S. United Nations Participation Act*, the *U.S. Syria Accountability and Lebanese Sovereignty Act*, the *U.S. Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010* or the *Iran Sanctions Act* (United States), or any of the foreign assets control regulations of the U.S. Department of the Treasury (including but not limited to 31 CFR, Subtitle B, Chapter V) or any other law or executive order relating thereto or regulation administered by OFAC.

"Sanctions Authority" means any of: (a) the Canadian government; (b) the United States government; (c) the United Nations; (d) the European Union; (e) the United Kingdom; or (f) the respective governmental institutions, departments and agencies of any of the foregoing, including Foreign Affairs, Trade and Development Canada, Public Safety Canada, OFAC, the United States Department of State, and Her Majesty's Treasury of the United Kingdom; **"Sanctions Authorities"** means all of the foregoing Sanctions Authorities, collectively.

"Sanctions List" means the "Specially Designated Nationals and Blocked Persons" list maintained by OFAC, the Consolidated List of Financial Sanctions Targets and the Investment Ban List maintained by Her Majesty's Treasury of the United Kingdom, or any substantially similar list maintained by, or public announcement of Sanctions designation made by, any of the Sanctions Authorities.

"Sanctioned Person" means:

- (a) a person that is designated under, listed on, or owned or controlled by a person designated under or listed on, or acting on behalf of a person designated under or listed on, any Sanctions List;
- (b) a person that is located in, incorporated under the laws of, or owned or (directly or indirectly) controlled by, or acting on behalf of, a person located in or organized under the laws of a country or territory that is the target of country-wide or territory-wide Sanctions;
- (c) a person that is otherwise a target of Sanctions ("target of Sanctions" signifying a person with whom a person or other national of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities); or
- (d) any other person to which the Lender would not be permitted to make a loan, or provide funding, in accordance with the Sanctions, or otherwise deal with pursuant to the Sanctions.

"Security Documents" means the Canadian Security Document and the US Security Documents, together with any other document entered into by any Obligor creating or expressed to create any Lien

over all or any part of its assets in respect of the obligations of the Obligors under any of the Loan Documents.

"Security" means, collectively, the guarantees, general security agreements, pledge agreements, assignments and other security agreements executed and delivered, or required to be executed and delivered, by the Obligors under and pursuant to this Agreement.

"Security Interest" means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

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

"Senior Management" means Cameron M. Todd, D. Glen Snarr, Tim J. Wall and Barclay E. Cuthbert.

"Service Contracts" means a service contract of each member of Senior Management identified on Schedule 7.

"Solvent" means, as to any Person(s), such Person(s) who (a) own(s) and will own saleable assets the higher of book value and fair market value which are (i) greater than the total amount of its Indebtedness and (ii) greater than the amount that will be required to pay the actual or probable liabilities, subordinated, contingent or otherwise, of such Person(s) individually and taken as a whole (as applicable) as they become absolute or mature; and (b) do or does (as applicable) not intend to incur and do or does (as applicable) not believe that it or they (as applicable) will incur debts, subordinated, contingent or otherwise, beyond its or their (as applicable) ability to pay such debts as they become due, absolute and matured.

"Subsidiary" means, if applicable, with respect to any Person, any corporation, association or other business entity of which more than fifty per cent (50%) of the total voting power of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person (or any of its other Subsidiaries).

"Successor" has the meaning assigned to that term in Section 6.10 hereof.

"Taxes" means all foreign and domestic federal, provincial, state, municipal and other governmental taxes, levies, imposts, deductions, charges, claims, and assessments and withholdings, and all liabilities with respect thereto (including, without limitation, interest and penalties).

"US" means the United States of America.

"US Security Documents" means:

- (a) the leasehold deeds of trust in respect of each of Uintah County and Grand County, and the security agreement, financing statement, fixture filing and assignment of production, each entered into by the US Subsidiary on or about the date hereof in favour of the Lender;
- (b) the all personal property assets security agreement and related perfection certificate entered into by the US Subsidiary on or about the date hereof in favour of the Lender; and
- (c) the stock pledge agreement in respect of all shares issued by the US Subsidiary and held by the Borrower entered into by the Borrower on or about the date hereof in favour of the Lender.

"US Subsidiary" has the meaning assigned to that term in the preamble of this Agreement.

"Warrant Certificate" means the certificate granted by the Borrower to the Lender providing for the issue of warrants entitling the Lender or any of its Affiliates to acquire common shares in the capital of the Borrower, in substantially the form attached hereto as Schedule 1.

"Warrants" means the warrants issued by the Borrower pursuant to the Warrant Certificate.

"Weekly Budget" has the meaning assigned to that term in Section 5.1(a) hereof.

1.2 Accounting Terms

For purposes of this Agreement, all accounting terms not otherwise defined herein including assets and liabilities shall have the meanings assigned to such terms in conformity with GAAP. Unless otherwise provided herein, financial statements and other information furnished to the Lender pursuant to Section 5.1 hereof shall be prepared in accordance with GAAP on a consistent basis.

1.3 Other Definitional Provisions

References to "Sections", "subsections", "Exhibits" and "Schedules" shall be to Sections, subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided. Any of the terms defined in Section 1.1 may, unless the context otherwise requires, be used in the singular or the plural depending on the reference. In this Agreement, words importing any gender include the other genders; the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; except as otherwise indicated (e.g., by references to agreements "as in effect as of the date hereof" or words to that effect), references to agreements and other contractual instruments shall be deemed to include subsequent amendments, assignments, and other modifications thereto, but only to the extent such amendments, assignments and other modifications are not prohibited by the terms of this Agreement or any other Loan Document; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

SECTION 2 LOAN

2.1 Loan

- (a) Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Obligors set forth herein and in the other Loan Documents, the Lender agrees to loan to the Borrower the Principal Amount (the "Loan").
- (b) Subject to satisfaction or waiver of the conditions set out in Section 3 and upon receipt of a request from the Borrower (in form and substance satisfactory to the Lender) for drawdown of the Loan, the Lender shall advance the Loan in full on the Closing Date.
- (c) Subject to Section 2.7(g), (h) and (i), the Loan, and all accrued Interest, shall be repaid by the Borrower to the Lender in full on the Maturity Date. Any prepayment of Principal Amount shall be made with accrued Interest on the amount prepaid without premium or penalty and the Principal Amount shall be permanently reduced by such prepaid amount.
- (d) The Borrower may request a one year extension of the Maturity Date by delivering a written request to the Lender and such request shall be granted by the Lender, *provided* that the Borrower has produced an average of 1,500 barrels per day at a cost per barrel of less than US\$45.00 for 30 consecutive days at any time from the Closing Date until the Maturity Date (without giving effect to any extension pursuant to this clause (d)), such production and cost as verified by an independent third party selected by the Lender in its sole discretion. For the purposes of calculating the cost per barrel, such independent expert shall include all costs of the Borrower, including without limitation, corporate overhead, general and administrative expenses, write-offs on accounts receivables and inventory and any other expenses, but shall exclude interest expenses incurred in connection with the Loan, the depreciation and amortization expenses and capital expenditures.

2.2 Use of Proceeds

The proceeds of the Loan shall be used exclusively to:

- (a) finance the completion of the Project; and
- (b) provide working capital for the Borrower.

2.3 Issue of Warrants

In consideration for making the Loan available to the Borrower, the Borrower shall issue to the Lender, pursuant to the Warrant Certificate, warrants entitling the Lender (or any of its Affiliates) to acquire not less than 24,000,000 common shares in the capital of the Borrower at an exercise price of C\$0.75 per share

2.4 Lender's Representation

The Lender represents and warrants to the Borrower that it is purchasing the Warrants for investment only and not with a view to the resale or distribution of all or any of the Warrants or common shares issuable upon exercise of the Warrants. The Lender certifies that it is a resident of Luxembourg and acknowledges that:

- (a) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Warrants;

- (b) there is no government or other insurance covering the Warrants;
- (c) there are risks associated with the purchase of the Warrants;
- (d) there are restrictions on the Lender's ability to resell the Warrants and it is the responsibility of the Lender to find out what those restrictions are and to comply with them before selling the Warrants; and
- (e) the Borrower has advised the Lender that the Borrower is relying on an exemption from the requirements to provide the Lender with a prospectus and to sell the Warrants through a person or company registered to sell securities under the *Securities Act* (Alberta) and, as a consequence of acquiring securities under an exemption, certain protections, rights and remedies provided by the *Securities Act* (Alberta), including statutory rights of rescission or damages, will not be available to the Lender.

2.5 Taxes

- (a) Any and all amounts payable to the Lender by any Obligor hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any and all Indemnified Taxes, except for Taxes required to be withheld or deducted by law or the interpretation thereof by the applicable Governmental Authority.
- (b) If any Obligor is required by law or the interpretation thereof by the applicable Governmental Authority to deduct or withhold any Indemnified Taxes from or in respect of any amount payable hereunder, under any other Loan Document, under any other document or as a result of any step or transaction connected with the Loan Documents, in each case to the Lender:
 - (i) the amount so payable shall be increased by such additional amount as may be necessary so that after making all required deductions or withholdings (including, without limitation, deductions or withholdings applicable to additional amounts payable under this Section 2.5), the Lender shall receive a net amount equal to the full amount it would have received if no such deduction or withholding had been made;
 - (ii) such Obligor shall make such deductions or withholdings; and
 - (iii) such Obligor shall remit, when due, the full amount of Taxes so deducted or withheld to the applicable Governmental Authority in accordance with Applicable Law.
- (c) Whenever any Indemnified Taxes are remitted by any Obligor pursuant to this Section 2.4, as promptly as possible thereafter such Obligor shall send to the Lender, a certified copy of an original official receipt received by such Obligor showing payment thereof.
- (d) Each Obligor shall pay and shall indemnify and hold harmless the Lender within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes imposed on, or paid by the Lender, except to the extent that such Indemnified Taxes have been paid to the appropriate Governmental Authority by the Obligor pursuant to Section 2.5(b), together with any other damages or loss the Lender may suffer or incur in respect of Indemnified Taxes whether or not they were correctly or legally asserted. A certificate containing reasonable detail as to the amount of such Indemnified Taxes submitted to the relevant Governmental Authority by the Lender shall be conclusive evidence, absent manifest error, of the amount due from such Obligor to the Lender.

- (e) If the Lender has received a refund of or reduction in Taxes as to which it has been indemnified by an Obligor or with respect to which an Obligor has paid additional amounts pursuant to this Section 2.4, it shall pay to the Obligor an amount equal to such refund or reduction (but only to the extent of indemnity payments made, or additional amounts paid, by the Obligor under this Section 2.4 with respect to Taxes giving rise to such refund or reduction), net of all out-of-pocket expenses of the Lender and without interest (other than any net after-Tax interest paid by the relevant Governmental Authority with respect to such refund or reduction). The Obligor, upon the request of the Lender, agrees to repay the amount paid over to the Obligor (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Lender if it is required to repay such refund or reduction to such Governmental Authority. This paragraph shall not be construed to require the Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Obligor or any other person, to arrange its affairs in any particular manner or to claim any available refund or reduction in Taxes.
- (f) The agreements in this Section 2.5 shall survive the termination of this Agreement and the payment and satisfaction of the Loan and all other Obligations hereunder.

2.6 Increased Costs

- (a) If the Lender determines that as a result of any Change in Law, or the Lender's compliance therewith, there shall be any increase in the cost to it of maintaining the Loan, or a reduction in the amount received or receivable by the Lender in connection with any of the foregoing (excluding for purposes of this subsection (a) any such increased costs or reduction in amount resulting from Taxes (as to which Section 2.4 shall govern) and changes in the basis of taxation of overall net income or overall gross income by Canada or any foreign jurisdiction or any political subdivision of either thereof under the jurisdiction in which the Lender is organized or resident), then from time to time upon demand of the Lender, the Borrower shall pay to such Lender such additional amounts as will compensate the Lender for such increased cost or reduction.
- (b) If the Lender determines that any Change in Law, or compliance by such Lender therewith, has the effect of reducing the rate of return on the capital of the Lender or any corporation controlling the Lender as a consequence of the Lender's obligations hereunder (taking into consideration the Lender's desired return on capital), then from time to time upon demand of the Lender, the Borrower shall pay to the Lender such additional amounts as will compensate the Lender for such reduction.
- (c) Failure or delay on the part of the Lender to demand compensation pursuant to this Section 2.6 shall not constitute a waiver of the Lender's right to demand such compensation.
- (d) A certificate of the Lender claiming compensation under this Section 2.6 and setting forth in reasonable detail the additional amount or amounts to be paid to it hereunder and such other information as otherwise specified in this Section 2.6 shall be conclusive in the absence of manifest error. In determining such amount, the Lender may use any reasonable averaging and attribution methods in its sole discretion.

2.7 Payments and Prepayments

- (a) **Interest.** The unpaid balance of the Loan shall accrue interest from the Closing Date at a rate of fifteen per cent (15%) *per annum*, calculated daily and compounded monthly (the "Interest"). Interest shall be payable on the earlier of:
 - (i) the Maturity Date; and

- (ii) the date the Lender declares the Principal Amount and all accrued and unpaid Interest due and payable as a result of an Event of Default.
- (b) **Default Rate.** In the event that the Principal Amount or Interest, or any other amount payable hereunder or under the Loan Documents, is not paid in full when due (whether at stated maturity, by acceleration or otherwise), the Borrower shall pay interest on such unpaid Principal Amount, Interest or other amount, from the date such amount becomes due until the date such amount is paid in full, payable on demand, at a rate per annum equal at all times to seventeen per cent. (17%). Additionally, and without limiting the foregoing, during the existence of any Event of Default, the Borrower shall pay interest on the unpaid Principal Amount, at a rate per annum equal to at all times to seventeen per cent. (17%). Payment of any such interest at the rate described above shall not constitute a waiver of any Event of Default and shall be without prejudice to the right of the Lender to exercise any of its rights and remedies under the Loan Documents.
- (c) **Payments on Business Days.** Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the payment may be made on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest or fees due hereunder. The Borrower shall make each payment under the Loan Documents unconditionally in full without setoff, counterclaim or, to the extent permitted by Applicable Law, other defense, and free and clear of, and without reduction for or on account of, any present and future taxes or withholdings, and all liabilities with respect thereto. Each payment shall be made by wire transfer and not later than 12:00 p.m. (Eastern time) on the day when due to the Lender in Dollars and in same day funds, or such other funds as shall be separately agreed upon by the Borrower and the Lender. The Borrower shall make all payments when due by wire transfer of immediately available funds to the following account (or such other account that the Lender designates in writing to the Borrower):

Bank Name: State Street Bank & Trust, Co.
SWIFT: SBOSUS3N
Account #: 40365201
Account Name: State Street Bank & Trust, Co.
FFC Name: ACMO Sarl
FFC Account: AIOX
"AIOX" must be included in the wire details
- (d) **Time of Payment.** All payments received by the Lender on a Business Day before 12:00 p.m. (Eastern time) shall be treated as having been received by the Lender on that day; payments made after such time on a Business Day shall be treated as having been received by the Lender on the next following Business Day.
- (e) **Computations.** For purposes of disclosure pursuant to the *Interest Act* (Canada), the annual rates of interest or fees to which the rates of interest or fees provided in this Agreement and the other Loan Documents (and stated herein or therein, as applicable, to be computed on the basis of 360 days or any other period of time less than a calendar year) are equivalent are the rates so determined multiplied by the actual number of days in the applicable calendar year and divided by 360 or such other period of time, respectively.
- (f) **Highest Lawful Rate.** The total liability of the Borrower for the payment of Interest, together with any amounts payable pursuant to Section 2.7(b), shall not exceed the maximum rate permitted by Applicable Law. If the Lender receives interest in an amount which exceeds such maximum rate, such excess amount shall be applied instead to the reduction of the unpaid Principal Amount and not to the payment of Interest, or at the Lender's election the surplus shall be remitted to the Borrower by the Lender, and the Borrower hereby agrees to accept such remittance.

- (g) **Repayment.** The Borrower shall repay to the Lender in full (or in part if indicated below) the Principal Amount and accrued and unpaid Interest outstanding on the occurrence of any of the following events, but in no event later than the Maturity Date:
- (i) the Maturity Date; or
 - (ii) the date the Lender declares the Principal Amount and Interest due and payable as a result of an Event of Default;

When this Agreement has been terminated and all of the Obligations have been paid in full, the Lender will promptly, at the Borrower's sole expense, execute and deliver any termination statements, lien releases, mortgage or deed of trust releases, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, the Lender' Liens and all notices of security interests and liens previously filed by or on behalf of the Lender with respect to the Obligations.

- (h) **Mandatory Prepayment.** After receipt of the following proceeds by the Borrower or any Subsidiary, the Borrower shall repay the Principal Amount (to the extent outstanding) and permanently reduce the Loan by the following amounts (as applicable):
- (i) the cumulative amount of proceeds (net of reasonable expenses and taxes incurred) received by the Borrower or any Subsidiary from the disposition of any property, assets or undertaking (including for the avoidance of doubt any Intellectual Property) other than a disposition referred to in Section 6.8(a)(i) or (ii); and
 - (ii) the cumulative amount of gross insurance proceeds (net reasonable expenses) received by the Borrower or any Subsidiary, unless such proceeds are applied to meet a third party claim or otherwise in the reinstatement of the relevant asset or in the amelioration of the loss, in each case to be applied within 30 days.
- (i) **Voluntary Prepayment.** The Borrower may, if it gives the Lender not less than five Business Days' (or such shorter period as the Lender may agree) prior notice, prepay the whole or any part of the Loan.
- (j) **Application.** After the exercise of remedies provided for in Section 7.2 (or after the Loan has automatically become immediately due and payable as set forth in Section 7.2), each payment by or on behalf of the Borrower hereunder shall, unless a specific determination is made by the Lender with respect thereto, be applied (i) first, to any costs, expenses and other amounts (other than principal and interest) due to the Lender; (ii) second, to accrued and unpaid Interest due to the Lender; and (iii) third, to the Principal Amount outstanding at such time. In the event any repayment (including any prepayment) of the Principal Amount is made other than on the Maturity Date, and as a result the Lender incurs any costs or expenses (whether in connection with the repayment by it of corresponding amounts to its own funding source or otherwise), then the Borrower shall, upon demand and provision of details, pay the amount of such costs and expenses to the Lender (*provided, however, that such costs and expenses shall not include loss of profits*).

SECTION 3 CONDITIONS PRECEDENT AND SUBSEQUENT

3.1 Conditions Precedent to Effectiveness

This Agreement shall be effective upon receipt by the Lender of the following:

- (a) **Representations and Warranties.** The representations and warranties contained herein and in the Loan Documents shall be true, correct and complete on the date hereof and on the Closing Date to the same extent as though made on and as of the Closing Date, except for any representation or warranty limited by its terms to a specific date, and the Lender shall have received a certificate from the Borrower certifying the same.
- (b) **No Default.** No event shall have occurred and be continuing, or would result from the making of the Loan or the entry into and performance under the Loan Documents, that would constitute an Event of Default or a Default, and the Lender shall have received a certificate from the Borrower certifying the same.
- (c) **Governance.** The Lender shall have received evidence, each in form and substance satisfactory to the Lender, of the following:
- (i) an amended and restated governance agreement (the "**Amended and Restated Governance Agreement**") relating to the governance agreement in respect of the Borrower, dated April 15, 2016, in substantially the form attached at Schedule 3; and
 - (ii) the number of directors appointed to the board of directors of the Borrower as at the Closing Date shall be six directors, not less than three of whom to be nominated by the Lender in its capacity as a shareholder of the Borrower.
- (d) **Receipt of Documentation.** The Lender shall have received, in form and substance satisfactory to the Lender, the following:
- (i) a duly executed copy of this Agreement;
 - (ii) duly executed copies of the Canadian Security Document and the US Security Documents, together with all notices, share certificates, share transfer forms, and other documentation required to be delivered thereunder, and evidence of completion of all necessary or desirable registrations in respect of the Canadian Security Document and the US Security Documents, save to the extent such registrations can only be made following the Closing Date, in which case such registrations or filings shall be made as soon as reasonably practicable following the Closing Date;
 - (iii) a general release and discharge of the general security agreement dated as of December 2, 2016 and granted by the Borrower in favour of the Lender in respect of certain obligations owed by the Borrower to the Lender pursuant to the demand promissory note dated as of December 2, 2016 and having a face amount of \$75,000.
 - (iv) a certificate of status (or equivalent) in respect of each Obligor under the laws of its jurisdiction of organization, to be dated on or about the Closing Date;
 - (v) a copy of a resolution of the board of directors of each Obligor as at the Closing Date;
 - (vi) an officer's certificate from each Obligor as at the Closing Date attaching thereto its Organizational Documents, bylaws and other governing documents, the resolutions referred to in clause (v) above and an incumbency certificate;
 - (vii) consolidated financial statements for the Borrower and each other Obligor as at the Closing Date for the Fiscal Quarter ending September 30, 2016;;

- (viii) a weekly budget for the period from and including January 3, 2017 up to and including the date on which the Project is fully operational;
 - (ix) a report setting out all trade creditors to the Borrower and each other Obligor as at the Closing Date, the amounts owed to such trade creditors and the status of any negotiations between the Borrower and/or the US Subsidiary and such trade creditors;
 - (x) a commissioning status report in respect of the Project;
 - (xi) a conditional approval from the Toronto Stock Venture Exchange to the transactions contemplated hereby, the issuance by the Borrower of the Warrants and the issuance by the Borrower of common shares upon any exercise of the Warrants;
 - (xii) opinions of Canadian and Utah counsel to the Borrower, addressed to the Lender and counsel to the Lender, relating to, *inter alia*, the existence of the Borrower and the other Obligors, and authorization, execution, delivery and enforceability of the Loan Documents by and in respect of each Obligor;
 - (xiii) an opinion of Canadian counsel to the Lender in form and substance satisfactory to the Lender;
 - (xiv) a duly executed copy of the Engagement Agreement;
 - (xv) copies of the Existing Title Opinions; and
 - (xvi) such other documents, authorizations, opinions or assurances which the Lender may reasonably request.
- (e) **Issuance of the Warrants.** The Borrower shall have issued the Warrants to the Lender and/or its Affiliates in accordance with the Warrant Certificate.
 - (f) **No Material Adverse Effect.** The Lender shall have received a certificate of an officer of the Borrower stating that nothing has occurred from the date of this Agreement to the Closing Date which has had, or could reasonably be expected to have, a Material Adverse Effect.
 - (g) **Fees.** The Lender shall have received a direction to pay from the amount advanced under the Loan of all fees, costs and expenses due and owing up to and including the Closing Date, including legal fees incurred in connection with the transactions contemplated by this Agreement.
 - (h) **Lender's Due Diligence.** The Lender shall have satisfactorily completed its due diligence with respect to each Obligor and the Project.
 - (i) **Know-Your-Client Confirmations.** The Lender shall have received from the Obligors all such information and evidence as requested by the Lender of the Obligors prior to the Closing Date as contemplated by Section 10.15.

3.2 Conditions Subsequent

- (a) **Borrower's Mineral Leasehold Title.** The Borrower shall, within 90 days following the Closing Date, deliver a title opinion or reliance letters with respect to the Existing Title Opinions, in form and substance reasonably satisfactory to the Lender to confirm that Borrower holds a 100% interest in each of the Exploratory Leases and each of the Utah

State Mineral Leases for Bituminous-Asphaltic Sands listed in Schedule 5 (the "Mineral Leases") free and clear of any and all Liens other than Permitted Encumbrances and that the Mineral Leases are in good standing and all lease payments required by the terms of the Mineral Leases are current and paid in full and that the Lender has a valid and enforceable first priority mortgage lien on such property, free and clear of all Liens, defects and encumbrances except Permitted Encumbrances.

- (b) **Title Insurance.** Within 90 days following the Closing Date, a Mortgage Policy relating to each of the Exploratory Leases and the Mineral Leases shall be delivered to the Lender issued by a title insurer reasonably satisfactory to the Lender, in an insured amount satisfactory to the Lender and insuring the Lender that the mortgage on each such property is a valid and enforceable first priority mortgage line on such property, free and clear of all Liens, defects and encumbrances except Permitted Encumbrances.

SECTION 4 REPRESENTATIONS AND WARRANTIES OF OBLIGORS

To induce the Lender to enter into this Agreement, and to fund the Loan, the Obligors (as applicable) represent and warrant to the Lender that the following statements are true, correct and complete. Such representations and warranties, and all other representations and warranties made by each of the Obligors, herein or in the other Loan Documents are made as of the date hereof, as at the Closing Date and as at the first day in each calendar month on which the Borrower submits the Weekly Budget to the Lender, to the same extent as though made on and as of the Closing Date, except for any representation or warranty limited by its terms to a specific date, and shall survive the execution and delivery of this Agreement and the closing contemplated hereby:

4.1 Organization, Powers and Capitalization

- (a) **Organization and Powers.** Each Obligor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is qualified to do business in all jurisdictions in which the nature of its business or its assets make such qualification necessary. Each Obligor has all requisite power and authority to own and operate its properties and assets, to carry on its business as now conducted and to enter into each Loan Document to which it is a party and to consummate the transactions contemplated by each of the Loan Documents and otherwise to carry out its obligations hereunder and thereunder.
- (b) **Capitalization.** All Capital Stock of each Subsidiary of the Borrower is duly authorized and validly issued, fully paid, non-assessable, free and clear of all Liens other than Permitted Encumbrances and such shares of Capital Stock were issued in compliance with all applicable provincial, local, state and federal laws concerning the issuance of securities. As of the date hereof, there are no pre-emptive or other outstanding rights, options, warrants, conversion rights or similar agreements or understandings for the purchase or acquisition from any Subsidiary of the Borrower of any Capital Stock.

4.2 Authorization of Borrowing; No Conflict

- (a) **Power and Authority.** Each of the Obligors has the full power, legal right and authority to enter into the Loan Documents to which it is a party and to do all such acts and things as are required by the Loan Documents to be done, observed or performed, in accordance with the terms thereof, and to grant Liens in the Collateral, as applicable.
- (b) **Execution and Delivery.** Each Obligor has taken all necessary corporate, partnership and other action (as applicable) of its directors, shareholders, partners, trustees and other persons (as applicable) to authorize the execution, delivery and performance of the Loan Documents to which it is a party and to observe and perform the provisions thereof in accordance with the terms therein contained.

- (c) **Validity of Agreement - No Conflict.** None of the authorization, execution or delivery of this Agreement or performance of any obligation pursuant thereto requires or will require, pursuant to applicable law now in effect, any approval or consent of any Governmental Authority having jurisdiction (except such as has already been obtained and are in full force and effect) nor is in conflict with or contravention of:
- (i) any Obligor's articles, by laws or other Organizational Documents or any resolutions of directors or shareholders or partners, as applicable, or the provisions of any partnership agreement or declaration of trust applicable to it; or
 - (ii) the provisions of any other indenture, instrument, undertaking or other agreement, including any Material Contract or Exploratory Lease, to which any Obligor is a party or by which they or their properties or assets are bound.
- (d) **Legal, Valid and Binding Obligations.** The Loan Documents when executed and delivered will constitute valid and legally binding obligations of each Obligor which is a party thereto enforceable against each such party in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that equitable remedies are only available in the discretion of the court.

4.3 Corporate Records

The corporate records and minute books of each member of the Group are complete and true and correct in all material respects and such minute books contain copies of minutes of all meetings of the directors, committees of directors and shareholders and of all written resolutions of such directors, committees and shareholders, other than those in connection with this Agreement and the transactions contemplated hereby, which minutes or resolutions have been passed but have not been finalized and included in the minute books.

4.4 Indebtedness

Neither the Borrower nor any of its Subsidiaries has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which the Borrower or any Subsidiary thereof is now or may hereafter become liable for, any Indebtedness other than Permitted Indebtedness.

4.5 Encumbrances

No member of the Group has created, incurred, assumed, suffered to exist, or entered into any contract, instrument or undertaking pursuant to which, any person may have or be entitled to any Security Interest on or in respect of its property and assets or any part thereof except for Permitted Encumbrances.

4.6 Pari Passu Ranking

The Security has or will have the ranking in priority which it is expressed to have in the Security Documents and is not subject to any prior ranking or *pari passu* ranking Security except for any Permitted Encumbrances.

4.7 No Material Adverse Change

Since the effective date of the Borrower's most recent consolidated financial statements delivered to the Lender in accordance herewith, no event or circumstance has occurred or is continuing which has had, or would reasonably be expected to have, a Material Adverse Effect.

4.8 No Default

No Default or Event of Default has occurred and is continuing or would exist as a result of, or occur following, the making of the Loan.

4.9 Financial Statements and Condition

- (a) The financial statements of each Obligor delivered to the Lender pursuant hereto and the financial statements of the Borrower filed with any applicable securities regulatory authority in accordance with Applicable Law each present fairly, in all material respects, the consolidated financial condition of the relevant Obligor as at the date thereof and the results of the operations thereof for the relevant period, all in accordance with GAAP consistently applied.
- (b) Except as has been disclosed to the Lender from time to time by written notice in accordance with the provisions of this Agreement, no filing is imminent of a report or of a material change as required to be filed by the Borrower or any Subsidiary with any securities commission or exchange or with any Governmental Authority having jurisdiction over the issuance and sale of securities of the Borrower or any Subsidiary and which material change would have or would reasonably be expected to have a Material Adverse Effect.

4.10 Information Provided

All information, materials and documents, including all throughput and cash flow projections, economic models, engineering data, capital and operating budgets and other information and data:

- (a) prepared and provided to the Lender by the Borrower or any of its Subsidiaries in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, in the case of projections, prepared in good faith based upon reasonable assumptions at the date of preparation, and, in all other cases, true, complete and correct in all material respects as of the respective dates thereof; and
- (b) to the extent prepared by persons other than the Borrower or any of its Subsidiaries and provided to the Lender by or on behalf of the Borrower or any of its Subsidiaries in respect of the transactions contemplated by this Agreement, or as required by the terms of this Agreement, were, to the best of the knowledge of the Borrower, after due inquiry: (A) in the case of projections, prepared in good faith based upon reasonable assumptions at the date of preparation; and (B) in all other cases, true, complete and correct in all material respects as of the respective dates thereof.

4.11 Title to Properties; Liens

- (a) Each Obligor, and each of its Subsidiaries, has full power to own its property and conduct its business as currently conducted, and, in the case of each Guarantor, to grant security for the Obligations for the purposes and in the manner provided by the Loan Documents to which it is a party. Except for Permitted Encumbrances, all such properties are free and clear of Liens.
- (b) As of the Closing Date there has been no material change in the status of Borrower's title in the Mineral Leases and the Exploratory Leases as set forth in the Existing Title Opinions.

4.12 Intellectual Property

Each member of the Group:

- (a) is the sole legal and beneficial owner of or has licensed to it all the Intellectual Property which is material in the context of its business and which is required by it in order to carry on its business as it is being conducted; *provided* that the US Subsidiary has no legal or beneficial right to use Canadian Patent #2,578,873, U.S. Patent #8,758,601 B2, and U.S. Trademark Registration #4431761, each of which is legally and beneficially owned by the Borrower;
- (b) does not, in carrying on its businesses, infringe any Intellectual Property of any third party in any respect; and
- (c) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it.

4.13 Litigation

Except as disclosed on Schedule 8, there are no outstanding judgments or court orders against any member of the Group or to which they are subject or by which their assets are bound and there are no claims, proceedings, actions or lawsuits in existence, or to each respective Obligor's knowledge, threatened, pending or asserted against any member of the Group or with respect to any of their respective assets, or their respective interests therein, that could reasonably be expected to result in a Material Adverse Effect.

4.14 Compliance with Applicable Laws, Court Orders and Agreements

Each member of the Group and their respective property, businesses and operations are in compliance with all Applicable Laws (including all applicable Environmental Laws), all applicable directives, judgments, decrees, injunctions and orders rendered by any Governmental Authority or court of competent jurisdiction, its articles, by laws and other Organizational Documents, and all other agreements or instruments to which it is a party or by which its property or assets are bound, and any employee benefit plans, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect.

4.15 Remittances Up to Date

All of the remittances required to be made by the Borrower and its Subsidiaries to Governmental Authorities have been made, are currently up to date and there are no outstanding arrears, except to the extent that the failure to have remitted the same would not have or would not reasonably be expected to have a Material Adverse Effect.

4.16 Environmental Compliance

- (a) To the best of the knowledge and belief of the Borrower, after due inquiry, each member of the Group and their respective properties, assets and undertakings taken as a whole comply in all respects and the businesses, activities and operations of same and the use of such properties, assets and undertakings and the processes and undertakings performed thereon comply in all respects with all Environmental Laws except, in each case, to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect; further, each Obligor does not know, and has no reasonable grounds to know, of any facts which result in or constitute or are likely to give rise to non-compliance with any Environmental Laws, which facts or non-compliance have or would reasonably be expected to have a Material Adverse Effect; and
- (b) No member of the Group has received written notice and, except as previously disclosed to the Lender in writing, have no knowledge after due inquiry, of any facts which would reasonably be expected to give rise to any notice of non-compliance with any Environmental Laws, which non-compliance has or would reasonably be expected to have a Material Adverse Effect and have not received any notice that any member of the

Group is a potentially responsible party for a federal, provincial, regional, municipal or local clean up or corrective action in connection with their respective properties, assets and undertakings where such clean up or corrective action has or would reasonably be expected to have a Material Adverse Effect.

4.17 Water Rights and Water Agreements

- (a) Each member of the Group complies with all material terms contained in the July 26, 2016 Agreement to Allocate a Portion of Water Right Number 41-3523 from the Uintah Water Conservancy District to Earth Energy Resources, Inc.
- (b) The diversions and depletions and place of use approved by the Order of the Utah State Engineer dated November 16, 2016 in respect of Permanent Change Application Number 49-2274 (a41138) provide sufficient water supply, in all required locations, for Obligors' operation of the Project.

4.18 No Filing or Stamp Taxes

Under the laws of the jurisdiction of incorporation of each Obligor, it is not necessary that the Loan Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Loan Documents or the transactions contemplated by the Loan Documents except any filing, recording or enrolling or any tax or fee payable in relation to the Canadian Security Document and the US Security Documents which are referred to in the legal opinions delivered to the Lender pursuant to Sections 3.1(d)(xii) and (xiii) and which will be made or paid promptly after the Closing Date.

4.19 Taxes

Each member of the Group has duly filed on a timely basis all tax returns required to be filed and have paid all Taxes which are due and payable, and have paid all assessments and reassessments, and all other Taxes, governmental charges, governmental royalties, penalties, interest and fines claimed against them, except to the extent that the failure to have filed or paid the same would not have or would not reasonably be expected to have a Material Adverse Effect; they have made adequate provision for, and all required instalment payments have been made in respect of, Taxes payable for the current period for which returns are not yet required to be filed; they have duly and timely withheld, collected and/or remitted all amounts required to be withheld, collected and/or remitted pursuant to any Applicable Laws in respect of any payments they have made; there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by them or the payment of any Taxes; there are no actions or proceedings being taken or threatened by any taxation authority in any jurisdictions where the Borrower or any of its Subsidiaries carries on business to enforce the payment of any Taxes by them except to the extent that such actions or proceedings would not have or would not reasonably be expected to have a Material Adverse Effect.

4.20 Insurance

Each member of the Group maintains insurance policies for public liability, property damage for its business and properties, of types and in amounts customarily carried or maintained by reputable Persons of similar size and engaged in similar businesses; and, as of the date hereof, no notice of cancellation has been received with respect to such policies and each member of the Group is in compliance in all material respects with all conditions contained in such policies. No member of the Group has failed to give any material notice or present any material claim or material incident (including, without limitation, environmental) under any insurance policy in a due and timely manner.

4.21 Subsidiaries.

As of the date hereof, the Borrower has no Subsidiaries other than as set out in the organizational chart in Schedule 2 hereto. As at the date hereof, the legal and beneficial owners of the issued and outstanding Capital Stock of each Subsidiary are as set out in Schedule 2 hereto.

4.22 Solvency

The fair value of the business and assets of the Obligors (taken as a whole) exceeds the amount that will be required to pay their liabilities on a consolidated basis (including, without limitation, contingent, subordinated, un-matured and unliquidated liabilities on existing debts, as such liabilities may become absolute and matured) and the Obligors are Solvent. No Obligor has unreasonably small assets or capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Closing Date.

4.23 Loans to Shareholders, Directors, Officers or Affiliates

As of the date hereof, no member of the Group has made any loans or advances to or for the benefit of any shareholder, director, officer or Affiliate of such member of the Group, nor will any such loans be made while the Obligations are outstanding, except, in each case, for loans that constitute Permitted Investments.

4.24 Sanctions; Anti-Corruption Laws; Anti-Money Laundering/ Anti-Terrorist Financing Laws

- (a) No part of the proceeds of the Loan will be used, directly or indirectly, to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person in any manner that would result in any violation by any Person (including the Lender) of any Sanctions or any regulations, rules and executive orders administered by any Sanctions Authority;
- (b) No member of the Group:
 - (i) is, or will become, a Sanctioned Person; or
 - (ii) engages or will engage in any dealings or transactions, or is or will otherwise, be associated, with any Sanctioned Person that would result in any violation of (x) any Sanctions or (y) applicable regulations, rules and executive orders administered by any Sanctions Authority;
- (c) Each member of the Group is, and has conducted its business, in compliance in all respects with all Sanctions and all applicable regulations, rules and executive orders administered by any Sanctions Authority;
- (d) Each member of the Group is conducting, and has conducted, its business in compliance with all Anti-Money Laundering/Anti-Terrorist Financing Laws.
- (e) No member of the Group is the subject of any investigation, inquiry or enforcement proceedings by any Governmental Authority regarding any offense or alleged offense under any Anti-Corruption Laws or Anti-Money Laundering/Anti-Terrorist Financing Laws in which there is a reasonable possibility of an adverse decision and no such investigation, inquiry or proceeding is pending or has been threatened.
- (f) Each member of the Group is, and has conducted its business, in compliance in all material respects with all Anti-Corruption Laws. No part of the proceeds of the Loan has been used or will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office,

or anyone else acting in a governmental capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of any Anti-Corruption Laws.

- (g) Each member of the Group has policies and procedures in place to ensure that each of the representations and warranties in this Section 4.24 are, and will be, true and correct at all times.

4.25 Performance of Agreements

No member of the Group is in default in the performance, observance or fulfillment of any of the material obligations, covenants or conditions contained in any Material Contract or Exploratory Lease, and no condition exists that, with the giving of notice or the lapse of time or both, would constitute such a default, which in any case could reasonably be expected to have a Material Adverse Effect.

4.26 Financial Report

The Borrower represents and warrants that each Financial Report delivered to the Lender pursuant to this Agreement is true and accurate and correctly represents the matters set out therein.

4.27 Other Documents

All representations, warranties, certifications and statements of the Obligor contained in any other Loan Document delivered pursuant hereto or thereto shall be deemed to constitute representations and warranties made by the Obligor to the Lender under this Section 4.

4.28 Nature of Representations and Warranties

The representations and warranties set out in this Agreement or deemed to be made pursuant hereto shall survive the execution and delivery of this Agreement and the advance of the proceeds of the Loan, notwithstanding any investigations or examinations which may be made by the Lender or counsel to the Lender. Such representations and warranties shall survive until this Agreement has been terminated, *provided* that the representations and warranties relating to environmental matters shall survive the termination of this Agreement.

SECTION 5 AFFIRMATIVE COVENANTS

Each Obligor covenants and agrees that until payment and performance in full of all the Obligations, unless the Lender provides their prior written consent otherwise, each Obligor shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 5 applicable to such Person:

5.1 Information Undertakings The Borrower will deliver to the Lender the information described below until payment and performance in full of all Obligations. **Weekly Budget.** On or prior to 1:00 pm (New York time) on each Friday following the Closing Date, the Borrower shall deliver a weekly budget for the then upcoming week (the "**Weekly Budget**") setting out, among other things, cash balances as of the date thereof, accounts payable and other liability balances as of the date thereof, forecasted revenues, expenses, payments to vendors, payroll expenses, Taxes and any other forecasted cash inflows and outflows for the reference period. The Lender shall have the right to approve and provide comments to the Weekly Budget and if the Lender fails to act by 5:00 pm (New York time) on the Monday following the date on which the applicable Weekly Budget is delivered to it, such Weekly Budget shall be deemed to be approved by the Lender.

- (b) **Financial Model.** On or prior to 1:00 pm (New York time) on each Friday following the Closing Date, the Borrower shall deliver a 13 week financial model (the "**Financial Model**") that presents, on a weekly basis, a balance sheet, income statement, statement of cash flows and liquidity analysis, together with all items required to be referred to in

each Weekly Budget. The form of the Financial Model shall be prepared on a cash basis (not GAAP or IFRS) and shall be mutually agreed upon by the Borrower and the Lender.

- (c) **Budget Versus Actual Report.** On or prior to 1:00 pm (New York time) on each Friday following the Closing Date, the Borrower shall deliver to the Lender a report setting out, by reference to each of the items required to be referred to in each Weekly Budget, all differences between the projections contained in the previous Weekly Budget delivered to the Lender and the actual position in respect of each such item (the "**Budget Versus Actual Report**").
- (d) **Operating Report.** On or prior to 1:00 pm (New York time) each Friday following the Closing Date, the Borrower shall deliver to the Lender an operating report (the "**Operating Report**", and together with the Weekly Budget, the Financial Model and the Budget Versus Actual Report, the "**Financial Reports**", and each, a "**Financial Report**") detailing the status of construction, the status of commissioning, the status of start-up and the status of any other key performance indicators specified by the Lender (acting reasonably), each in relation to the Project. The Operating Report shall include daily measurements in respect of key operating parameters for major equipment and process elements. These parameters will include, as appropriate, equipment operating conditions, bitumen content, feed analysis, bitumen recovery, water usage, solvent recovery, fines content, tails analysis, bitumen production and all other critical process and equipment variables at various points throughout the process as necessary to monitor, analyze and optimize process operations.
- (e) **Weekly Conference Call.** Management of the Borrower shall facilitate and participate in a weekly conference call with the Lender at 2:00 pm (New York time) on each Friday following the Closing Date to update the Lender on the then current status of the Project. The Borrower shall procure that the following individuals shall participate in such conference call:
 - (i) the project foreman, and
 - (ii) any other technical personnel necessary to fully and completely explain to the Lender the then current status of the Project.
- (f) **Financial Consultant.** The Borrower acknowledges and agrees that a financial consultant (the "**Financial Consultant**") shall be engaged by the Lender, at its sole discretion, for the purposes of assisting the Borrower in the preparation of the Financial Reports. The Borrower shall procure that each member of the Group provide immediate and full disclosure to the Financial Consultant and shall respond promptly to all information and document requests made by the Financial Consultant. All fees and expenses incurred for and in connection with the Financial Consultant pursuant to the engagement agreement (the "**Engagement Agreement**") to be entered into by the Lender and the Financial Consultant, the terms of which will be confirmed by the Borrower, shall be paid for by the Borrower. On or prior to the Closing Date, the Borrower shall advance \$30,000 to the Financial Consultant as a deposit.

5.2 Other Reports and Notices

- (a) **Events of Default, etc.** Promptly and in any event within two Business Days following the day any officer of an Obligor obtains knowledge of any of the following events or conditions, such Obligor shall deliver or cause to be delivered an Officer's Certificate specifying the nature and period of existence of such condition or event and what action such Obligor has taken, are taking, and proposes to take, with respect thereto:
 - (i) any condition or event that constitutes an Event of Default or Default; or

- (ii) any matter which could reasonably be expected to have a Material Adverse Effect.
- (b) **Material Litigation.** The Borrower shall give the Lender notice forthwith upon becoming aware of any action, suit or proceeding, or circumstances which could reasonably be expected to result in an action, suit or proceeding, pending or, threatened against or affecting any Obligor, or any of its Subsidiaries, or any of their respective undertakings, property or assets, at law or equity, in or before any court or any Governmental Authority and which, if determined in a manner adverse to such Person, would have a Material Adverse Effect.
- (c) **Other Information.** The Borrower shall deliver promptly such other information and data as may be available to and disclosable by the Obligors with respect to any member of the Group as the Lender may reasonably request from time to time.

5.3 Inspection

At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall permit and shall cause its Subsidiaries to permit, the Lender or any representative thereof (at the expense of the Borrower during the continuance of a Default or Event of Default and, otherwise, at the expense of the Lender) to:

- (a) examine and make copies of and abstracts from the records and books of account of any member of the Group;
- (b) visit and inspect the premises and properties of any member of the Group (in each case at the risk of the Borrower); and
- (c) discuss the affairs, operations, finances and accounts of any member of the Group with any of the officers, directors, employees, vendors, contractors or consultants of any such member of the Group.

5.4 Books and Records

Each Obligor shall, and shall cause each of its Subsidiaries to, keep full and accurate books and records relating to its assets, properties, interests and business.

5.5 Maintenance and Operation

Each Obligor shall and will cause each of its respective Subsidiaries to do or cause to be done, in all material respects all things necessary or required to have all its properties, assets and operations owned, operated and maintained in accordance with sound, diligent and prudent industry practice (for certainty, with respect to its fixtures and tangible personal property, consistent with sound industry practice for the nature, age and operating characteristics of such fixtures and tangible personal property) and Applicable Laws, and in the case of its petroleum and natural gas properties, in accordance with good oilfield practices, and at all times cause the same to be owned, operated, maintained and used in compliance with all terms of any applicable insurance policy.

5.6 Maintain Existence; Compliance with Legislation Generally

Except as otherwise permitted by Section 6.10, the Borrower shall, and shall cause each other member of the Group to, preserve and maintain its corporate, partnership or trust existence (as the case may be) as a corporation, partnership or trust existing under the laws of its jurisdiction of organization. The Borrower shall, and shall cause each other member of the Group to, comply with all Applicable Laws and all agreements or instruments to which it is a party or by which its property or assets are bound, except where such failure to comply does not and would not reasonably be expected to have a Material Adverse Effect, and to preserve and keep in full force and effect all franchises, licences, rights, privileges, permits

and Governmental Authorizations necessary to enable each member of the Group to operate and conduct its respective businesses in accordance with prudent industry practice, except to the extent that the failure to have any of the same does not and would not reasonably be expected to have a Material Adverse Effect.

5.7 Payment of Royalties, Taxes, Withholdings, etc.

The Borrower shall, and shall cause each other member of the Group to, from time to time pay or cause to be paid all royalties, rents, Taxes, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, and to make and remit all withholdings, lawfully levied, assessed or imposed upon the Borrower and its Subsidiaries or any of the assets of the Borrower or its Subsidiaries, as and when the same become due and payable, except to the extent that the failure to do, pay, make or remit the same does not and would not reasonably be expected to have a Material Adverse Effect, and to duly file on a timely basis all tax returns required to be filed.

5.8 Maintenance of Insurance

The Borrower shall, and shall cause each other member of the Group to, maintain or cause to be maintained, with financially sound and reputable insurers, public liability and property damage insurance with respect to its businesses and properties against loss or damage of the kinds and in the amounts customarily carried or maintained by reputable Persons of similar size and engaged in similar businesses. If at the time of receipt of any insurance proceeds by an Obligor or any of its Subsidiaries no Event of Default has occurred and is continuing, such Obligor shall use any proceeds received from any policies of insurance for the replacement of the asset(s) for which such proceeds were received or for other general corporate purposes. If an Event of Default has occurred and is continuing at the time of receipt of any insurance proceeds, such Obligor shall, at the Lender's sole option and at the Lender's direction, apply any proceeds received from any policies of insurance to remedy the Event of Default, or as the Lender may otherwise direct.

5.9 Environmental Compliance

- (a) Without limiting the generality of Section 5.6 above, the Borrower shall, and shall cause each other member of the Group and any other party acting under its or any of their direction to,
 - (i) conduct their business and operations so as to comply at all times with all Environmental Laws;
 - (ii) promptly take any and all actions necessary to cure any violation of Environmental Laws or respond to any demand or claim or remediate any environmental damage; and
 - (iii) use, employ, process, emit, generate, store, handle, transport, dispose of and/or arrange for the disposal of any and all Hazardous Materials in, on or, directly or indirectly, related to or in connection with their respective properties or assets or any portion thereof in a manner consistent with prudent industry practice and in compliance in all material respects with all applicable Environmental Laws and in a manner which does not pose a significant risk to human health, safety (including occupational health and safety) or the environment, in each case except where failure to do so, either alone or in conjunction with any other such non-compliance, would not have or would not reasonably be expected to have a Material Adverse Effect.

- (b) If any member of the Group shall:

- (i) receive or give any notice that a violation of any Environmental Law has or may have been committed or is about to be committed by the same, and if such violation has or would reasonably be expected to have a Material Adverse Effect;
- (ii) receive any notice that a complaint, proceeding or order has been filed or is about to be filed against the same alleging a violation of any Environmental Law, and if such violation would reasonably be expected to have a Material Adverse Effect; or
- (iii) receive any notice requiring any member of the Group to take any action in connection with the release of Hazardous Materials into the environment or alleging that any member of the Group may be liable or responsible for costs associated with a response to or to clean up a release of Hazardous Materials into the environment or any damages caused thereby, and if such action or liability has or would reasonably be expected to have a Material Adverse Effect,

the Borrower shall promptly provide the Lender with a copy of such notice and shall furnish or cause to be furnished to the Lender from time to time all reasonable information requested by the Lender relating to the same.

5.10 Water Rights and Water Agreements

- (a) The Borrower shall not, and shall cause each other member of the Group not to, accept title to Change Application Number 49-2274 (a41138) without the Lender's prior written consent, and the Borrower agrees to procure that each member of the Group executes all documents that the Lender may require to continue and perfect its lien on Change Application No. 49-2278 (a41138) and any related agreements.
- (b) The Borrower shall, and shall cause each other member of the Group to, comply with all conditions and requirements set forth in the November 16, 2016 Order of the State Engineer for Permanent Change Application Number 49-2274 (a41138).
- (c) The Borrower shall, and shall cause each other member of the Group to, diligently pursue certification of Change Application Number 49-2274 (a41138). Subject to unavailability resulting from inadequate physical yield or junior priority, the Borrower shall procure that each applicable member of the Group shall divert 360 acre feet of water annually, and apply it to beneficial use, as soon as possible, and under no circumstance later than the date a certificate of appropriation is issued by the Utah State Engineer. In the event that no member of the Group can diligently pursue certification or apply 360 acre feet of water to beneficial use for a period of more than two years, the Borrower shall obtain approval of a nonuse application from the Utah State Engineer.
- (d) The Borrower shall obtain the Lender's written consent prior to the filing by any member of the Group of any application with the Utah Division of Water Rights to change the point of diversion, place of use, or manner of use of Water Right No. 49-2274 (a41138), and the Borrower shall procure that each member of the Group executes all documents that the Lender may require in order to continue and perfect its lien on Change Application No. 49-2278 (a41138) and any related agreements.

5.11 Anti-Money Laundering/Anti-Terrorist Financing Laws; Sanctions; Anti-Corruption Laws

The Borrower shall, and shall cause its Subsidiaries to, conduct its business operations such that, and have policies and procedures in place to ensure that, the representations and warranties in Section 4.24 are true and correct at all times that this Agreement is in effect (and not just at, and as of, the times such representations and warranties are made or deemed to be made).

5.12 Service Contracts

- (a) If any of the Senior Management ceases (whether by reason of death, retirement at normal retiring age or through ill health or otherwise) to perform his or her duties (as required under the Service Contracts), the Borrower must as soon as reasonably practicable thereafter:
 - (i) notify the Lender; and
 - (ii) after consultation with the Lender as to the identity of such replacement person, find and appoint an adequately qualified replacement for him or her as soon as reasonably practicable.
- (b) The Borrower shall ensure that no member of the Group amends, varies, waives, novates, supplements or replaces any term of a Service Contract in a way which is or is reasonably likely to be materially prejudicial to the interests of the Lender.

5.13 Intellectual Property

- (a) Each Obligor shall (and the Borrower shall procure that each other member of the Group will):
 - (i) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of each member of the Group;
 - (ii) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property;
 - (iii) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;
 - (iv) not use or permit the Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of any member of the Group to use such property; and
 - (v) not discontinue the use of the Intellectual Property,

where failure to do so, in case of paragraphs (i) and (ii) above, or, in the case of paragraphs (iv) and (v) above, such use, permission to use, omission or discontinuation, is reasonably likely to have a Material Adverse Effect.

5.14 AR Facility

The Borrower covenants and agrees that in the event it enters into the AR Facility:

- (a) the AR Facility will be subject to an intercreditor agreement in form and substance satisfactory to the Lender;
- (b) the AR Facility shall include a provision allowing the Lender, at its option, to purchase at par the interests of the lender or lenders in respect of the AR Facility at any time; and
- (c) the Borrower shall, and shall cause its Subsidiaries to grant to the Lender a second lien Security Interest over the AR Security.

5.15 Group Bank Accounts

The Borrower shall ensure that all bank accounts of the Group are subject to valid first-ranking Security Interests in favour of the Lender.

5.16 Further Assurances.

Each Obligor shall (and the Borrower shall procure that each other member of the Group will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may reasonably specify (and in such form as the Lender may reasonably require in favour of the Lender or its nominee(s)):

- (a) to perfect the Security Interests created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Security Interest over all or any of the assets which are, or are intended to be, the subject of the Security) or for the exercise of any rights, powers and remedies of the Lender provided by or pursuant to the Loan Documents or by law;
- (b) to confer on the Lender a Security Interest over any property and assets of that Obligor located in any jurisdiction equivalent or similar to the Security Interest intended to be conferred by or pursuant to the Security Documents; and/or
- (c) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security.

Each Obligor shall (and the Borrower shall procure that each other member of the Group will) take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security Interest conferred or intended to be conferred on the Lender by or pursuant to the Loan Documents.

SECTION 6 NEGATIVE COVENANTS

Each Obligor covenants and agrees that until payment and performance in full of all Obligations, unless the Lender shall provide its prior written consent otherwise, each Obligor shall perform, and shall cause each of its Subsidiaries to perform, all covenants in this Section 6 applicable to such Person.

6.1 Change of Business

The Borrower shall not, and shall not permit any Subsidiary to, carry on any material business or operations other than the material types of businesses and operations carried on by the Borrower and its Subsidiaries on the date hereof.

6.2 Preservation of Assets

Each Obligor shall (and the Borrower shall ensure that each other member of the Group will) maintain in good working order and condition (ordinary wear and tear excepted) all of its assets necessary or desirable in the conduct of its business.

6.3 Pari Passu Ranking

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of the Lender against it under the Loan Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application.

6.4 Negative Pledge

The Borrower shall not, nor shall it permit any Subsidiary to, create, issue, incur, assume or permit to exist any Security Interests on any of their property, undertakings or assets other than Permitted Encumbrances.

6.5 Indebtedness and Liabilities

Each Obligor shall not, and shall not permit or cause any of its Subsidiaries to, directly or indirectly create, incur, assume, guarantee, suffer to exist or otherwise become or remain directly or indirectly liable, on a fixed or contingent basis, with respect to any Indebtedness except Permitted Indebtedness.

6.6 Acquisitions

Except with the prior written consent of the Lender, no Obligor shall (and the Borrower shall ensure that no other member of the Group will):

- (a) acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them); or
- (b) incorporate a company.

6.7 Joint Ventures

Except with the prior written consent of the Lender, no Obligor shall (and the Borrower shall ensure that no other member of the Group will):

- (a) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
- (b) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).

6.8 Dispositions and Liens

- (a) **Dispositions.** No Obligor shall, and no Obligor shall permit or cause any of its Subsidiaries to, sell, assign, transfer or otherwise dispose of or grant any option with respect to any of their assets, property, rights or interests, except for dispositions:
 - (i) by an Obligor or a Subsidiary of an Obligor to an Obligor;
 - (ii) in the ordinary course of business; or
 - (iii) where the net cash proceeds are applied in accordance with Section 2.7(h)(i) hereof.
- (b) **No Pledge Restrictions.** No Obligor shall, and no Obligor shall permit or cause any of its Subsidiaries to, enter into or assume any agreement (other than the Loan Documents) restricting the creation or assumption of any Lien upon any of its properties or assets, whether now owned or hereafter acquired.

6.9 Non-Arm's Length Transactions

Except in respect of transactions between or among members of the Group, or among members of the Group and the Lender (to the extent the Lender constitutes a Related Party at the applicable time), the

Borrower shall not, nor shall it permit any Subsidiary to, enter into any contract, agreement or transaction whatsoever, including for the sale, purchase, lease or other dealing in any property or the provision of any services (other than office and administration services provided in the ordinary course of business), with any Related Party except upon fair and reasonable terms, which terms are not less favourable to the Borrower or its Subsidiaries than it would obtain in an arm's length transaction and, if applicable, for consideration which equals the fair market value of such property or other than at a fair market rental as regards leased property.

6.10 No Merger, Amalgamation, etc.

The Borrower shall not, nor shall it permit any Subsidiary to, enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any person (herein called a "Successor") whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, unless:

- (a) in the case of the Borrower, the Successor is a corporation and incorporated under the federal laws of Canada or the laws of any province of Canada or the Successor is a partnership duly established under the laws of any province of Canada;
- (b) prior to or contemporaneously with the consummation of such transaction the Successor and, as applicable, each of the Borrower and its Subsidiaries shall have executed and delivered or caused to be executed and delivered to the Lender such instruments and done such things as, in the reasonable opinion of counsel to the Lender, are necessary or advisable to establish that upon the consummation of such transaction:
 - (i) the Successor will have assumed all the covenants and obligations of the Borrower or Subsidiary, as applicable, under the Loan Documents to which the Borrower or such Subsidiary, as applicable, is a party; and
 - (ii) this Agreement and the other Loan Documents, as the case may be, will be valid and binding obligations of the Successor and each of the Borrower and its Subsidiaries which is a party thereto, entitling the Lender to exercise all its rights under this Agreement and the other Loan Documents against each of them;
- (c) such transaction shall be on such terms and shall be carried out in such manner as to preserve and not to impair any of the rights and powers of the Lender hereunder or pursuant to the other Loan Documents;
- (d) such transaction shall not result in the assets of the Successor being subject to any Security Interests other than Permitted Encumbrances; and
- (e) no Event of Default or Default shall have occurred and be continuing, or will occur as a result of such transaction, or shall exist immediately after the consummation of such transaction.

6.11 Restricted Payments.

No Obligor shall, and no Obligor shall permit or cause any of its Subsidiaries to, directly or indirectly declare, order, pay, make or set apart any sum for any Restricted Payment other than to an Obligor a Permitted Investment or prepayment of the Principal Amount and Interest in accordance with Section 2.7(g) hereof). No Obligor shall, and no Obligor shall permit or cause any of its Subsidiaries to pay any expenses set out in the Weekly Budget without the prior written consent of the Lender (which shall be deemed to be given upon the approval in writing by the Lender of the applicable Weekly Budget or the deemed approval of the Weekly Budget pursuant to Section 5.1) or an authorized representative of the Lender, *provided* that each Obligor may pay any such expense that it is required to pay under statutory obligations established by applicable law.

6.12 Environmental Liabilities

No Obligor shall, and no Obligor shall permit or cause any of its Subsidiaries to: (a) violate any applicable Environmental Law in any material respect; (b) dispose of any Hazardous Materials (except in accordance with Environmental Law) into or onto or from, any real property owned, leased or operated by such Obligor if such disposal could reasonably be expected have a Material Adverse Effect; or (c) permit any Lien imposed pursuant to any Environmental Law to be imposed or to remain on any real property owned, leased or operated by any Obligor if such Lien could reasonably be expected to have a Material Adverse Effect.

6.13 Material Contracts

No Obligor shall, and no Obligor shall permit or cause any of its Subsidiaries to, amend, vary or waive any term, condition, representation, warranty or condition precedent of any Material Contract, including each joint operating agreement to which an Obligor or any of its Subsidiaries is party.

6.14 Share Capital

Except with the prior written consent of the Lender, no Obligor shall (and the Borrower shall ensure that no other member of the Group will) issue any shares except pursuant to a Permitted Share Issue.

6.15 Amendments to Organizational Documents

Except with the prior written consent of the Lender, no Obligor shall (and the Borrower shall ensure that no other member of the Group will) make any amendment or modification to its Organizational Documents.

SECTION 7 DEFAULT, RIGHTS AND REMEDIES

7.1 Event of Default

"Event of Default" shall mean the occurrence or existence of any one or more of the following:

- (a) **Payment.** Failure of the Borrower to make payment of the Principal Amount as and when it falls due;
- (b) **Payment of Interest and Other Amounts.** Failure of (i) the Borrower to pay any interest or any amount due and payable pursuant to Section 2.5(b) or (ii) failure by any Obligor to pay any other amount not specifically referred to in Section 7.1(a) or clause (i) above, each as and when it falls due, unless in each case such failure is caused by administrative delay or technical error and in such case payment is made within one Business Day of its due date;
- (c) **Termination of Material Contract.** The termination of a Material Contract, *provided* that the relevant Obligor shall have 15 days after receiving written notice thereof to replace the terminated Material Contract, as applicable; *further provided* that if such Material Contract is not capable of being replaced, it will be considered a default immediately;
- (d) **Breach of Representation or Warranty.** Any representation or warranty made or deemed to be made by any Obligor herein or in any other Loan Document proves to have been incorrect or misleading in any respect on and as of the date made and, if curable, the facts or circumstances which make such representation or warranty incorrect or misleading are not remedied and the representation or warranty in question remains incorrect or misleading more than 15 days after the earlier of the date on which the

applicable Obligor becoming aware misrepresentation or breach of warranty and the date on which the Lender notifies the Borrower of the same;

(e) Involuntary Bankruptcy; Appointment of Receiver, etc.

- (i) a decree or order of a court of competent jurisdiction is entered adjudging any member of the Group a bankrupt or insolvent under the *Companies' Creditors Arrangement Act (Canada)*, the *Bankruptcy and Insolvency Act (Canada)*, the *Winding-up and Restructuring Act (Canada)* or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs; or
- (ii) any case, proceeding or other action is instituted in any court of competent jurisdiction against any member of the Group, seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition, proposal or arrangement with creditors, a readjustment of debts, the appointment of trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator, liquidator or other person with similar powers with respect to any member of the Group or of all or any substantial part of its assets, or any other like relief in respect of any member of the Group under any bankruptcy or insolvency law; and

such case, proceeding or other action results in an entry of an order for such relief or any such adjudication or appointment, or continues undismissed, or unstayed and in effect, for any period of 15 consecutive days;

- (f) **Voluntary Bankruptcy; Appointment of Receiver, etc.** Any member of the Group makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act (Canada)* or any comparable law, seeks relief under the *Companies' Creditors Arrangement Act (Canada)*, the *Winding-up and Restructuring Act (Canada)* or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency by it, consents to or acquiesces in the appointment of a trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator, liquidator or other person with similar powers over itself or over all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration, compromise, restructuring or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such assignment, proposal, relief, petition, proposal, appointment or proceeding;
- (g) **Liens.** Any Lien, levy or assessment is filed or recorded with respect to or otherwise imposed upon all or any part of the property or the assets of any member of the Group by any Person (other than Permitted Encumbrances) and such Lien, levy or assessment is not stayed, vacated, paid or discharged within 15 days or is being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted, and a reserve or other appropriate provision, if any, as required by GAAP has been made therefor;
- (h) **Judgment and Attachments.** One or more final judgments, decrees or orders are awarded against any member of the Group (or any combination thereof) in an aggregate amount in excess of \$1,000,000 (or the equivalent thereof in any other currency) and, the relevant member of the Group, has not satisfied such judgments, decrees or orders or provided security for any of such judgments, decrees or orders within 15 days of such judgment, decree or order being awarded;
- (i) **Dissolution.** Any application is made for, or order, judgment or decree is entered against any member of the Group, dissolving or winding up such member of the Group under any law relating to bankruptcy, insolvency or reorganization or relief of debtors;

- (j) **Solvency.** The Obligors, taken as a whole cease to be Solvent or any Obligor, or any Subsidiary of an Obligor admits in writing the present or prospective inability to pay its (as applicable) debts as they become due;
- (k) **Injunction.** Any member of the Group is enjoined, restrained or in any way prevented by the order of any court or any administrative or regulatory agency from conducting all or any material part of its business and such order continues for more than 15 days;
- (l) **Failure of Security.** Lender does not have or ceases to have a valid first priority Lien on the assets subject to the Security Documents (subject only to the priority of Permitted Encumbrances), other than as a result of the action or inaction of the Lender;
- (m) **Encumbrances.** Creditors of any member of the Group having a Lien against or in respect of the property and assets thereof, or any part thereof, realize upon or enforce any such Lien against such property and assets or any part thereof having an aggregate fair market value in excess of \$1,000,000 (or the equivalent thereof in any other currency) and such realization or enforcement continues in effect and not be released, discharged or stayed within the lesser of 15 days and the period of time prescribed under applicable laws for the completion of the sale of or realization against the assets subject to such seizure or attachment;
- (n) **Seizure.** Property and assets of any member of the Group having an aggregate fair market value in excess of \$1,000,000 (or the equivalent thereof in any other currency) are seized or otherwise attached by anyone pursuant to any legal process or other means, including distress, execution or any other step or proceeding with similar effect and such attachment, step or other proceeding continues in effect and not be released, discharged or stayed within the lesser of 15 days and the period of time prescribed under applicable laws for the completion of the sale of or realization against the assets subject to such seizure or attachment;
- (o) **Payment Cross Default.** Any member of the Group defaults in the payment when due (whether at maturity, upon acceleration, or otherwise) of Indebtedness in aggregate in excess of \$1,000,000 (or the equivalent thereof in any other currency);
- (p) **Event Cross Default.** A default, event of default or other similar condition or event (however described) in respect of any member of the Group occurs or exists under any indentures, credit agreements, agreements or other instruments evidencing or relating to Indebtedness thereof (individually or collectively) in an aggregate amount in excess of \$1,000,000 (or the equivalent thereof in any other currency) and such default, event or condition has resulted in such Indebtedness becoming, or becoming capable at such time of being declared, due and payable thereunder before it would otherwise have been due and payable;
- (q) **Change of Control.** A Change of Control occurs.
- (r) **Consents, etc.** Any law, decree, license, permit, consent, authorization, registration or approval now or hereafter necessary to enable any member of the Group to continue operations and their business or to comply with its Obligations incurred in the Loan Documents is revoked, withdrawn or withheld or ceases to remain in full force and effect;
- (s) **Cease to Carry on Business.** Any member of the Group ceases, or threatens to cease, to carry on business; or
- (t) **Loan Documents.** Any of the Loan Documents after delivery thereof is for any reason revoked or invalidated, or otherwise cease to be in full force and effect, or any Obligor contests in any manner the validity or enforceability thereof, or any Obligor denies that it has any further liability or obligation thereunder, except to the extent permitted by the

terms thereof; or any of the Loan Documents for any reason, except to the extent permitted by the terms thereof, ceases to create a valid and perfected first priority Lien other than a Permitted Encumbrance on the assets secured thereby.

7.2 Remedies on Default

If any Event of Default shall occur and be continuing, the Lender may (i) by notice to the Borrower declare the entire unpaid Principal Amount, all Interest accrued and unpaid thereon and all other Obligations to be forthwith due and payable, whereupon the Loan, all such accrued interest and all such other Obligations shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Obligors; (ii) commence such legal action or proceedings as it, in its sole discretion, deems expedient, including the commencement of enforcement proceedings under the Loan Documents, all without any additional notice, presentation, demand or protest; and (iii) exercise the Lender's rights under the Security Documents (or any of them). Further, upon the occurrence of an Event of Default specified in Sections 7.1(e), (f), (i) and (j) above, the Obligations shall become immediately due and payable without declaration, notice or demand by the Lender.

7.3 Waivers; Non-Exclusive Remedies

No failure on the part of Lender to exercise, and no delay in exercising and no course of dealing with respect to any right under this Agreement or the other Loan Documents, shall operate as a waiver thereof; nor shall any single or partial exercise by Lender of any right under this Agreement or any other Loan Document preclude any other or further exercise thereof or the exercise of any other right. The rights and remedies of the Lender in this Agreement and the other Loan Documents are cumulative and are in addition to, and not in substitution for, any other rights or remedies provided by law.

7.4 Performance of Covenants by Lender

If any Obligor shall fail to perform any of its covenants contained in this Agreement or in any Loan Document, the Lender may itself perform any of such covenants capable of being performed by it, but shall be under no obligation to do so. All sums so expended or advanced by the Lender shall be repayable hereunder. No such performance or advance by the Lender shall be deemed to relieve any Obligor of a default hereunder.

7.5 Reliance by Lender

The Lender shall be entitled to act upon any notice, certificate, instrument, demand, request, direction, instruction, waiver, receipt, consent or other document or communication furnished, in each case in writing, hereunder or under any other Loan Document which it in good faith believes and on its face appears to be genuine, and it shall be entitled to rely upon the due execution, validity and effectiveness, and the truth and acceptability, of any provisions contained therein. The Lender shall not have any responsibility to make any investigation into the facts or matters stated in any notice, certificate, instrument, demand, request, direction, instruction, waiver, receipt, consent or other document or communication furnished to it hereunder or under any other Loan Document.

7.6 Discretionary Powers

The Lender shall not be required to exercise any discretionary power granted to it herein or in any Loan Document. The Lender shall not be liable for any error of judgment or for any act done or omitted to be done by it in good faith or for any mistake of fact or law, or for anything which it may do or refrain from doing, except for its own gross negligence or wilful misconduct. The Lender shall not be required to risk, expend or advance any of its own moneys in performing its obligations hereunder and shall not be required to perform any act which would involve it incurring expense or liability until it has received sufficient funding therefor and has been indemnified to its reasonable satisfaction.

**SECTION 8
SECURITY AND ADDITIONAL GUARANTORS**

8.1 Security on All Assets

- (a) Subject to the provisions of this Section 8.1, the Obligations shall be secured, equally and rateably, by a first priority Security Interest on, to and against all present and future property, assets and undertaking (including for the avoidance of doubt all Intellectual Property) of the Borrower and each of its Subsidiaries from time to time (the "Collateral").
- (b) The Borrower shall:
 - (i) give prompt written notice to the Lender of the acquisition, creation or existence of each Subsidiary created or acquired after the date hereof, together with such other information as the Lender may reasonably require; and
 - (ii) shall promptly, and in any event within 15 days of any such acquisition, creation or existence, cause each new Subsidiary to execute and deliver to the Lender Security in respect of all of its present and future property, assets and undertaking, an undertaking in favour of the Lender in form and substance satisfactory to the Lender agreeing to be bound by the terms of this Agreement (including, without limitation, Section 9), as if it were a Guarantor as at the date of this Agreement, a resolution of its board of directors authorizing its entry into the documents required hereby, a certified copy of its Organizational Documents and a legal opinion in form and substance satisfactory to the Lender.
- (c) The Borrower shall take such steps as the Lender may request to ensure that at all times that all registrations, filings and/or recordings of the Security shall have been made in all offices where such registration, filing or recording is necessary or of advantage to the creation, perfection and preserving of such Security and the Security Interests created thereby.
- (d) In addition to the Security described in subsections (a) and (b) of this Section 8.1, the Borrower shall execute and deliver, or shall cause to be executed and delivered, all such guarantees and mortgages, debentures, pledge agreements, assignments and other security agreements as may be required by the Lender, acting reasonably (each in form and substance satisfactory to the Lender, acting reasonably) in order to, or to more effectively, charge in favour of the Lender or grant Security Interests in favour of the Lender on and against all of the undertaking, assets and property (real or personal, tangible or intangible, present or future and of whatsoever nature and kind) of the Borrower and its Subsidiaries, as continuing collateral security for the payment and performance by the Obligors of all Obligations.

8.2 Release and Discharge of Security

The Obligors shall not be discharged from the Security or any part thereof except by a written release and discharge signed by the Lender. If all of the Obligations have been repaid, paid, satisfied and discharged, as the case may be, in full, or if a disposition made in accordance with Section 6.8(a) shall occur, then the Lender shall cause its interest in the Security to be released and discharged at the expense of the Borrower, *provided* that in the case of a disposition made in accordance with Section 6.8(a), only Security in respect of the Collateral the subject of such disposition shall be released.

SECTION 9 GUARANTEE

9.1 Guarantee

Each Guarantor hereby agrees that it is jointly and severally liable for and absolutely and unconditionally guarantees to the Lender, the prompt payment when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of the Obligations. Each Guarantor further agrees that the Obligations may be extended or renewed in whole or in part without notice to or further assent from it, and that it remains bound upon its guarantee notwithstanding any such extension or renewal.

9.2 Indemnity

- (a) Each Guarantor shall be liable for and shall indemnify and save the Lender harmless from and against any losses which may arise by virtue of any of the Obligations being or becoming for any reason whatsoever in whole or in part:
 - (i) void, voidable, *ultra vires*, illegal, invalid, ineffective or otherwise unenforceable in accordance with its terms; or
 - (ii) released or discharged by operation of law other than by reason of the unconditional and irrevocable payment or satisfaction in full of all of the Obligations or a release by the Lender;

(each an "Indemnifiable Circumstance").

For greater certainty, these losses shall include, without limitation, the amount of all Obligations which would have been payable by any other Guarantor but for the existence of an Indemnifiable Circumstance, *provided* that the indemnified losses shall not exceed the amount of the Obligations together with any and all other amounts due and owing hereunder from time to time.

9.3 Guarantee of Payment.

The guarantee set out in Section 9.1 is a guarantee of payment and not of collection. Each Guarantor waives any right to require the Lender to sue the Borrower, any other Guarantor or any other Person obligated for all or any part of the Obligations (each, an "Obligated Party"), or otherwise to enforce its payment against any collateral securing all or any part of the Obligations.

9.4 No Discharge or Diminishment of Guarantee

- (a) Except as otherwise provided for herein, the obligations of each Guarantor hereunder are unconditional and absolute and not subject to any reduction, limitation, impairment or termination for any reason (other than the indefeasible payment in full in cash of the Obligations), including:
 - (i) any claim of waiver, release, extension, renewal, settlement, surrender, alteration, or compromise of any of the Obligations, by operation of law or otherwise;
 - (ii) any change in the corporate existence, structure or ownership of the Borrower or any other guarantor of or other Person liable for any of the Obligations;
 - (iii) any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Obligated Party, or their assets or any resulting release or discharge of any obligation of any Obligated Party; or

- (iv) the existence of any claim, setoff or other rights which any Guarantor may have at any time against any Obligated Party, the Lender or any other Person, whether in connection herewith or in any unrelated transactions.
- (b) The obligations of each Guarantor hereunder are not subject to any defense or setoff, counterclaim, recoupment, or termination whatsoever by reason of the invalidity, illegality, or unenforceability of any of the Obligations or otherwise, or any provision of applicable law or regulation purporting to prohibit payment by any Obligated Party, of the Obligations or any part thereof.
- (c) Further, the obligations of any Guarantor hereunder are not discharged or impaired or otherwise affected by:
 - (i) the failure of the Lender to assert any claim or demand or to enforce any remedy with respect to all or any part of the Obligations;
 - (ii) any waiver or modification of or supplement to any provision of any agreement relating to the Obligations;
 - (iii) any release, non-perfection, or invalidity of any indirect or direct security for the obligations of the Borrower for all or any part of the Obligations or any obligations of any other guarantor of or other Person liable for any of the Obligations;
 - (iv) any action or failure to act by the Lender with respect to any collateral securing any part of the Obligations; or
 - (v) any default, failure or delay, willful or otherwise, in the payment or performance of any of the Obligations, or any other circumstance, act, omission or delay that might in any manner or to any extent vary the risk of such Guarantor or that would otherwise operate as a discharge of any Guarantor as a matter of law or equity (other than the indefeasible payment in full in cash of the Obligations).

9.5 Rights of Subrogation

No Guarantor will assert any right, claim or cause of action, including, without limitation, a claim of subrogation, contribution or indemnification that it has against any Obligated Party, or any collateral, until the Guarantors have fully performed all of the Obligations to the Lender.

9.6 Reinstatement; Stay of Acceleration

If at any time any payment of any portion of the Obligations is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, or reorganization of the Borrower or otherwise, each Guarantor's obligations under this Section 9 with respect to that payment shall be reinstated at such time as though the payment had not been made. If acceleration of the time for payment of any of the Obligations is stayed upon the insolvency, bankruptcy or reorganization of the Borrower, all such amounts otherwise subject to acceleration under the terms of any agreement relating to the Obligations shall nonetheless be payable by the Guarantors forthwith on demand by the Lender.

9.7 Information

Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's and the other Guarantors' financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Obligations and the nature, scope and extent of the risks that each Guarantor assumes and incurs under this Section 9, and agrees that the Lender shall not have any duty to advise any Guarantor of information known to it regarding those circumstances or risks.

9.8 Maximum Liability

The provisions of this Section 9 are severable, and in any action or proceeding involving any applicable corporate law, or any bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally, if the obligations of any Guarantor under this Section 9 would otherwise be held or determined to be avoidable, invalid or unenforceable on account of the amount of such Guarantor's liability under this Section 9, then, notwithstanding any other provision of this Section 9 to the contrary, the amount of such liability shall, without any further action by the Guarantors or the Lender, be automatically limited and reduced to the highest amount that is valid and enforceable as determined in such action or proceeding (such highest amount determined hereunder being the relevant Guarantor's "Maximum Liability"). This Section 9.8 with respect to the Maximum Liability of each Guarantor is intended solely to preserve the rights of the Lender to the maximum extent not subject to avoidance under applicable law, and no Guarantor nor any other Person or entity shall have any right or claim under this Section 9.8 with respect to such Maximum Liability, except to the extent necessary so that the obligations of any Guarantor hereunder shall not be rendered voidable under applicable law. Each Guarantor agrees that the Obligations may at any time and from time to time exceed the Maximum Liability of each Guarantor without impairing this Section 9 or affecting the rights and remedies of the Lender hereunder; *provided* that nothing in this sentence shall be construed to increase any Guarantor's obligations hereunder beyond its Maximum Liability.

9.9 Contribution

In the event any Guarantor (a "Paying Guarantor") shall make any payment or payments under this Section 9 or shall suffer any loss as a result of any realization upon any Collateral granted by it to secure its obligations under this Section 9, each other Guarantor (each a "Non-Paying Guarantor") shall contribute to such Paying Guarantor an amount equal to such Non-Paying Guarantor's "Guarantor Percentage" of such payment or payments made, or losses suffered, by such Paying Guarantor. For purposes of this Section 9.9, each Non-Paying Guarantor's Guarantor Percentage with respect to any such payment or loss by a Paying Guarantor shall be determined as of the date on which such payment or loss was made by reference to the ratio of:

- (a) such Non-Paying Guarantor's Maximum Liability as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder) or, if such Non-Paying Guarantor's Maximum Liability has not been determined, the aggregate amount of all monies received by such Non-Paying Guarantor from the Borrower after the date hereof (whether by loan, capital infusion or by other means) to
- (b) the aggregate Maximum Liability of all Guarantors hereunder (including such Paying Guarantor) as of such date (without giving effect to any right to receive, or obligation to make, any contribution hereunder), or to the extent that a Maximum Liability has not been determined for any Guarantor, the aggregate amount of all monies received by such Guarantors from the Borrower after the date hereof (whether by loan, capital infusion or by other means). Nothing in this provision shall affect any Guarantor's several liability for the entire amount of the Obligations (up to such Guarantor's Maximum Liability). Each of the Guarantors covenants and agrees that its right to receive any contribution under this Section 9 from a Non-Paying Guarantor shall be subordinate and junior in right of payment to the payment in full in cash of the Obligations.

This provision is for the benefit of the Lender and the Guarantors and may be enforced by any one, or more, or all of them in accordance with the terms hereof.

9.10 Liability Cumulative

The liability of each Guarantor under this Section 9 is in addition to and shall be cumulative with all liabilities of each Guarantor to the Lender under this Agreement and the other Loan Documents to which such Guarantor is a party or in respect of any obligations or liabilities of the other Guarantors, without any

limitation as to amount, unless the instrument or agreement evidencing or creating such other liability specifically provides to the contrary.

SECTION 10 MISCELLANEOUS

10.1 Exchange and Confidentiality of Information

The Lender acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to them by the Borrower pursuant to the Loan Documents (the "Information") and agrees to use all reasonable efforts to prevent the disclosure thereof *provided, however, that*:

- (a) the Lender may disclose all or any part of the Information if, in its reasonable opinion, such disclosure is required
 - (i) by its auditors; or
 - (ii) in connection with any actual or threatened judicial, administrative or governmental proceedings including proceedings initiated under or in respect of this Agreement or upon the request of a Governmental Authority having jurisdiction over it;
- (b) the Lender shall incur no liability in respect of any Information required to be disclosed by any applicable law or regulation, or by applicable treaty, order, policy or directive having the force of law, to the extent of such requirement;
- (c) the Lender may disclose the Information to any Governmental Authority (including any self-regulatory agency or authority) having jurisdiction over it:
 - (i) upon the request thereof; or
 - (ii) where it considers such disclosure to be advisable or appropriate, acting reasonably;
- (d) the Lender may provide any of its Affiliates with Information to the extent reasonably required to be disclosed thereto; *provided* that each such Affiliate shall be under a like duty of confidentiality to that contained in this Section 10.1 and *further provided* that the Lender, as the case may be, providing the Information shall be responsible for any breach by its Affiliate of the aforementioned like duty of confidentiality;
- (e) the Lender may provide its counsel and its other agents and professional advisors with any Information; *provided* that such persons shall be under a like duty of confidentiality to that contained in this Section;
- (f) the Lender may disclose Information to any insurance or reinsurance company thereof for the purpose of maintaining insurance, to any person providing administration and settlement services in respect of this Agreement and to any actual or prospective counterparty to any securitization, swap or derivative transaction relating to the Borrower or any Subsidiary; *provided* that, such counterparty, insurance or reinsurance company or other person agrees in writing to be under a like duty of confidentiality to that contained in this Section 10.1;
- (g) the Lender shall incur no liability in respect of any Information:

- (i) which is or becomes readily available to the public (other than by a breach hereof) or which has been made readily available to the public by the Borrower or its Subsidiaries;
 - (ii) which the Lender can show was, prior to receipt thereof from the Borrower, lawfully in the Lender's possession and not then subject to any obligation on its part to the Borrower to maintain confidentiality; or
 - (iii) which the Lender received from a third party who was not, to the knowledge of the Lender, under a duty of confidentiality to the Borrower at the time the information was so received;
- (h) the Lender may disclose the Information to:
- (i) any of its Affiliates; or
 - (ii) any other financial institutions and other persons in connection assignment, transfer or novation of the Loan or the granting by the Lender of a participation in the Loan, in each case, where such Affiliate or financial institution or other person agrees to be under a like duty of confidentiality to that contained in this Section 10.1; and
- (i) the Lender may disclose all or any part of the Information so as to enable the Lender to initiate any lawsuit against the Borrower or to defend any lawsuit commenced by the Borrower the issues of which touch on the Information, but only to the extent such disclosure is necessary to the initiation or defense of such lawsuit.

10.2 Assignment

The Lender is entitled to assign its rights (or any of them) and delegate its obligations (or any of them) under this Agreement and the Loan to any Person without the consent of the Borrower. In the case of an assignment permitted by this Section 10.2, the assignee shall have, to the extent of such assignment, the same rights, benefits and obligations as it would if it were the Lender hereunder and the Lender shall be relieved of its obligations hereunder with respect to the commitments or assigned portion thereof. Each Obligor hereby acknowledges and agrees that any assignment will give rise to a direct obligation of the Borrower to the assignee or assignees and that the assignee or assignees shall be considered to be the "Lender" hereunder. The Lender agrees to promptly provide details of each assignee to the Borrower as may be reasonably required by the Borrower for reporting purposes. No Obligor is entitled to assign any of its rights or interests, or delegate any of its Obligations, in this Agreement or any other Loan Document in whole or in part without the prior written consent of the Lender. Any assignment or delegation of this Agreement or any other Loan Document that is purported to be made other than in compliance with this Section 10.2 will be void.

10.3 Set Off

In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, upon the occurrence and during the continuance of any Event of Default, the Lender is hereby authorized by each Obligor at any time or from time to time, to set off and to appropriate and to apply any and all balances held by it at any of its offices for the account of any Obligor (regardless of whether such balances are then due to any Obligor) and any other property at any time held or owing by the Lender to or for the credit or for the account of the Obligors against and on account of any of the Obligations then outstanding.

10.4 Expenses and Legal Fees

Whether or not the transactions contemplated hereby shall be consummated, the Borrower will pay on demand the fees, costs and expenses of the Lender incurred in connection with any matters

contemplated by or arising out of this Agreement or the other Loan Documents, including without limitation the fees, costs, expenses (including legal fees) and costs of settlement incurred:

- (a) in collecting upon or enforcing rights against the Collateral;
- (b) in any action to enforce this Agreement or the other Loan Documents or to collect any payments due from any Obligor under this Agreement or any other Loan Document,
- (c) in connection with the negotiation, preparation, printing, execution and perfection of this Agreement and the other Loan Documents; and
- (d) in connection with any amendment, modification, restatement, supplement, waiver or extension in respect of this Agreement or any of the Loan Documents.

10.5 Indemnity

In addition to the payment of costs and expenses pursuant to Section 10.4, whether or not the transactions contemplated hereby shall be consummated, each Obligor jointly and severally agrees to indemnify, pay and hold the Lender and its permitted assigns, and their respective officers, directors, employees, agents, consultants, partners, auditors, and Affiliates (each an "Indemnitee") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not such Indemnitee shall be designated a party thereto) that may be imposed on, incurred by, or asserted against that Indemnitee, in any manner relating to or arising out of this Agreement or any certificate, statement or opinion delivered by an Obligor under any of the Loan Documents or in connection therewith (the "Indemnified Liabilities"), *provided* that no Obligor shall have any obligation to an Indemnitee hereunder with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of that Indemnitee as determined in a non-appealable judgement by a court of competent jurisdiction.

10.6 Amendments and Waivers

No amendment, modification, termination or waiver of any provision of this Agreement or of the other Loan Documents, or consent to any departure by any Obligor therefrom or any of the terms, conditions, or provisions thereof, shall be effective unless the same shall be in writing and signed by the Lender and each Obligor. Each amendment, modification, termination or waiver shall be effective only in the specific instance and for the specific purpose for which it was given.

10.7 Notices

Any notice, consent, waiver or other communication given under this Agreement must be in writing and delivered by email as set forth below or personally delivered to the address listed below, or to such other address, email or person as may be designated by notice.

In the case of the Borrower:

US Oil Sands Inc.
Suite 1600, 521 Third Avenue S.W.
Calgary, Alberta T2P 3T3

Attention: Cameron Todd
Email: cameron.todd@usoilsandsinc.com

With a copy (which shall not constitute notice) to:

Borden Ladner Gervais LLP

1900, 520 Third Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: Lloyd McLellan
Email: LMcLellan@blg.com

In the case of the Lender:

ACMO S.à r.l.
26/28, Rue Edward Steichen
Luxembourg City, Luxembourg L-2540

Attention: Jessica Fainman
Email: operations@anchoragecap.com

With a copy (which shall not constitute notice) to:

Norton Rose Fulbright Canada LLP
3700 – 400 Third Avenue SW
Calgary, Alberta T2P 4H2

Attention: Justin Ferrara
Email: justin.ferrara@nortonrosefulbright.com

or to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 10.7.

10.8 Survival of Warranties and Certain Agreements

- (a) All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Lender regardless of any investigation made by the Lender or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any breach of a representation or warranty, and shall continue in full force and effect as long as any Obligation shall remain outstanding.
- (b) This Agreement and the Loan Documents shall remain in full force and effect until such time as the Obligations have been paid and satisfied in full, at which time this Agreement shall be terminated; *provided, however*, that the agreements set forth in Sections 10.4 and 10.5 shall survive termination of this Agreement. Notwithstanding the foregoing, this Agreement and the Loan Documents shall continue to be effective or be automatically reinstated, as the case may be, if at any time payment, in whole or in part, of any of the Obligations is rescinded or must otherwise be restored or returned by Lender as a preference, fraudulent conveyance or otherwise, all as though such payment had not been made.

10.9 Marshaling; Payments Set Aside

The Lender shall not be under any obligation to marshal any assets in favour of any Obligor or any other party or against or in payment of any or all of the Obligations. To the extent that any Obligor makes a payment or payments to the Lender or the Lender enforces its security interests or exercises its rights of setoff, and such payment or payments or the proceeds of such enforcement or setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such recovery, the Obligations or part thereof originally

intended to be satisfied, and all Liens, rights and remedies thereof, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

10.10 Entire Agreement

This Agreement and the other Loan Documents referred to herein embody the final, entire agreement among the parties hereto and supersede any and all prior commitments, agreements, representations, and understandings, whether written or oral, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous, or subsequent oral agreements or discussions of the parties hereto. There are no oral agreements among the parties hereto.

10.11 Severability

The invalidity, illegality or unenforceability in any jurisdiction of any provision in or obligation under this Agreement or the other Loan Documents shall not affect or impair the validity, legality or enforceability of the remaining provisions or obligations under this Agreement, or the other Loan Documents or of such provision or obligation in any other jurisdiction.

10.12 Headings

Section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose or be given any substantive effect.

10.13 Governing Law and Jurisdiction

This Agreement and all disputes and controversies arising hereunder shall be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada generally applicable therein. The parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta to resolve any dispute pursuant to this Agreement or any Loan Documents.

10.14 Successors and Assigns

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

10.15 Anti-Money Laundering/Know Your Customer Laws

The Lender hereby notifies the Borrower that pursuant to the requirements of Anti-Money Laundering/ Anti-Terrorist Financing Laws and "know your client" Applicable Laws (collectively, including any guidelines or orders thereunder, "AML/KYC Legislation"), it may be required to obtain, verify and record information that identifies the Borrower and the other Obligor, which information includes the name and address of each such person and such other information that will allow the Lender, to identify each such person in accordance with AML/KYC Legislation (including, information regarding such Person's directors, authorized signing officers, or other persons in control of each such person). Each Obligor shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Lender, or any prospective assignee or participant of a Lender, in order to comply with any applicable AML/KYC Legislation, whether now or hereafter in existence.

10.16 No Fiduciary Relationship; Limitation of Liabilities

- (a) **No Fiduciary Relationship.** No provision in this Agreement or in any of the other Loan Documents and no course of dealing between the parties shall be deemed to create any fiduciary duty by the Lender to any Obligor.
- (b) **Limitation of Liabilities.** Neither a Lender, nor any Affiliate, officer, director, shareholder, employee, attorney, or agent of a Lender shall have any liability with respect

to, and each Obligor hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, consequential damages or damages for loss of profits suffered or incurred by any Obligor in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents; *provided, however,* that this waiver, release and agreement shall not apply if the damages result from the gross negligence or willful misconduct of a Lender, nor any Affiliate, officer, director, shareholder, employee, attorney, or agent of a Lender, as the case may be, in connection with the enforcement of the Loan. Each Obligor hereby waives, releases, and agrees not to sue Lender or any of Lender's Affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the transactions contemplated hereby; *provided, however,* that this waiver, release and agreement shall not apply if the damages result from the gross negligence or willful misconduct of a Lender, nor any Affiliate, officer, director, shareholder, employee, attorney, or agent of a Lender, as the case may be, in connection with the enforcement of the Loan.

10.17 Benefit of Legal Counsel

Each Obligor and Lender acknowledge that it has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review this Agreement and the other Loan Documents with its legal counsel.

10.18 Counterparts; Effectiveness

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of manually executed counterpart of this Agreement.

10.19 Conflict of Documents

The Obligors and the Lender acknowledge and agree that the terms, conditions and provisions of this Agreement and each and all other Loan Documents (including any other documents (and/or terms and provisions thereof) pursuant to which any Liens, mortgages, security interests or pledges are created and/or granted) are intended to be complementary to one another and mutually expansive of the rights of Lender, and that therefore, to the extent possible, the terms, conditions and provisions of this Agreement and all other such Loan Documents shall be interpreted and construed in such a manner as to give effect to all of such terms, conditions and provisions, *provided* that, to the extent of any irreconcilable conflict between the terms, conditions and provisions of this Agreement and any other Loan Document, the terms of this Agreement shall prevail (unless the application of such rule of construction shall result in any Liens, mortgages, security interests or pledges or other rights in favour of Lender created under any such other Loan Document becoming unperfected, invalid or unenforceable against any Obligor or any third parties under the law of the jurisdiction whose law governs such other Loan Document, in which case the terms, conditions and provisions of such other Loan Document shall prevail to the limited extent necessary to prevent such result). Notwithstanding anything to the contrary contained in the foregoing, to the extent that the terms, conditions and provisions of this Agreement and of any other Loan Document(s) shall establish different deadlines or time periods with respect to the taking of any particular actions by any Obligor, the shorter deadline shall control.

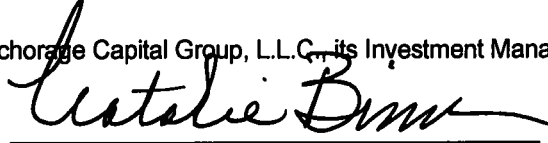
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

Lender:

ACMO S.À R.L.

By: Anchorage Capital Group, L.L.C., its Investment Manager

Per:



Name: Natalie Birrell
Title: Chief Operating Officer

Borrower:

US OIL SANDS INC.

Per: _____

Name:
Title:

Per: _____

Name:
Title:

US Subsidiary:

US OIL SANDS (UTAH) INC.

Per: _____

Name:
Title:

Per: _____

Name:
Title:

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

Lender:


ACMO S.À R.L.


Per: _____
Name:
Title:

Per: _____
Name:
Title:

Borrower:


US OIL SANDS INC.


Per:  _____
Name: D. Glen Snarr
Title: President and CFO

Per:  _____
Name: Barclay E. Cuthbert
Title: Vice President, Operations

US Subsidiary:

US OIL SANDS (UTAH) INC.

Per:  _____
Name: D. Glen Snarr
Title: President and CFO

Per:  _____
Name: Barclay E. Cuthbert
Title: Vice President, Operations

SCHEDULE 1
Form of Warrant Certificate

Unless permitted under securities legislation, the holder of this security must not trade the security before *[insert date that is 4 months and a day after the closing date]*.

Without prior written approval of TSX Venture Exchange and compliance with all applicable securities legislation, the Warrants represented by this certificate, and the Common Shares issuable upon exercise of the Warrants, may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident before *[insert date that is 4 months and a day after the closing date]*.

**THIS WARRANT CERTIFICATE IS VOID IF NOT EXERCISED ON OR BEFORE
4:00 P.M. (CALGARY TIME) ON JANUARY ●, 2022.**

WARRANT CERTIFICATE

US OIL SANDS INC.

(Incorporated under the laws of the Province of Alberta)

WARRANT CERTIFICATE
ISSUED January ●, 2017

24,000,000 WARRANTS, each Warrant entitling the holder to acquire, subject to adjustment, one (1) Common Share for each Warrant represented hereby.

THIS IS TO CERTIFY THAT: ACO S.à.r.l., a société à responsabilité limitée organized under the laws of Luxembourg (hereinafter referred to as the “holder” or the “Warrantholder”) is entitled to acquire for each Warrant represented hereby, in the manner and subject to the restrictions and adjustments set forth herein, at any time and from time to time until 4:00 p.m. (Calgary time) (the “Expiry Time”) on January ●, 2022, one (1) fully paid and non-assessable common share (“Common Share”) in the capital of US Oil Sands Inc. (the “Corporation”), subject to adjustment as herein provided.

This Warrant is issued subject to the terms and conditions appended hereto as **Schedule “A”**.

IN WITNESS WHEREOF, the Corporation has caused this Warrant to be executed by a duly authorized officer.

DATED January ●, 2017.

US OIL SANDS INC.

Per: _____

D. Glen Snarr
President and Chief Financial Officer

(See terms and conditions attached hereto)

SCHEDULE "A"

TERMS AND CONDITIONS FOR WARRANT

Terms and Conditions attached to the Warrant issued by US Oil Sands Inc. and dated for reference January 9, 2017.

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In these Terms and Conditions, unless there is something in the subject matter or context inconsistent therewith:

- (a) **"Affiliate"** means all companies, subsidiaries, divisions, branches or other entities directly or indirectly owned, controlled or advised by Anchorage Capital Group, L.L.C., Anchorage Capital, L.L.C. or any successor entities or enterprises initiated, formed or controlled either directly or indirectly by Anchorage Capital Group, L.L.C. or Anchorage Capital, L.L.C.
- (b) **"business day"** means any day other than a Saturday, Sunday or other day on which banks are not open for business in Calgary, Alberta;
- (c) **"Common Shares"** means, subject to Article 4, the common shares in the capital of the Corporation as presently constituted;
- (d) **"Corporation"** means US Oil Sands Inc. unless and until a successor corporation shall have become such in the manner prescribed in Article 6, and thereafter "Corporation" shall mean such successor corporation;
- (e) **"Corporation's Auditors"** means an independent firm of accountants duly appointed as auditors of the Corporation;
- (f) **"Current Market Price"** at any date shall be the volume weighted average price per Common Share for the 20 consecutive trading days ending five trading days preceding the applicable date; provided if the Common Shares are then traded on more than one stock exchange, then on the stock exchange on which the largest volume of Common Shares were traded during such 20 consecutive trading day period. For purposes of this definition, trading day means, with respect to a stock exchange, a day on which such exchange is open for the transaction of business. Should the Common Shares not be listed on any stock exchange the current market price per Common Share at any date shall be determined by the board of directors of the Corporation, acting reasonably;
- (g) **"dividends paid in the ordinary course"** means any dividends, whether in cash, in securities of the Corporation, in specie, in kind or otherwise in property or other assets, declared payable or paid on the Common Shares in any fiscal year of the Corporation to the extent that the aggregate

of such cash dividends or the fair market value thereof, as bona fide determined by the directors of the Corporation, of such dividends in securities, in specie, in kind or otherwise in property or other assets declared and payable or paid from the beginning of the fiscal year of the Corporation in which such dividend is declared to the date of such declaration of such dividend, including in such calculation the dividend in question, does not exceed the retained earnings of the Corporation as at the date of declaration of such dividends;

- (h) **“Exchange”** means the TSX Venture Exchange, the Toronto Stock Exchange or such other stock exchange on which the Corporation's Common Shares are listed and posted for trading;
- (i) **“Exercise Price”** means the price of Cdn\$0.75 per Common Share;
- (j) **“Expiry Time”** means 4:00 p.m. (Calgary time) on January ●, 2022;
- (k) **“herein”, “hereby”** and similar expressions refer to these Terms and Conditions as the same may be amended or modified from time to time; and the expression “Article” and “Section” followed by a number refer to the specified Article or Section of these Terms and Conditions;
- (l) **“Issue Date”** means the issue date of the Warrant shown on the face page of the Warrant Certificate;
- (m) **“person”** means an individual, corporation, partnership, trustee or any unincorporated organization and words importing persons have a similar meaning;
- (n) **“Warrant”** means the warrant to acquire Common Shares evidenced by the Warrant Certificate; and
- (o) **“Warrant Certificate”** means the certificate to which these Terms and Conditions are attached.

1.2 Interpretation Not Affected by Headings

- (a) The division of these Terms and Conditions into Articles and Sections, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation thereof.
- (b) Words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders.

1.3 Applicable Law

The terms hereof shall be construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable thereto.

ARTICLE 2 ISSUE OF WARRANT

2.1 Issue of Warrants

That number of Warrants set out on the Warrant Certificate are hereby created and authorized to be issued.

2.2 Issue in Substitution for Lost Warrants

If the Warrant Certificate becomes mutilated, lost, destroyed or stolen:

- (a) the Corporation shall issue and deliver a new Warrant Certificate of like date and tenor as the one mutilated, lost, destroyed or stolen, in exchange for and in place of and upon cancellation of such mutilated, lost, destroyed or stolen Warrant Certificate; and
- (b) the holder shall bear the cost of the issue of a new Warrant Certificate hereunder and in the case of the loss, destruction or theft of the Warrant Certificate, shall furnish to the Corporation such evidence of loss, destruction, or theft as shall be satisfactory to the Corporation in its discretion and the Corporation may also require the holder to furnish indemnity in an amount and form satisfactory to the Corporation in its discretion, and shall pay the reasonable charges of the Corporation in connection therewith.

2.3 Warrantholder Not a Shareholder

The Warrant shall not constitute the holder a shareholder of the Corporation, nor entitle it to any right or interest in respect thereof except as may be expressly provided in the Warrant.

2.4 Transfer of Warrants

The holder may transfer all or a portion of the Warrants represented hereby by completion of Schedule "A" and remitting the same to the Corporation for transfer. If less than all of the Warrants are to be transferred, a new Warrant Certificate representing the balance of the Warrants not transferred shall be issued in the name of the holder. Notwithstanding the foregoing, if the Common Shares issuable upon exercise of the Warrants are listed on the TSX Venture Exchange or Toronto Stock Exchange, the holder hereof shall only be entitled to transfer the Warrants to an Affiliate.

ARTICLE 3 EXERCISE OF THE WARRANT

3.1 Method of Exercise of the Warrant

Subject to section 3.2, the right to purchase Common Shares conferred by the Warrant Certificate may be exercised, at any time and from time to time prior to the Expiry Time, by the holder surrendering it, with a duly completed and executed exercise form substantially in the form attached hereto as **Schedule "B"** and payment to the Corporation for the purchase price applicable at the time of surrender in respect of the Common Shares subscribed for in lawful money of Canada.

3.2 Effect of Exercise of the Warrant

- (a) Upon surrender and payment as aforesaid the Common Shares so subscribed for shall be issued as fully paid and non-assessable shares and the holder shall become the holder of record of such Common Shares on the date of such surrender and payment; and
- (b) Within five business days after surrender and payment as aforesaid, the Corporation shall forthwith cause the issuance to the holder of a certificate for the Common Shares purchased as aforesaid.

3.3 Subscription for Less than Entitlement

The holder may subscribe for and purchase a number of Common Shares less than the number which it is entitled to purchase pursuant to the surrendered Warrant Certificate. In the event of any purchase of a number of Common Shares less than the number which can be purchased pursuant to the Warrant Certificate, the holder shall be entitled to the return of the Warrant Certificate with a notation on the grid attached hereto as **Schedule "C"** (the "Grid") showing the balance of the Common Shares which it is entitled to purchase pursuant to the Warrant Certificate which were not then purchased.

3.4 Expiration of the Warrant

After the Expiry Time all rights hereunder shall wholly cease and terminate and the Warrant shall be void and of no effect.

ARTICLE 4 ADJUSTMENTS

4.1 Adjustment of Exercise Price, etc.

The purchase rights in effect at any date attaching to the Warrants shall be subject to adjustment from time to time as follows:

- (a) If and whenever at any time from the date hereof and prior to the Expiry Time, the Corporation shall:
 - (i) subdivide, redivide or change its outstanding Common Shares into a greater number of shares;
 - (ii) reduce, combine or consolidate its outstanding Common Shares into a smaller number of shares; or
 - (iii) issue Common Shares or securities convertible or exchangeable into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend other than a dividend paid in the ordinary course;

the Exercise Price in effect on the effective date of such subdivision, redivision, change, reduction, combination or consolidation or on the record date for such issue of Common Shares or securities convertible or exchangeable into Common Shares by way of a stock dividend, as the case may be, shall be adjusted immediately after such effective date or record date, as the case may be, so that it shall equal the price determined by multiplying the Exercise Price in effect on such date by a fraction of which the numerator shall be the total number of Common Shares outstanding immediately prior to such date and the denominator shall be the total number of Common Shares outstanding immediately after such date (including, in the case where securities convertible into or exchangeable for Common Shares are issued, the number of Common Shares that would have been outstanding had such securities been converted into or exchanged for Common Shares on such record date). Such adjustment shall be made successively whenever any event referred to in this Subsection shall occur; any such issue of Common Shares by way of a stock dividend shall be deemed to have been made on the record date for the stock dividend for the purpose of calculating the number of outstanding Common Shares, or securities convertible into Common Shares, under Subsections (a), (b) and (c) of this Section 4.1. To the extent that any such securities convertible into or exchangeable for Common Shares are not converted into or exchanged for Common Shares prior to the expiration of the conversion or exchange right, the Exercise Price shall be readjusted effective as at the date of such expiration to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued on the exercise of such conversion or exchange right. Upon any adjustment of the Exercise Price pursuant to subsection 4.1(a), the number of Common Shares purchasable under each Warrant shall contemporaneously be adjusted by multiplying the number of Common Shares theretofore purchasable on the exercise thereof by a fraction of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment.

- (b) If and whenever at any time after the date hereof and prior to the Expiry Time the Corporation shall fix a record date, for the issuance of rights, options or warrants (other than the Warrants) to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common

Shares (or securities convertible into or exchangeable for Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price on such record date, the Exercise Price in effect on such record date shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible or exchangeable). Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such rights, options or warrants are not so issued or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date, had not been fixed or to the Exercise Price which would then be in effect based upon the number and aggregate price of Common Shares (or securities convertible into or exchangeable for Common Shares) actually issued upon the exercise of such rights, options or warrants, as the case may be. Upon any adjustment of the Exercise Price pursuant to this subsection 4.1(b), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment;

- (c) If and whenever at any time from the date hereof and prior to the Expiry Time the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of:
- (i) shares of any class other than Common Shares (or other securities convertible into or exchangeable for Common Shares); or
 - (ii) rights, options or warrants (other than the Warrants) excluding (i) those referred to in subsection (b) of this Section 4.1, and (ii) those referred to in Subsection (b) of this Section 4.1 but exercisable at a price per share (or having a conversion or exchange price per share) not less than 95% of the Current Market Price; or
 - (iii) evidences of its indebtedness; or
 - (iv) assets (excluding assets distributed as dividends paid in the ordinary course);

then, in each such case, the Exercise Price in effect on such record date shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the aggregate fair market value (as determined by the directors of the Corporation acting reasonably and in good faith, which determination shall be conclusive) of such shares or rights, options or warrants or evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share. Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually

distributed, as the case may be. Upon any adjustment of the Exercise Price pursuant to clauses (i) and (ii) of this subsection 4.1(c), the number of Common Shares subject to the right of purchase under each Warrant shall be contemporaneously adjusted by multiplying the number of Common Shares theretofore obtainable on the exercise thereof by a fraction of which the numerator shall be the Exercise Price in effect immediately prior to such adjustment and the denominator shall be the Exercise Price resulting from such adjustment;

- (d) If and whenever at any time from the date hereof and prior to the Expiry Time, there is a reclassification of the Common Shares or a capital reorganization of the Corporation other than as described in Subsection (a) of this Section 4.1 or a consolidation, amalgamation or merger of the Corporation with or into any other body corporate, trust, partnership or other entity, or a sale or conveyance of the property and assets of the Corporation as an entirety or substantially as an entirety to any other body corporate, trust, partnership or other entity, any Warrantholder who has not exercised his right of purchase prior to the effective date of such reclassification, reorganization, consolidation, amalgamation, merger, sale or conveyance, upon the exercise of such right thereafter, shall be entitled to receive and shall accept in lieu of the number of Common Shares then subscribed for by him but for the same aggregate consideration payable therefor, the number of shares or other securities of property of the Corporation or of the body corporate, trust, partnership or other entity resulting from such merger, amalgamation or consolidation, or to which such sale or conveyance may be made, as the case may be, that such Warrantholder would have been entitled to receive on such reclassification, capital reorganization, consolidation, amalgamation, merger, sale or conveyance, if, on the record date or the effective date thereof, as the case may be, the Warrantholder had been the registered holder of the number of Common Shares so subscribed for. To give effect to or to evidence the provisions of this subsection, the Corporation shall or shall impose upon its successor or such purchasing body corporate, partnership, trust or other entity, as the case may be, prior to or contemporaneously with any such reclassification, reorganization, consolidation, amalgamation, merger, sale or conveyance, an agreement or undertaking which shall provide, to the extent possible, for the application of the provisions set forth in this Warrant with respect to the rights and interests thereafter of the Warrantholders to the end that the provisions set forth in this Warrant shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares, other securities or property to which a Warrantholder is entitled on the exercise of his purchase rights thereafter. Any agreement or undertaking entered into between the Corporation, any successor to the Corporation or such purchasing body corporate, partnership, trust or other entity shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 4.1 and which shall apply to successive reclassifications, reorganizations, amalgamations, consolidations, mergers, sales or conveyances;
- (e) The adjustments provided for in this Section in the Exercise Price and in the number and classes of shares which are to be received on the exercise of Warrants, are cumulative. After any adjustment pursuant to this Section, the term "Common Shares" where used in this Warrant shall be interpreted to mean shares of any class or classes which, as a result of all prior adjustments pursuant to this Section, the Warrantholder is entitled to receive upon the exercise of his Warrant, and the number of Common Shares indicated in any subscription made pursuant to a Warrant shall be interpreted to mean the number of shares of all classes which, as a result of all prior adjustments pursuant to this Section, a Warrantholder is entitled to receive upon the full exercise of a Warrant entitling the holder thereof to purchase the number of Common Shares so indicated.
- (f) In any case in which this Article 4 shall require that any adjustment in the Exercise Price be made effective immediately after a record date for a specified event, the Corporation may elect to defer until the occurrence of the event the issuance, to the holder of any Warrant exercised after that record date, of the additional Common Shares issuable by reason of the adjustment; provided, however, that the Corporation shall deliver to the holder an appropriate instrument evidencing the holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

- (g) No adjustment in the number of Common Shares purchasable hereunder shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the number of Common Shares purchasable upon the exercise of each Warrant; provided, however, that any adjustments which by reason of this subsection (g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations shall be made to the nearest one-hundredth of a share.
- (h) No adjustment in the number of Common Shares purchasable upon the exercise of each Warrant need be made under subsections (b) and (c) if the Warrantholder elects to receive, and the Corporation issues and distributes the rights, options, warrants, or convertible or exchangeable securities, or evidences of indebtedness or assets referred to in those subsections which the Warrantholder would have been entitled to receive had the Warrants been exercised prior to the happening of such event or record date with respect thereto.

4.2 Certificate of Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 4, deliver a certificate of the Corporation to a Warrantholder specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Notwithstanding the foregoing, if the Corporation has given notice under Section 4.3 covering all the relevant facts in respect of such event, no such notice need be given under this Section 4.2.

4.3 Notice of Special Matters

The Corporation covenants that so long as any Warrant remains outstanding, it will give notice to the Warrantholder of its intention to fix a record date or closing date, as the case may be, for any event referred to in Subsections (a), (b) or (c) of Section 4.1 (other than the subdivision, redivision, change in number, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Exercise Price, or its intention to take any action described in Subsection (d) of this Section 4.1 and, in each case, such notice shall specify the particulars of such event and the record date and/or the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given in each case not less than ten days prior to such applicable record date, closing date or effective date.

4.4 No Action after Notice

The Corporation covenants with the Warrantholder that it will not close its transfer books or take any other corporate action which might deprive the holder of a Warrant of the opportunity of exercising his right of purchase pursuant thereto during the period of 14 days after the giving of the notices set forth in Sections 4.2 and 4.3.

4.5 Determination of Adjustments

If any questions shall at any time arise with respect to the Exercise Price or any adjustments hereunder, such question shall be conclusively determined by the Corporation's Auditors, or, if they decline to so act, any other firm of Chartered Accountants, in Calgary, Alberta, that the Corporation may designate and the Warrantholder, acting reasonably, may approve, and who shall have access to all appropriate records and such determination shall be binding upon the Corporation and the holder.

**ARTICLE 5
COVENANTS BY THE CORPORATION**

5.1 Reservation of Common Shares

The Corporation will reserve and there will remain unissued out of its authorized capital a sufficient number of Common Shares to satisfy the rights of acquisition provided for in the Warrant Certificate.

**ARTICLE 6
MERGER AND SUCCESSORS**

6.1 Corporation May Amalgamate, etc. on Certain Terms

Nothing herein contained shall prevent any amalgamation or merger of the Corporation with or into any other corporation or corporations, or a conveyance or transfer of all or substantially all the properties and assets of the Corporation as an entirety to any corporation lawfully entitled to acquire and operate same, provided, however, that the corporation formed by such amalgamation or merger or which acquires by conveyance or transfer all or substantially all the properties and assets of the Corporation as an entirety shall, simultaneously with such amalgamation, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Corporation.

6.2 Successor Corporation Substituted

In case the Corporation, pursuant to section 6.1 shall be amalgamated or merged with or into any other corporation or corporations or shall convey or transfer all or substantially all of its properties and assets as an entirety to any other corporation, the successor corporation formed by such amalgamation, or into which the Corporation shall have been amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Corporation hereunder and such changes in phraseology and form (but not in substance) may be made in the Warrant Certificate and herein as may be appropriate in view of such amalgamation, merger or transfer.

**ARTICLE 7
AMENDMENTS**

7.1 Amendment, etc.

This Warrant Certificate may only be amended by a written instrument signed by the Corporation and the Warrantholder.

**ARTICLE 8
NOTICES**

8.1 Notice to Corporation

Any notice to the Corporation under the provisions of this Warrant shall be valid and effective if delivered to or if given by facsimile or by mail, postage prepaid, addressed to the Corporation at Suite 1600, 521 – 3rd Avenue SW, Calgary, Alberta T2P 3T3, (facsimile: (587) 353-5373) Attention: President, and shall be deemed to have been effectively given on the date of delivery or on the date of facsimile provided it is so received during business hours on a business day or failing which on the next business day, or, if mailed, five days after actual posting of the notice. The Corporation may from time to time notify the Warrantholder in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Corporation for all purposes of this Indenture.

8.2 Notice to Warrantholder

Any notice to the Warrantholder under the provisions of this Warrant shall be valid and effective if delivered to or if given by facsimile, e-mail or by mail, postage prepaid, addressed to such holder at their post office addresses appearing on the register of Warranholders and shall be deemed to have been effectively given on the date of delivery or date of receipt, if during business hours and on a business day or failing which on the next business day and, if mailed, five days following actual posting of notice.

SCHEDULE "A"

TRANSFER OF WARRANTS

NOTE: WARRANTS MAY ONLY BE TRANSFERRED IN ACCORDANCE WITH APPLICABLE LAW.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers to _____ (print name and address of assignee), _____ Warrants of US Oil Sands Inc. registered in the name of the undersigned represented by the Warrant Certificate attached and irrevocably appoints _____ the attorney of the undersigned to transfer the said securities on the books or register with full power of substitution.

The undersigned certifies that all applicable Canadian and foreign securities laws and requirements of regulatory authorities respecting the transfer of the said securities have been complied with.

DATED the ____ day of _____, ____.

Signature Guaranteed

(Signature of Warrantholder)

Instructions:

1. Signature of Warrantholder must be the signature of the person appearing on the face of this Warrant Certificate.
2. If the Transfer Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to US Oil Sands Inc.
3. The signature on the Transfer Form must be guaranteed by a chartered bank, trust company or an investment dealer who is a member of a recognized stock exchange or by a member of the Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "Signature guaranteed". Signature guarantees are not acceptable from treasury branches or credit unions unless they are members of the Stamp Medallion Program. In the United States, Signature Guarantees must be done by members of the "Medallion Signature Guarantee Program" only.

SCHEDULE "B"

EXERCISE FORM

TO: US Oil Sands Inc.

Terms which are not otherwise defined herein shall have the meanings ascribed to such terms in the Warrant Certificate held by the undersigned and issued by US Oil Sands Inc. (the "Corporation").

The undersigned hereby exercises the right to acquire _____ Common Shares of the Corporation in accordance with and subject to the provisions of such Warrant Certificate and herewith makes payment of the purchase price in full for the said number of Common Shares.

The Common Shares are to be issued as follows:

Name: _____

Address in full: _____

Note: If further nominees are intended, please attach (and initial) a schedule giving these particulars.

DATED the ____ day of _____, ____.

Signature Guaranteed

(Signature of Warrantholder)

Print full name

Print full address

Instructions:

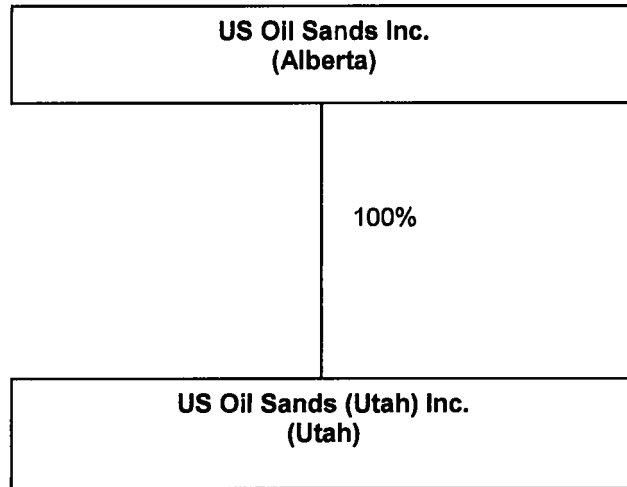
1. The registered holder may exercise its right to receive Common Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised to the Corporation.
2. If the Exercise Form indicates that Common Shares are to be issued to a person or persons other than the registered holder of the Warrant Certificate, the signature of such holder of the Exercise Form must be guaranteed by a chartered bank, trust company or an investment dealer who is a member of a recognized stock exchange or by a member of the Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "Signature guaranteed". Signature guarantees are not acceptable from treasury branches or credit unions unless they are members of the Stamp Medallion Program. In the United States, Signature Guarantees must be done by members of the "Medallion Signature Guarantee Program" only.
3. If the Exercise Form is signed by a trustee, exercise, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

SCHEDULE "C"

WARRANT EXERCISE GRID

Common Shares Issued	Common Shares Available	Initials of Authorized Officer

SCHEDULE 2
Organizational Chart



SCHEDULE 3

Form of Amended and Restated Governance Agreement

SCHEDULE 4

Exploratory Leases

51275	01 March 2000	10 years 28-Feb-10	Utah County State of Utah	T. 14 S., R. 21 E., SLB&M Section 35: All (640.00 Acres)	640.00	100.0%	8.00%	640.00
51276	01 March 2000	10 years 28-Feb-10	Utah County State of Utah	T. 14 S., R. 22 E., SLB&M Section 32: All (640.00 Acres)	640.00	100.0%	8.00%	640.00
51277	01 March 2000	10 years 28-Feb-10	Utah County State of Utah	T. 15 S., R. 21 E., SLB&M Section 2: Ltr 1 (34.20), 2 (34.22), 3 (36.22), 4 (36.24), S1/2NW1/2, S1/2	624.88	100.0%	8.00%	624.88
51999-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 21 E., SLB&M Section 13: E1/2 Section 24: E1/2, SE1/4SW1/4 Section 25: All	1,320.00	100.0%	8.00%	1,320.00
52000-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 22 E., SLB&M Section 2: Ltr 1 (40.16), 2 (40.19), 3 (40.23), 4 (40.26), S1/2NW1/2, S1/2 Section 3: Ltr 1 (40.32), 2 (40.42), 3 (40.50), 4 (40.60), S1/2NW1/2, S1/2 Section 4: Ltr 1 (40.67), 2 (40.72), 3 (40.76), 4 (40.81), S1/2NW1/2, S1/2	1,925.64	100.0%	8.00%	1,925.64
52001-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 22 E., SLB&M Section 5: Ltr 1 (40.78), 2 (40.68), 3 (40.58), 4 (40.47), S1/2NW1/2, S1/2 Section 6: Ltr 1 (40.37), 2 (40.25), 3 (40.14), 4 (33.67), 5 (33.88), 6 (34.14), 7 (34.39), S1/2NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4 Section 7: Ltr 1 (34.53), 2 (34.59), 3 (34.57), 4 (34.59), E1/2, E1/2W1/2 Section 8: All	2,517.59	100.0%	8.00%	2,517.59
52002-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 22 E., SLB&M Section 10: All Section 11: All Section 13: All Section 14: All	2,560.00	100.0%	8.00%	2,560.00
52003-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 22 E., SLB&M Section 15: All Section 16: All Section 17: All Section 18: Ltr 1 (34.65), 2 (34.76), 3 (34.86), 4 (34.96), E1/2, E1/2W1/2	2,539.23	100.0%	8.00%	2,539.23
52004-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 22 E., SLB&M Section 19: Ltr 1 (35.03), 2 (35.05), 3 (35.07), 4 (35.09), E1/2, E1/2W1/2 Section 20: All	1,260.24	100.0%	8.00%	1,260.24
52005-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 22 E., SLB&M Section 21: All Section 22: All Section 27: All Section 28: All	2,560.00	100.0%	8.00%	2,560.00
52006-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 22 E., SLB&M Section 29: All Section 30: Ltr 1 (35.11), 2 (35.12), 3 (35.14), 4 (35.15), E1/2, E1/2W1/2 Section 32: All	1,900.52	100.0%	8.00%	1,900.52
52007-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 22 E., SLB&M Section 23: NW1/2, SW1/4, NE1/4SE1/4, W1/2SE1/4 Section 24: All Section 25: All Section 26: W1/2NE1/4, SE1/4NE1/4, W1/2, SE1/4	2,480.00	100.0%	8.00%	2,480.00
52008-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 22 E., SLB&M Section 33: All Section 34: All Section 35: All	1,920.00	100.0%	8.00%	1,920.00
52009-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 23 E., SLB&M Section 16: All Section 17: All Section 20: NW1/4, NW1/4SW1/4, Section 21: NW1/4	1,960.00	100.0%	8.00%	1,960.00
52010-OBA	01 July 2011	10 years 30-Jun-21	Grand County State of Utah	T. 16 S., R. 23 E., SLB&M Section 18: Ltr 1 (33.74), 2 (33.85), 3 (33.93), 4 (34.02), E1/2, E1/2W1/2 Section 19: Ltr 1 (34.10), 2 (34.20), 3 (34.28), 4 (34.38), NE1/4, E1/2W1/2, NW1/2SE1/4 Section 30: Ltr 1 (34.50), NE1/4NW1/4	1,227.02	100.0%	8.00%	1,227.02
Total					26,075.42			26,075.42

SCHEDULE 5
Material Contracts

Mineral Lease No.	Date	Primary Term	Location	Description	Acreage	Working interest	Royalty*	Acres
49579 - OBA	01 January 2005 01 January 2015	10 years 31-Dec-14 Extended pursuant to section 3.3 5 years 31-Dec-19	Grand County State of Utah	T. 15.5 S., R. 24 E., SLB&M Section 32: Lots 1 and 6 (E 1/2NE 1/4)	50.42	100.0%	8.50%	50.42
49927 - OBA	01 June 2005 01 July 2015	10 years 31-May-15 Extended pursuant to section 3.3 5 years 31-May-20	Uintah/Grand Counties State of Utah	T. 15 S., R. 23 E., SLB&M, Uintah County Section 26: All (840.00 Acres) Section 35: All (840.00 Acres) Section 36: N1/2, SW1/4, N1/2SE1/4, SW1/4SE1/4 (800.00 Acres) T. 15.5 S., R. 24 E., SLB&M Grand County Section 31: Lots 1-6, NE1/4SW1/4, N1/2SE1/4, SE1/4SE1/4 (352.85 Acres) Section 32: Lots 2-5, SW1/4 (279.01 Acres) T. 16 S., R. 24 E., SLB&M, Grand County Section 4: Lots 3 - 7, SE1/4NW1/4, E1/2SW1/4 Section 5: Lots 1 - 6, SW1/4NW1/4, W1/2SW1/4 Section 6: Lots 2 - 7, S1/2NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4 (all) Section 7: Lots 1 and 2, NE1/4, E1/2NW1/4 Section 8: Lots 1 and 2, NW1/4, S1/2NE1/4	4,319.87	100.0%	8.50%	2,511.66 1,808.21
51705-OBA	01 February 2010	10 years 31-Jan-20	Uintah County State of Utah	T. 15 S., R. 23 E., SLB&M Section 27: NE1/4, N1/2NW1/4, SE1/4NW1/4, S1/2 Section 28: SE1/4 Section 33: NE1/4 Section 34: All	1,560.00	100.0%	8.00%	1,560.00
Total					5,930.29			5,930.29

SCHEDULE 6

Permitted Encumbrances

1. Notice of Oil and Gas Mining Lien dated September 9, 2016 and filed on September 13, 2016 by Stubbs and Stubbs Oilfield Construction, Inc. with the Recorder, Uintah County, Utah. The amount claimed under the lien is US\$924,368.21 for work performed for US Oil Sands (Utah) Inc.
2. Promissory Note in the amount of US\$645,000 issued by US Oil Sands (Utah) Inc. to Deutsche Leasing, USA Inc. and Master Security Agreement granted by US Oil Sands (Utah) Inc. to Deutsche Leasing, USA Inc. in respect of specified equipment (2014 Wirtgen 2200SM Surface Miner, s/n 0821.0707).
3. Business Loan Agreement in the amount of US\$42,000 between US Oil Sands (Utah) Inc. and Zions First National Bank dated October 16, 2014 and secured by a lien on specific equipment (2014 Ford F150 VIN 1FTFW1ET8EKF24624).

SCHEDULE 7

Service Contracts

1. Employment Agreement between Earth Energy Resources Inc., US Oil Sands Inc. and Cameron M. Todd dated April 19, 2011 and waiver dated April 4, 2016 in respect of compensation adjustment for the period of April 9, 2016 to December 31, 2016.
2. Employment Agreement between Earth Energy Resources Inc., US Oil Sands Inc. and D. Glen Snarr dated April 16, 2011 and waiver dated April 4, 2016 in respect of compensation adjustment for the period of April 9, 2016 to December 31, 2016.
3. Employment Agreement between Earth Energy Resources Inc., US Oil Sands Inc. and Timothy J. Wall dated April 16, 2011 and waiver dated April 4, 2016 in respect of compensation adjustment for the period of April 9, 2016 to December 31, 2016.
4. Employment Agreement between Earth Energy Resources Inc., US Oil Sands Inc. and Barclay Elliott Cuthbert dated April 16, 2011 and waiver dated April 4, 2016 in respect of compensation adjustment for the period of April 9, 2016 to December 31, 2016.

SCHEDULE 8

Litigation

1. Potential claim by Stubbs and Stubbs Oilfield Construction, Inc. against US Oil Sands (Utah) Inc. in the amount of US\$924,368.31 plus interest, costs and fees for work performed at the PR Spring Plant site (Notice of Oil and Gas Mining Lien dated September 9, 2016 and filed on September 13, 2016 with the Recorder, Uintah County, Utah).
2. Petition for Review dated June 20, 2016 by Living Rivers against the Order Adopting Findings of Fact and Conclusions of Law, and Granting Motions To Dismiss dated May 20, 2016 by the Executive Director, Utah Department of Environmental Quality.

SENIOR SECURED LOAN AGREEMENT

FIRST AMENDING AGREEMENT

AMONG

**US OIL SANDS INC.
(as Borrower)**

AND

**ACMO S.À R.L.
(as Lender)**

AND

**US OIL SANDS (UTAH) INC.
(as US Subsidiary)**

Dated as of June 30, 2017

FIRST AMENDING AGREEMENT

THIS AGREEMENT dated as of June 30, 2017.

AMONG:

US OIL SANDS INC., a corporation incorporated under the laws of Alberta, as borrower (hereinafter referred to as the "**Borrower**")

OF THE FIRST PART

- and -

ACMO S.À R.L., a *société à responsabilité limitée* formed under the laws of Luxembourg, as lender (hereinafter referred to as the "**Lender**")

OF THE SECOND PART

- and -

US OIL SANDS (UTAH) INC., a corporation incorporated under the laws of Utah, as guarantor (hereinafter referred to as the "**US Subsidiary**")

OF THE THIRD PART

WHEREAS the Borrower, the Lender and the US Subsidiary are parties to the Loan Agreement;

AND WHEREAS the parties hereto have agreed to amend certain provisions of the Loan Agreement as set out herein;

NOW THEREFORE in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

1. INTERPRETATION

1.1 In this Agreement (including the recitals hereto), unless something in the subject matter or context is inconsistent therewith:

"**Agreement**" means this first amending agreement;

"**Amended Loan Agreement**" means the Loan Agreement as amended and supplemented by this Agreement, and as the same may be further amended, modified, supplemented or restated from time to time;

"**Effective Date**" means the date hereof; and

"**Loan Agreement**" means the loan agreement dated as of January 12, 2017 among the Borrower, the Lender and the US Subsidiary.

1.2 Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Loan Agreement.

1.3 The division of this Agreement into Sections and the insertion of headings are for 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 Section or other portion hereof and include any agreements supplemental hereto. Unless expressly indicated otherwise, all references to "Section" or "Sections" are intended to refer to a Section or Sections of the Loan Agreement.

2. AMENDMENTS

2.1 The following definitions shall be added to Section 1.1 of the Loan Agreement in proper alphabetical order:

"**Capital Reorganization**" has the meaning assigned to that term in Section 2.8(d)(i).

"**Common Shares**" means common shares of the Borrower.

"**Conversion**" means a conversion of the Principal Amount in respect of the Tranche B Loan, in whole or in part, pursuant to Section 2.8 hereof.

"**Conversion Price**" has the meaning assigned to that term in Section 2.8(b) hereof.

"**Date of Conversion**" has the meaning assigned to that term in Section 2.8(c)(ii) hereof.

"**Final Maturity Date**" means the later of the Tranche A Maturity Date and the Tranche B Maturity Date.

"**First Amending Agreement**" means the first amending agreement in respect of this Agreement dated as of June 30, 2017 between the Borrower, the Lender and the US Subsidiary.

"**First Amendment Effective Date**" means the 'Effective Date' as defined in the First Amending Agreement.

"**Initial Tranche B Advance**" means the loan in a principal amount of US\$2,500,000 advanced or to be advanced to the Borrower by the Lender on the First Amendment Effective Date.

"**Management Incentive Plan**" means the management incentive plan of the Borrower dated on or about the First Amendment Effective Date.

"**Notice of Conversion**" means a notice of conversion in substantially the form set out at Schedule 9.

"**Second Tranche B Advance**" means the loan in the principal amount US\$2,500,000 to be advanced pursuant to Section 2.1(e).

"**Share Reorganization**" has the meaning assigned to that term in Section 2.8(d)(ii).

"**Tranche A Loan**" means the Loan advanced to the Borrower by the Lender on the Closing Date pursuant to Section 2.1(b).

"**Tranche A Maturity Date**" means the day that is two (2) years following the Closing Date.

"**Tranche B Loan**" means the Initial Tranche B Advance together with the Second Tranche B Advance.

"**Tranche B Maturity Date**" means the day that is ten (10) years following the First Amendment Effective Date.

2.2 The definition of 'Loan' in Section 1.1 of the Loan Agreement is deleted in its entirety and replaced with the following:

""**Loan**" means the Tranche A Loan or the Tranche B Loan and "**Loans**" means both of them."

2.3 The definition of 'Maturity Date' in Section 1.1 of the Loan Agreement is deleted in its entirety and replaced with the following:

""**Maturity Date**" means the Tranche A Maturity Date or the Tranche B Maturity Date as applicable."

2.4 The definition of 'Permitted Share Issuance' in Section 1.1 of the Loan Agreement is deleted in its entirety and replaced with the following:

""**Permitted Share Issuance**" means, "**Permitted Share Issue**" means:

- (a) any issuance of shares by an Obligor to another Obligor; and
- (b) any issuance of shares by the Borrower made in accordance with the Amended and Restated Governance Agreement, as further amended and restated on or about the First Amendment Effective Date."

2.5 The definition of 'Principal Amount' in Section 1.1 of the Loan Agreement is deleted in its entirety and replaced with the following:

""**Principal Amount**" means, in respect of the Tranche A Loan, the sum of SEVEN MILLION FIVE HUNDRED THOUSAND (US\$7,500,000) Dollars and, in respect of the Tranche B Loan, the sum of FIVE MILLION (US\$5,000,000) Dollars."

2.6 Section 2.1(a) through (d) are deleted in their entirety and replaced with the following:

- "(a) Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the Obligors set forth herein and in the other Loan Documents, the Lender agrees to loan to the Borrower the Principal Amount.
- (b) Subject to satisfaction or waiver of the conditions set out in Section 3 and upon receipt of a request from the Borrower (in form and substance satisfactory to the Lender) for drawdown of the Tranche A Loan, the Lender shall advance the Tranche A Loan in full on the Closing Date.
- (c) Upon receipt of a request from the Borrower (in form and substance satisfactory to the Lender) for initial drawdown of the Tranche B Loan, the Lender shall make the Initial Tranche B Advance in full on the First Amendment Effective Date.
- (d) Subject to Section 2.7(g), (h) and (i), the Tranche A Loan, and all accrued interest, shall be repaid by the Borrower to the Lender in full on the Tranche A Maturity Date and the Tranche B Loan and all accrued interest, shall be repaid by the Borrower to the Lender on the Tranche B Maturity Date. Any prepayment of Principal Amount shall be made with accrued interest on the amount prepaid without premium or penalty and the Principal Amount shall be permanently reduced by such prepaid amount.
- (e) The Borrower may request that the Second Tranche B Advance of US\$2,500,000 be advanced to the Borrower by the Lender and the Lender shall make the Second Tranche B Advance to the Borrower; *provided* that the Tranche B Maturity Date has not occurred and no Default or Event of Default has occurred and is continuing; and *provided, further*, that the Borrower provides evidence satisfactory to the Lender (acting reasonably) that the Borrower has produced from the Project, using the Project's core processes and

equipment, no less than 500 barrels per day of oil in a form acceptable to refinery buyers local to the Project for no less than five (5) consecutive days."

2.7 All references to the term "the Loan" in the definition of 'Loan Documents', and in Sections 2.2, 2.5(f), 2.6(a), 2.7(a), 2.7(h) and 2.7(j), in the introductory paragraph to Section 4, and in Sections 4.8, 4.24(a), 4.24(f), 4.28, 7.2, 10.1(h)(ii), 10.2 and 10.16(b), shall be deleted and replaced by a reference to the term "the Loans".

2.8 The reference to the term "Loan" in Section 2.3 shall be deleted and replaced by a reference to the term "Tranche A Loan".

2.9 The words "fifteen per cent (15%)" in Section 2.7(a) shall be deleted and replaced by the words "zero per cent (0%)".

2.10 Section 2.7(g) shall be deleted in its entirety and replaced with the following:

"(g) **Repayment.** The Borrower shall repay to the Lender in full (or in part if indicated below) the Principal Amount and accrued and unpaid Interest outstanding on the occurrence of any of the following events, but in no event later than the Final Maturity Date:

- (i) in respect of the Tranche A Loan, the Tranche A Maturity Date;
- (ii) in respect of the Tranche B Loan, the Tranche B Maturity Date; or
- (iii) the date the Lender declares the Principal Amount and Interest due and payable pursuant to Section 7.2.

When this Agreement has been terminated and all of the Obligations have been paid in full, the Lender will promptly, at the Borrower's sole expense, execute and deliver any termination statements, lien releases, mortgage or deed of trust releases, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, the Lender's Liens and all notices of security interests and liens previously filed by or on behalf of the Lender with respect to the Obligations."

2.11 Section 2.7(i) shall be deleted in its entirety and replaced with the following:

"No Voluntary Prepayment. The Borrower may not prepay any Loan, in whole or in part, other than as provided in clause (g) or (h) of this Section 2.7."

2.12 The reference to the term "Maturity Date" in Section 2.7(j) shall be deleted and replaced by a reference to the term "applicable Maturity Date".

2.13 A new Section 2.8 of the Loan Agreement shall be inserted immediately after Section 2.7, as follows:

"2.8 Conversion

- (a) **Conversion Right of Lender.** Subject to the provisions and conditions of this Section 2.8, the Lender shall have the right, at its option, to convert the Principal Amount in respect of the Tranche B Loan, in whole or in part, into fully paid Common Shares based on the Conversion Price in effect on the Date of Conversion. Such right of conversion shall extend only to the maximum number of whole Common Shares into which the Principal Amount surrendered for conversion by the Lender may be converted in accordance with the provisions of

this Section. Fractional interests in common share shall be adjusted for in the manner provided for in clause (e) below.

- (b) **Conversion Price.** The conversion price (the "Conversion Price") for the purposes of this Agreement for each Common Share to be issued upon conversion of all or any part of the outstanding Principal Amount in respect of the Tranche B Loan shall be the Dollar amount of 1,000,000/44,711,899 per Common Share.
- (c) **Manner of Exercise of Right to Convert.**
 - (i) If the Lender desires to convert the outstanding Principal Amount in respect of the Tranche B Loan, in whole or in part, into Common Shares, the Lender shall deliver a Notice of Conversion, substantially in the form set forth in Schedule 9 hereto, duly executed by the Lender or its successors or assigns or its or their attorney duly appointed by an instrument in writing, exercising the right to convert such Principal Amount in respect of the Tranche B Loan, in whole or in part, in accordance with the provisions of this Section 2.8. Thereupon the Lender, its successors or assigns, or such person as it or they may direct, shall be entitled to be entered in the books of the Borrower as at the Date of Conversion as the holder of the number of Common Shares into which such Principal Amount is convertible in accordance with the provisions of this Section 2.8 and, as soon as practicable thereafter, the Borrower shall deliver to the Lender or its successors or assigns, or such person as it or they may direct, a certificate or certificates for such Common Shares and, if applicable, a cheque for any amount payable under clause (e) below.
 - (ii) For the purposes of this Section 2.8, the right of conversion herein contained shall be deemed to have been exercised on the date (the "Date of Conversion") on which the Notice of Conversion is received by, the Borrower, in accordance with the provisions of this Section 2.8, and the Person or Persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares on the Date of Conversion.
 - (iii) From and after the Date of Conversion, the Principal Amount in respect of the Tranche B Loan, or the portion thereof converted, shall not be considered as outstanding, and the Lender shall have no right in respect of such Principal Amount, except to receive the certificate representing the Common Shares and any payments pursuant to clause (e) below.
 - (iv) The Common Shares issued upon such conversion shall rank only in respect of dividends declared in favour of shareholders of record on and after the Date of Conversion, from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.
- (d) **Adjustments.**
 - (i) If and whenever at any time prior to the Tranche B Maturity Date, the Borrower shall complete a reclassification of the Common Shares or a change of the outstanding Common Shares into other shares or into other securities (other than a Share Reorganization), or a consolidation, amalgamation or merger (including by way of arrangement) of the

Borrower with or into any body corporate, trust, partnership or other entity (other than a consolidation, amalgamation, merger or arrangement which does not result in any reclassification of the outstanding Shares or a change of the Common Shares into other shares or securities), or a sale or transfer of all or substantially all of the assets of the Borrower to any body corporate, trust, partnership or other entity (any of such events being herein called, a "**Capital Reorganization**"), upon a Conversion the Lender shall be entitled to receive and shall accept, in lieu of the number of Common Shares to which the Lender was theretofore entitled to upon the Conversion, the number of Common Shares or other securities or property of the Borrower or of the body corporate, trust, partnership or other entity resulting from the Capital Reorganization or to which such sale or transfer may be made, that the Lender would have been entitled to receive as a result of such Capital Reorganization, if, immediately prior to such Capital Reorganization the Lender had been the registered holder of the number of Common Shares to which the Lender was theretofore entitled upon the Conversion. No Capital Reorganization shall be carried into effect unless, in the opinion of the board of directors of the Borrower, all necessary steps shall have been taken to ensure that the Lender shall thereafter be entitled to receive such number of Shares or other securities or property of the Borrower or of the body corporate, trust, partnership or other entity resulting from the Capital Reorganization or to which such sale or transfer may be made, as the case may be, subject to adjustment thereafter in accordance with provisions similar, as nearly as may be, to those contained in this clause (d).

(ii) If and whenever:

- (A) at any time prior to the Tranche B Maturity Date, the Borrower shall subdivide or divide the outstanding Common Shares into a greater number of shares;
- (B) at any time prior to the Tranche B Maturity Date, the Borrower shall reduce, combine or consolidate the outstanding Common Shares into a lesser number of shares; or
- (C) at any time prior to the Tranche B Maturity Date, the Borrower shall issue Common Shares or securities exchangeable for or convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares in each case by way of a stock dividend;

(each of the events enumerated in the sub-clauses (A), (B) or (C) immediately above, a "**Share Reorganization**"), the Conversion Price shall, provided that such Share Reorganization is implemented and given effect to, be adjusted effective immediately after the effective date or record date of the Share Reorganization by (x) in the case of a Share Reorganization referred to in sub-clause (A) or (B) immediately above, multiplying the Conversion Price in effect at the effective date or record date of the Share Reorganization by a fraction of which the numerator shall be the total number of outstanding Common Shares immediately prior to such event and the denominator shall be the total number of outstanding Common Shares immediately after such event, and (y) in the case of a Share Reorganization referred to in sub-clause (C) immediately above, multiplying the Conversion Price in effect at the effective date or record date of the Share Reorganization by a fraction of which the

numerator shall be the total number of outstanding Common Shares immediately prior to such event and the denominator shall be the total number of outstanding Common Shares immediately after such event (including, in the case where securities exchangeable for or convertible into Common Shares are distributed pursuant to such event, the number of Shares that would have been exchanged for or converted into Common Shares on such date).

- (iii) If and whenever, at any time prior to the Tranche B Maturity Date, the Borrower shall issue any Common Shares or any securities convertible into Common Shares (other than securities issuable pursuant to the Management Incentive Plan), then the number of Common Shares issuable upon any Conversion shall be increased and the Conversion Price decreased so as to ensure that the Lender shall maintain its proportionate percentage of ownership of the Borrower on a fully-diluted basis immediately prior to such issuance.
 - (iv) The adjustments provided for in this clause (d) are cumulative and not duplicative and shall apply (without duplication) to successive subdivisions, consolidations, distributions, issuances or other events resulting in any adjustment under the provisions hereof.
 - (v) Notwithstanding anything else contained herein, if in the opinion of the board of directors of the Borrower, acting in good faith, the provisions of this clause (d) are not strictly applicable, or if strictly applicable would not fairly protect the rights of the Lender, the holders of Common Shares or the Borrower in accordance with the intent and purposes hereof, the board of directors of the Borrower shall make any adjustment in such provisions as the board of directors of the Borrower deems appropriate (acting reasonably); *provided* that the board of directors of the Borrower shall be of the good faith opinion that such adjustments will be in accordance with the intent and purposes of this clause (d).
 - (vi) The Borrower shall promptly after the occurrence of any event which requires an adjustment or readjustment as provided in this Section 2.8, deliver a certificate of the Borrower to the Lender specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.
- (e) **No Requirement to Issue Fractional Shares.** The Borrower shall not be required to issue fractional shares upon any Conversion. If any fractional interest in a Common Share would, except for the provisions of this clause (e), be deliverable upon any Conversion, the Borrower shall, in lieu of delivering any certificate of such fractional interest, satisfy such fractional interest by paying to the Lender an amount in Dollars, as determined by the Lender at the time of any such payment, equal (computed to the nearest cent) to the appropriate fraction of the value of a Common Share on the Business Day next preceding the Date of Conversion, as applicable; *provided* that no payment need be made if the amount would be US\$1.00 or less."

2.14 A new Schedule 9 shall be added to the Loan Agreement in the form set out at Annex IV.

3. FORGIVENESS OF ACCRUED AND UNPAID INTEREST

All accrued and unpaid Interest arising pursuant to the Loan Agreement at any time prior to the Effective Date is hereby forgiven, shall not form part of the Obligations, and shall no longer be payable by any Obligor.

4. CANCELLATION OF WARRANTS

The Warrant Certificate is hereby terminated and the Warrants are surrendered and cancelled.

5. CONDITIONS PRECEDENT TO EFFECTIVENESS

This Agreement will become effective upon the receipt by the Lender of the following, each in form and substance acceptable to the Lender:

- (a) a fully executed copy of this Agreement;
- (b) a confirmation of guarantee and security from the US Subsidiary substantially in the form attached at Annex I hereto;
- (c) legal opinions of Canadian and Utah counsel to the Borrower, addressed to the Lender and counsel to the Lender, relating to, *inter alia*, the existence of the Borrower and the other Obligors, and authorization, execution, delivery and enforceability of this Agreement by and in respect of each Obligor;
- (d) a certificate of status (or equivalent) in respect of each Obligor under the laws of its jurisdiction of organization, to be dated on or about the Effective Date;
- (e) a certificate from an officer of the Borrower attaching certified copies of (i) any amendments or supplements to the Borrower's constating documents since January 12, 2017, (ii) resolutions of the board of directors of the Borrower authorizing the execution and delivery of this Agreement, and (iii) specimen signatures of the individuals executing this Agreement on behalf of the Borrower;
- (f) an amended and restated governance agreement in respect of the Borrower in substantially the form attached at Annex II hereto;
- (g) evidence that substantially concurrent with the Effective Date all directors of the Borrower other than Harry Quarls and Mark Brown shall resign from the Borrower's board of directors and an additional nominee of the Lender shall be appointed to the Borrower's board of directors;
- (h) an amended management incentive plan in respect of the Borrower in substantially the form attached at Annex III hereto;
- (i) amended employment agreements in respect of each of Cameron M. Todd, D. Glen Snarr, Timothy J. Wall and Barclay E. Cuthbert, waiving any or their respective severance rights pursuant to their respective employment agreements in force prior to such amendment;
- (j) a direction to pay from the Borrower to the Lender requiring that all fees, costs and expenses due and owing to the Lender up to and including the Effective Date be deducted from the amount advanced to the Borrower on the Effective Date in respect of the Initial Tranche B Loan (as defined in the Amended Loan Agreement) and paid to the Lender; and
- (k) any other document, authorisation, opinion or assurance reasonably requested by the Lender.

6. REPRESENTATIONS AND WARRANTIES

6.1 The Borrower represents and warrants to the Lender that:

- (a) all representations and warranties set forth in Section 4 of the Loan Agreement (except those expressed to be made as of any specific date) are true and accurate in all material respects on the date hereof; and
- (b) as at the Effective Date, the Borrower is a party to no written employment agreements other than those entered into with each of Cameron M. Todd, D. Glen Snarr, Timothy J. Wall and Barclay E. Cuthbert.

6.2 The representations and warranties in Section 6.1 of this Agreement shall survive the execution and delivery of this Agreement, notwithstanding any investigations or examinations which may be made by the Lender or its counsel. Such representation and warranty shall survive until the Amended Loan Agreement has been terminated.

7. CONFIRMATION OF LOAN AGREEMENT AND OTHER DOCUMENTS

The Loan Agreement and all covenants, terms and provisions thereof, except as expressly amended and supplemented by this Agreement, shall be and continue to be in full force and effect. The Loan Agreement as amended hereby is hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect as herein amended.

8. MISCELLANEOUS

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

8.2 The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Agreement.

8.3 This Agreement may be executed in any number of counterparts, including by way of facsimile or PDF, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument.

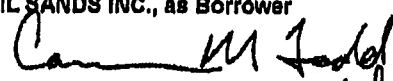
8.4 This Agreement shall constitute a Loan Document for the purposes of the Loan Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the 30th day of June, 2017.

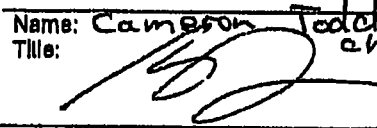
US OIL SANDS INC., as Borrower

By:



Name: Cameron Todd
Title: Chief Executive Officer

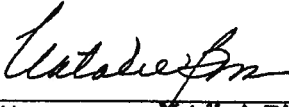
By:




Name: D. Glen Snarr
Title: President and Chief Financial Officer


ACMO S.À R.L., as Lender

By: Anchorage Capital Group, L.L.C., its investment manager

By: 
Name: Natalie A. Birrell
Title: **Chief Operating Officer**

US OIL SANDS (UTAH) INC., as Guarantor

By: 
Name: Cameron Todd
Title: Chief Executive Officer

By: 
Name: D. Glen Inarr
Title: President and Chief Financial Officer

ANNEX I

FORM OF CONFIRMATION OF GUARANTEE AND SECURITY

Reference is made to the loan agreement among US Oil Sands Inc., as borrower (the "**Borrower**"), A.C.M.O. S.à r.l., as lender (the "**Lender**"), and US Oil Sands (Utah) Inc., as guarantor (the "**US Subsidiary**"), dated as of January 12, 2017, as amended by the first amending agreement dated as of June [•], 2017 among the Borrower, the Lender and the US Subsidiary (the "**First Amending Agreement**"). Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Loan Agreement as amended by the First Amending Agreement (the "**Amended Loan Agreement**").

1. Consent and Confirmation

For good and valuable consideration (the receipt and sufficiency of which is hereby conclusively acknowledged) the US Subsidiary, in its own right and personal capacity as a guarantor pursuant to the guarantee (the "**Guarantee**") granted by it pursuant to Section 9 of the Amended Loan Agreement of the obligations of the Borrower to the Lender, hereby:

- (a) consents and agrees to the terms of the First Amending Agreement and the transactions contemplated thereby;
- (b) acknowledges and confirms the representations and warranties applicable to it in the First Amending Agreement;
- (c) acknowledges and agrees that notwithstanding the amendments contained in the First Amending Agreement, the Guarantee and all Security granted by it to the Lender in support of its obligations thereunder (i) are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner; and (ii) continue in full force and effect in all respects, without in any way impairing or derogating from any of the mortgages, pledges, assignments, security interests and covenants therein contained or thereby constituted, as continuing security for all liabilities and indebtedness of the Obligors to the Lenders; and
- (d) undertakes and agrees to take all such actions as may be required of it to give effect to and cause the performance of the terms and conditions of the Amended Loan Agreement.

2. Miscellaneous

- (a) This Confirmation:
 - (i) is in addition to, and shall not limit, derogate from or otherwise affect the provisions of the Security, as amended to the date hereof;
 - (ii) shall be governed by and construed in accordance with the laws of the Province of Alberta and of Canada applicable therein; and
 - (iii) shall be binding on each of the undersigned and shall enure to the benefit of the Lender and its successors and assigns.
- (b) Delivery of an executed counterpart of a signature page of this Confirmation by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Confirmation.

[Signature page follows.]

IN WITNESS WHEREOF each of the undersigned have executed this Confirmation of Guarantee and Security as of the date first written above.

US OIL SANDS (UTAH) INC., as Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

**ANNEX II
FORM OF AMENDED AND RESTATED GOVERNANCE AGREEMENT**

SECOND AMENDED AND RESTATED GOVERNANCE AGREEMENT

THIS AGREEMENT dated as of the 30th day of June, 2017, as amended and restated on the 12th day of January, 2017 and effective as of April 15, 2016.

BETWEEN:

US OIL SANDS INC., a corporation incorporated under the laws of the Province of Alberta,

(hereinafter referred to as the "**Company**")

- and -

ACMO S.À.R.L., a *société à responsabilité limitée* organized under the laws of Luxembourg,

(hereinafter referred to as the "**Investor**")

WHEREAS in connection with entering into a stand-by purchase agreement dated April 15, 2016, the Company and the Investor entered into a governance agreement (the "**Original Governance Agreement**") to govern the provision of certain rights, in relation to, among other things, the issuance of Common Shares (as defined herein) and the composition of the board of directors of the Company (the "**Board**");

AND WHEREAS the Company and the Investor are parties to a Letter Agreement dated October 17, 2013 regarding Observer Rights, as amended on August 17, 2016 (the "**Observer Agreement**");

AND WHEREAS on January 12, 2017, the Company and the Investor entered into a loan agreement (the "**Loan Agreement**") to establish a senior secured term loan;

AND WHEREAS on January 12, 2017, the Company and the Investor agreed to amend and restate the Original Governance Agreement (the "**First Amended and Restated Governance Agreement**");

AND WHEREAS the Company and the Investor have agreed to enter into a first amending agreement dated the date hereof to amend the Loan Agreement (the Loan Agreement as amended by the first amending agreement, the "**Amended Loan Agreement**") to provide for an additional senior secured convertible loan thereunder (the "**Convertible Loan**");

AND WHEREAS in connection with the amendment referred to immediately above, and as a condition precedent to such amendment, the Company and the Investor wish to amend and restate the First Amended and Restated Governance Agreement in its entirety on the terms and subject to the conditions set forth herein to provide the Investor certain rights in its capacity as a shareholder of the Company.

NOW THEREFORE in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt, sufficiency and adequacy of which is hereby acknowledged, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS**

1.1 Definitions

For the purposes of this Agreement the term:

- (a) **"Affiliate"** has the meaning ascribed thereto in the *Securities Act (Alberta)*.
- (b) **"Business Day"** means any day, other than a Saturday, a Sunday or a statutory holiday, on which banks are open for business in Calgary, Alberta.
- (c) **"Common Shares"** means the common shares in the capital of the Company;
- (d) **"includes"** and **"including"** shall each be deemed to be followed by the phrase **"without limitation"**, unless the context indicates otherwise, and the terms **"includes"** and **"including"** shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it;
- (e) **"Investor Nominee"** shall be any individual who is nominated by the Investor as one of its representatives in accordance with the rights granted under Article 2;
- (f) **"Management Incentive Plan"** means the Management Incentive Plan of the Company dated June 30, 2017;
- (g) **"Market Price"** means, in respect of an Equity Security (as defined below), the volume weighted average trading price of such security on the stock exchange, quotation system or over-the-counter market where the security has the highest trading volume, calculated including only trades made on such exchange, quotation system or over-the-counter market during normal trading hours by dividing the total value of the securities by the total volume of the securities traded for the twenty successive trading days ending on the trading day immediately prior to the applicable date and where a public market does not exist for an Equity Security, the Market Price shall for such purposes be the fair market value thereof on the applicable date and such fair market value shall be determined by the Board;
- (h) **"outstanding Common Shares"** means, at any time, the number of Common Shares issued and outstanding at the relevant time as reflected on the share register and other securities registers of the Company;
- (i) **"Resignation"** has the meaning ascribed thereto in Section 2.1(c); and
- (j) **"Subsidiary"** has the meaning ascribed thereto in the *Securities Act (Alberta)*.

ARTICLE 2 BOARD COMPOSITION

2.1 Constitution of Board

- (a) The Company covenants and agrees to use its best efforts to cause the number of directors on the Board to be fixed at three (3), at all times, unless otherwise agreed to in writing by the Investor.
- (b) The Investor shall, at all times, be entitled to have three (3) of its Investor Nominees be members of the Board.
- (c) The Company represents and warrants that two (2) directors of the Company, being Messrs. Iacono and Holcomb have submitted to the Company their resignations and releases in favour of the Company and any of its Subsidiaries (the "**Resignations**").
- (d) The Company covenants and agrees to, concurrently with the execution of this Agreement, provide the Investor with the undated Resignations of Messrs. Quarls, Chwyl and Brown in the event that it elects to exercise its rights pursuant to Section 2.6(b).
- (e) The Company covenants and agrees as follows the Company shall forthwith accept the Resignations of the two (2) directors who have tendered their resignations pursuant to Section 2.1(c).

2.2 Investor Nominees

In relation to any meeting of the shareholders of the Company at which the election of directors to the Board is to be considered, the Investor shall be entitled to nominate three (3) Board members and the Company shall nominate only the Investor Nominees as Board members.

2.3 Notice of Election of Directors

At any time and from time to time, if the Company determines that it is necessary or advisable to hold a meeting of its shareholders at which the election of directors to the Board is to be considered, the Company shall provide written notice of its intention to take such action to the Investor, which notice must be provided not less than 20 days prior to the notice of such meeting being delivered to the shareholders of the Company.

2.4 Election of Investor Nominees

- (a) The Investor may, within ten (10) Business Days after the date the Investor receives the notice from the Company pursuant to Section 2.3, submit a written notice of the number of outstanding Common Shares the Investor beneficially owns or controls and the identity(ies) and the name(s) of the Investor Nominee(s) (a "**Notice of Nomination**") to the Company. The Investor shall provide such evidence of its beneficial ownership or control of outstanding Common Shares as the Company may request, acting reasonably. If the Investor does not deliver a Notice of Nomination to the Company within ten (10) Business Days of receiving

the notice of the Company pursuant to Section 2.3, the Investor shall be deemed to have given notice to the Company that it wishes to re-elect its previous Investor Nominee(s) to the Board.

- (b) If the Investor wishes to nominate an Investor Nominee pursuant to its rights as set out in Section 2.2, such Investor Nominee must be eligible to serve as a director of the Company pursuant to applicable corporate and securities laws, the rules and policies of any exchange on which the Common Shares are listed or quoted and other regulatory provisions to which the Company is subject.

2.5 Company to Put Forth Nomination

Subject to Section 2.4, the Company agrees that it shall present and recommend that its shareholders elect the Investor Nominee(s) to the Board on all proxies solicited, and in all proxy solicitation materials and any other meeting related materials, in respect of every meeting of the shareholders of the Company at which the election or removal of directors to or from the Board is considered and at every adjournment or postponement thereof.

2.6 Subsequent Changes to the Constitution of the Board

- (a) If the Company nominates a person for election by shareholders of the Company as a director of the Company or the Board appoints a person as a director of the Company, including in each case an Investor Nominee, prior to taking such action, such person shall have submitted to the Investor an undated Resignation addressed to the Company to be held by the Investor.
- (b) If at any time the Investor wishes to replace one or more of the directors of the Company, the Investor shall date and tender the Resignation provided to it pursuant to Section 2.6(a), or in the case of Messrs. Quarls, Chwyl and Brown, provided to it pursuant to Section 2.1(d), to the Company for the purpose of effecting the Resignation of such director.
- (c) If a director of the Company shall be disqualified, be removed (by the Investor or otherwise) or resign or otherwise cease to be a director of the Company, the Investor shall have the right to designate the person to fill the vacancy so created and such person shall be appointed by the Board as a director of the Company as soon as possible after receiving notice of such designation by the Investor.

2.7 Benefits and Privileges

The Company covenants and agrees with the Investor that upon the election or appointment of the Investor Nominee(s) to the Board, the Company shall provide the Investor Nominee(s) an indemnity on terms at least as favourable as those provided to the other Board members and the Company shall ensure that the Investor Nominee(s) has the benefit of any director and officer insurance policy in effect for the Company and all other benefits and privileges of the other Board members, such benefits and privileges to be at least as favourable as those available to the other Board members. Board members, including, but not limited to the Investor Nominees, shall be entitled to be reimbursed by the Company for the reasonable expenses incurred by such Board members in carrying out their duties as directors of the Company.

2.8 Observer Rights

- (a) The Company hereby grants to the Investor the right (the "**Observer Right**") to designate a person, from time to time (the "**Observer**") to attend any meetings of Board and any meetings of a committee of the Board (a "**Committee**") in accordance with the terms and conditions as set out herein.
- (b) The Company shall deliver to the Observer copies of all notices, minutes, consents and any other material that the Company provides to the members of the Board or the Committees (including annual budgets, audit reports and other reports or packages that are provided to the members of the Board or the Committees) contemporaneously with the delivery of such material(s) to members of the Board or the Committees, as applicable, and the Observer shall be entitled to attend all meetings of the Board or the Committees in a non-voting, observer capacity. The Observer may participate on the same basis as a director in discussions of matters that come before the Board or the Committees.
- (c) All Board and Committee meetings shall be duly constituted notwithstanding the absence of the Observer. No Board or Committee meeting shall be subject to delay. The Company shall provide notice of a Board or a Committee meeting, as applicable, to the Observer on the same terms as provided to the directors who are members of the Board or such Committee, as applicable, and, in any case, on at least forty eight (48) hours' notice, unless such notice requirement is waived by the Observer.
- (d) The Company acknowledges and agrees that the Observer may disclose information obtained by him in his capacity as an observer to the Board and the Committees to the Investor and its Affiliates and their respective directors, officers, employees and authorized representatives (including attorneys, accountants, consultants and financial advisors on a need to know basis). The Investor shall and shall cause its Affiliates and their respective representatives to keep confidential any information regarding the Company that has been communicated pursuant to the terms of this Agreement, unless: (i) such information is or becomes generally available to the public other than as a result of disclosure by the Investor or its Affiliates or their respective representatives in violation of this provision; (ii) such information was within the possession of or known to the Investor or its Affiliates or their respective representatives on a non-confidential basis prior to its disclosure to the Investor or its Affiliates or their respective representatives by the Company or its Affiliates or their respective representatives pursuant to this Agreement; (iii) such information becomes available to the Investor or its Affiliates or their respective representatives other than, as far as the Investor is aware, as a result of a breach of a legal, contractual or fiduciary obligation owed by such source to the Company; or (iv) the Investor or its Affiliates or their respective representatives are requested or required by law, regulation, judicial process, or direction of a governmental entity having jurisdiction over the Investor or its Affiliates or their respective representatives to disclose any such information; provided, however, that (A) prior to such disclosure, the Investor or its Affiliates or their respective representatives will provide the Company, to the extent permitted by law, with prompt written notice so that the Company may seek a protective order or appropriate remedy (at the Company's expense); (B) the Investor and its

Affiliates and their respective representatives shall reasonably cooperate with the Company so that the Company may obtain such protective order; and (C) in the event that a protective order or other remedy is not obtained, the Investor and its Affiliates and their respective representatives will furnish only the portion of the information that is legally required to be disclosed. The Investor will be responsible for any breach of this paragraph by any of its Affiliates or their respective representatives.

- (e) The Investor acknowledges that receipt of undisclosed material information may subject the Investor and those persons to whom the Investor discloses such information to regulation under the securities laws of certain jurisdictions, including without limitation the provinces of Canada in which the Company is a reporting issuer, which securities laws may impose restrictions on the ability of a person in possession of such information to buy, sell, trade or otherwise act with respect to the securities of the Company. The Investor acknowledges and agrees that it is aware of such laws and agrees to fully comply with such laws.
- (f) If the Observer is removed by the Investor or resigns or is otherwise ceases to be an Observer, the Investor shall have the right to designate a further Observer and this Agreement shall apply *mutatis mutandis*.

ARTICLE 3 RESTRICTIVE COVENANTS

3.1 Equity Issuances

Notwithstanding the foregoing or anything else contained herein, the Company shall not, without the prior written consent of the Investor, acting in its sole discretion, issue, sell or exchange or reserve for issuance, sale or exchange any Common Shares or other equity securities (including without limitation any preferred shares), or rights to acquire any such securities, whether or not immediately exercisable and whether evidenced by an option, warrant, convertible security or other instrument or agreement (collectively, the "**Equity Securities**") other than Common Shares issuable pursuant to securities issued and outstanding as at the date hereof, the Management Incentive Plan or in connection with any conversion of the Tranche B Loan (as defined in the Amended Loan Agreement) (or any part thereof) in accordance with the terms of the Amended Loan Agreement.

3.2 Additional Restrictions

The Company shall not, and shall cause its Subsidiaries not to, without the prior written consent of the Investor, directly or indirectly:

- (a) amend or otherwise modify the Company's Articles or Bylaws;
- (b) amend or otherwise modify the Management Incentive Plan or accelerate the vesting of any options granted pursuant to the Management Incentive Plan;
- (c) lease or exchange, or make any acquisitions or dispositions of, any assets, shares or property that individually or in the aggregate, exceed \$500,000 (or such greater amount approved in writing by the Investor);

- (d) issue any Equity Securities other than in accordance with Section 3.1 or the issuance of Equity Securities by a wholly-owned Subsidiary of the Company to the Company;
- (e) (i) other than in connection with the Amended Loan Agreement create, incur or assume any indebtedness which shall exceed \$1,000,000 in the aggregate at any given time; (ii) create any encumbrances on its assets or any of them (other than Permitted Encumbrances (as defined in the Amended Loan Agreement)); (iii) guarantee the debts of any person; or (iv) make an assignment for the benefit of the creditors of the Company generally;
- (f) enter into partnership or any arrangement for the sharing of profits, union of interests, co-operation, joint venture or reciprocal concession arrangement with any other person; or
- (g) take up or institute proceedings for the winding-up, reorganization, amalgamation, merger or dissolution of the Company or enter into any voluntary bankruptcy process.

ARTICLE 4 MISCELLANEOUS

4.1 Entire Agreement

This Agreement contains the entire agreement of the parties hereto relating to the governance of the Company and there are no representations, warranties, covenants or other agreements relating to such subject matter except as stated or referred to herein. For greater certainty, this Agreement supersedes and replaces the Original Governance Agreement and the Observer Agreement, each as between the Company and the Investor. This Agreement may not be amended, supplemented or modified except by an instrument in writing signed by both parties hereto. The agreements set forth in this Agreement may be waived only in writing by the party to whom such compliance is owed. No waiver of any provisions hereof by either party shall be deemed a waiver of any other provisions hereof by such party, nor shall any such waiver be deemed a continuing waiver of any provision hereof by such party. It is further understood and agreed that no failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege under this Agreement.

4.2 Remedies

The parties hereto agree that an award of monetary damages would not be an adequate remedy for any loss incurred by reason of any breach of this Agreement and that, in the event of any breach or threatened breach of this Agreement by a party thereto, the other party will be entitled to equitable relief, including injunctive relief and specific performance. The parties hereto hereby waive any requirement for security or posting of a bond in connection with such remedies. The parties hereto further agree that such remedies will not be the exclusive remedies for any breach or threatened breach of this Agreement but will be in addition to all other remedies available at law or in equity.

4.3 Notices

All notices, requests, claims, demands or other communications hereunder shall be in writing and shall be deemed given when delivered personally or by pre-paid courier, upon receipt of a transmission confirmation if sent by facsimile or other electronic communication or other like transmission (with confirmation) and on the next Business Day when sent by overnight courier to the applicable party at the applicable following addresses (or at such other address for a party as shall be specified by like notice):

(i) If to the Company:

US OIL SANDS INC.
521 – 3rd Avenue SW
Suite 1600
Calgary, AB T2P 3T3

Attention: Chief Executive Officer
Email: Cameron.todd@usoilsandsinc.com

(ii) If to the Investor:

ACMO S.À.R.L.
c/o Anchorage Capital Group, L.L.C.
610 Broadway, 6th Floor
New York, NY 10012

Attention: Legal
Email: Legal@anchoragecap.com

4.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties hereto hereby irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta with respect to any matters arising out of this Agreement.

4.5 Severability

If any provision of this Agreement or the application of such provision to any person or circumstances shall be held invalid or unenforceable by a court of competent jurisdiction, such provision or application shall be unenforceable only to the extent of such invalidity or unenforceability, and the remainder of such provision and the application of such provision to persons or circumstances, other than the party as to which it is held invalid, and the remainder of this Agreement, shall not be affected.

4.6 Termination

This Agreement shall terminate (a) automatically if the Investor owns less than 10% of the Common Shares calculated on a "Diluted Basis"; or (b) upon the mutual written agreement of the Company and the Investor. For the purposes of this Section 4.6, "Diluted Basis" shall be calculated as follows:

$$[(A+B)/(C+B)] \times 100$$

where:

(A) equals all of the Common Shares held by the Investor plus any other voting shares held by the Investor, in each case at the applicable time;

(B) equals the number of Common Shares issuable on the conversion of any convertible securities held by the Investor at the applicable time; and

(C) equals the outstanding Common Shares plus any other outstanding voting shares of the Company, in each case at the applicable time.

4.7 Execution in Counterpart

This Agreement may be executed in one or more counterparts, which together will be deemed to constitute one valid and binding agreement, and delivery of the counterparts may be effected by facsimile transmission or by delivery of an Adobe portable document format (PDF) instrument.

4.8 Headings

The division of this Agreement into sections and subsections and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement. Unless otherwise specified, references in this Agreement to sections and subsections refer to the specified section or subsection of this Agreement.

4.9 Costs

The Company will direct payment from amounts advanced under the Amended Loan Agreement of the fees, costs and expenses (including legal fees) of the Investor incurred in connection with any matters contemplated by or arising out of this Agreement.

4.10 Successors and Assigns

The terms and provisions of this Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement shall not be assignable by either party without the written consent of the other party; provided that the Investor may assign this Agreement to any entity Affiliated with the Investor without the written consent of the Company.

4.11 Further Assurances

Each party hereto shall do or cause to be done all such acts and things and shall execute or cause to be executed all such documents, agreements and other instruments as may reasonably be necessary or desirable for the purpose of carrying out the provisions and intent of this Agreement.

4.12 Beneficial Ownership

For the purposes of this Agreement, the Investor shall be deemed to beneficially own or control securities that are beneficially owned or controlled by its Subsidiaries or Affiliates.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement as of the date first written above.

US OIL SANDS INC.

ACMO S.À.R.L.

**By: Anchorage Capital Group, L.L.C., its
Investment Manager**

Per: _____

Name: D. Glen Snarr
Title: President & CFO

Per: _____

Name: Natalie Birrell
Title: Chief Operating Officer

**ANNEX III
FORM OF MANAGEMENT INCENTIVE PLAN**

US OIL SANDS INC.

MANAGEMENT INCENTIVE PLAN

Dated: June ●, 2017

**ARTICLE 1
DEFINITIONS AND INTERPRETATION**

1.1 Defined Terms

For the purposes of this Plan, the following terms shall have the following meanings:

- (a) "Accelerated Vesting Event" means the occurrence of any one of the following events other than an event that relates, or occurs due to an act of ACOMO or one of its Affiliates:
 - (i) a take-over bid (as defined under applicable securities laws) is made for Shares or convertible securities which, if successful would result (assuming the conversion, exchange or exercise of the convertible securities, if any, that are the subject of the take-over bid) in any person or persons acting jointly or in concert (as determined under applicable securities laws) or persons associated or affiliated with such person or persons (as determined under applicable securities laws) beneficially, directly or indirectly, owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors;
 - (ii) the acquisition or continuing ownership by any person or persons acting jointly or in concert (as determined under applicable securities laws), directly or indirectly, of Common Shares or securities convertible into Common Shares, which, when added to all other securities of the Corporation at the time held by such person or persons, persons associated with such person or persons, or persons affiliated with such person or persons (as determined under applicable securities laws) (collectively, the "Acquirors"), and assuming the conversion, exchange or exercise of securities convertible into Common Shares beneficially owned by the Acquirors, results in the Acquirors beneficially owning shares that would, notwithstanding any agreement to the contrary, entitle the holders thereof for the first time to cast at least 50% of the votes attaching to all shares in the capital of the Corporation that may be cast to elect Directors; or
 - (iii) an amalgamation, merger, arrangement or other business combination (a "Business Combination") involving the Corporation receives the approval of, or is accepted by, the securityholders of the Corporation (or all classes of securityholders whose approval or acceptance is required) or, if their approval or acceptance is not required in the circumstances, is approved or accepted by the Corporation and as a result of that Business Combination, parties to the Business Combination or securityholders of the parties to the Business Combination, other than the securityholders of the Corporation, own, directly or indirectly, shares of the continuing entity that entitle the holders thereof to cast at least 50% of the votes attaching to all shares in the capital of the continuing entity that may be cast to elect Directors;
- (b) "ACMO" means ACOMO S.À.R.L. and its Affiliates;
- (c) "Affiliate" shall have the meaning ascribed thereto in the *Securities Act* (Alberta);
- (d) "Blackout Period" means a period during which the Corporation prohibits Participants from exercising their Options;
- (e) "Board" means the Board of Directors of the Corporation or, as applicable, a committee consisting of not less than 3 directors of the Corporation duly appointed to administer this Plan;

- (f) "Code" means the United States Internal Revenue Code of 1986, as amended;
- (g) "Common Shares" means the common shares of the Corporation;
- (h) "Consultant" means an individual or Consultant Company, other than an Employee or a Director of the Corporation, that:
 - (i) is engaged to provide on an ongoing *bona fide* basis, consulting, technical, management or other services to the Corporation or to an Affiliate of the Corporation other than services provided in relation to the sale of securities,
 - (ii) provides the services under a written contract between the Corporation or an Affiliate of the Corporation and the individual or the Consultant Company,
 - (iii) in the reasonable opinion of the Corporation, spends or will spend a significant amount of time and attention on the business and affairs of the Corporation or an Affiliate of the Corporation, and
 - (iv) has a relationship with the Corporation or an Affiliate of the Corporation that enables the Consultant to be knowledgeable about the business and affairs of the Corporation;
- (i) "Consultant Company" means for an individual consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (j) "Corporation" means US Oil Sands Inc. and its successor entities;
- (k) "Director" means directors of the Corporation or its subsidiaries, if any, to whom stock options can be granted in reliance on a prospectus exemption under applicable securities laws;
- (l) "Eligible Person" means a Director, Officer, Employee or Consultant of the Corporation or its subsidiaries, if any, at the time the option is granted, and includes entities that are wholly owned by Eligible Persons;
- (m) "Employee" means an individual who:
 - (i) is considered an employee of the Corporation or its subsidiaries, if any, under the *Income Tax Act*, (Canada) i.e. for whom income tax, employment insurance and Canada Pension Plan deductions must be made at source,
 - (ii) works full-time for the Corporation or its subsidiaries, if any, providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and methods of work as an employee of the Corporation, but for whom income tax deductions are not made at source, or
 - (iii) works for the Corporation or its subsidiaries, if any, on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Corporation over the details and method of work as an employee of the Corporation, but for whom income tax deductions are not made at source;

- (n) "Expiry Date" means the last day of the term for an Option, as set by the Board at the time of grant in accordance with Section 5.2 and, if applicable, as amended from time to time;
- (o) "Insider" means a director or senior officer of the Corporation, a person that beneficially owns or controls directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Corporation, a director or senior officer of a company that is an insider or a subsidiary of the Corporation, and the Corporation itself if it holds any of its own securities;
- (p) "ISO" means an Option that is qualified as an incentive stock option under section 422 of the Code;
- (q) "Loan Agreement" means the Senior Secured Loan Agreement dated January 12, 2017, as amended on June [●], 2017.
- (r) "Management Company Employee" means an individual who is employed by a person providing management services to the Corporation which are required for the ongoing successful operation of the business enterprise of the Corporation;
- (s) "Officer" means an officer of the Corporation or its subsidiaries, if any;
- (t) "Option" means a non-transferable and non-assignable option to purchase Common Shares granted to an Eligible Person pursuant to the terms of this Plan;
- (u) "Participant" means an Eligible Person who has been granted an Option;
- (v) "Plan" means this incentive stock option plan; and
- (w) "Termination Date" means the date on which a Participant ceases to be an Eligible Person.

ARTICLE 2 ESTABLISHMENT OF PLAN

2.1 Purpose

The purpose of this Plan is to advance the interests of the Corporation, through the grant of Options, by:

- (a) providing an incentive mechanism to foster the interest of Eligible Persons in the success of the Corporation and its Affiliates, if any; and
- (b) encouraging Eligible Persons to remain with the Corporation and its Affiliates, if any.

2.2 Shares Reserved

- (a) The aggregate number of Common Shares reserved for issuance pursuant to this Plan shall initially be 3,017,136 Common Shares. The aggregate number of Common Shares reserved for issuance pursuant to this Plan shall increase by 3.625283 Common Shares concurrently with the conversion of each US\$1.00 of outstanding principal to Common Shares under the Corporation's Tranche B Loan pursuant to the Loan Agreement up to a maximum of 21,143,549 Common Shares.
- (b) If an Option is surrendered, terminated or expires without being exercised, the Common Shares reserved for issuance pursuant to such Option shall be available for new Options

granted under this Plan. In no event may the number of Common Shares issued pursuant to the Options exceed the total number of Common Shares reserved for issuance hereunder.

- (c) If there is a change in the outstanding Common Shares by reason of any share consolidation or split, reclassification or other capital reorganization, or a stock dividend, arrangement, amalgamation, merger or combination, or any other change to, event affecting, exchange of or corporate change or transaction affecting the Common Shares, the Board shall make, as it shall deem advisable and subject to the requisite approval of the relevant regulatory authorities, appropriate substitution and/or adjustment in:
- (i) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to this Plan;
 - (ii) the number and kind of shares or other securities or property reserved or to be allotted for issuance pursuant to any outstanding unexercised Options, and in the exercise price for such shares or other securities or property; and
 - (iii) the vesting of any Options, including the accelerated vesting thereof on conditions the Board deems advisable,

and if the Corporation undertakes an arrangement or is amalgamated, merged or combined with another corporation, the Board shall make such provision for the protection of the rights of Participants as it shall deem advisable.

For the avoidance of doubt, if the Company issues any additional Common Shares or securities convertible into Common Shares, no adjustments shall be made to the number of Common Shares issuable upon the exercise of an Option or the exercise price of such Option.

- (d) No fractional Common Shares shall be reserved for issuance under this Plan and the Board may determine the manner in which an Option, insofar as it relates to the acquisition of a fractional Common Share, shall be treated.
- (e) The Corporation shall, at all times while this Plan is in effect, reserve and keep available such number of Common Shares as will be sufficient to satisfy the requirements of this Plan.

2.3 Non-Exclusivity

Nothing contained herein shall prevent the Board from adopting such other incentive or compensation arrangements as it shall deem advisable.

ARTICLE 3 ADMINISTRATION OF PLAN

3.1 Administration

- (a) This Plan shall be administered by the Board or any committee established by the Board for the purpose of administering this Plan. Subject to the provisions of this Plan, the Board shall have the authority:
- (i) to determine the Eligible Persons to whom Options are granted, to grant such Options, and to determine any terms and conditions, limitations and restrictions in respect of any particular Option grant, including but not limited to the nature

and duration of the restrictions, if any, to be imposed upon the acquisition, sale or other disposition of Common Shares acquired upon exercise of the Option, and the nature of the events and the duration of the period, if any, in which any Participant's rights in respect of an Option or Common Shares acquired upon exercise of an Option may be forfeited; and

- (ii) to interpret the terms of this Plan, to make all such determinations and take all such other actions in connection with the implementation, operation and administration of this Plan, and to adopt, amend and rescind such administrative guidelines and other rules and regulations relating to this Plan, as it shall from time to time deem advisable, including without limitation for the purpose of ensuring compliance with Section 3.3 hereof.
- (b) The Board's interpretations, determinations, guidelines, rules and regulations shall be conclusive and binding upon the Corporation, Eligible Persons, Participants and all other persons.

3.2 Amendment, Suspension and Termination

The Board may amend, subject to the approval of any regulatory authority whose approval is required, suspend or terminate this Plan or any portion thereof. No such amendment, suspension or termination shall alter or impair any outstanding unexercised Options or any rights without the consent of such Participant. If this Plan is suspended or terminated, the provisions of this Plan and any administrative guidelines, rules and regulations relating to this Plan shall continue in effect for the duration of such time as any Option remains outstanding.

3.3 Compliance with Legislation

- (a) This Plan, the grant and exercise of Options hereunder and the Corporation's obligation to sell, issue and deliver any Common Shares upon exercise of Options shall be subject to all applicable federal, provincial and foreign laws, policies, rules and regulations, to the policies, rules and regulations of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading and to such approvals by any governmental or regulatory agency as may, in the opinion of counsel to the Corporation, be required. The Corporation shall not be obligated by the existence of this Plan or any provision of this Plan or the grant or exercise of Options hereunder to sell, issue or deliver Common Shares upon exercise of Options in violation of such laws, policies, rules and regulations or any condition or requirement of such approvals.
- (b) No Option shall be granted and no Common Shares sold, issued or delivered hereunder where such grant, sale, issue or delivery would require registration or other qualification of this Plan or of the Common Shares under the securities laws of any foreign jurisdiction, and any purported grant of any Option or any sale, issue and delivery of Common Shares hereunder in violation of this provision shall be void. In addition, the Corporation shall have no obligation to sell, issue or deliver any Common Shares hereunder unless such Common Shares shall have been duly listed, upon official notice of issuance, with all stock exchanges on which the Common Shares are listed for trading.
- (c) Common Shares sold, issued and delivered to Participants pursuant to the exercise of Options shall be subject to restrictions on resale and transfer under applicable securities laws and the requirements of any stock exchanges or other markets on which the Common Shares are listed or quoted for trading, and any certificates representing such Common Shares shall bear, as required, a restrictive legend in respect thereof.

ARTICLE 4 OPTION GRANTS

4.1 Eligibility and Multiple Grants

Options shall only be granted to Eligible Persons. Only employees of the Corporation or of a subsidiary of the Corporation (as defined under section 424(f) of the Code) are eligible to receive ISOs. An Eligible Person may receive Options on more than one occasion and may receive separate Options, with differing terms, on any one or more occasions.

4.2 Representation

The Corporation represents that an Employee, Consultant or Management Company Employee who is granted an Option or Options is a *bona fide* Employee, Consultant or Management Company Employee, as the case may be. In the event of any discrepancy between this Plan and an option agreement, the provisions of this Plan shall govern.

ARTICLE 5 OPTION TERMS

5.1 Exercise Price

The exercise price per Common Share for an Option be fixed at C\$0.1774 per share subject to adjustment in accordance with Section 2.2 hereof.

5.2 Expiry Date

Each Option shall expire and terminate at 5:00 p.m. (Calgary time) on the day that is the earlier of: (i) the tenth anniversary of the date hereof; and (ii) that date that the Option terminates pursuant to the terms and conditions of this Plan.

Notwithstanding the foregoing, if the Expiry Date of an Option falls within a Blackout Period the Expiry Date of the Option shall be automatically extended until the date that is ten (10) business days after the expiry of the Blackout Period on the condition that (i) the Blackout Period was formally imposed by the Corporation pursuant to its internal trading policies as a result of the *bona fide* existence of undisclosed material information, (ii) the Blackout Period must be deemed to have expired upon the general disclosure of the undisclosed material information, and (iii) the automatic extension of a Participant's Options will not be permitted where the Participant or the Corporation is subject to a cease trade order (or similar order under applicable securities laws) in respect of the Corporation's securities.

5.3 Vesting

Other than as provided for herein, one-third of the Common Shares issuable pursuant to the exercise of an Option will become vested on each of the first, second and third anniversaries of the date of grant of such Option.

5.4 Accelerated Vesting Event

Upon the occurrence of an Accelerated Vesting Event, the Board will have the power, at its sole discretion and without being required to obtain the approval of shareholders or the holder of any Option to make such changes to the terms of Options as it considers fair and appropriate in the circumstances, including but not limited to: (a) accelerating the vesting of Options, conditionally or unconditionally; (b) terminating every Option if under the transaction giving rise to the Accelerated Vesting Event, options in replacement of the Options are proposed to be granted to or exchanged with the holders of Options, which replacement options treat the holders of Options in a manner which the Board considers fair and appropriate in the circumstances having regard to the treatment of holders of Shares under such transaction; (c) otherwise modifying the terms of any Option to assist the holder to tender into any take-over bid or other transaction constituting an Accelerated Vesting Event; or (d) following the successful completion of such Accelerated Vesting Event, terminating any Option to the extent it has not been

exercised prior to successful completion of the Accelerated Vesting Event. The determination of the Board in respect of any such Accelerated Vesting Event shall for the purposes of this Plan be final, conclusive and binding.

5.5 Non-Assignability

Options may not be assigned or transferred.

5.6 Ceasing to be Eligible Person

- (a) If a Participant who is an Officer, Employee or Consultant is terminated for cause, each Option held by such Participant shall terminate and shall therefore cease to be exercisable upon such termination for cause.
- (b) If a Participant ceases to be an Eligible Person for any reason other than termination for cause, each Option held by the Participant will vest immediately and will remain exercisable until such Option's Expiry Date.
- (c) For greater certainty, if a Participant dies, each Option held by such Participant shall be exercisable by the legal representative of such Participant until such Option terminates and therefore ceases to be exercisable pursuant to the terms of this Section.

ARTICLE 6 EXERCISE PROCEDURE

6.1 Exercise Procedure

An Option may be exercised from time to time, and shall be deemed to be validly exercised by the Participant only upon the Participant's delivery to the Corporation at its head office of:

- (a) a written notice of exercise addressed to the Corporate Secretary of the Corporation, specifying the number of Common Shares with respect to which the Option is being exercised;
- (b) a signed option agreement with respect to the Option being exercised;
- (c) a certified cheque or bank draft made payable to the Corporation for the aggregate exercise price for the number of Common Shares with respect to which the Option is being exercised; and
- (d) documents containing such representations, warranties, agreements and undertakings, including such as to the Participant's future dealings in such Common Shares, as counsel to the Corporation reasonably determines to be necessary or advisable in order to comply with or safeguard against the violation of the laws of any jurisdiction;

and on the business day following, the Participant shall be deemed to be a holder of record of the Common Shares with respect to which the Option is being exercised, and thereafter the Corporation shall, within a reasonable amount of time, cause certificates for such Common Shares to be issued and delivered to the Participant.

6.2 Tax Withholding

The Corporation shall have the power and the right to deduct or withhold, or require an Option holder to remit to the Corporation, the required amount to satisfy federal, provincial, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of

the Plan, including the grant or exercise of Options granted under the Plan. With respect to required withholding, the Corporation shall have the irrevocable right (and the Option holder shall consent to) the Corporation setting off any amounts required to be withheld, in whole or in part, against amounts otherwise owing by the Corporation to the Option holder (whether arising pursuant to the Option holder's relationship as a director, officer, employee or consultant of the Corporation or any of its subsidiaries or otherwise), or may make such other arrangements satisfactory to the Option holder and the Corporation. In addition, the Corporation may elect, in its sole discretion, to satisfy the withholding requirement, in whole or in part, by withholding such number of Common Shares otherwise issuable pursuant to the Option as it determines are required to be sold by the Corporation, as trustee, to satisfy the withholding obligation net of selling costs. The Option holder shall consent to such sale and grant to the Corporation an irrevocable power of attorney to affect the sale of such Common Shares and shall acknowledge and agree that the Corporation does not accept responsibility for the price obtained on the sale of such Common Shares.

Option holders (or their beneficiaries) shall be responsible for all taxes with respect to any Options under the Plan, whether arising as a result of the grant or exercise of Options or otherwise. The Corporation makes no guarantees to any person regarding the tax treatment of Options or payments made under the Plan and none of the Corporation, or any of its officers, directors, employees or other representatives shall have any liability to an Option holder with respect thereto

ARTICLE 7 AMENDMENT OF OPTIONS

7.1 Consent to Amend

The Board may amend any Option with the consent of the affected Participant.

7.2 Amendment Subject to Approval

If the amendment of an Option requires regulatory or shareholder approval, such amendment may be made prior to such approvals being given, but no such amended Options may be exercised unless and until such approvals are given.

ARTICLE 8 MISCELLANEOUS

8.1 No Rights as Shareholder

Nothing in this Plan or any Option shall confer upon a Participant any rights as a shareholder of the Corporation with respect to any of the Common Shares underlying an Option unless and until such Participant shall have become the holder of such Common Shares upon exercise of such Option in accordance with the terms of the Plan.

8.2 No Right to Employment

Nothing in this Plan or any Option shall confer upon a Participant any right to continue in the employ of the Corporation or any Affiliate or affect in any way the right of the Corporation or any Affiliate to terminate the Participant's employment, with or without cause, at any time; nor shall anything in the Plan or any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any Affiliate to extend the employment of any Participant beyond the time which the Participant would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any Affiliate, or beyond the time at which he would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any Affiliate.

8.3 Governing Law

This Plan, all option agreements, the grant and exercise of Options hereunder, and the sale, issue and delivery of Common Shares hereunder upon exercise of Options shall be, as applicable, governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The Courts of the Province of Alberta shall have the exclusive jurisdiction to hear and decide any disputes or other matters arising herefrom.

8.4 Effective Date

This Plan is dated June ●, 2017.

ANNEX IV
SCHEDULE 9
FORM OF CONVERSION NOTICE

TO: US OIL SANDS INC.

DATED: [date]

Reference is made to the loan agreement (the "Loan Agreement") among US Oil Sands Inc., as borrower (the "Borrower"), ACOMO S.à r.l., as lender (the "Lender"), and US Oil Sands (Utah) Inc., as guarantor (in such capacity the "US Subsidiary"), dated as of January 12, 2017, as amended by the first amending agreement dated as of June [•], 2017. Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Loan Agreement.

The undersigned hereby certifies that it is the Lender under the Loan Agreement.

The undersigned hereby gives notice of its exercise of its right of conversion pursuant to Section 2.8 of the Loan Agreement as to US\$_____ principal amount of the Principal Amount in respect of the Tranche B Loan, on the basis that the Lender will receive _____ Common Shares of the Borrower at the current Conversion Price of US\$_____ per Common Share.

The Lender directs that these Common Shares be registered and the share certificate be delivered as follows:

Registration Instructions:

[Name of registered owner]

Address: [•]

Delivery Instructions:

[Name]

Address: [•]

[ACMO S.À R.L.], as Lender

By: _____

Name:

Title:

Exhibit “E”

THIS IS EXHIBIT "E" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13 day of September, A.D. 2017.

Jessie Jui

[Signature of Witness]

Jessica Fairman

[Print Name of Witness]

[Signature]

A NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R06334478
Qualified in New York County
My Commission Expires Dec 21, 2019

Execution Version

Dated **January 12, 2017**

US OIL SANDS INC.

and

ACMO S.À R.L.

SECURITY AGREEMENT

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THIS SECURITY AGREEMENT is dated January 12, 2017 and made between:

- (1) **US OIL SANDS INC.**, a corporation incorporated under the laws of the Province of Alberta (the **Corporation**); and
- (2) **ACMO S.À R.L.**, a *société à responsabilité limitée* organized under the laws of Luxembourg (the **Lender**)

RECITALS:

- (A) The Lender has agreed to make certain credit facilities available to the Corporation upon the terms and conditions contained in a credit agreement between the Corporation and the Lender dated as of this date (such credit agreement as it may at any time or from time to time be amended, supplemented, restated or replaced, the **Credit Agreement**).
- (B) The Corporation has agreed to execute and deliver this security agreement to and in favour of the Lender as security for the payment and performance of the Corporation's obligations to the Lender under the Loan Documents.

NOW THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Corporation and the Lender agree as follows:

**Article 1
Security**

1.1 Statutory and Other References

Terms defined in the *Personal Property Security Act* (Alberta) (as amended from time to time, the **PPSA**) and used in this security agreement have the same meanings. Any reference to the **STA** is a reference to the *Securities Transfer Act* (Alberta) or, to the extent applicable, similar legislation of any other jurisdiction, as amended from time to time. Where a reference is made to the Lender, it includes, as applicable, any nominee appointed by the Lender to hold or otherwise take possession of the Collateral.

1.2 Grant of Security

Subject to Section 1.6, the Corporation grants to the Lender, a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Lender, all the property and undertaking of the Corporation now owned or hereafter acquired (collectively, the **Collateral**) including, without limitation, any and all of the:

- (a) inventory of the Corporation including goods held for sale, lease or resale, goods provided or to be provided 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 business of the Corporation;
- (b) equipment, machinery, furniture, fixtures, vehicles and other goods of every kind and description of the Corporation and all licences and other rights and all

records, files, charts, plans, drawings, specifications, manuals and documents relating thereto;

- (c) accounts due or accruing due to the Corporation and all agreements, books, invoices, documents and papers recording, evidencing or relating thereto;
- (d) money, documents of title, chattel paper, instruments, securities and all other financial assets of the Corporation;
- (e) securities accounts of the Corporation and all of the credit balances, security entitlements, other financial assets and items or property standing to the credit of the Corporation from time to time in such securities accounts;
- (f) intangibles of the Corporation including all security interests, goodwill, choses in action, contracts and contractual rights, licences and benefits;
- (g) all trademarks, trademark registrations and pending trademark applications, patents and pending patent applications, copyrights, proprietary and non-public business information, trade and business names, web names and worldwide web addresses and other intellectual property and industrial property of the Corporation (collectively, the **Intellectual Property**);
- (h) all authorizations, permits, approvals, grants, licenses, consents, rights, franchises, privileges, orders, leases, easements, awards or the like issued or granted by law or by rule or regulation of any public body issued or granted to the Corporation;
- (i) substitutions and replacements of, and increases, additions and, where applicable, accessions to, the property described in Sections 1.2(a)-(h) inclusive; and
- (j) proceeds in any form derived directly or indirectly from any dealing with all or any part of the property described in Sections 1.2(a)-(i) inclusive or the proceeds of such proceeds.

1.3 Obligations Secured

- (a) The security interest, assignment, mortgage, charge, hypothecation and pledge granted hereby (collectively, the **Security Interest**) 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 the Corporation to the Lender, however or wherever incurred, and in any currency, and whether incurred by the Corporation alone or with another or others and whether as principal, guarantor or surety, (collectively, and together with the expenses, costs and charges set out in Section 1.3(b), the **Obligations**).
- (b) All expenses, costs and charges incurred by or on behalf of the Lender in connection with this security agreement, the Security Interest or the realization of the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of, or of taking or defending any action in

connection with, taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment of the Collateral or other lawful exercises of the powers conferred by the Credit Agreement and the other Loan Documents are payable on demand and shall be added to and form a part of the Obligations.

1.4 Attachment, Perfection, Possession and Control

- (a) The Corporation 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 security agreement.
- (b) The Corporation shall promptly inform the Lender in writing of the acquisition by the Corporation of any personal property which is not adequately described in this security agreement, and the Corporation shall execute and deliver, from time to time, at its own expense, amendments to this security agreement and its schedules or additional security agreements or schedules as may be required by the Lender in order to preserve, protect and perfect its Security Interest in such personal property.
- (c) If the Corporation acquires Collateral consisting of chattel paper, instruments or negotiable documents of title (collectively, **Negotiable Collateral**), the Corporation shall, immediately upon receipt thereof, deliver to the Lender the Negotiable Collateral and shall, at the request of the Lender (i) endorse the same for transfer in blank or as the Lender may direct, (ii) cause any transfer to be registered wherever, in the opinion of the Lender, such registration may be required or advisable, and (iii) deliver to the Lender any and all consents or other documents which may be necessary or desirable to transfer the Negotiable Collateral.
- (d) If the Corporation has or hereafter acquires Collateral consisting of certificated securities it shall immediately deliver to the Lender any and all certificates representing such Collateral (the **Pledged Certificated Securities**) and other materials (including effective endorsements) as may be required from time to time in the opinion of the Lender, to provide the Lender with control over all Pledged Certificated Securities in the manner provided under Section 23 of the STA, and at the request of the Lender, will cause all Pledged Certificated Securities to be registered in the name of the Lender or as it may direct.
- (e) If the Corporation has or hereafter acquires Collateral consisting of uncertificated securities it shall deliver to the Lender any and all such documents, agreements and other materials as may be required from time to time in the opinion of the Lender, to provide the Lender with control over all such Collateral in the manner provided under Section 24 of the STA.
- (f) If the Corporation has or hereafter acquires Collateral consisting of security entitlements or creates Collateral consisting of one or more securities accounts it shall deliver to the Lender any and all such documents, agreements and other materials as may be required from time to time in the opinion of the Lender, to

provide the Lender with control over all such Collateral in the manner provided under Section 25 and 26 of the STA and Section 1(1.1)(e) of the PPSA.

- (g) If the Corporation has or hereafter acquires Collateral consisting of an interest in a partnership or limited liability company, it shall take all steps necessary in the opinion of the Lender, to ensure that such property is and remains a security for the purposes of the STA.
- (h) The Corporation shall not cause or permit any Person other than the Lender to have control (as defined in the STA) of any investment property constituting part of the Collateral, other than control in favour of a depository bank or securities intermediary which has subordinated its lien to the lien of the Lender pursuant to documentation in form and substance satisfactory to the Lender.

1.5 Special Provisions Relating to Pledged Investment Property

- (a) Provided no Event of Default has occurred and is continuing, the Corporation has the right to exercise all voting, consensual and other powers of ownership pertaining to Collateral which is investment property (the **Pledged Investment Property**) for all purposes not inconsistent with the terms of this security agreement, the Credit Agreement or the other Loan Documents and the Corporation agrees that it will not vote the Pledged Investment Property in any manner that is inconsistent with such terms.
- (b) Provided no Event of Default has occurred and is continuing, the Corporation may receive and retain any dividends, distributions or proceeds on the Pledged Investment Property (whether paid or distributed in cash, securities or other property).
- (c) If an Event of Default has occurred and is continuing, whether or not the Lender exercises any right to declare any Obligations due and payable or seeks or pursues any other relief or remedy available to it under applicable law or under this security agreement or otherwise, upon notice to the Corporation, all dividends and other distributions on the Pledged Investment Property shall be paid directly to the Lender and retained by it as part of the Collateral, and, if the Lender so requests in writing, the Corporation will execute and deliver to the Lender any instruments or other documents necessary or desirable to ensure that the Pledged Investment Property is paid directly to the Lender.

1.6 Care and Custody of Collateral

- (a) To the extent that the creation of the Security Interest would result in the termination of any agreement, licence or permit of the Corporation (each, a **Restricted Asset**), the Security Interest will not attach to the Restricted Asset but the Corporation shall hold its interest in the Restricted Asset and its proceeds in trust for the Lender, and shall assign such Restricted Asset or the proceeds thereof to the Lender or as it may direct immediately upon obtaining the consent of the other party. The Corporation will use commercially reasonable efforts to (i) obtain all necessary consents to the assignment of such Restricted Asset to the Lender, and (ii) ensure that all agreements, licences or permits entered into or granted after the date of this security agreement expressly permit assignment to

the Lender of the benefits of such agreements, licences or permits as collateral security.

- (b) The Security Interest with respect to the 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. Until the Security Interest becomes enforceable, the grant of the Security Interest in the Intellectual Property will not affect in any way the Corporation's rights to commercially exploit it or defend or enforce the Corporation's rights in it or with respect to it.
- (c) The Security Interest does not extend to consumer goods.
- (d) The Security Interest does not extend or apply to the last day of the term of any lease or sublease or any agreement for a lease or sublease, now held or hereafter acquired by the Corporation in respect of real property, but the Corporation shall stand possessed of any such last day upon trust to assign and dispose of it as the Lender may direct.

1.7 Care and Custody of Collateral

- (a) The Lender has no obligation to keep Collateral in its possession identifiable.
- (b) The Lender shall exercise in the physical keeping of any Negotiable Collateral or securities, only the same degree of care as it would exercise in respect of its own such property kept at the same place.
- (c) The Lender may, both before and after the Security Interest has become enforceable, (i) notify any person obligated on an account, chattel paper or instrument to make payments to the Lender whether or not the Corporation was previously making collections on such accounts, chattel paper or instruments, and (ii) assume control of any proceeds arising from the Collateral.

1.8 Amalgamation

In the event the Corporation amalgamates with any other corporation or corporations, it is the intention of the parties that the Security Interest will (a) extend to all of the property and assets that (i) any of the amalgamating corporations own, or (ii) the amalgamated corporation thereafter acquires, and (b) secure 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 any 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 will attach to the property and assets of the amalgamating corporations not previously subject to this security agreement at the time of amalgamation and to any property or assets thereafter owned or acquired by the amalgamated corporation when same becomes owned or is acquired. Upon any such amalgamation, the defined term **Corporation** means, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term

Collateral means all of the property, assets, undertaking and interests described in (a) above, and the defined term **Obligations** means the obligations described in (b) above.

Article 2 Enforcement

2.1 Enforcement

The Security Interest shall be and become enforceable against the Corporation upon the occurrence and during the continuance of an Event of Default.

2.2 Remedies

Whenever the Security Interest becomes enforceable, the Lender may, in its sole discretion, realize upon the Collateral and enforce its right by:

- (a) entering onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entering into possession of the Collateral by any method permitted by law;
- (c) selling or leasing all or any part of the Collateral;
- (d) holding, storing or keeping idle or operating all or any part of the Collateral;
- (e) collecting any proceeds arising in respect of the Collateral;
- (f) collecting, realizing, selling, or otherwise dealing with, the accounts;
- (g) issuing any instructions or entitlement orders to an issuer or securities intermediary;
- (h) instructing a financial institution to transfer funds held by it to an account maintained by the Lender;
- (i) appointing by instrument in writing a receiver (which term as used in this security agreement includes a receiver and manager) or agent of all or any part of the Collateral and removing or replacing from time to time any receiver or agent;
- (j) instituting proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (k) instituting proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (l) filing proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to the Corporation; and
- (m) exercising any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

2.3 Additional Rights

In addition to the remedies set forth in Section 2.2, the Lender may, in its sole discretion, either directly or through its agents or nominees, whenever the Security Interest has become enforceable:

- (a) require the Corporation, at the Corporation's expense, to assemble the Collateral at a place or places designated by notice in writing and the Corporation agrees to so assemble the Collateral;
- (b) require the Corporation, by notice in writing, to disclose to the Lender the location or locations of the Collateral and the Corporation agrees to make such disclosure when so requested;
- (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 Corporation or otherwise;
- (d) carry on all or any part of the business of the Corporation and, to the exclusion of all others including the Corporation, enter upon, occupy and use all or any of the premises, buildings, and other property of, or used or occupied by, the Corporation, free of charge, and the Lender is not liable to the Corporation 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;
- (e) borrow for the purpose of carrying on the business of the Corporation or for the maintenance, preservation or protection of the Collateral and grant security interests in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (f) 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 Corporation; and
- (g) at any public or 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 Corporation or any other person with respect to such holding, retention or disposition, except as required by law.

2.4 Concerning a Receiver

- (a) Any receiver appointed by the Lender shall be vested with all rights and remedies which could have been exercised by the Lender in respect of the Corporation or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The choice of receiver and its remuneration are within the sole and unfettered discretion of the Lender.

- (b) Any receiver appointed by the Lender shall 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 Corporation. The receiver may sell, lease, or otherwise dispose of Collateral as agent for the Corporation or as agent for the Lender as the Lender may determine in its discretion. The Corporation agrees to ratify and confirm all actions of the receiver acting as agent for the Corporation, and to release and indemnify the receiver in respect of all such actions.
- (c) The Lender, in appointing or refraining from appointing any receiver, shall not incur any liability to the receiver, the Corporation or otherwise and is not responsible for any misconduct or negligence of such receiver.

2.5 Exercise of Remedies

Any remedy may be exercised separately or in combination and is in addition to, and not in substitution for, any other rights or remedies the Lender may have, however created. The Lender is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to any other rights of the Lender in respect of the Obligations including the right to claim for any deficiency.

2.6 Appointment of Attorney

The Corporation irrevocably appoints the Lender (and its officers) as attorney of the Corporation (with full power of substitution) to do, make and execute, in the name of and on behalf of the Corporation, all such further acts, documents, matters and things which the Lender may deem necessary or advisable to accomplish the purposes of this security agreement including the execution, endorsement and delivery of documents and any notices, receipts, assignments or verifications of the accounts. All acts of the attorney are hereby ratified and approved, and the attorney shall not be liable for any act, failure to act or any other matter or thing, except to the extent caused by its own gross negligence or wilful misconduct. 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 Corporation. This power of attorney extends to and is binding upon the Corporation's successors and permitted assigns. The Corporation authorizes the Lender to (a) delegate in writing to another person any power and authority of the Corporation under this power of attorney as may be necessary or desirable in the opinion of the Lender, and (b) revoke or suspend such delegation.

2.7 Dealing with the Collateral

- (a) The Lender is not obliged to exhaust its recourse against the Corporation or any other person or against any other security it may hold in respect of the Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Lender considers desirable.
- (b) The Lender may grant extensions or other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Corporation and with other persons, guarantors, sureties or security as it

may see fit without prejudice to the Obligations, the liability of the Corporation or the rights of the Lender in respect of the Collateral.

- (c) 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.
- (d) To the extent that applicable law imposes duties on the Lender to exercise remedies in a commercially reasonable manner, and without prejudice to the ability of the Lender to dispose of the Collateral in any such manner, the Corporation acknowledges and agrees that it is not commercially unreasonable for the Lender to, and the Lender may, in its discretion (i) incur expenses reasonably deemed significant by the Lender to prepare the Collateral for disposition, (ii) exercise collection remedies directly or through the use of collection agencies, (iii) dispose of Collateral by way of public auction, public tender or private contract, with or without advertising and without any other formality, (iv) dispose of Collateral to the Lender or to a customer or client of the Lender, (v) contact other persons, whether or not in the same business as the Corporation, for expressions of interest in acquiring all or any portion of the Collateral, (vi) hire one or more professional auctioneers to assist in the disposition of the Collateral, whether or not the Collateral is of a specialized nature, (vii) establish an upset or reserve bid or price in respect of the Collateral, and (viii) establish such terms as to credit or otherwise as the Lender may determine.
- (e) The Corporation acknowledges that the Lender may be unable to complete a public sale of any or all of the Collateral consisting of investment property by reason of certain prohibitions contained in applicable securities laws or otherwise. In connection therewith, it may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Collateral for their own account for investment and not with a view to the distribution or resale thereof. Any such private sale may result in prices and other terms less favourable to the seller than if such sale were a public sale and, notwithstanding such circumstances, the Corporation agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner by reason of it being a private sale. The Lender is under no obligation to delay a sale of any or all of the Collateral for the period of time necessary to permit the issuer thereof to register such Collateral for public sale under applicable securities law or otherwise, even if the issuer agrees to do so.

2.8 Application of Proceeds

Any and all moneys realized by the Lender pursuant to this security agreement shall be applied by the Lender to such part of to the Obligations as the Lender in its sole discretion determines. The Lender may, at all times and from time to time, change any

application so made in accordance with the Credit Agreement and the other Loan Documents.

2.9 No Waiver

No delay or omission by the Lender, at any time or times, to require strict performance by the Corporation of any provision of this security agreement waives, affects or diminishes any right of the Lender thereafter to demand strict compliance and performance therewith.

2.10 Dealings by Third Parties

- (a) 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 Corporation, (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 or any agent with the Collateral, or (vi) how any money paid to the Lender has been applied.
- (b) Any purchaser of Collateral shall hold the Collateral absolutely, free from any claim or right of any kind whatever, including any equity of redemption, of the Corporation. The Corporation waives (to the fullest extent permitted by law) as against any such purchaser, all rights of redemption, stay or appraisal which the Corporation has or may have under any rule of law or statute now existing or hereafter adopted.

2.11 Corporation Liable for Deficiency

The Corporation is liable to the Lender for any deficiency after the proceeds of any sale or other disposition of Collateral are received by the Lender.

Article 3 General

3.1 Notices

Any notice, consent, waiver or other communication given under this security agreement must be in writing and delivered in accordance with the provisions of the Credit Agreement.

3.2 Capitalized Terms

- (a) Capitalized terms used in this security agreement and not otherwise defined have the respective meanings given to them in the Credit Agreement.
- (b) Except as otherwise provided in this security agreement, any reference to this security agreement, the Credit Agreement or any other Loan Document refers to this security agreement, the Credit Agreement or such other Loan Document as

the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented.

3.3 Discharge

The Security Interest will be discharged upon, but only upon, (a) full and indefeasible payment and performance of the Obligations, (b) the Lender having no obligations under the Credit Agreement and the other Loan Documents, and (c) at the request and expense of the Corporation. In that connection, the Lender will execute and deliver to the Corporation such releases and discharges as the Corporation may reasonably require.

3.4 Amendment

This security agreement may only be amended, supplemented or otherwise modified by written agreement of the Lender and the Corporation.

3.5 Waivers, etc.

- (a) No consent or waiver by the Lender in connection with this security agreement is binding unless made in writing and signed by an authorized officer of the Lender. Any consent or waiver given under this security agreement is effective only in the specific instance and for the specific purpose for which it was given. No waiver of any of the provisions of this security agreement constitutes a waiver of any other provision.
- (b) A failure or delay on the part of the Lender in exercising a right or remedy under this security agreement does not operate as a waiver of, or impair, any rights or remedies of the Lender however arising. A single or partial exercise of a right or remedy on the part of the Lender does not preclude any other or further exercise of that right or remedy or the exercise of any other rights or remedies by the Lender.

3.6 No Merger

This security agreement shall not operate by way of merger of any of the 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 Obligations.

3.7 Further Assurances

The Corporation shall from time to time, whether before or after the Security Interest has become enforceable, do all acts and things and execute and deliver all transfers, assignments and agreements as the Lender may reasonably require for (a) protecting the Collateral, (b) perfecting the Security Interest, (c) obtaining control of the Collateral, (d) exercising all powers, authorities and discretions conferred upon the Lender, and (e) otherwise enabling the Lender to obtain the full benefits of this security agreement and the rights and powers herein granted. The Corporation shall, from time to time after the Security Interest has become enforceable, do all acts and things and execute and

deliver all transfers, assignments and agreements as the Lender may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

3.8 Supplemental Security

This security agreement is in addition to and without prejudice to all other security now held or which may hereafter be held by the Lender.

3.9 Successors and Assigns

This security agreement is binding upon the Corporation, its successors and assigns, and enures to the benefit of the Lender, and its successors and assigns. This security agreement and all rights of the Lender are assignable without the consent of, or notice to the Corporation, and in any action brought by an assignee to enforce this security agreement or any right or remedy, the Corporation will not assert against the assignee any claim or defence which the Corporation now has or hereafter may have against the Lender. Neither this security agreement nor any rights, duties or obligations under this security agreement are assignable or transferable by the Corporation.

3.10 Headings, etc.

The division of this security agreement into articles and sections and the insertion of headings are for convenient reference only and are not to affect or be used in the construction or interpretation of this security agreement.

3.11 Gender and Number

Any reference in this security agreement to gender includes all genders and words importing the singular include the plural and *vice versa*.

3.12 Waiver of Delivery

To the extent permitted by applicable law, the Corporation waives its right to receive a copy of any financing statement or financing change statement registered by or on behalf of the Lender, or any verification statement with respect to any financing or financing change statement registered by or on behalf of the Lender.

3.13 Entire Agreement

The provisions set forth in this security agreement together with the Credit Agreement and the other Loan Documents, constitute the entire enforceable agreement between the parties and supercede all prior oral or written agreements, understandings, representations and warranties and course of conduct and dealing between the parties with respect to the matters referred to in this security agreement.

3.14 Severability

If any provision of this security agreement is determined by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision shall be severed from this security agreement and the remaining provisions will continue in full force and effect.

3.15 Conflict

In the event of any conflict between the provisions of this security agreement and the provisions of the Credit Agreement which cannot be resolved by both provisions being complied with, the provisions contained in the Credit Agreement will prevail to the extent of such conflict.

3.16 Governing Law and Submission to Jurisdiction

- (a) This security agreement is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein, without regard to conflict of law principles.
- (b) The Corporation irrevocably and unconditionally (i) submits to the non-exclusive jurisdiction of the courts of Alberta located in Calgary, (ii) agrees that all claims in respect of any suit, action or proceeding may be heard and determined in such court, (iii) waives, to the fullest extent permitted by law, any objection which it may have based upon doctrines of venue or *forum inconveniens*.

3.17 Counterparts


This security agreement may be executed in any number of separate counterparts and all such signed counterparts constitute one and the same agreement. Delivery by facsimile or other electronic means of an originally executed signature page to this security agreement by a party is as effective as personal delivery of such signature page.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the Corporation and the Lender have executed and delivered this security agreement.

US OIL SANDS INC.

Per: _____


Name: D. Glen Snarr

Title: President and CFO

ACMO S.À R.L.

Per: _____

Name:

Title:

(Signature Page for Security Agreement re: Credit Agreement)

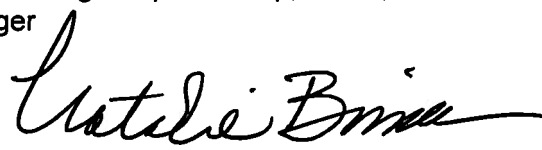
IN WITNESS WHEREOF the Corporation and the Lender have executed and delivered this security agreement.

US OIL SANDS INC.

Per: _____
Name:
Title:

ACMO S.À R.L.

By: Anchorage Capital Group, L.L.C., its Investment
Manager

Per: 
Name: Natalie Birrell
Title: Chief Operating Officer

(Signature Page for Security Agreement re: Credit Agreement)

Exhibit “F”

THIS IS EXHIBIT "F" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13 day of September, A.D. 2017.

Jessica Fain
[Signature of Witness]

Jessica Fain
[Print Name of Witness]

[Signature]
A NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R06334478
Qualified in New York County
My Commission Expires Dec 21, 2019

STOCK PLEDGE AGREEMENT
(US Oil Sands (Utah) Inc.)

THIS STOCK PLEDGE AGREEMENT (this “**Agreement**”), is made as of January 12, 2017, by and between US OIL SANDS INC., a corporation incorporated pursuant to the laws of the Province of Alberta (“**Borrower**”), and ACMO S.à R.L., a *société à responsabilité limitée* formed pursuant to the laws of Luxembourg (“**Lender**”).

RECITALS

- A. Borrower has applied for a loan (“**Loan**”) in the principal amount of Seven Million Five Hundred Thousand and No/100 Dollars (\$7,500,000.00) from Lender, and Lender has agreed to extend the Loan to Borrower, subject to the terms and conditions of that certain Senior Secured Loan Agreement dated as of approximately even date herewith between Borrower and Lender (“**Loan Agreement**”). Capitalized terms used herein without definition shall have the meanings given to such terms in the Loan Agreement.
- B. The Loan is secured by, among other things, those certain Leasehold Deeds of Trust, Security Agreement, Assignment of Production, Fixture Filing and Fixture Filing executed by Borrower for the benefit of Lender (collectively, the “**Deed of Trust**”), which encumber certain real property located in Uintah County, Utah and in Grand County, Utah, respectively, and as more particularly described in the Deed of Trust (collectively, the “**Property**”).
- C. This Assignment is being executed in connection with the making of the Loan by Lender and the acceptance of the Property by Lender as collateral for the Loan. This Assignment is one of the Loan Documents.
- D. Borrower is the owner of 15,572 shares in US OIL SANDS (UTAH) INC., a Utah corporation (“**Subsidiary**”), as more particularly described on Exhibit A attached hereto (the “**Pledged Shares**”). Such shares are represented by Certificate Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12.
- E. As a condition to making the Loan, Lender has requested and Borrower has agreed to enter into this Agreement to grant to Lender a first priority security interest in and to, all of Borrower’s right, title, interest, privileges, benefits and remedies in, to and under the Pledged Shares.

AGREEMENT

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

- 1. Defined Terms. Capitalized terms used herein shall have the meanings ascribed to such terms in the Loan Agreement to the extent not otherwise defined or limited herein.
- 2. Warranty. Borrower hereby represents and warrants to Lender that (a) Borrower owns the Pledged Collateral (as defined below) free and clear of all liens or security interests other than the lien and security interest in favor of the Lender created by this Agreement and the Pledged Collateral is not subject to any stock purchase agreement, voting trust or other agreement affecting, restricting, or limiting

the sale, transfer, disposition or voting rights concerning said interests; (b) the Pledged Shares constitute all of the stock, shares or other equity interests owned by Borrower in Subsidiary; (c) such Pledged Shares are duly authorized, validly issued, fully paid and nonassessable; (d) Borrower has the corporation or other organizational or other authority and power to pledge such Pledged Collateral and the execution, delivery and performance of this Agreement by the Borrower and the granting of the lien on the Pledged Collateral contemplated hereby has been duly authorized by all necessary action and does not and will not (i) violate any applicable law, rule or regulation or any provision relating to the Borrower, (ii) conflict with, result in a breach of, or constitute a default under any provision of any agreement, bylaws, operating agreement, indenture, mortgage or other agreement or instrument to which the Borrower is a party or by which it or any of its properties or assets is bound or subject or any license, judgment, order or decree of any governmental authority having jurisdiction over the Borrower or its activities, properties or assets or (iii) result in or require the creation or imposition of any lien upon or with respect to any properties or assets now or hereafter owned by the Borrower (other than the liens created hereunder; and (e) the security interest granted hereby and the filing of a financing statement in accordance with the Uniform Commercial Code with respect to the Pledged Collateral as to which a security interest is perfected by filing of a financing statement, will create a valid lien and a security interest in such Pledged Collateral and the proceeds thereof, securing the payment of the Secured Obligations (as defined below). Additionally, Borrower hereby represents and warrants to Lender that (y) this Agreement has been duly executed and delivered by such Borrower and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms, and (z) Borrower has received consideration in exchange for its execution, delivery and performance of this Agreement.

3. **Security Interest.** As security for the full and prompt payment and performance of any and all obligations of Borrower arising pursuant to the terms and conditions of this Agreement, the Loan, Loan Agreement or the other Loan Documents, and any extensions, renewals or amendments to any of the foregoing, however created, acquired, arising or evidenced, whether arising during or after the initial or any renewal term of the Loan or this Agreement, the Loan Agreement or the other Loan Documents, or after the commencement of any insolvency proceeding with respect to Borrower (including, without limitation, the payment of interest and the other amounts which would accrue and become due but for the commencement of such insolvency proceeding, and whether or not such claim is allowed in such insolvency proceeding), whether direct or indirect, absolute or contingent, now or hereafter existing, joint or several, due or to become due, primary or secondary, liquidated or unliquidated, or secured or unsecured, and however acquired by Lender (all of the foregoing now existing or hereafter arising, collectively, "**Secured Obligations**"), Borrower hereby unconditionally pledges, transfers, conveys, grants and assigns to Lender a continuing security interest in and security title to all of the following property now owned or at any time hereafter acquired by Borrower or in which Borrower now has, or may acquire in the future, any right, title or interest thereto (collectively, "**Pledged Collateral**"):
 - (a) the Pledged Shares and all substitutions therefor and replacements thereof, all proceeds and products thereof and all rights relating thereto, including, without limitation, any certificates representing the Pledged Shares, the right to receive any certificates representing any of the Pledged Shares, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and of all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in addition to, in substitution of, on account of or in exchange for any or all of the Pledged Shares;
 - (b) all of Borrower's rights, powers and remedies (but not Borrower's obligations) under the bylaws and rules and regulations of the Subsidiary (collectively, "**Bylaws**"); and
 - (c) to the extent not otherwise included, all proceeds and products of any and all of the foregoing.

4. **Bylaws.** Anything herein to the contrary notwithstanding, Borrower shall, for so long as it shall remain a shareholder, observe and perform all the conditions and obligations to be observed and performed by it pursuant to the Bylaws, all in accordance with and pursuant to the terms and provisions thereof. Without the prior written consent of Lender, Borrower shall not amend, supplement or otherwise modify (or consent to any such amendment, supplement or modification of) the terms of the Bylaws so as to provide for the issuance of uncertificated equity interests and shall not otherwise materially amend, supplement or otherwise modify (or consent to any such material amendment, supplement or modification of) the terms of the Bylaws.
5. **Additional Shares.** In the event that, during the term of this Agreement:
 - (a) any stock dividend, stock split, reclassification, readjustment or other change is declared or made in the capital structure of Subsidiary, or any new Pledged Shares or other equity interests issuable to Borrower by Subsidiary, all new, substituted, and additional shares, or other securities, shall be issued to Borrower and shall be promptly delivered to Lender, together with a duly executed Pledge Agreement Supplement in substantially the form of Exhibit B hereto (“**Pledge Agreement Supplement**”) identifying such additional Pledged Shares to be held by Lender under the terms of this Agreement, and with undated powers endorsed in blank by Borrower, and shall thereupon constitute additional Pledged Shares to be held by Lender under the terms of this Agreement, or in the case of a new uncertificated equity interest, Borrower shall cause the name of Lender to be registered on the books and records of Subsidiary, using appropriate notations so that any natural person, any unincorporated association, any corporation, any partnership, any joint venture, any limited liability company, any trust, any other legal entity, or any governmental authority (collectively, “**Person**”) examining such books and records would be notified of Borrower’s pledge of its uncertificated interest in the equity interest as Pledged Collateral to Lender; and
 - (b) any subscriptions, warrants or any other rights or options shall be issued in connection with the Pledged Shares, all new stock or other securities acquired through such subscriptions, warrants, rights or options shall thereupon constitute Pledged Shares to be held by Lender under the terms of this Agreement, and, to the extent such stock or other securities are represented by certificates, such certificates shall be promptly delivered to Lender, together with appropriate undated powers endorsed in blank by Borrower and shall thereupon constitute Pledged Shares to be held by Lender under the terms of this Agreement.
6. **Covenants.** Borrower covenants and agrees with Lender that, from and after the date of this Agreement and until the Secured Obligations have been paid in full:
 - (a) Borrower will not will not sell, transfer, convey or otherwise dispose of any interest in the Pledged Collateral and will not suffer or permit any lien or security interest to exist on or with respect to the Pledged Collateral except the lien and security interest created under this Agreement;
 - (b) Borrower will defend the Lender’s right, title, and interest in, to, and under the Pledged Collateral against all claims and demands of all Persons whomsoever; and
 - (c) Borrower hereby represents and warrants that its principal place of business and the principal place where the Borrower’s records concerning the Pledged Collateral are kept is located at the address set forth in the notice section hereof, and Borrower will neither change the location of its principal place of business nor the state of its principal residence without giving Lender thirty (30) days prior written notice thereof.
 - (d) Borrower shall deliver to Lender (i) all original certificates representing the Pledged Shares, or (ii) affidavits of lost or destroyed certificates (in the event the certificates representing such Pledged

Shares have lost or destroyed), and (iii) undated stock powers or certificate powers endorsed in blank with respect to such certificates as security for the payment and performance of all of the Secured Obligations. Borrower hereby authorizes the filing of appropriate Uniform Commercial Code financing statements covering the Pledged Collateral and with such information required by the Uniform Commercial Code for the sufficiency or filing office acceptance of such financing statements.

7. Default; Remedies.

(a) A “Default” shall exist if any of the following shall have occurred and be continuing:

- (i) Borrower fails to pay any amount payable to Lender on the date when such payment was due.
- (ii) Any representation or warranty made by the Borrower herein shall prove to have been incorrect in any respect on or as of the date made.
- (iii) Borrower shall default in the observance or performance of any covenant or agreement contained in this Agreement and such default continues for more than fifteen (15) days after written notice from Lender.
- (iv) The filing of any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to Borrower or Subsidiary, or seeking to adjudicate Borrower or Subsidiary as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to Borrower or Subsidiary or the debts of Borrower or Subsidiary, or (b) seeking appointment of a receiver, trustee, custodian or other similar official for Borrower or Subsidiary or for all or any substantial part of the assets of Borrower or Subsidiary, or the making of a general assignment for the benefit of the creditors of Borrower or Subsidiary.
- (v) A “Default” as defined in the Loan Agreement or in any of the other Loan Documents.

(b) If any Default shall have occurred, in addition to all other rights and remedies available herein:

- (i) Lender may exercise in respect of the Pledged Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code (whether or not the Uniform Commercial Code applies to the affected Pledged Collateral) and also may, without notice except as specified below, sell the Pledged Collateral or any part thereof at public or private sale, at any of Lender’s offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as may be commercially reasonable. To the extent notice of sale shall be required by law or hereunder, at least ten (10) days prior notice to the Borrower of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Lender shall not be obligated to make any sale of Pledged Collateral regardless of notice of sale having been given. Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.
- (ii) Lender may, without notice except to the extent required by applicable law: (A) transfer all or any part of the Pledged Collateral into the name of Lender or its nominee, with or without

disclosing that such Pledged Collateral is subject to the lien and security interest hereunder; (B) notify the parties obligated on any of the Pledged Collateral to make payment to Lender of any amount due or to become due thereunder; (C) enforce collection of any of the Pledged Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto; (D) endorse any checks, drafts, or other writings in the Borrower's name to allow collection of the Pledged Collateral; (E) take control of any proceeds of the Pledged Collateral; and (F) execute (in the name, place and stead of the Borrower) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Pledged Collateral.

- (c) Borrower agrees that, in any sale of any of the Pledged Collateral whenever a Default shall have occurred, Lender is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such 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 such Pledged Collateral), or in order to obtain any required approval of the sale or of the purchaser by any governmental regulatory authority or official, and the Borrower further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall Lender be liable nor accountable to the Borrower for any discount allowed by the reason of the fact that such Pledged Collateral is sold in compliance with any such limitation or restriction so long as such discount is commercially reasonable under the circumstances.
- (d) All cash proceeds received by Lender in respect of any sale of, collection from, or other realization upon, all or any part of the Pledged Collateral may, in the discretion of Lender, be held by Lender as additional collateral security for, or then or at any time thereafter be applied (after payment of any amounts payable to Lender pursuant to Section 7(e)) in whole or in part by Lender against, all or any part of the Secured Obligations in such order as Lender shall elect. Any surplus of such cash or cash proceeds held by Lender and remaining after payment in full of all the Secured Obligations, shall be paid over to the Borrower or to whomsoever may be lawfully entitled to receive such surplus.
- (e) Borrower hereby agrees to indemnify and hold harmless Lender from and against any and all claims, losses, and liabilities arising out of or resulting from this Agreement (including enforcement of this Agreement). Upon demand, the Borrower will pay to Lender the amount of any and all reasonable expenses, including all attorney's fees, which Lender may incur in connection with: (i) the administration of this Agreement, the Loan Agreement and each other Loan Document; (ii) the custody, preservation, use, or operation of, or the sale of, collection from, or other realization upon, any of the Pledged Collateral; (iii) the exercise or enforcement of any of the rights of Lender hereunder; and (iv) the failure by the Borrower to perform or observe any of the provisions hereof.
8. Continuing Security Interest; Termination. This Agreement shall create a continuing security interest in the Pledged Collateral and shall terminate only when the Secured Obligations have been satisfied in full and the Loan Agreement has been terminated, in each case to the reasonable satisfaction of the Lender. Upon such termination, this Agreement and Lender's security interest and security title hereunder shall terminate.
9. Borrower's Obligations Absolute. The obligations of the Borrower under this Agreement shall be direct and immediate and not conditional or contingent upon the pursuit of any remedies against Borrower, any other Person, or against other security or liens available to Lender. Borrower hereby waives any right to

require that an action be brought against any other Person or to require that resort be had to any security or to any balance of any deposit account or credit on the books of Lender in favor of any other Person prior to the exercise of remedies hereunder, or to require action hereunder prior to resort by Lender to any other security or collateral for the Secured Obligations.

10. Voting Rights; Distributions.

- (a) After any Default shall have occurred, promptly upon receipt thereof by the Borrower and without any request there for by Lender, Borrower shall deliver (properly endorsed where required hereby or requested by Lender) to Lender all dividends, distributions, all interest, all principal, all other cash payments, and all proceeds of the Pledged Collateral, all of which shall be held by Lender as additional Pledged Collateral for use in accordance with Section 10(d); and
- (b) Whether or not any Default shall be existing, promptly upon receipt thereof by the Borrower and without any request therefor by Lender, Borrower shall deliver (accompanied by duly executed undated blank stock powers, or other equivalent instruments of transfer acceptable to Lender) to Lender all distributions consisting of stock dividends or shares of stock resulting from (or in connection with the exercise of) any stock splits, reclassifications, warrants, options, mergers, consolidations, and all other distributions on or with respect to any Pledged Shares or other capital stock constituting Pledged Collateral, to ensure that Lender shall at all times have a first priority perfected security interest in 100% of the Pledged Collateral.
- (c) After any Default shall have occurred and Lender has notified the Borrower of Lender's intention to exercise its voting power under this Section: (i) Lender may exercise (to the exclusion of the Borrower) the voting power and all other incidental rights of ownership with respect to any Pledged Shares or other shares of capital stock constituting Pledged Collateral and the Borrower hereby grants Lender an irrevocable proxy, exercisable under such circumstances, to vote the Pledged Shares and such other Pledged Collateral, and (ii) promptly to deliver to Lender such additional proxies and other documents as may be necessary to allow Lender to exercise such voting power.
- (d) All dividends, distributions, interest, principal, cash payments, and proceeds which may at any time and from time to time be held by the Borrower but which the Borrower is then obligated to deliver to Lender, shall, until delivery to Lender, be held by the Borrower separate and apart from its other property in trust for Lender. Lender agrees that unless an Default shall have occurred and Lender shall have given the notice referred to in Section 10(c), Borrower shall have the exclusive voting power with respect to any shares of capital stock (including any of the Pledged Shares) constituting Pledged Collateral and Lender shall, upon the written request of the Borrower, promptly deliver such proxies and other documents, if any, as shall be reasonably requested by the Borrower which are necessary to allow the Borrower to exercise voting power with respect to any such share of capital stock (including any of the Pledged Shares) constituting Pledged Collateral; provided, however, that no vote shall be cast, or consent, waiver, or ratification given, or action taken by the Borrower that (i) is inconsistent with or contrary to the provisions of the Loan Agreement or any other Loan Document (including this Agreement) or (ii) would materially adversely affect the rights of Lender or the value of the Pledged Collateral.
- (e) Upon the occurrence of a Default, (i) Lender may, at its option, and without notice to, except as required by this Agreement, or demand on Borrower and in addition to all rights and remedies available to Lender under any other agreement, at law, in equity, or otherwise, exercise all voting rights, and all other ownership or consensual rights of the Pledged Collateral owned by Borrower, but under no circumstances is Lender obligated by the terms of this Agreement to exercise such rights, and (ii) Borrower hereby appoints Lender as Borrower's true and lawful attorney-in-fact and IRREVOCABLE PROXY upon the occurrence of a Default to vote the Pledged Collateral owned by

Borrower in any manner Lender deems advisable for or against all matters submitted or which may be submitted to a vote of shareholders, members or partners, as the case may be. The limited power-of-attorney granted hereby is coupled with an interest and shall be irrevocable.

11. Notices. All notices, demands, or other communications under this Agreement and the other Loan Documents shall be in writing and shall be delivered in accordance with the notice provisions contained in the Deed of Trust at the address set forth below:

Borrower: US Oil Sands Inc.
Suite 1600, 521 Third Avenue S.W.
Calgary, Alberta T2P 3T3
Attention: Cameron Todd
Email: cameron.todd@usoilsandsinc.com

With a copy to: Borden Ladner Gervais LLP
1900, 520 Third Avenue S.W.
Calgary, Alberta T2P 0R3
Attention: Lloyd McLellan
Email: LMcLellan@blg.com

Lender: ACMO S.à r.l.
26/28, Rue Edward Steichen
Luxembourg City, Luxembourg L-2540
Attention: Jessica Fainman
Email: operations@anchoragecap.com

With a copy to: Norton Rose Fulbright Canada LLP
3700 – 400 Third Avenue SW
Calgary, Alberta T2P 4H2
Attention: Justin Ferrara
Email: justin.ferrara@nortonrosefulbright.com

Lender and any Borrower may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party.

12. Assignment.

- (a) This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties hereto, including, without limitation, any receiver or trustee of Borrower; provided, however, that the Borrower may not assign this Agreement or any rights or duties hereunder without Lender's prior written consent and any prohibited assignment shall be absolutely void *ab initio*. No consent to assignment by Lender shall release Borrower from its obligations to Lender.
- (b) Lender may sell, assign or transfer all or any part of the Secured Obligations, and in such event each and every permitted assignee, or transferee, or holder of all of any of the Secured Obligations shall have the right to enforce, by suit or otherwise, for the benefit of such permitted assignee, transferee or

holder as fully as if such assignee, transferee or holder were herein by name specifically given such rights, powers and benefits. In the event this Agreement or the rights hereunder are so assigned by Lender, the term "Lender", wherever used herein, shall be deemed to refer to and include any such assignee.

13. **Modification.** Neither this Agreement nor any of its terms, provisions or conditions may be altered, amended or modified in any way, except as specifically provided in a written instrument signed by Lender and Borrower.
14. **Remedies Cumulative.** Borrower agrees that the rights of Lender under this Agreement, the Loan Agreement, any other Loan Document or any other contract or agreement now or hereafter in existence between Lender and Borrower and the other obligors hereunder or thereunder, or any of them, shall be cumulative, and that Lender may from time to time exercise such rights and such remedies as such Person or Persons may have hereunder and thereunder and under the laws of the United States or any state, in the manner and at the time that the Person or Persons in its or their sole discretion desire, subject to the terms of such agreements. Borrower further expressly agrees that Lender shall in no event be under any obligation to resort to any Pledged Collateral secured hereby prior to exercising any other rights that Lender may have against Borrower or its property, nor shall Lender be obliged to resort to any other collateral or security for the Secured Obligations prior to any exercise of Lender's rights against Borrower and its property hereunder. No exercise by Lender of one right or remedy shall be deemed an election, and no waiver by Lender of any Default shall be deemed a continuing waiver. No delay by Lender shall constitute a waiver, election, or acquiescence by it.
15. **Survival of Provisions.** All representations, warranties and covenants of Borrower contained herein shall survive the execution and delivery of this Agreement.
16. **Integration.** This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.
17. **Severability of Provisions.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.
18. **Counterparts.** This Agreement may be executed in any number of counterparts all of which taken together shall constitute one and the same instrument. The parties agree and acknowledge that facsimile, email, or pdf signature pages will be acceptable and shall be conclusive evidence of execution of this Assignment.
19. **Governing Law.** This Agreement shall be construed, governed and enforced in accordance with the laws in effect from time to time in the State of Utah (without regard to its conflicts of law principles).
20. **Section Headings.** Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.
21. **Lender.** The powers conferred on Lender hereunder are solely to protect its interest in the Pledged Collateral and shall not impose any duty upon Lender to exercise any such powers. Except for the safe custody of any Pledged Collateral in its actual possession and the accounting for moneys actually received by Lender pursuant hereto, Lender shall have no duty with respect to the Pledged Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any of the Pledged Collateral. Lender agrees that upon payment and performance of the

Secured Obligations and all other requirements set forth in the Loan Documents, Lender shall release the Pledged Collateral to Borrower.

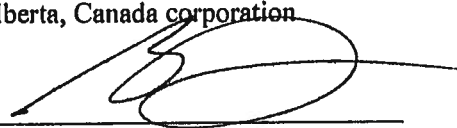
22. WAIVER OF RIGHT TO TRIAL BY JURY. PLEDGOR, AND BY ITS ACCEPTANCE HEREOF, LENDER, HEREBY EXPRESSLY WAIVE ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THIS AGREEMENT AND THE LOAN DOCUMENTS, INCLUDING, WITHOUT LIMITATION, ANY PRESENT OR FUTURE MODIFICATION THEREOF, AND (b) ARISING OUT OF THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; PLEDGOR AND LENDER HEREBY AGREE AND CONSENT THAT ANY PARTY TO THIS AGREEMENT AND LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO AND LENDER TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Agreement by and through their duly authorized officers, as of the day and year first above written.

BORROWER:

US OIL SANDS INC.
an Alberta, Canada corporation

By: 
Name: _____
Title: _____

LENDER:

ACMO S.À R.L.
a Luxembourg entity

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the undersigned parties hereto have executed this Agreement by and through their duly authorized officers, as of the day and year first above written.

BORROWER:

US OIL SANDS INC.
an Alberta, Canada corporation

By: _____
Name: _____
Title: _____

LENDER:

ACMO S.À R.L.
a Luxembourg entity
By: *Amherst Capital Group, L.L.C., its Investment Manager*

By: *Natalie Terrell*
Name: Natalie Terrell
Title: Chief Operating Officer

EXHIBIT A

Pledged Shares

<u>Borrower Name</u>	<u>Pledged Company</u>	<u>Current Owner</u>	<u>Type / Class of Equity Interest</u>	<u>Certificate Number(s)</u>	<u>Number of Shares Pledged</u>
US Oil Sands Inc.	US Oil Sands (Utah) Inc.	US Oil Sands Inc.	Capital Stock	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12	15,572

EXHIBIT B

Form of Stock Pledge Agreement Supplement

This Pledge Agreement Supplement, dated as of _____, 20____, is delivered pursuant to Section 5(a) of the Stock Pledge Agreement (as defined below). The undersigned hereby agrees that this Pledge Agreement Supplement may be attached to the Stock Pledge Agreement dated as of January __, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "**Stock Pledge Agreement**;" the terms defined therein and not otherwise defined herein are used herein as therein defined), by and between **US OIL SANDS INC.**, a corporation incorporated pursuant to the laws of the Province of Alberta ("**Borrower**"), and **ACMO S.à R.L.**, a *société à responsabilité limitée* formed pursuant to the laws of Luxembourg ("**Lender**"), and that the additional interests listed on Schedule 1 to this Pledge Agreement Supplement shall be and become part of the Pledged Shares pledged by Borrower to Lender in the Stock Pledge Agreement and shall secure all Secured Obligations thereunder.

The undersigned hereby certifies that the representations, warranties and covenants set forth in the Pledge Agreement are true and correct as to the Pledged Shares listed herein and as of the date hereof.

BORROWER:

US OIL SANDS INC.
an Alberta, Canada corporation

By: _____
Name: _____
Title: _____

SCHEDULE 1

<u>Borrower Name</u>	<u>Pledged Company</u>	<u>Type / Class of Equity Interest</u>	<u>Certificate Number(s)</u>	<u>Number of Shares Pledged</u>	<u>Percentage of Total Shares</u>

Exhibit "G"

THIS IS EXHIBIT "G" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13 day of September A.D. 2017.

Jessie Jain

[Signature of Witness]

Jessie Jain

[Print Name of Witness]

DJ Roe

A NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R06334478
Qualified in New York County
My Commission Expires Dec 21, 2019

ALL PERSONAL PROPERTY ASSETS SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of January 12, 2017, between **US OIL SANDS (UTAH) INC.**, a Utah corporation (the “**Debtor**”), and **ACMO S.à R.L.**, a *société à responsabilité limitée* formed pursuant to the laws of Luxembourg (the “**Secured Party**”).

WHEREAS, the Debtor has guaranteed that certain Senior Secured Loan Agreement dated as of January 12, 2017 (as amended and in effect from time to time, the “**Loan Agreement**”), between the Secured Party and **US OIL SANDS INC.**, a corporation incorporated pursuant to the laws of the Province of Alberta (the “**Borrower**”), pursuant to which the Secured Party, subject to the terms and conditions contained therein, is to make a loan in the principal sum of SEVEN MILLION FIVE HUNDRED THOUSAND and No/100 Dollars (\$7,500,000.00) (the “**Loan**”) to the Borrower; and

WHEREAS, the Loan is secured by, among other things, that certain Leasehold Deed of Trust, Security Agreement, Assignment of Production, Fixture Filing and Financing Statement executed by Debtor, as grantor, for the benefit of Secured Party, as beneficiary, of approximately even date herewith (“**Grand County Deed**”), and that certain Leasehold Deed of Trust, Security Agreement, Assignment of Production, Fixture Filing and Financing Statement between Debtor, as grantor, for the benefit of Secured Party, as beneficiary, of approximately even date herewith (“**Uintah County Deed**”, and together with Grand County Deed, collectively, the “**Deed of Trust**”)

WHEREAS, it is a condition precedent to the Secured Party’s making the Loan to the Borrower under the Loan Agreement that the Debtor execute and deliver to the Secured Party a security agreement in substantially the form hereof; and

WHEREAS, the Debtor wishes to grant a security interest in favor of the Secured Party as herein provided;

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

1. **Definitions.** All capitalized terms used herein without definitions shall have the respective meanings provided therefor in the Deed of Trust. The term “**State**,” as used herein, means the State of Utah. All terms defined in the Uniform Commercial Code of the State and used herein shall have the same definitions herein as specified therein. However, if a term is defined in Article 9 of the Uniform Commercial Code of the State differently than in another Article of the Uniform Commercial Code of the State, the term has the meaning specified in Article 9. The term “**Obligations**,” as used herein, means all of the indebtedness, obligations and liabilities of the Debtor to the Secured Party, individually or collectively, whether direct or indirect, joint or several, absolute or contingent, due or to become due, now existing or hereafter arising under or in respect of the Loan Agreement, any promissory notes or other instruments or agreements executed and delivered pursuant thereto or in connection therewith or this Agreement, and the term “**Event of Default**,” as used herein, means the failure of the Debtor to pay or perform any of the Obligations as and when due to be paid or performed under the terms of the Loan Agreement.

2. **Grant of Security Interest.** The Debtor hereby grants to the Secured Party, to secure the payment and performance in full of all of the Obligations, a security interest in and so pledges and assigns to the Secured Party the following properties, assets and rights of the Debtor, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof (all of the same being hereinafter called the “**Collateral**”): all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), all Hydrocarbons severed and extracted

from or attributable to the Oil and Gas Properties, located on lands in Uintah and Grand County, Utah as more particularly described in the respective Deeds of Trust, including oil in tanks (including, without limitation, all “as-extracted collateral” as such term is defined in the applicable Uniform Commercial Code), all accounts (including accounts resulting from the sale of Hydrocarbons at the wellhead or minehead), contract rights and general intangibles, including all accounts, contract rights and general intangibles now or hereafter arising regardless of whether any of the foregoing is in connection with the sale or other disposition of any Hydrocarbons or otherwise (such rights shall include, without limitation, any and all rights of Debtor in and to the leases and rights of way described in Exhibit A attached hereto), including all liens securing the same, water rights, water shares, personal property rights arising under water leases, all permits and licenses set forth in Exhibit B attached hereto, instruments (including promissory notes), documents, accounts (including health-care-insurance receivables), chattel paper (whether tangible or electronic), deposit accounts, letter-of-credit rights (whether or not the letter of credit is evidenced by a writing), commercial tort claims, securities and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, and all general intangibles (including all payment intangibles). The Secured Party acknowledges that the attachment of its security interest in any additional commercial tort claim as original collateral is subject to the Debtor’s compliance with Section 4.7.

3. **Authorization to File Financing Statements.** The Debtor hereby irrevocably authorizes the Secured Party at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of the Debtor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Uniform Commercial Code of the State or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by part 5 of Article 9 of the Uniform Commercial Code of the State, or such other jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether the Debtor is an organization, the type of organization and any organizational identification number issued to the Debtor and, (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. The Debtor agrees to furnish any such information to the Secured Party promptly upon the Secured Party’s request. The Debtor also ratifies its authorization for the Secured Party to have filed in any Uniform Commercial Code jurisdiction any like initial financing statements or amendments thereto if filed prior to the date hereof.

4. **Other Actions.** To further the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party’s security interest in the Collateral, and without limitation on the Debtor’s other obligations in this Agreement, the Debtor agrees, in each case at the Debtor’s expense, to take the following actions with respect to the following Collateral:

4.1 **Promissory Notes and Tangible Chattel Paper.** If the Debtor shall at any time hold or acquire any promissory notes or tangible chattel paper, the Debtor shall forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify.

4.2 **Deposit Accounts.** For each deposit account that the Debtor at any time opens or maintains, the Debtor shall, at the Secured Party’s request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (a) cause the depository bank to comply at any time with instructions from the Secured Party to such depository bank directing the disposition of funds from time to time credited to such deposit account, without further consent of the Debtor, or (b) arrange for the Secured Party to become the customer of the depository bank with respect to the deposit account, with the Debtor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw funds from such deposit account. The provisions of this paragraph shall not apply to (i) any deposit account for which the Debtor, the depository bank and the Secured Party have entered into a cash collateral agreement specially negotiated among the Debtor, the depository

bank and the Secured Party for the specific purpose set forth therein, (ii) a deposit account for which the Secured Party is the depository bank and is in automatic control, and (iii) deposit accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of the Debtor's salaried employees.

4.3 **Investment Property.** If the Debtor shall at any time hold or acquire any certificated securities, the Debtor shall forthwith endorse, assign and deliver the same to the Secured Party, accompanied by such instruments of transfer or assignment duly executed in blank as the Secured Party may from time to time specify. If any securities now or hereafter acquired by the Debtor are uncertificated and are issued to the Debtor or its nominee directly by the issuer thereof, the Debtor shall immediately notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (a) cause the issuer to agree to comply with instructions from the Secured Party as to such securities, without further consent of the Debtor or such nominee, or (b) arrange for the Secured Party to become the registered owner of the securities. If any securities, whether certificated or uncertificated, or other investment property now or hereafter acquired by the Debtor are held by the Debtor or its nominee through a securities intermediary or commodity intermediary, the Debtor shall immediately notify the Secured Party thereof and, at the Secured Party's request and option, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (i) cause such securities intermediary or (as the case may be) commodity intermediary to agree to comply with entitlement orders or other instructions from the Secured Party to such securities intermediary as to such securities or other investment property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Secured Party to such commodity intermediary, in each case without further consent of the Debtor or such nominee, or (ii) in the case of financial assets or other investment property held through a securities intermediary, arrange for the Secured Party to become the entitlement holder with respect to such investment property, with the Debtor being permitted, only with the consent of the Secured Party, to exercise rights to withdraw or otherwise deal with such investment property. The provisions of this paragraph shall not apply to any financial assets credited to a securities account for which the Secured Party is the securities intermediary.

4.4 **Collateral in the Possession of a Bailee.** If any Collateral is at any time in the possession of a bailee, the Debtor shall promptly notify the Secured Party thereof and, at the Secured Party's request and option, shall promptly obtain an acknowledgement from the bailee, in form and substance satisfactory to the Secured Party, that the bailee holds such Collateral for the benefit of the Secured Party, and that such bailee agrees to comply, without further consent of the Debtor, with instructions from the Secured Party as to such Collateral.

4.5 **Electronic Chattel Paper and Transferable Records.** If the Debtor at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, the Debtor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, shall take such action as the Secured Party may reasonably request to vest in the Secured Party control, under Section 9-105 of the Uniform Commercial Code, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record.

4.6 **Letter-of-Credit Rights.** If the Debtor is at any time a beneficiary under a letter of credit, the Debtor shall promptly notify the Secured Party thereof and, at the request and option of the Secured Party, the Debtor shall, pursuant to an agreement in form and substance satisfactory to the Secured Party, either (i) arrange for the issuer and any confirmer or other nominated person of such letter of credit to consent to an assignment to the Secured Party of the proceeds of the letter of credit,

or (ii) arrange for the Secured Party to become the transferee beneficiary of the letter of credit, with the Secured Party agreeing, in each case, that the proceeds of the letter to credit are to be applied.

4.7 **Commercial Tort Claims.** If the Debtor shall at any time hold or acquire a commercial tort claim, the Debtor shall immediately notify the Secured Party in a writing signed by the Debtor of the particulars thereof and grant to the Secured Party in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Secured Party.

4.8 **Other Actions as to Any and All Collateral.** The Debtor further agrees, at the request and option of the Secured Party, to take any and all other actions the Secured Party may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of the Secured Party to enforce, the Secured Party's security interest in any and all of the Collateral, including, without limitation, (a) executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the Uniform Commercial Code, to the extent, if any, that the Debtor's signature thereon is required therefor, (b) causing the Secured Party's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (c) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of the Secured Party to enforce, the Secured Party's security interest in such Collateral, (d) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Secured Party, including, without limitation, any consent of any licensor, lessor or other person obligated on Collateral, (e) obtaining waivers from mortgagees and landlords in form and substance satisfactory to the Secured Party and (f) taking all actions under any earlier versions of the Uniform Commercial Code or under any other law, as reasonably determined by the Secured Party to be applicable in any relevant Uniform Commercial Code or other jurisdiction, including any foreign jurisdiction.

5. **Relation to Other Security Documents.** The provisions of this Agreement supplement the provisions of any real estate mortgage or deed of trust granted by the Debtor to the Secured Party which secures the payment or performance of any of the Obligations. Nothing contained in any such real estate mortgage or deed of trust shall derogate from any of the rights or remedies of the Secured Party hereunder

6. **Representations and Warranties Concerning Debtor's Legal Status.** The Debtor has previously delivered to the Secured Party a certificate signed by the Debtor and entitled "Perfection Certificate" (the "Perfection Certificate"). The Debtor represents and warrants to the Secured Party as follows: (a) the Debtor's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof, (b) the Debtor is an organization of the type, and is organized in the jurisdiction set forth in the Perfection Certificate, (c) the Perfection Certificate accurately sets forth the Debtor's organizational identification number or accurately states that the Debtor has none, (d) the Perfection Certificate accurately sets forth the Debtor's place of business or, if more than one, its chief executive office, as well as the Debtor's mailing address, if different, (e) all other information set forth on the Perfection Certificate pertaining to the Debtor is accurate and complete, and (f) that there has been no change in any information provided in the Perfection Certificate since the date on which it was executed by the Debtor.

7. **Covenants Concerning Debtor's Legal Status.** The Debtor covenants with the Secured Party as follows: (a) without providing at least 30 days prior written notice to the Secured Party, the Debtor will not change its name, its place of business or, if more than one, chief executive office, or its mailing address or organizational identification number if it has one, (b) if the Debtor does not have an organizational identification number and later obtains one, the Debtor shall forthwith notify the Secured Party of such organizational identification number, and (c) the Debtor will not change its type of organization, jurisdiction of organization or other legal structure.

8. **Representations and Warranties Concerning Collateral, etc.** The Debtor further represents and warrants to the Secured Party as follows: (a) the Debtor is the owner of the Collateral, free from any right or claim or any person or any adverse lien, security interest or other encumbrance, except for the security interest created by this Agreement and other liens permitted by the Loan Agreement, (b) none of the Collateral constitutes, or is the proceeds of, "farm products" as defined in Section 9-102(a)(34) of the Uniform Commercial Code of the State, (c) none of the account debtors or other persons obligated on any of the Collateral is a governmental authority covered by the Federal Assignment of Claims Act or like federal, state or local statute or rule in respect of such Collateral, (d) the Debtor holds no commercial tort claim except as indicated on the Perfection Certificate, and (e) the Debtor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, (f) all other information set forth on the Perfection Certificate pertaining to the Collateral is accurate and complete, and (g) that there has been no change in any information provided in the Perfection Certificate since the date on which it was executed by the Debtor.

9. **Covenants Concerning Collateral, etc.** The Debtor further covenants with the Secured Party as follows: (a) the Collateral, to the extent not delivered to the Secured Party pursuant to Section 4, will be kept at those locations listed on the Perfection Certificate and the Debtor will not remove the Collateral from such locations, other than in the ordinary course of business, without providing at least thirty days prior written notice to the Secured Party, (b) except for the security interest herein granted and liens permitted by the Loan Agreement, the Debtor shall be the owner of the Collateral free from any right or claim of any other person, lien, security interest or other encumbrance, and the Debtor shall defend the same against all claims and demands of all persons at any time claiming the same or any interests therein adverse to the Secured Party, (c) the Debtor shall not pledge, mortgage or create, or suffer to exist any right of any person in or claim by any person to the Collateral, or any security interest, lien or encumbrance in the Collateral in favor of any person, other than the Secured Party except for liens permitted by the Loan Agreement, (d) the Debtor will keep the Collateral in good order and repair and will not use the same in violation of law or any policy of insurance thereon, (e) the Debtor will permit the Secured Party, or its designee, to inspect the Collateral at any reasonable time, wherever located, (f) the Debtor will pay promptly when due all taxes, assessments, governmental charges and levies upon the Collateral or incurred in connection with the use or operation of such Collateral or incurred in connection with this Agreement, (g) the Debtor will continue to operate, its business in compliance with all applicable provisions of the federal Fair Labor Standards Act, as amended, and with all applicable provisions of federal, state and local statutes and ordinances dealing with the control, shipment, storage or disposal of hazardous materials or substances, and (h) the Debtor will not sell or otherwise dispose, or offer to sell or otherwise dispose, of the Collateral or any interest therein except for dispositions permitted by the Loan Agreement.

10. **Insurance.**

10.1 **Maintenance of Insurance.** The Debtor will maintain with financially sound and reputable insurers insurance with respect to its properties and business against such casualties and contingencies as shall be in accordance with general practices of businesses engaged in similar activities in similar geographic areas. Such insurance shall be in such minimum amounts that the Debtor will not be deemed a co-insurer under applicable insurance laws, regulations and policies and otherwise shall be in such amounts, contain such terms, be in such forms and be for such periods as may be reasonably satisfactory to the Secured Party. In addition, all such insurance shall be payable to the Secured Party as loss payee. Without limiting the foregoing, the Debtor will (i) keep all of its physical property insured with casualty or physical hazard insurance on an "all risks" basis, with broad form flood and earthquake coverages and electronic data processing coverage, with a full replacement cost endorsement and an "agreed amount" clause in an amount equal to 100% of the full replacement cost of such property, (ii) maintain all such workers' compensation or similar insurance as may be required by law, and (iii) maintain, in amounts equal to those generally maintained by businesses engaged in similar activities in similar geographic areas, general public liability insurance

against claims of bodily injury, death or property damage occurring, on, in or about the properties of the Debtor; business interruption insurance; and product liability insurance.

10.2 **Insurance Proceeds.** The proceeds of any casualty insurance in respect of any casualty loss of any of the Collateral shall, subject to the rights, if any, of other parties with an interest having priority in the property covered thereby, (i) so long as no Default or Event of Default has occurred and is continuing and to the extent that the amount of such proceeds is less than \$____, be disbursed to the Debtor for direct application by the Debtor solely to the repair or replacement of the Debtor's property so damaged or destroyed, and (ii) in all other circumstances, be held by the Secured Party as cash collateral for the Obligations. The Secured Party may, at its sole option, disburse from time to time all or any part of such proceeds so held as cash collateral, upon such terms and conditions as the Secured Party may reasonably prescribe, for direct application by the Debtor solely to the repair or replacement of the Debtor's property so damaged or destroyed, or the Secured Party may apply all or any part of such proceeds to the Obligations

10.3 **Continuation of Insurance.** All policies of insurance shall provide for at least ____ days prior written cancellation notice to the Secured Party. In the event of failure by the Debtor to provide and maintain insurance as herein provided, the Secured Party may, at its option, provide such insurance and charge the amount thereof to the Debtor. The Debtor shall furnish the Secured Party with certificates of insurance and policies evidencing compliance with the foregoing insurance provision.

11. **Collateral Protection Expenses; Preservation of Collateral.**

11.1 **Expenses Incurred by Secured Party.** In the Secured Party's discretion, if the Debtor fails to do so, the Secured Party may discharge taxes and other encumbrances at any time levied or placed on any of the Collateral, maintain any of the Collateral, make repairs thereto and pay any necessary filing fees or insurance premiums. The Debtor agrees to reimburse the Secured Party on demand for all expenditures so made. The Secured Party shall have no obligation to the Debtor to make any such expenditures, nor shall the making thereof be construed as the waiver or cure of any Default or Event of Default.

11.2 **Secured Party's Obligations and Duties.** Anything herein to the contrary notwithstanding, the Debtor shall remain obligated and liable under each contract or agreement comprised in the Collateral to be observed or performed by the Debtor thereunder. The Secured Party shall not have any obligation or liability under any such contract or agreement by reason of or arising out of this Agreement or the receipt by the Secured Party of any payment relating to any of the Collateral, nor shall the Secured Party be obligated in any manner to perform any of the obligations of the Debtor under or pursuant to any such contract or agreement, to make inquiry as to the nature or sufficiency of any payment received by the Secured Party in respect of the Collateral or as to the sufficiency of any performance by any party under any such contract or agreement, to present or file any claim, to take any action to enforce any performance or to collect the payment of any amounts which may have been assigned to the Secured Party or to which the Secured Party may be entitled at any time or times. The Secured Party's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under Section 9-207 of the Uniform Commercial Code of the State or otherwise, shall be to deal with such Collateral in the same manner as the Secured Party deals with similar property for its own account.

12. **Securities and Deposits.** The Secured Party may at any time, at its option, transfer to itself or any nominee any securities constituting Collateral, receive any income thereon and hold such income as additional Collateral or apply it to the Obligations. Whether or not any Obligations are due, the Secured Party may demand, sue for, collect, or make any settlement or compromise which it deems desirable with respect to the Collateral. Regardless of the adequacy of Collateral or any other security for the Obligations, any deposits

or other sums at any time credited by or due from the Secured Party to the Debtor may at any time be applied to or set off against any of the Obligations.

13. **Notification to Account Debtors and Other Persons Obligated on Collateral.** The Debtor shall, at the request and option of the Secured Party, notify account debtors and other persons obligated on any of the Collateral of the security interest of the Secured Party in any account, chattel paper, general intangible, instrument or other Collateral and that payment thereof is to be made directly to the Secured Party or to any financial institution designated by the Secured Party as the Secured Party's agent therefor, and the Secured Party may itself, without notice to or demand upon the Debtor, so notify account debtors and other persons obligated on Collateral. After the making of such a request or the giving of any such notification, the Debtor shall hold any proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Debtor as trustee for the Secured Party without commingling the same with other funds of the Debtor and shall turn the same over to the Secured Party in the identical form received, together with any necessary endorsements or assignments. The Secured Party shall apply the proceeds of collection of accounts, chattel paper, general intangibles, instruments and other Collateral received by the Secured Party to the Obligations, such proceeds to be immediately credited after final payment in cash or other immediately available funds of the items giving rise to them.

14. **Power of Attorney.**

14.1 **Appointment and Powers of Secured Party.** The Debtor hereby irrevocably constitutes and appoints the Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of the Debtor or in the Secured Party's 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 that may be necessary or useful to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of the Debtor, without notice to or assent by the Debtor, to do the following:

(a) upon the occurrence and during the continuance of a Default or an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the Uniform Commercial Code of the State and as fully and completely as though the Secured Party were the absolute owner thereof for all purposes, and to do, at the Debtor's expense, at any time, or from time to time, all acts and things which the Secured Party deems necessary or useful to protect, preserve or realize upon the Collateral and the Secured Party's security interest therein, in order to effect the intent of this Agreement, all at least as fully and effectively as the Debtor might do, including, without limitation, (i) the filing and prosecuting of registration and transfer applications with the appropriate federal, state, local or other agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, (ii) upon written notice to the Debtor, the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Secured Party so elects, with a view to causing the liquidation of assets of the issuer of any such securities, and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral; and

(b) to the extent that the Debtor's authorization given in Section 3 is not sufficient, to file such financing statements with respect hereto, with or without the Debtor's signature, or a photocopy of this Agreement in substitution for a financing statement, as the Secured Party may deem appropriate and to execute in the Debtor's name such financing statements and amendments thereto and continuation statements which may require the Debtor's signature.

14.2 **Ratification by Debtor.** To the extent permitted by law, the Debtor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

14.3 **No Duty on Secured Party.** The powers conferred on the Secured Party hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. The Secured Party shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act, except for the Secured Party's own gross negligence or willful misconduct.

15. **Rights and Remedies.** If an Event of Default shall have occurred and be continuing, the Secured Party, without any other notice to or demand upon the Debtor have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the Uniform Commercial Code of the State and any additional rights and remedies which may be provided to a secured party in any jurisdiction in which Collateral is located, including, without limitation, the right to take possession of the Collateral, and for that purpose the Secured Party may, so far as the Debtor can give authority therefor, enter upon any premises on which the Collateral may be situated and remove the same therefrom. The Secured Party may in its discretion require the Debtor to assemble all or any part of the Collateral at such location or locations within the jurisdiction(s) of the Debtor's principal office(s) or at such other locations as the Secured Party may reasonably designate. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party shall give to the Debtor at least five Business Days prior written notice of the time and place of any public sale of Collateral or of the time after which any private sale or any other intended disposition is to be made. The Debtor hereby acknowledges that five Business Days prior written notice of such sale or sales shall be reasonable notice. In addition, the Debtor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of the Secured Party's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take immediate possession of the Collateral and to exercise its rights and remedies with respect thereto.

16. **Standards for Exercising Rights and Remedies.** To the extent that applicable law imposes duties on the Secured Party to exercise remedies in a commercially reasonable manner, the Debtor acknowledges and agrees that it is not commercially unreasonable for the Secured Party (a) to fail to incur expenses reasonably deemed significant by the Secured Party to prepare Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Collateral or to fail to remove liens or encumbrances on or any adverse claims against Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as the Debtor, for expressions of interest in acquiring all or any portion of the Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the collateral is of a specialized nature, (h) to dispose of Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure the Secured Party against risks of loss, collection or disposition of Collateral or to provide to the Secured Party a guaranteed return from the collection or disposition of Collateral, or (l) to the extent deemed appropriate by the Secured Party, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Secured Party in the collection or disposition of any of the Collateral. The Debtor acknowledges that the purpose of this Section 16

is to provide non-exhaustive indications of what actions or omissions by the Secured Party would fulfill the Secured Party's duties under the Uniform Commercial Code or other law of the State or any other relevant jurisdiction in the Secured Party's exercise of remedies against the Collateral and that other actions or omissions by the Secured Party shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this **Section 16**. Without limitation upon the foregoing, nothing contained in this **Section 16** shall be construed to grant any rights to the Debtor or to impose any duties on the Secured Party that would not have been granted or imposed by this Agreement or by applicable law in the absence of this **Section 16**.

17. **No Waiver by Secured Party, etc.** The Secured Party shall not be deemed to have waived any of its rights or remedies in respect of the Obligations or the Collateral unless such waiver shall be in writing and signed by the Secured Party. No delay or omission on the part of the Secured Party in exercising any right or remedy shall operate as a waiver of such right or remedy or any other right or remedy. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. All rights and remedies of the Secured Party with respect to the Obligations or the Collateral, whether evidenced hereby or by any other instrument or papers, shall be cumulative and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Secured Party deems expedient.

18. **Suretyship Waivers by Debtor.** The Debtor waives demand, notice, protest, notice of acceptance of this Agreement, notice of loans made, credit extended, Collateral received or delivered or other action taken in reliance hereon and all other demands and notices of any description. With respect to both the Obligations and the Collateral, the Debtor assents to any extension or postponement of the time of payment or any other indulgence, to any substitution, exchange or release of or failure to perfect any security interest in any Collateral, to the addition or release of any party or person primarily or secondarily liable, to the acceptance of partial payment thereon and the settlement, compromising or adjusting of any thereof, all in such manner and at such time or times as the Secured Party may deem advisable. The Secured Party shall have no duty as to the collection or protection of the Collateral or any income therefrom, the preservation of rights against prior parties, or the preservation of any rights pertaining thereto beyond the safe custody thereof as set forth in **Section 11.2**. The Debtor further waives any and all other suretyship defenses.

19. **Marshalling.** The Secured Party shall not be required to marshal any present or future collateral security (including but not limited to the Collateral) for, or other assurances of payment of, the Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, the Debtor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of the Secured Party's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Obligations or under which any of the Obligations is outstanding or by which any of the Obligations is secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, the Debtor hereby irrevocably waives the benefits of all such laws.

20. **Proceeds of Dispositions; Expenses.** The Debtor shall pay to the Secured Party on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by the Secured Party in protecting, preserving or enforcing the Secured Party's rights and remedies under or in respect of any of the Obligations or any of the Collateral. After deducting all of said expenses, the residue of any proceeds of collection or sale or other disposition of the Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as the Secured Party may determine, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the Uniform Commercial Code of the State, any excess shall be returned to the Debtor. In the absence of final payment and satisfaction in full of all of the Obligations, the Debtor shall remain liable for any deficiency.

21. **Overdue Amounts.** Until paid, all amounts due and payable by the Debtor hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the rate of interest for overdue principal set forth in the Loan Agreement.


22. **Governing Law; Consent to Jurisdiction.** THIS AGREEMENT IS INTENDED TO TAKE EFFECT AS A SEALED INSTRUMENT AND SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF UTAH. The Debtor agrees that any action or claim arising out of, or any dispute in connection with, this Agreement, any rights, remedies, obligations, or duties hereunder, or the performance or enforcement hereof or thereof, may be brought in the courts of the State or any federal court sitting therein and consents to the non-exclusive jurisdiction of such court and to service of process in any such suit being made upon the Debtor by mail at the address specified in Section 10.7 of the Loan Agreement. The Debtor hereby waives any objection that it may now or hereafter have to the venue of any such suit or any such court or that such suit is brought in an inconvenient court.

23. **Waiver of Jury Trial.** THE DEBTOR WAIVES ITS RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS AGREEMENT, ANY RIGHTS, REMEDIES, OBLIGATIONS, OR DUTIES HEREUNDER, OR THE PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF. Except as prohibited by law, the Debtor waives any right which it may have to claim or recover in any litigation referred to in the preceding sentence any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages. The Debtor (i) certifies that neither the Secured Party nor any representative, agent or attorney of the Secured Party has represented, expressly or otherwise, that the Secured Party would not, in the event of litigation, seek to enforce the foregoing waivers or other waivers contained in this Agreement, and (ii) acknowledges that, in entering into the Loan Agreement and the other Loan Documents to which the Secured Party is a party, the Secured Party is relying upon, among other things, the waivers and certifications contained in this Section 23.

24. **Miscellaneous.** The headings of each section of this Agreement are for convenience only and shall not define or limit the provisions thereof. This Agreement and all rights and obligations hereunder shall be binding upon the Debtor and its respective successors and assigns, and shall inure to the benefit of the Secured Party and its successors and assigns. If any term of this Agreement shall be held to be invalid, illegal or unenforceable, the validity of all other terms hereof shall in no way be affected thereby, and this Agreement shall be construed and be enforceable as if such invalid, illegal or unenforceable term had not been included herein. The Debtor acknowledges receipt of a copy of this Agreement.

IN WITNESS WHEREOF, intending to be legally bound, the Debtor has caused this Agreement to be duly executed as of the date first above written.

US OIL SANDS (UTAH) INC.
a Utah corporation

By: 
Name: D. Glen Snarr
Title: President and CFO

Accepted:

ACMO S.À R.L.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, intending to be legally bound, the Debtor has caused this Agreement to be duly executed as of the date first above written.

US OIL SANDS (UTAH), INC.
a Utah corporation

By: _____
Name: _____
Title: _____

Accepted:

ACMO S.À R.L.

By: Anchorage Capital Group, L.L.C., its Investment Manager

By:  _____

Name: Natalie Birrell

Title: Chief Operating Officer

EXHIBIT A

1. All of Debtor's leasehold interests as Lessee under those certain Utah State Mineral Leases for Bituminous – Asphaltic Sands issued by the School and Institutional Trust Lands Administration (“SITLA”) as Lessor, located in Uintah County, Utah and Grand County, Utah and more particularly described as follows:

Mineral Lease No.	Date	Description
49927 - OBA	01 June 2005 01 July 2015	T. 15 S., R. 23 E., SLB&M, Uintah County Section 26: All (640.00 Acres) Section 35: All (640.00 Acres) Section 36: N1/2, SW1/4, N1/2SE1/4, SW1/4SE1/4 (600.00 Acres)
51705-OBA	01 February 2010	T. 15 S., R. 23 E., SLB&M Section 27: NE1/4, N1/2NW1/4, SE1/4NW1/4, S1/2 Section 28: SE1/4 Section 33: NE1/4 Section 34: All
51275	01 March 2008	T. 14 S, R. 21 E., SLB&M Section 36: All (640.00 Acres)
51276	01 March 2008	T. 14 S, R. 22 E., SLB&M Section 32: All (640.00 Acres)
51277	01 March 2008	T. 15 S, R. 21 E., SLB&M Section 2: Lots 1 (36.20), 2 (36.22), 3 (36.22), 4 (36.24), S1/2N1/2, S1/2 (all)

Mineral Lease No.	Date	Description
49579 - OBA	01 January 2005 01 January 2015	T. 15.5 S, R. 24 E., SLB&M Section 32: Lots 1 and 6 (E1/2NE1/4)
49927 - OBA	01 June 2005 01 July 2015	T. 15.5 S. R.24 E, SLBM Section 31: Lots 1-6, NE1/4SW1/4, N1/2SE1/4, SE1/4SE1/4 (353.65 Acres) Section 32: Lots 2-5, SW1/4 (279.01 Acres) T. 16 S., R. 24 E., SLB&M, Section 4: Lots 3 - 7, SE1/4NW1/4, E1/2SW1/4 Section 5: Lots 1 - 6, SW1/4NW1/4, W1/2SW1/4 Section 6: Lots 1 - 7, S1/2NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4 (all) Section 7: Lots 1 and 2, NE1/4, E1/2NW1/4 Section 8: Lots 1 and 2, NW1/4, S1/2NE1/4
51999-OBA	01 July 2011	T. 16 S., R. 21 E., SLB&M

		Section 13: E1/2 Section 24: E1/2, SE1/4SW1/4 Section 25: All
52000-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 2: Lots 1 (40.16), 2 (40.19), 3 (40.23), 4 (40.26), S1/2N1/2, S1/2 (all) Section 3: Lots 1 (40.32), 2 (40.42), 3 (40.50), 4 (40.60), S1/2N1/2, S1/2 (all) Section 4: Lots 1 (40.67), 2 (40.72), 3 (40.76), 4 (40.81), S1/2N1/2, S1/2 (all)
52001-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 5: Lots 1 (40.78), 2 (40.68), 3 (40.58), 4 (40.47), S1/2N1/2, S1/2 Section 6: Lots 1 (40.37), 2 (40.25), 3 (40.14), 4 (33.67), 5 (33.88), 6 (34.14), 7 (34.39), S1/2NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4 Section 7: Lots 1 (34.53), 2 (34.55), 3 (34.57), 4 (34.59), E1/2, E1/2W1/2 Section 8: All
52002-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 10: All Section 11: All Section 13: All Section 14: All
52003-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 15: All Section 16: All Section 17: All Section 18: Lots 1 (34.65), 2 (34.76), 3 (34.86), 4 (34.96), E1/2, E1/2W1/2
52004-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 19: Lots 1 (35.03), 2 (35.05), 3 (35.07), 4 (35.09), E1/2, E1/2W1/2 Section 20: All
52005-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 21: All Section 22: All Section 27: All Section 28: All
52006-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 29: All Section 30: Lots 1 (35.11), 2 (35.12), 3 (35.14), 4 (35.15), E1/2, E1/2W1/2 Section 32: All
52007-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 23: N1/2, SW1/4, NE1/4SE1/4, W1/2SE1/4 Section 24: All Section 25: All Section 26: W1/2NE1/4, SE1/4NE1/4, W1/2, SE1/4
52008-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 33: All Section 34: All Section 35: All
52009-OBA	01 July 2011	T. 16 S., R. 23 E., SLB&M Section 16: All

		Section 17: All Section 20: NW1/4, NW1/4SW1/4, E1/2 Section 21: NW1/4
52010-OBA	01 July 2011	T. 16 S., R. 23 E., SLB&M Section 18: Lots 1 (33.76), 2 (33.85), 3 (33.93), 4 (34.02), E1/2, E1/2W1/2 Section 19: Lots 1 (34.10), 2 (34.20), 3 (34.28), 4 (34.38), NE1/4, E1/2W1/2, N1/2SE1/4 Section 30: Lot 1 (34.50), NE1/4NW1/4

2. All of Debtor's interest in SITLA ROE 6337, located in Uintah County, Utah and more particularly described as follows: SITLA temporary right-of-entry permit (ROE 6337) to continue to operate a temporary man camp located on 4.2 acres within the N2NW4 of Sec. 27, T 15S, R23E, Uintah County, Utah. . The man camp is used to support activities associated with the development of tar sands in the area, including those leased under SITLA ML 51705-OBA. The camp contains temporary housing facilities, fresh water tanks, waste water tanks, and a waste water treatment area. The term of the permit will be for a period of one year expiring May 14, 2017.

EXHIBIT B

PERMITS AND LICENSES

1. Utah Division of Water Quality
 - a. Ground Water Discharge Permit –By- Rule.
 - b. Spill Prevention, Control, and Countermeasure (SPCC) Plan

2. Utah Division of Oil, Gas and Mining
 - a. Notice of Intention to Commence Large Mining Operations, US Oil Sands (US), Inc., PR Spring Mine, M/047/0090, Uintah County, Utah.

3. Utah Division of Water Rights
 - a. Order of the State Engineer Approving Permanent Change Application Number 49-2274 9a41138)

4. Uintah County Building Permit

Exhibit “H”

THIS IS EXHIBIT "H" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13 day of September, A.D. 2017.



[Signature of Witness]

Jessica Fairman

[Print Name of Witness]



NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R06334478
Qualified in New York County
My Commission Expires Dec 21, 2019

When Recorded Return To:

Snell & Wilmer LLP
c/o Brian D. Cunningham, Esq.
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101

**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, FINANCING STATEMENT,
FIXTURE FILING AND ASSIGNMENT OF PRODUCTION**

THIS INSTRUMENT COVERS THE INTEREST OF TRUSTOR IN MINERALS OR THE LIKE (INCLUDING OIL AND GAS) BEFORE EXTRACTION AND THE SECURITY INTEREST CREATED BY THIS INSTRUMENT ATTACHES TO SUCH MINERALS AS EXTRACTED AND TO THE ACCOUNTS RESULTING FROM THE SALE THEREOF AT THE WELLHEAD. THIS INSTRUMENT COVERS THE INTEREST OF TRUSTOR IN FIXTURES AND ALSO PRODUCTS OF THE COLLATERAL.

FROM

US OIL SANDS (UTAH) INC.

(as Grantor, Debtor and Grantor)

TO

FIRST AMERICAN TITLE INSURANCE COMPANY, as Trustee for the benefit of

ACMO S.à R.L.,

(Beneficiary, Secured Party and Grantee)

January 12, 2017

For purposes of filing this Deed of Trust as a financing statement, the mailing address of Debtor is Suite 1600, 521 Third Avenue S.W., Calgary, Alberta T2P 3T3, the state of its organization is Utah, and its organizational number is 5834125-0142; the mailing address of Beneficiary is 26/28 Rue Edward Steichen, Luxembourg City, Luxembourg L-2540; and the mailing address of Trustee is

**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF
PRODUCTION, FIXTURE FILING AND FINANCING STATEMENT**

This instrument (the "Deed of Trust") dated effective as of the 12th day of January, 2017, is executed and delivered by US OIL SANDS (UTAH) INC., a Utah corporation ("Grantor"), to FIRST AMERICAN TITLE INSURANCE COMPANY, as Trustee ("Trustee"), for the benefit of ACMO S.à R.L., a *société à responsabilité limitée* formed pursuant to the laws of Luxembourg (the "Beneficiary"). The addresses of Grantor, Beneficiary and the Trustee appear in Section 7.13 of this Deed of Trust.

RECITALS

A. This Deed of Trust is executed in connection with that certain loan made by Beneficiary to US OIL SANDS INC., a corporation incorporated pursuant to the laws of the Province of Alberta ("Borrower"), in principal sum of SEVEN MILLION FIVE HUNDRED THOUSAND and No/100 Dollars (\$7,500,000.00) (the "Loan"), as evidenced by that certain Senior Secured Loan Agreement of approximately even date herewith between Borrower and Beneficiary, with Grantor as guarantor (as amended and in effect from time to time, the "Loan Agreement").

B. Pursuant to the Loan Agreement, and in consideration of Beneficiary making the Loan, the Grantor has agreed to enter into this Deed of Trust with respect to certain Collateral (as defined below) owned by Grantor and pledged as collateral security for the Borrower's obligations under the Loan Agreement.

NOW, THEREFORE, Grantor wishes to make this Deed of Trust in favor of the Trustee for the benefit of Beneficiary to secure Borrower's obligations under the Loan Agreement, and hereby agrees as follows:

ARTICLE I

Definitions

1.1 "*Collateral*" means the Realty Collateral, Personalty Collateral and Fixture Collateral.

1.2 "*Contracts*" means all contracts, agreements, exploration and development agreements, operating agreements, farm-out or farm-in agreements, sharing agreements, mineral purchase agreements, contracts for the purchase, exchange, transportation, processing or sale of Hydrocarbons, rights-of-way, easements, pipeline agreements, surface leases, equipment leases, permits, franchises, licenses, pooling or unitization agreements, and unit or pooling designations and orders now or hereafter affecting any of the Oil and Gas Properties, Operating Equipment, Fixture Operating Equipment, or Hydrocarbons now or hereafter covered hereby, or which are useful or appropriate in drilling for, producing, treating, handling, storing, transporting or marketing oil, gas or other minerals produced from any of the Oil and Gas Properties, and all as such contracts and agreements as they may be amended, restated, modified, substituted or supplemented from time-to-time.

1.3 "*Event of Default*" shall have the meaning set forth in Article V hereof.

1.4 "*Fixture Collateral*" means all of Grantor's interest now owned or hereafter acquired in and to all Fixture Operating Equipment and all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, amendments and accessions thereof, thereto or therefor.

1.5 “*Fixture Operating Equipment*” means any of the items described in the first sentence of Section 1.12 which as a result of being incorporated into realty or structures or improvements located therein or thereon, with the intent that they remain there permanently, constitute fixtures under the laws of the state in which such equipment is located.

1.6 “*Hydrocarbons*” means oil, gas, crude bitumen, coal seam gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, and all other solid, liquid and gaseous hydrocarbons produced or to be produced in conjunction therewith from a well bore and all products, by-products, and other substances derived therefrom or the processing thereof, and all other minerals and substances produced in conjunction with such substances, including sulfur, geothermal steam, water, carbon dioxide, helium, and any and all minerals, ores, or substances of value and the products and proceeds therefrom. “*Hydrocarbons*” shall also include rock or sand impregnated with asphalt or heavy oil and is synonymous with the term “tar sands”, naholite (sodium bicarbonate), dawsonite (dihydroxy sodium aluminum carbonate) or other sodium minerals found in association with tar sands deposits.

1.7 “*Lien*” shall have the meaning set forth in the Loan Agreement.

1.8 “*Loan Documents*” shall have the meaning set forth in the Loan Agreement.

1.9 “*Material Adverse Effect*” shall have the meaning set forth in the Loan Agreement.

1.10 “*Obligations*” means

(a) All principal, interest, fees, reimbursements, indemnifications, and other amounts payable by Borrower to Beneficiary under the Loan Documents, including all indebtedness evidenced by the Loan Agreement;

(b) All other indebtedness, obligations (including performance obligations), and liabilities of Borrower or any of its Subsidiaries arising under this Deed of Trust or the other Loan Documents;

(c) All other indebtedness, obligations and liabilities of any kind of Borrower owing to the Beneficiary now existing or hereafter arising under or pursuant to any Loan Document, whether fixed or contingent, joint or several, direct or indirect, primary or secondary, and regardless of how created or evidenced;

(d) All sums advanced or costs or expenses incurred by Beneficiary (whether by it directly or on its behalf by the Trustee), which are made or incurred pursuant to, or allowed by, the terms of this Deed of Trust plus interest thereon from the date of the advance or incurrence until reimbursement of Beneficiary charged at the maximum non-usurious rate permitted by applicable law;

(e) All future advances or other value, of whatever class or for whatever purpose, at any time hereafter made or given by Beneficiary to Borrower under or pursuant to any Loan Document, whether or not the advances or value are given pursuant to a commitment, whether or not the advances or value are presently contemplated by the parties hereto, and whether or not Borrower is indebted to Beneficiary at the time of such events; and

(f) All renewals, extensions, modifications, amendments, rearrangements and substitutions of all or any part of the above whether or not Borrower executes any agreement or instrument.

1.11 “*Oil and Gas Property*” or “*Oil and Gas Properties*” means (a) the oil and gas and/or oil, gas and mineral, including Hydrocarbon, leases and leasehold interests, fee mineral interests, term mineral interests, participation interests, back-in or carried working interests, rights of first refusal, options, subleases, farmouts, royalties, overriding royalties, net profits interests, production payments and similar interests or estates described in or pertaining to the lands described in Exhibit A attached hereto and made a part hereof for all purposes including the net revenue interests warranted in Exhibit A and any reversionary or carried interests relating to any of the foregoing, (b) all production units, and drilling and spacing units (and the Properties covered thereby) which may affect all or any portion of such interests including those units which may be described or referred to on Exhibit A and any units created by agreement or designation or under orders, regulations, rules or other official acts of any federal, state or other governmental body or agency having jurisdiction, (c) the surface leases, easements, rights-of-way and pipeline agreements described in Exhibit A attached hereto and made part hereof for all purposes, and all future surface leases, easements, rights-of-way and pipeline agreements that may be issued pursuant to any of the Contracts, (d) any and all non-consent interests owned or held by, or otherwise benefiting, Grantor and arising out of, or pursuant to, any of the Contracts, (e) any other interest in, to or relating to (i) all or any part of the land described in Exhibit A, the land relating to, or described in, the leases set forth in Exhibit A or in the documents described in Exhibit A, or (ii) any of the estates, property rights or other interests referred to above, (f) any instrument executed in amendment, correction, modification, confirmation, renewal or extension of the same, (g) any and all rights, titles and interests of Grantor (which are similar in nature to any of the rights, titles and interests described in (a) through (f) above) which are located on or under or which concern any Property or Properties located in counties referenced in Exhibit A hereto or counties in which a counterpart of this Deed of Trust is filed of record in the real property records of such county, and (h) all tenements, hereditaments and appurtenances now existing or hereafter obtained in connection with any of the aforesaid, including any rights arising under unitization agreements, orders or other arrangements, communitization agreements, orders or other arrangements or pooling orders, agreements or other arrangements.

1.12 “*Operating Equipment*” means all inventory, documents, chattel paper, accounts, instruments, equipment and general intangibles, whether any of the foregoing is owned now or acquired later, all accessions, additions, replacements, and substitutions relating to any of the foregoing, all records of any kind relating to any of the foregoing, surface or subsurface machinery, equipment, facilities, supplies or other Property of whatsoever kind or nature now or hereafter located on any of the Property affected by the Oil and Gas Properties which are useful for the production, treatment, storage or transportation of Hydrocarbons, including all oil wells, gas wells, water wells, injection wells, surface mines, casing, tubing, rods, pumps, pumping units and engines, steam injection equipment, christmas trees, derricks, separators, gun barrels, flow lines, pipelines, canals, tanks, gas systems (for gathering, treating and compression), water and steam systems (for treating, disposal and injection), mining equipment, including excavators and earthmovers, supplies, derricks, wells, power plants, poles, cables, wires, meters, processing plants, conveyor belts, compressors, dehydration units, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks, shipping facilities and all additions, substitutes and replacements for, and accessories and attachments to, any of the foregoing. Operating Equipment shall not include any items incorporated into realty or structures or improvements located therein or thereon in such a manner that they no longer remain personalty under the laws of the state in which such equipment is located.

1.13 “*Person*” shall have the meaning set forth in the Loan Agreement.

1.14 “*Personalty Collateral*” means all of Grantor's interest now owned or hereafter acquired in and to (a) all Operating Equipment, (b) all Hydrocarbons severed and extracted from or attributable to

the Oil and Gas Properties, including oil in tanks (including, without limitation, all “as-extracted collateral” as such term is defined in the applicable Uniform Commercial Code), (c) all accounts (including accounts resulting from the sale of Hydrocarbons at the wellhead or minehead), contract rights and general intangibles, including all accounts, contract rights and general intangibles now or hereafter arising regardless of whether any of the foregoing is in connection with the sale or other disposition of any Hydrocarbons or otherwise, including all liens security the same, (d) all accounts, contract rights and general intangibles now or hereafter arising regardless of whether any of the foregoing is in connection with or resulting from any of the Contracts, including all liens security the same, (e) all proceeds and products of the Realty Collateral and any other contracts or agreements related or pertaining thereto, (f) all information concerning the Oil and Gas Properties and all wells located thereon, including abstracts of title, title opinions, geological and geophysical information and logs (including all seismic information) lease files, well files, and other books and records (including computerized records and data), (g) any deposit or time accounts with Beneficiary or any other institution, including Grantor's operating bank account and all funds and investments therein, (h) any options or right of first refusal to acquire any Realty Collateral, (i) any and all Oil and Gas permits, licenses and approvals issued by any local, state or federal government agency, insofar as such permits are associated with the Collateral, and (j) all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, amendments and accessions of, to or for any of the foregoing, including, without limitation, all insurance and condemnation proceeds (including rights in all settlements and judgments pertaining to such condemnation proceedings) from any of the foregoing or from insurance payments from any damage or casualty pertaining to or occurring on the Oil and Gas Properties. Without limiting the foregoing, and in addition to the foregoing, Personalty Collateral shall include all of all of Grantor's present and future “Accounts,” “Cash Proceeds,” “Chattel Paper,” “Collateral,” “Deposit Accounts,” “Electronic Chattel Paper,” “Equipment,” “Fixtures,” “General Intangibles,” “Goods,” “Instruments,” “Inventory,” “Investment Property,” “Letter-of-Credit Rights,” “Noncash Proceeds,” and “Tangible Chattel Paper” (as such terms are defined in the Utah Uniform Commercial Code, Utah Code Annotated §§ 70A-1-1 *et seq*, or such other applicable Uniform Commercial Code). Personalty Collateral shall also include Grantor's interest in any titled vehicles.

1.15 “*Pledge and Security Agreement*” means that certain All Personal Property Assets Security Agreement by and between Grantor and Beneficiary, of approximately even date herewith, whereby Grantor grants, transfers, conveys, pledges and assigns its certain personal property as security for the Obligations owed to Beneficiary.

1.16 “*Property*” means any property of any kind, whether real, personal (including, but not limited to, any and all personal property rights arising under water leases, water shares and water rights), or mixed and whether tangible or intangible, that is owned by Grantor or in which Grantor has an interest.

1.17 “*Realty Collateral*” means all of Grantor's interest now owned or hereafter acquired in and to the Oil and Gas Properties, including any access rights, water, water leases, and water rights, and all unsevered and unextracted Hydrocarbons (even though Grantor's interest therein be incorrectly described in, or a description of a part or all of such interest be omitted from, Exhibit A), and all of Grantor's interest now owned or hereafter acquired in water, water leases, water shares, and water rights, including in that certain Agreement to Allocate a Portion of Water Right Number 41-3523 described in Exhibit B attached hereto (even though Grantor's interest therein be incorrectly described in, or a description of a part or all of such interest be omitted from, Exhibit B).

1.18 “*Subsidiary*” shall have the meaning set forth in the Loan Agreement.

1.19 All meanings to defined terms, unless otherwise indicated, are to be equally applicable to both the singular and plural forms of the terms defined. Article, Section, Schedule, and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Deed of Trust, unless otherwise

specified. All references to instruments, documents, contracts, and agreements are references to such instruments, documents, contracts, and agreements as the same may be amended, supplemented, and otherwise modified from time to time, unless otherwise specified. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Deed of Trust shall refer to this Deed of Trust as a whole and not to any particular provision of this Deed of Trust. As used herein, the term “including” means “including, without limitation.”.

ARTICLE II **Creation of Security**

2.1 **Conveyance and Grant of Lien.** In consideration of the advance or extension by Beneficiary to Grantor of the funds or credit constituting the Obligations, and in further consideration of the mutual covenants contained herein, Grantor, by this Deed of Trust hereby irrevocably PLEDGES, GRANTS, SELLS, TRANSFERS, ASSIGNS AND CONVEYS with a general warranty of title, for the uses, purposes and conditions hereinafter set forth all of its right, title and interest in and to the Realty Collateral, the Personalty Collateral and the Fixture Collateral unto Trustee, and to his successor or successors or substitutes in trust, with power of sale, in trust to secure the payment and performance of the Obligations for the benefit of Beneficiary.

To have and to hold the Realty Collateral, the Personalty Collateral and Fixture Collateral unto the Trustee and its successors or substitutes in trust and to its and their successors and assigns forever, together with all and singular the rights, hereditaments and appurtenances thereto in anywise appertaining or belonging, to secure payment of the Obligations and the performance of the covenants of Grantor contained in this Deed of Trust. Grantor does hereby bind itself, its successors and permitted assigns, to warrant and forever defend all and singular the Realty Collateral, the Personalty Collateral and the Fixture Collateral unto the Trustee and his successors or substitutes in trust, and their successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

2.2 **Security Interest.** For the same consideration and to further secure the Obligations, Grantor hereby grants to Beneficiary for its benefit a security interest in and to the Collateral. This Deed of Trust constitutes and shall be deemed to be a “security agreement” for all purposes of the applicable Uniform Commercial Code. Beneficiary shall be entitled to all the rights and remedies of a “secured party” under such applicable Uniform Commercial Code.

ARTICLE III **Proceeds from Production**

3.1 **Assignment of Production.**

(a) In order to further secure the Obligations, Grantor has assigned, transferred, conveyed and delivered and does hereby assign, transfer, convey and deliver unto Beneficiary, effective as of the date hereof at 7:00 a.m. Mountain Time, U.S.A., all Hydrocarbons produced from, and which are attributable to, Grantor's interest, now owned or hereafter acquired, in and to the Oil and Gas Properties, or are allocated thereto pursuant to pooling or unitization orders, agreements or designations, and all proceeds therefrom.

(b) Subject to the provisions of subsection (f) below, all parties producing, purchasing, taking, possessing, processing or receiving any production from the Oil and Gas Properties, or having in their possession any such production, or the proceeds therefrom, for which they or others are accountable to Beneficiary by virtue of the provisions of this Section 3.1, are authorized and directed by

Grantor to treat and regard Beneficiary as the assignee and transferee of Grantor and entitled in its place and stead to receive such Hydrocarbons and the proceeds therefrom.

(c) Grantor directs and instructs each of such parties to pay to Beneficiary, for its benefit, all of the proceeds of such Hydrocarbons until such time as such party has been furnished evidence that all of the Obligations have been paid and that the Lien evidenced hereby has been released; provided, however, that until Beneficiary shall have exercised the rights as herein to instruct such parties to deliver such Hydrocarbons and all proceeds therefrom directly to Beneficiary, such parties shall be entitled to deliver such Hydrocarbons and all proceeds therefrom to Grantor for Grantor's use and enjoyment, and Grantor shall be entitled to execute division orders, transfer orders and other instruments as may be required to direct all proceeds to Grantor without the necessity of joinder by Beneficiary in such division orders, transfer orders or other instruments. Grantor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may be required or desired by Beneficiary or any party in order to have said revenues and proceeds so paid to Beneficiary. None of such parties shall have any responsibility for the application of any such proceeds received by Beneficiary. Subject to the provisions of subsection (f) below, Grantor authorizes Beneficiary to receive and collect all proceeds of such Hydrocarbons.

(d) Subject to the provisions of subsection (f) below, Grantor will execute and deliver to Beneficiary any instruments Beneficiary may from time to time request for the purpose of effectuating this assignment and the payment to Beneficiary of the proceeds assigned.

(e) Neither the foregoing assignment nor the exercise by Beneficiary of any of its rights herein shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof, nor shall appointment of a receiver for the Oil and Gas Properties by any court at the request of Beneficiary or by agreement with Grantor or the entering into possession of the Oil and Gas Properties or any part thereof by such receiver be deemed to make Beneficiary a "mortgagee -in-possession" or otherwise responsible or liable in any manner with respect to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof.

(f) Notwithstanding anything to the contrary contained herein, so long as no Default or an Event of Default shall have occurred and is continuing, Grantor shall have the right to collect all revenues and proceeds attributable to the Hydrocarbons that accrue to the Oil and Gas Properties or the products obtained or processed therefrom, as well as any Liens and security interests securing any sales of said Hydrocarbons and to retain, use and enjoy same.

(g) Beneficiary may endorse and cash any and all checks and drafts payable to the order of Grantor or Beneficiary for the account of Grantor, received from or in connection with the proceeds of the Hydrocarbons affected hereby, and the same may be applied as provided herein. Beneficiary may execute any transfer or division orders in the name of Grantor or otherwise, with warranties and indemnities binding on Grantor; provided that Beneficiary shall not be held liable to Grantor for, nor be required to verify the accuracy of, Grantor's interests as represented therein.

(h) Beneficiary shall have the right at Beneficiary's election and in the name of Grantor, or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by Beneficiary in order to collect such proceeds and to protect the interests of Beneficiary or Grantor, with all costs, expenses and attorneys' fees incurred in connection therewith being paid by Grantor. In addition, should any purchaser taking production from the Oil and Gas Properties fail to pay promptly to Beneficiary in accordance with this Article, Beneficiary shall have the right to demand a change of

connection and to designate another purchaser with whom a new connection may be made without any liability on the part of Beneficiary in making such election, so long as ordinary care is used in the making thereof, and upon failure of Grantor to consent to such change of connection, the entire amount of all the Obligations may, at the option of Beneficiary, be immediately declared to be due and payable and subject to foreclosure hereunder.

(i) Without in any way limiting the effectiveness of the foregoing provisions, if Grantor receives any proceeds which under this Section 3.1 are payable to Beneficiary, Grantor shall hold the same in trust and remit such proceeds, or cause them to be remitted, immediately, to Beneficiary.

3.2 **Application of Proceeds.** All payments received by Beneficiary pursuant to this Article III attributable to the interest of Grantor in and to the Hydrocarbons shall be applied in the order set forth in the Loan Agreement.

3.3 **Grantor's Payment Duties.** Except as provided in Section 7.18 hereof, nothing contained herein will limit Grantor's absolute duty to make payment of the Obligations regardless of whether the proceeds assigned by this Article III are sufficient to pay the same, and the receipt by Beneficiary of proceeds from Hydrocarbons under this Deed of Trust will be in addition to all other security now or hereafter existing to secure payment of the Obligations.

3.4 **Liability of Beneficiary.** Beneficiary is hereby absolved from all liability for failure to enforce collection of any of such proceeds, and from all other responsibility in connection therewith except the responsibility to account to Grantor for proceeds actually received by Beneficiary.

3.5 **Actions to Effect Assignment.** Subject to the provisions of Section 3.1(f), Grantor covenants to cause all operators, pipeline companies, production purchasers and other remitters of said proceeds to pay promptly to Beneficiary the proceeds from such Hydrocarbons in accordance with the terms of this Deed of Trust, and to execute, acknowledge and deliver to said remitters such division orders, transfer orders, certificates and other documents as may be necessary, requested or proper to effect the intent of this assignment; and Beneficiary shall not be required at any time, as a condition to its right to obtain the proceeds of such Hydrocarbons, to warrant its title thereto or to make any guaranty whatsoever. In addition, Grantor covenants to provide to Beneficiary the name and address of every such remitter of proceeds from such Hydrocarbons, together with a copy of the applicable division orders, transfer orders, sales contracts and governing instruments. All expenses incurred by the Trustee or Beneficiary in the collection of said proceeds shall be repaid promptly by Grantor; and prior to such repayment, such expenses shall be a part of the Obligations secured hereby. If under any existing Contracts for the sale of Hydrocarbons, other than division orders or transfer orders, any proceeds of Hydrocarbons are required to be paid by the remitter direct to Grantor so that under such existing agreements payment cannot be made of such proceeds to Beneficiary in the absence of foreclosure, Grantor's interest in all proceeds of Hydrocarbons under such existing Contracts shall, when received by Grantor, constitute trust funds in Grantor's hands and shall be immediately paid over to Beneficiary.

3.6 **Power of Attorney.** Without limitation upon any of the foregoing, Grantor hereby designates and appoints Beneficiary as true and lawful agent and attorney-in-fact (with full power of substitution, either generally or for such periods or purposes as Beneficiary may from time to time prescribe), with irrevocable full power and authority, for and on behalf of and in the name of Grantor, to execute, acknowledge and deliver all such division orders, transfer orders, certificates and other documents of every nature, with such provisions as may from time to time, in the opinion of Beneficiary, be necessary or proper to effect the intent and purpose of the assignment contained in this Article III; and Grantor shall be bound thereby as fully and effectively as if Grantor had personally executed, acknowledged and delivered any of the foregoing orders, certificates or documents. The powers and

authorities herein conferred on Beneficiary may be exercised by Beneficiary through any person who, at the time of exercise, is the president, a senior vice president or a vice president of Beneficiary. **The power of attorney conferred by this Section 3.6 is granted for valuable consideration and coupled with an interest and is irrevocable so long as the Obligations, or any portion thereof, shall remain unpaid.** All persons dealing with Beneficiary, or any substitute, shall be fully protected in treating the powers and authorities conferred by this Section 3.6 as continuing in full force and effect until advised by Beneficiary that the Obligations are fully and finally paid.

3.7 INDEMNIFICATION. GRANTOR AGREES TO INDEMNIFY BENEFICIARY, THE TRUSTEE, AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS (COLLECTIVELY, THE "INDEMNIFIED PARTIES") FROM, AND DISCHARGE, RELEASE AND HOLD EACH OF THEM HARMLESS AGAINST ALL LOSSES, DAMAGES, CLAIMS, ACTIONS, LIABILITIES, JUDGMENTS, COSTS, ATTORNEYS' FEES OR OTHER CHARGES OF WHATSOEVER KIND OR NATURE (HEREAFTER REFERRED TO AS "CLAIMS") MADE AGAINST, IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ANY OF THEM IN ANY AS A CONSEQUENCE OF THE ASSERTION EITHER BEFORE OR AFTER THE PAYMENT IN FULL OF THE OBLIGATIONS THAT ANY OF THE INDEMNIFIED PARTIES RECEIVED HYDROCARBONS OR PROCEEDS PURSUANT TO THIS DEED OF TRUST OR PURSUANT TO ANY RIGHT TO COLLECT PROCEEDS DIRECTLY FROM ACCOUNT DEBTORS WHICH ARE CLAIMED BY THIRD PERSONS. THE INDEMNIFIED PARTIES WILL HAVE THE RIGHT TO EMPLOY ATTORNEYS AND TO DEFEND AGAINST ANY SUCH CLAIMS AND UNLESS FURNISHED WITH REASONABLE INDEMNITY, THE INDEMNIFIED PARTIES WILL HAVE THE RIGHT TO PAY OR COMPROMISE AND ADJUST ALL SUCH CLAIMS. GRANTOR WILL INDEMNIFY AND PAY TO THE INDEMNIFIED PARTIES ALL SUCH AMOUNTS AS MAY BE PAID IN RESPECT THEREOF, OR AS MAY BE SUCCESSFULLY ADJUDICATED AGAINST ANY OF THE INDEMNIFIED PARTIES. THE INDEMNITY UNDER THIS SECTION SHALL APPLY TO CLAIMS ARISING OR INCURRED BY REASON OF THE PERSON BEING INDEMNIFIED'S OWN NEGLIGENCE BUT SHALL NOT APPLY TO CLAIMS ARISING OR INCURRED BY REASON OF THE PERSON BEING INDEMNIFIED'S OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE LIABILITIES OF GRANTOR AS SET FORTH IN THIS SECTION 3.7 SHALL SURVIVE THE TERMINATION OF THIS DEED OF TRUST.

ARTICLE IV **Grantor's Warranties and Covenants**

4.1 Payment of Obligations. Grantor covenants that Grantor shall timely pay and perform the Obligations secured by this Deed of Trust.

4.2 Notice of Default and Beneficiary's Right to Cure. Grantor covenants that Grantor shall, within 15 days of the receipt thereof, provide Beneficiary written notice of any default notice Grantor receives in connection with the Collateral, and Beneficiary reserves the right to cure such default on behalf of Grantor. All costs and expenses incurred by Beneficiary pursuant to this Section 4.2 shall be paid by Grantor on demand plus interest thereon from the date of the advance by Beneficiary until reimbursement of Beneficiary at the maximum non-usurious rate permitted by applicable law.

4.3 Representations and Warranties. Grantor represents and warrants as follows:

(a) *Title to Collateral.* Grantor has good and marketable title to the Collateral free from all Liens, claims, security interests or other encumbrances. As applicable, the descriptions set forth in Exhibit A of the quantum and nature of the interests of Grantor in and to the Oil and Gas Properties include the entire interests of Grantor in the Oil and Gas Properties and are complete and accurate in all respects. There are no "back-in" or "reversionary" interests held by third parties which could reduce the interests of Grantor in the Oil and Gas Properties except as set forth on Exhibit A. No operating or other agreement to which Grantor is a party or by which Grantor is bound affecting any part of the Collateral

requires Grantor to bear any of the costs relating to the Collateral greater than the leasehold interest of Grantor in such portion of the Collateral, except in the event Grantor is obligated under an operating agreement to assume a portion of a defaulting party's share of costs.

(b) *Status of Leases, Term Mineral Interests and Contracts.* All of the leases and term mineral interests in the Oil and Gas Properties are valid, subsisting and in full force and effect, and Grantor has no knowledge that a default exists under any of the terms or provisions, express or implied, of any of such leases or interests or under any agreement to which the same are subject. All of the Contracts and obligations of Grantor that relate to the Oil and Gas Properties are in full force and effect and constitute legal, valid and binding obligations of Grantor and the other parties thereto. Neither Grantor nor, to the knowledge of Grantor, any other party to any leases or term mineral interests in the Oil and Gas Properties or any Contract (A) is in breach of or default, or with the lapse of time or the giving of notice, or both, would be in breach or default, with respect to any obligations thereunder, whether express or implied, or (B) has given or threatened to give notice of any default under or inquiry into any possible default under, or action to alter, terminate, rescind or procure a judicial reformation of, any lease in the Oil and Gas Properties or any Contract.

(c) *Production Burdens, Taxes, Expenses and Revenues.* All rentals, royalties, overriding royalties, shut-in royalties and other payments due under or with respect to the Oil and Gas Properties have been properly and timely paid. All taxes have been properly and timely paid. All expenses payable under the terms of the Contracts have been properly and timely paid except for such expenses being contested in good faith by appropriate proceedings, and for which reserves shall have been made therefore and except for such expenses as are being currently paid prior to delinquency in the ordinary course of business. Grantor's ownership of the Hydrocarbons and any undivided interests therein as specified on attached Exhibit A will, after giving full effect to all Liens permitted hereby and after giving full effect to the agreements or instruments set forth on Exhibit A and any other instruments or agreements affecting Grantor's ownership of the Hydrocarbons, afford Grantor not less than those net interests (expressed as a fraction, percentage or decimal) in the production from or which is allocated to such Hydrocarbons specified as net revenue interest on attached Exhibit A and will cause Grantor to bear not more than that portion (expressed as a fraction, percentage or decimal), specified as working interest on attached Exhibit A, of the costs of drilling, developing and operating the wells identified on Exhibit A.

(d) *Pricing.* Where applicable, all of the wells located on the Oil and Gas Properties and production of Hydrocarbons therefrom have been properly permitted and classified under appropriate governmental regulations, whether federal, state or local.

(e) *Gas Regulatory Matters.* Grantor has filed with the appropriate state and federal agencies all necessary rate and collection filings and all necessary applications for well determinations under the Natural Gas Act of 1938, as amended, the Natural Gas Policy Act of 1978, as amended, and the rules and regulations of the Federal Energy Regulatory Commission (the "FERC") thereunder, and each such application has been approved by or is pending before the appropriate state or federal agency.

(f) *Production Balances.* Except as set forth below, none of the purchasers under any production sales contracts are entitled to "make-up" or otherwise receive deliveries of Hydrocarbons at any time after the date hereof without paying at such time the full contract price therefor. Except as set forth below, no person is entitled to receive any portion of the interest of Grantor in any Hydrocarbons or to receive cash or other payments to "balance" any disproportionate allocation of Hydrocarbons under any operating agreement, gas balancing and storage agreement, gas processing or dehydration agreement, or other similar agreements.

(g) *Drilling Obligations.* There are no obligations under any Oil and Gas Property or Contract which require the drilling of additional wells or operations to earn or to continue to hold any of the Oil and Gas Properties in force and effect.

(h) *Compliance With Laws.* All wells on or attributable to the Oil and Gas Properties have been drilled, completed and operated, and all production therefrom has been accounted for and paid to the persons entitled thereto, in compliance with all applicable federal, state and local laws and applicable rules and regulations of the federal, state and local regulatory authorities having jurisdiction thereof.

(i) *Regulatory Filings and Compliance.* All necessary regulatory filings have been properly made, and all regulatory (including environmental) processes have been complied with, in connection with the drilling, completion and operation of the wells on or attributable to the Oil and Gas Properties, the issuance of all rights of ways and other surfaces uses necessary for the exploration, development and transportation to and from such wells, and all other operations related thereto.

(j) *Refund Obligations.* Grantor has not collected any proceeds from the sale of Hydrocarbons produced from the Oil and Gas Properties which are subject to any refund obligation.

(k) *Grantor's Address.* The address of Grantor's place of business, residence, chief executive office and office where Grantor keeps its records concerning accounts, contract rights and general intangibles is as set forth in Section 7.13, and there has been no change in the location of Grantor's place of business, residence, chief executive office and office where it keeps such records and no change of Grantor's name during the four months immediately preceding the date of this Deed of Trust. Grantor hereby represents and warrants that Grantor's entity registration number is 5834125-0142, the state of its formation is Utah and the correct spelling of Grantor's name is as set forth in its signature block below.

4.4 **Further Assurances.**

(a) Grantor covenants that Grantor shall execute and deliver such other and further instruments, and shall do such other and further acts as in the opinion of Beneficiary may be necessary or desirable to carry out more effectively the purposes of this Deed of Trust, including without limiting the generality of the foregoing, (i) prompt correction of any defect in the execution or acknowledgment of this Deed of Trust, any written instrument comprising part or all of the Obligations, or any other document used in connection herewith; (ii) prompt correction of any defect which may hereafter be discovered in the title to the Collateral; (iii) prompt execution and delivery of all division or transfer orders or other instruments which in Beneficiary's opinion are required to transfer to Beneficiary, for its benefit, the assigned proceeds from the sale of Hydrocarbons from the Oil and Gas Properties; and (iv) prompt payment when due and owing of all taxes, assessments and governmental charges imposed on this Deed of Trust, upon the interest of Beneficiary or the Trustee or upon the income and profits from any of the above.

(b) Grantor covenants that Grantor shall maintain and preserve the Lien and security interest herein created as an Acceptable Security Interest so long as any of the Obligations remain unpaid.

(c) Grantor shall immediately notify Beneficiary of any discontinuance of or change in the address of Grantor's place of business, residence, chief executive office or office where it keeps records concerning accounts, contract rights and general intangibles.

(d) Grantor shall not amend, supplement, modify or restate their articles or certificate of incorporation, bylaws, limited liability company agreements, or other equivalent organizational documents, or amend its name or change its jurisdiction of incorporation, organization or formation without prior written notice to, and prior consent of, the Beneficiary.

4.5 **Operation of Oil and Gas Properties.** As long as any of the Obligations remain unpaid or unsatisfied, and whether or not Grantor is the operator of the Oil and Gas Properties, Grantor shall (at Grantor's own expense):

(a) not enter into any operating agreement, contract or agreement which materially adversely affects the Collateral;

(b) do all things necessary and within the reasonable control of Grantor to keep, or cause to be kept, in full force and effect the Oil and Gas Properties and other Contracts, and Grantor's interests therein;

(c) neither abandon, forfeit, surrender, release, sell, assign, sublease, farmout or convey, nor agree to sell, assign, sublease, farmout or convey, nor mortgage or grant security interests in, nor otherwise dispose of or encumber any of the Collateral or any interest therein, without the express written consent of Beneficiary;

(d) cause the Collateral to be maintained, developed and protected against drainage and continuously operated for the production and marketing of Hydrocarbons in a good and workmanlike manner as a prudent operator would in accordance with (i) generally accepted practices, (ii) applicable oil and gas leases and Contracts, and (iii) all applicable federal, state and local laws, rules and regulations;

(e) promptly pay or cause to be paid when due and owing (i) all rentals and royalties payable in respect of the Collateral; (ii) all expenses incurred in or arising from the operation or development of the Collateral, including all of Grantor's share of any participation costs in any wells or leases; (iii) all taxes, assessments and governmental charges imposed upon the Collateral, upon the income and profits from any of the Collateral, or upon Beneficiary because of its interest therein; and (iv) all local, state and federal taxes, payments and contributions for which Grantor may be liable; and indemnify Beneficiary and Trustee from all liability in connection with any of the foregoing;

(f) promptly take all action necessary to enforce or secure the observance or performance of any term, covenant, agreement or condition to be observed or performed by third parties under any Contract, or any part thereof, or to exercise any of its rights, remedies, powers and privileges under any Contract, all in accordance with the respective terms thereof;

(g) cause the Operating Equipment and the Fixture Operating Equipment to be kept in good and effective operating condition, and cause to be made all repairs, renewals, replacements, additions and improvements thereof or thereto, necessary or appropriate in connection with the production of Hydrocarbons from the Oil and Gas Properties;

(h) permit and do all things necessary or proper to enable the Trustee and Beneficiary (through any of their respective agents and employees) to enter upon the Oil and Gas Properties for the purpose of investigating and inspecting the condition and operations of the Collateral;

(i) cause the Collateral to be kept free and clear of Liens, charges, security interests and encumbrances of every character other than the Liens and security interests created and assigned by this Deed of Trust;

(j) carry and maintain insurance which is customary in the industry and is required by Beneficiary from time to time;

(k) furnish to Beneficiary, upon request, copies of any Contracts; and

(l) promptly perform all covenants express or implied in any Contract.

4.6 Recording. Grantor shall take such steps as the Grantor may request to record, register, deposit and file this Deed of Trust and every other instrument in addition or supplement hereto, including applicable financing statements, in such offices and places within the state where the Collateral is located and in the state where the Grantor is registered as an entity, and at such times and as often as may be necessary to preserve, protect and renew the Lien and security interest herein created as a perfected first priority security interest on real or personal property as the case may be, and otherwise shall do and perform all matters or things necessary or expedient to be done or observed by reason of any legal requirement for the purpose of effectively creating, perfecting, maintaining and preserving the Lien and security interest created hereby in and on the Collateral.

4.7 Records, Statements and Reports. Grantor shall keep proper books of record and account in which complete and correct entries shall be made of Grantor's transactions and shall furnish or cause to be furnished to Beneficiary the following reports:

(a) **Annual Financials.** Upon the written request of Beneficiary, Grantor shall provide Beneficiary with: (i) a copy of the Grantor's balance sheets as of the end of the most recent fiscal year and Grantor's statements of income, cash flows, and retained earnings, in each case, if requested by Beneficiary, certified by independent certified public accountants reasonably acceptable to Beneficiary and including any management letters delivered by such accountants to the Grantor in connection with such audit, (B) a certificate of such accounting firm to the Beneficiary stating that, in the course of the regular audit of the business of Grantor, if any, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Default in financial covenant compliance has occurred and is continuing, or if, in the opinion of such accounting firm, a Default in financial covenant compliance has occurred and is continuing, a statement as to the nature thereof, and (C) a Compliance Certificate executed by a responsible officer of the Grantor; and (ii) a copy of the unaudited annual consolidating financial statements of each of its Subsidiaries, if any, including therein such Subsidiary's balance sheet and statements of income, cash flows, and retained earnings for such fiscal year.

(b) **Production Reports.** Grantor shall provide to Beneficiary, all production reports pertaining to the Collateral, in such form and content as reasonably required by Beneficiary.

(c) **Environmental Notices.** Promptly upon the receipt thereof by the Grantor or any of its Subsidiaries, a copy of any form of request, notice, summons or citation received from the Environmental Protection Agency, or any other Governmental Authority, concerning (i) violations or alleged violations of Environmental Laws, which seeks to impose liability therefor and could reasonably be expected to cause a Material Adverse Effect, (ii) any action or omission on the part of the Grantor or any Subsidiary or any of their former Subsidiaries in connection with Hazardous Waste or Hazardous Substances which could reasonably result in the imposition of liability therefor that could reasonably be expected to cause a Material Adverse Effect, including any information request related to, or notice of, potential responsibility under CERCLA, or (iii) concerning the filing of a Lien upon, against or in connection with the Grantor or any Subsidiary or their former Subsidiaries, or any of their leased or owned Property, wherever located. "Governmental Authority" means, as to any Person, in connection

with any subject, any foreign, United States federal, state or provincial governmental authority, or any political subdivision of any state thereof, or any agency, department, commission, board, authority or instrumentality, bureau or court, in each case having jurisdiction over such Person or such Person's property in connection with such subject. "Environmental Law" means, as to the Grantor or its Subsidiaries, all Legal Requirements or common law theories applicable to the Grantor or its Subsidiaries arising from, relating to, or in connection with the environment, health, or safety, including CERCLA, relating to (a) pollution, contamination, injury, destruction, loss, protection, cleanup, reclamation or restoration of the air, surface water, groundwater, land surface or subsurface strata, or other natural resources; (b) solid, gaseous or liquid waste generation, treatment, processing, recycling, reclamation, cleanup, storage, disposal or transportation; (c) exposure to pollutants, contaminants, hazardous, medically infectious, or toxic substances, materials or wastes; (d) the safety or health of employees; or (e) the manufacture, processing, handling, transportation, distribution in commerce, use, storage or disposal of hazardous, medically infectious, or toxic substances, materials or wastes. "Hazardous Substance" means the substances identified as such pursuant to CERCLA and those regulated under any other Environmental Law, including pollutants, contaminants, petroleum, petroleum products, radionuclides, radioactive materials, and medical and infectious waste. "Hazardous Waste" means the substances regulated as such pursuant to any Environmental Law. "Legal Requirement" means, as to any Person, any law, statute, ordinance, decree, requirement, order, judgment, rule, regulation (or official interpretation of any of the foregoing) of, and the terms of any license or permit issued by, any Governmental Authority.

(d) Other Governmental Notices. Promptly and in any event within five business days after receipt thereof by the Grantor or any Subsidiary, a copy of any notice, summons, citation, or proceeding from any Governmental Authority seeking to modify in any material respect, revoke, or suspend any material contract or agreement with, or any license or permit from, any Governmental Authority;

(e) Disputes, Etc. Prompt written notice of (i) any claims, legal or arbitration proceedings, proceedings before any Governmental Authority, or disputes concluded or then pending, or threatened, against the Grantor, or any of its Subsidiaries or adversely affecting any of the Grantor's or its Subsidiaries' properties, which the Grantor or any of its Subsidiaries has knowledge of and which, could reasonably be expected to cause a Material Adverse Effect, (ii) any material labor controversy of which the Grantor or any of its Subsidiaries has knowledge resulting in or reasonably considered to be likely to result in a strike against the Grantor or any of its Subsidiaries, and (iii) any claim, judgment, Lien or other encumbrance (other than a Permitted Lien) affecting any Property of the Grantor or any Subsidiary of which the Grantor or any of its Subsidiaries has knowledge and the value of such claim, judgment, Lien, or other encumbrance affecting such Property shall exceed \$100,000;

(f) Other Accounting Reports. Promptly upon receipt thereof, a copy of each other report or letter submitted to the Grantor or any Subsidiary by independent accountants in connection with any annual, interim or special audit made by them of the books of the Grantor and its Subsidiaries, and a copy of any response by the Grantor or any Subsidiary of the Grantor, or the applicable governing body of the Grantor or any Subsidiary of the Grantor, to such letter or report;

(g) Other Information. Such other information respecting the business or Properties, or the condition or operations, financial or otherwise, of the Grantor or any of its Subsidiaries, as the Beneficiary may from time to time reasonably request.

4.8 Insurance. To the extent that insurance is carried by a third-party operator on behalf of Grantor, upon request by Beneficiary, Grantor shall obtain and provide Beneficiary with copies of certificates of insurance showing Grantor as a named insured. Grantor hereby assigns to Beneficiary for

its benefit any and all monies that may become payable under any such policies of insurance by reason of damage, loss or destruction of any of the Collateral and Beneficiary may receive such monies and apply all or any part of the sums so collected, at its election, toward payment of the Obligations, whether or not such Obligations are then due and payable, in such manner as Beneficiary may elect. Any insurance proceeds received by Grantor and due to Beneficiary shall be held in trust for the benefit of Beneficiary, shall be segregated from other funds of Grantor and shall be forthwith paid over to Beneficiary.

4.9 Security Interest in Personalty Collateral.

(a) Grantor agrees, at the request and option of Beneficiary, to take any and all actions Beneficiary may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of Beneficiary to enforce, Beneficiary's security interest in any and all of the Personalty Collateral, including, without limitation, (a) causing Beneficiary's name to be noted as Beneficiary on any certificate of title for the Personalty Collateral or any portion thereof if such notation is a condition to attachment, perfection or priority of, or ability of Beneficiary to enforce, Beneficiary's security interest in such Personalty Collateral, (b) complying with any provision of any statute, regulation or treaty of any State or the United States as to any Personalty Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Beneficiary to enforce, Beneficiary's security interest in such Personalty Collateral, (c) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Beneficiary, including, without limitation, any consent of any licensor, lessor or other person obligated on Personalty Collateral, and (d) obtaining consents, acknowledgements, agreements or waivers from third parties to any material Contracts in form and substance satisfactory to Beneficiary.

(b) Financing Statements. Grantor hereby irrevocably authorizes Beneficiary at any time and from time to time to file or record in any filing office in any Uniform Commercial Code jurisdiction, or in any county recorder's office or other public office for recording of public land records, any initial financing statements and amendments thereto that (a) indicate the Personalty Collateral: (i) as "all assets" of Grantor or words of similar effect, regardless of whether any particular asset comprised in the Personalty Collateral falls within the scope of Article 9 of such applicable the Uniform Commercial Code, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by Part 5 of Article 9 of such applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (1) whether Grantor is an organization, the type of organization and any organization identification number issued to Grantor, and (2) in the case of a financing statement filed as a fixture filing or indicating Personalty Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Personalty Collateral relates. Grantor agrees to furnish any such information to Beneficiary promptly upon request. Grantor also ratifies its authorization for Beneficiary to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof. Beneficiary is fully authorized to file, record, or otherwise utilize such documents as it deems necessary to perfect and/or enforce any security interest or lien granted hereunder. Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Beneficiary and agrees that it will not do so without the prior written consent of Beneficiary, subject to Grantor's rights under Section 9-509(4)(b) of the Utah Uniform Commercial Code (or such other applicable Uniform Commercial Code jurisdiction). Grantor will pay the cost of recording and filing the same in all public offices wherever recording or filing is deemed by Beneficiary to be necessary or desirable.

(c) Appointment and Powers of Beneficiary.

(i) Grantor hereby irrevocably constitutes and appoints Beneficiary and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Grantor or in Beneficiary's own name, for the purpose of carrying out the terms of this Deed of Trust, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Deed of Trust and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of Grantor, without notice to or assent by Grantor, to do the following:

(A) upon the occurrence and during the continuance of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Personalty Collateral in such manner as is consistent with the applicable Uniform Commercial Code and as fully and completely as though Beneficiary were the absolute owner thereof for all purposes, and to do, at Grantor's expense, at any time, or from time to time, all acts and things which Beneficiary deems necessary or useful to protect, preserve or realize upon the Personalty Collateral and Beneficiary's security interest therein, in order to effect the intent of this Deed of Trust, all at least as fully and effectively as Grantor might do, including, without limitation, the filing and prosecuting of registration and transfer applications with the appropriate federal, state, local or other agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, upon written notice to Grantor, the exercise of voting rights with respect to voting securities, which rights may be exercised, if Beneficiary so elects, with a view to causing the liquidation of assets of the issuer of any such securities, and the execution, delivery and recording, in connection with any sale or other disposition of any Personalty Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Personalty Collateral; and

(B) to the extent that Grantor's authorization given above is not sufficient, to file such financing statements with respect hereto, with or without Grantor's signature, or a photocopy of this Deed of Trust in substitution for a financing statement, as Beneficiary may deem appropriate and to execute in Grantor's name such financing statements and amendments thereto and continuation statements which may require Grantor's signature.

(ii) Ratification by Grantor. To the extent permitted by law, Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

(iii) No Duty on Beneficiary. The powers conferred on Beneficiary hereunder are solely to protect its interests in the Personalty Collateral and shall not impose any duty upon it to exercise any such powers. Beneficiary shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Grantor for any act or failure to act, except for Beneficiary's own gross negligence or willful misconduct.

(d) None of the Personalty Collateral constitutes, or is the proceeds of, "farm products" as defined in Section 9-102(a)(34) of the Uniform Commercial Code. Grantor holds no commercial tort claims with respect to the Property. Grantor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act.

ARTICLE V
Default

5.1 **Events of Default.** An “Event of Default” hereunder shall mean any Event of Default as described in the Loan Agreement, and the violation of any of the covenants, terms, and conditions contained in this Deed of Trust.

5.2 **Acceleration Upon Default.** Upon the occurrence of any Event of Default, or at any time thereafter, Beneficiary may declare the entire unpaid principal of, and the interest accrued on, and all other amounts owed in connection with, the Obligations to be forthwith due and payable, whereupon the same shall become immediately due and payable without any protest, presentment, demand, notice of intent to accelerate, notice of acceleration or further notice of any kind, all of which are hereby expressly waived by Grantor. Whether or not Beneficiary elects to accelerate as herein provided, Beneficiary may simultaneously, or thereafter, without any further notice to Grantor, exercise any other right or remedy provided in this Deed of Trust or otherwise existing under any other Loan Documents.

ARTICLE VI
Beneficiary's Rights

6.1 **Rights to Realty Collateral Upon Default.**

(a) *Operation of Property by Beneficiary.* Upon the occurrence of an Event of Default or at any time thereafter, and in addition to all other rights of Beneficiary, Beneficiary shall have the following rights and powers (but no obligation):

(i) To enter upon and take possession of any of the Realty Collateral and exclude Grantor therefrom;

(ii) To hold, use, administer, manage and operate the Realty Collateral to the extent that Grantor could do so, and without any liability to Grantor in connection with such operations; and

(iii) To the extent that Grantor could do so, to collect, receive and receipt for all Hydrocarbons produced and sold from the Realty Collateral, to make repairs, to purchase machinery and equipment, to conduct workover operations, to drill additional wells, and to exercise every power, right and privilege of Grantor with respect to the Realty Collateral.

Beneficiary may designate any person, firm, corporation or other entity to act on its behalf in exercising the foregoing rights and powers. When and if the expenses of such operation and development (including costs of unsuccessful workover operations or additional wells) have been paid, and the Obligations have been paid, the Realty Collateral shall be returned to Grantor (providing there has been no foreclosure sale).

(b) *Judicial Proceedings.* Upon the occurrence of an Event of Default or at any time thereafter, the Trustee and/or Beneficiary, in lieu of or in addition to exercising the power of sale hereafter given, may proceed by a suit or suits, in equity or at law (i) for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, (ii) for the appointment of a receiver whether there is then pending any foreclosure hereunder or the sale of the Realty Collateral, or (iii) for the enforcement of any other appropriate legal or equitable remedy; and further, in lieu of the non-judicial power of sale hereafter given for Collateral, the Trustee may proceed by suit for a sale of the Realty Collateral as a mortgage.

(c) After the lapse of such time as may then be required by *Utah Code Annotated* § 57-1-24 or other applicable law following the recordation of the notice of default, and notice of default and notice of sale having been given as then required by *Utah Code Annotated* § 57-1-25 and § 57-1-26 or other applicable law, Trustee, without demand on Grantor, shall sell the Realty Collateral (and any Fixture Collateral) on the date and at the time and place designated in the notice of sale, in such order as Beneficiary may determine (but subject to Grantor's statutory right under *Utah Code Annotated* § 57-1-27 to direct the order in which the property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale or on such other terms as are set forth in the notice of sale. The person conducting the sale may, for any cause deemed expedient, postpone the sale from time to time until it shall be completed and, in every such case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; *provided*, if the sale is postponed for longer than forty-five (45) days beyond the date designated in the notice of sale, notice of the time, date, and place of sale shall be given in the same manner as the original notice of sale as required by *Utah Code Annotated* § 57-1-27. Trustee shall execute and deliver to the purchaser a Trustee's Deed, in accordance with *Utah Code Annotated* § 57-1-28, conveying the Property so sold, but without any covenant of warranty, express or implied. The recitals in the Trustee's Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale as follows:

First: To the costs and expenses of exercising the power of sale and of the sale, including the payment of Trustee's and attorneys' fees actually incurred not to exceed the amount which may be provided for in the trust deed.

Second: To payment of the obligations secured by the trust deed.

Third: The balance, if any, to the person or person's legally entitled to the proceeds, or Trustee, in the Trustee's discretion, may deposit the balance of the proceeds with the clerk of the district court of the county in which the sale took place, in accordance with *Utah Code Annotated* § 57-1-29.

Upon any sale made under or by virtue of this subsection (c), whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, the Beneficiary may bid for and acquire the Property, whether by payment of cash or by credit bid in accordance with *Utah Code Annotated* § 57-1-28(1)(b). In the event of a successful credit bid, Beneficiary shall make settlement for the purchase price by crediting upon the Obligations of Grantor secured by this Deed of Trust such credit bid amount. Beneficiary, upon so acquiring the Property or any part thereof, shall be entitled to hold, lease, rent, operate, manage, and sell the same in any manner provided by applicable laws.

(d) *Credit Bids.* For purposes of *Utah Code Annotated* Section 57-1-28, Grantor agrees that all default interest, late charges, any prepayment premium, swap contract breakage fees and similar amounts, if any, owing from time to time under the Loan Agreement shall constitute a part of and be entitled to the benefits of Lender's lien upon the Realty Collateral, and (ii) Lender may add all default interest, late charges, any prepayment premium, swap contract breakage fees and similar amounts owing from time to time under the Loan Agreement to the principal balance of the Loan, and in either case Lender may include the amount of all unpaid late charges in any credit bid Lender may make at a foreclosure sale of the Realty Collateral pursuant to this Deed of Trust.

(e) *Changes in Law.* In the event of any amendment to the provisions of *Utah Code Annotated* Title 57 or other provisions of *Utah Code Annotated* referenced in this Deed of Trust, this Deed of Trust shall, at the sole election of Lender, be deemed amended to be consistent with such amendments or Lender may elect not to give effect to such deemed amendments hereto if permitted by applicable law.

(f) *Real and Personal Property.* It is the express understanding and intent of the parties that as to any personal property interests subject to Article 9a of the Utah Uniform Commercial Code, Lender, upon an Event of Default, may proceed under the Utah Uniform Commercial Code or may proceed as to both real and personal property interests in accordance with the provisions of this Deed of Trust and its rights and remedies in respect of real property, and treat both real and personal property interests as one parcel or package of security as permitted by *Utah Code Annotated* § 70A-9a-601 or other applicable law, and further may sell any shares of corporate stock evidencing water rights in accordance with *Utah Code Annotated* § 57-1-30 or other applicable law.

(g) *Deficiency.* Grantor agrees to pay any deficiency arising from any cause, to which Beneficiary or Lender may be entitled after applications of the proceeds of any sale, Beneficiary may commence suit to collect such deficiency in accordance with *Utah Code Annotated* § 57-1-32 or other applicable law.

(h) *Reinstatement.* If Grantor, Grantor's successor interest or any other person having a subordinate lien or encumbrance of record on the Property, reinstates this Deed of Trust and the Loan with three (3) months of the recordation of a notice of default in accordance with *Utah Code Annotated* § 57-1-31(1), such party shall pay to Beneficiary the reasonable cancellation fee contemplated by *Utah Code Annotated* § 57-1-31-(2), as delivered by Beneficiary, in accordance with its then current policies and procedures, whereupon Trustee shall record a notice of cancellation of the pending sale.

(i) *Certain Aspects of Sale.* Beneficiary will have the right to become the purchaser at any foreclosure sale and to credit the then outstanding balance of the Obligations against the amount payable by Beneficiary as purchaser at such sale. Statements of fact or other recitals contained in any conveyance to any purchaser or purchasers at any sale made hereunder will conclusively establish the occurrence of an Event of Default, any acceleration of the maturity of the Obligations, the advertisement and conduct of such sale in the manner provided herein, the appointment of any successor-Trustee hereunder and the truth and accuracy of all other matters stated therein. Grantor does hereby ratify and confirm all legal acts that the Trustee may do in carrying out the Trustee's duties and obligations under this Deed of Trust, and Grantor hereby irrevocably appoints Beneficiary to be the attorney-in-fact of Grantor and in the name and on behalf of Grantor to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices which Grantor ought to execute and deliver and do and perform any and all such acts and things which Grantor ought to do and perform under the covenants herein contained and generally to use the name of Grantor in the exercise of all or any of the powers hereby conferred on Trustee. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for Trustee or any public officer acting under execution or by order of court, to have physically present or constructively in his possession any of the Collateral, and Grantor hereby agrees to deliver to the purchaser or purchasers at such sale on the date of sale the Collateral purchased by such purchasers at such sale and if it should be impossible or impracticable to make actual delivery of such Collateral, then the title and right of possession to such Collateral shall pass to the purchaser or purchasers at such sale as completely as if the same had been actually present and delivered.

(j) *Receipt to Purchaser.* Upon any sale made under the power of sale herein granted, the receipt of the Trustee will be sufficient discharge to the purchaser or purchasers at any sale

for its purchase money, and such purchaser or purchasers, will not, after paying such purchase money and receiving such receipt of the Trustee, be obligated to see to the application of such purchase money or be responsible for any loss, misapplication or non-application thereof.

(k) *Effect of Sale.* Any sale or sales of the Realty Collateral will operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Grantor in and to the premises and the Realty Collateral (and any Fixture Collateral) sold, and will be a perpetual bar, both at law and in equity, against Grantor, Grantor's successors or assigns, and against any and all persons claiming or who shall thereafter claim all or any of the Realty Collateral (and any Fixture Collateral) sold by, through or under Grantor, or Grantor's successors or assigns. Nevertheless, if requested by the Trustee so to do, Grantor shall join in the execution and delivery of all proper conveyances, assignments and transfers of the Property so sold. The purchaser or purchasers at the foreclosure sale will receive as incident to his, her, its or their own ownership, immediate possession of the Realty Collateral (and any Fixture Collateral) purchased and Grantor agrees that if Grantor retains possession of the Realty Collateral (and any Fixture Collateral) or any part thereof subsequent to such sale, Grantor will be considered a tenant at sufferance of the purchaser or purchasers and will be subject to eviction and removal by any lawful means, with or without judicial intervention, and all damages by reason thereof are hereby expressly waived by Grantor.

(l) *Grantor's Waiver of Appraisal and Marshalling.* Grantor agrees, to the full extent that Grantor may lawfully so agree, that Grantor will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisal, valuation, stay, extension or redemption law, now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, the absolute sale of the Collateral, including the Realty Collateral (or any Fixture Collateral), or the possession thereof by any purchaser at any sale made pursuant to this Deed of Trust or pursuant to the decree of any court of competent jurisdiction; and Grantor, for Grantor and all who may claim through or under Grantor, hereby waives the benefit of all such laws and, to the extent that Grantor may lawfully do so under any applicable law, any and all rights to have the Collateral, including the Realty Collateral (and any Fixture Collateral), marshaled upon any foreclosure of the Lien hereof or sold in inverse order of alienation.

6.2 Rights to Personalty Collateral Upon Default.

(a) Upon the occurrence of an Event of Default, or at any time thereafter, Beneficiary or the Trustee may proceed against the Personalty Collateral in accordance with the rights and remedies granted herein with respect to the Realty Collateral, or will have all rights and remedies granted by the applicable Uniform Commercial Code and this Deed of Trust. Beneficiary shall have the right to take possession of the Personalty Collateral, either personally or by a court-appointed receiver, and for this purpose Beneficiary may enter upon any premises on which any or all of the Personalty Collateral is situated and, to the extent that Grantor could do so, take possession of and operate the Personalty Collateral, or remove it therefrom. Beneficiary may require Grantor to assemble the Personalty Collateral and make it available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties. Unless the Personalty Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary will send Grantor reasonable notice of the time and place of any public or private sale or of the time after which any private sale or other disposition of the Personalty Collateral is to be made. This requirement of sending reasonable notice will be met if such notice is mailed, postage prepaid, to Grantor at the address designated in Section 7.13 hereof (or such other address as has been designated as provided herein) at least ten days before the time of the sale or disposition. In addition, Grantor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of Beneficiary's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take

immediate possession of the Personalty Collateral and to exercise its rights and remedies with respect thereto. In addition to the expenses of retaking, holding, preparing for sale, selling and the like, Beneficiary will be entitled to recover attorney's fees and legal expenses as provided for in this Deed of Trust and in the writings evidencing the Obligations before applying the balance of the proceeds from the sale or other disposition toward satisfaction of the Obligations. Beneficiary may sell, lease, or otherwise dispose of the Personalty Collateral at public or private sale, upon terms and in such manner as Beneficiary may determine and pursuant to such applicable Uniform Commercial Code. Beneficiary may be a purchaser at any sale.

(b) Upon such Event of Default, Beneficiary may, without notice to or demand upon Grantor, make such payments and do such acts as Beneficiary may deem necessary to protect its security interest in the Personalty Collateral (including, without limitation, paying, purchasing, contesting or compromising any lien or encumbrance, whether superior or inferior to such security interest) and in exercising any such powers or authority to pay all expenses (including, without limitation, litigation costs and reasonable attorney's fees) incurred in connection therewith.

(c) Grantor shall pay to Beneficiary on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by Beneficiary in protecting, preserving or enforcing Beneficiary's rights and remedies under or in respect of any of the Obligations or any of the Personalty Collateral and arising from the discharge of all impositions, liens and encumbrances, and claims thereof, if any, on the Personalty Collateral prior to the security interest granted herein (except any impositions, liens and encumbrances subject to which such sale shall have been made). After deducting all of said expenses, the residue of any proceeds of collection or sale or other disposition of the Personalty Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as Beneficiary may determine, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the Uniform Commercial Code of the State of Utah (or such other applicable Uniform Commercial Code), any excess shall be returned to Grantor. In the absence of final payment and satisfaction in full of all of the Obligations, Grantor shall remain liable for any deficiency. Until paid, all amounts due and payable by Grantor hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the interest rate as set forth in the Loan Agreement.

(d) Beneficiary shall have the right to enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Beneficiary from pursuing any further remedy that it may have. Any repossession or retaking or sale of the Personalty Collateral pursuant to the terms hereof shall not operate to release Grantor until full payment of any deficiency has been made in cash.

(e) To the extent that applicable law imposes duties on Beneficiary to exercise remedies in a commercially reasonable manner, Grantor acknowledges and agrees that it is not commercially unreasonable for Beneficiary (a) to fail to incur expenses reasonably deemed significant by Beneficiary to prepare Personalty Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Personalty Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Personalty Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Personalty Collateral or to fail to remove liens or encumbrances on or any adverse claims against Personalty Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Personalty Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Personalty Collateral

through publications or media of general circulation, whether or not the Personalty Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as Grantor, for expressions of interest in acquiring all or any portion of the Personalty Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Personalty Collateral, whether or not the Personalty Collateral is of a specialized nature, (h) to dispose of Personalty Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Personalty Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure Beneficiary against risks of loss, collection or disposition of Personalty Collateral or to provide to Beneficiary a guaranteed return from the collection or disposition of Personalty Collateral, or (l) to the extent deemed appropriate by Beneficiary, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Beneficiary in the collection or disposition of any of the Personalty Collateral. Grantor acknowledges that the purpose of this sub-section is to provide non-exhaustive indications of what actions or omissions by Beneficiary would fulfill Beneficiary's duties under the Uniform Commercial Code or any other relevant jurisdiction in Beneficiary's exercise of remedies against the Personalty Collateral and that other actions or omissions by Beneficiary shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this sub-section. Without limitation upon the foregoing, nothing contained in this subsection shall be construed to grant any rights to Grantor or to impose any duties on Beneficiary that would not have been granted or imposed by this Deed of Trust or by applicable law in the absence of this subsection.

6.3 **Rights to Fixture Collateral Upon Default.** Upon the occurrence of an Event of Default, or at any time thereafter, Beneficiary may elect to treat the Fixture Collateral as either Realty Collateral or as Personalty Collateral (but not both) and proceed to exercise such rights as apply to the type of Collateral selected.

6.4 **Account Debtors.** Beneficiary may, in its discretion, after the occurrence and during the continuance of an Event of Default, notify any account debtor to make payments directly to Beneficiary and contact account debtors directly to verify information furnished by Grantor. Beneficiary shall not have any obligation to preserve any rights against prior parties. To the extent required by contract or law, Grantor hereby instructs all such account debtors to abide by any instructions of the Beneficiary hereunder, and Grantor does hereby agree to indemnify, defend and hold harmless such account debtor's for complying with payment instructions of the Beneficiary with respect to the payment of amount by such account debtor directly to Beneficiary.

6.5 **Costs and Expenses.** All sums advanced or costs or expenses incurred by Beneficiary (either by it directly or on its behalf by the Trustee or any receiver appointed hereunder) in protecting and enforcing its rights hereunder shall constitute a demand obligation owing by Grantor to Beneficiary as part of the Obligations. Grantor hereby agrees to repay such sums on demand plus interest thereon from the date of the advance or incurrence until reimbursement of Beneficiary at the interest rate as set forth in the Loan Agreement.

6.6 **Set-Off.** Upon the occurrence of any Event of Default, Beneficiary shall have the right to set-off any funds of Grantor in the possession of Beneficiary against any amounts then due by Grantor to Beneficiary pursuant to this Deed of Trust.

ARTICLE VII **Miscellaneous**

7.1 **Successor Trustees.** The Trustee may resign in writing addressed to Beneficiary or be removed at any time with or without cause by an instrument in writing duly executed by Beneficiary. In

case of the death, resignation or removal of the Trustee, a successor Trustee may be appointed by Beneficiary by instrument of substitution complying with any applicable requirements of law, and in the absence of any requirement, without other formality other than an appointment and designation in writing. The appointment and designation will vest in the named successor Trustee all the estate and title of the Trustee in all of the Collateral and all of the rights, powers, privileges, immunities and duties hereby conferred upon the Trustee. All references herein to the Trustee will be deemed to refer to any successor Trustee from time to time acting hereunder.

7.2 Advances by Beneficiary or The Trustee. Each and every covenant of Grantor herein contained shall be performed and kept by Grantor solely at Grantor's expense. If Grantor fails to perform or keep any of the covenants of whatsoever kind or nature contained in this Deed of Trust, Beneficiary (either by it directly or on its behalf by the Trustee or any receiver appointed hereunder) may, but will not be obligated to, make advances to perform the same on Grantor's behalf, and Grantor hereby agrees to repay such sums and any attorneys' fees incurred in connection therewith on demand plus interest thereon from the date of the advance until reimbursement of Beneficiary at interest rate set forth in the Loan Agreement. In addition, Grantor hereby agrees to repay on demand any costs, expenses and attorney's fees incurred by Beneficiary or the Trustee which are to be obligations of Grantor pursuant to, or allowed by, the terms of this Deed of Trust, including such costs, expenses and attorney's fees incurred pursuant to Section 3.1(h), Section 6.5 or Section 7.3 hereof, plus interest thereon from the date of the advance by Beneficiary or the Trustee until reimbursement of Beneficiary or the Trustee, respectively, at the interest rate set forth in the Loan Agreement. Such amounts will be in addition to any sum of money which may, pursuant to the terms and conditions of the written instruments comprising part of the Obligations, be due and owing. No such advance will be deemed to relieve Grantor from any default hereunder.

7.3 Defense of Claims. Grantor shall promptly notify Beneficiary in writing of the commencement of any legal proceedings affecting Grantor's title to the Collateral or Beneficiary's Lien or security interest in the Collateral, or any part thereof, and shall take such action, employing attorneys agreeable to Beneficiary, as may be necessary to preserve Grantor's, the Trustee's and Beneficiary's rights affected thereby. If Grantor fails or refuses to adequately or vigorously, in the sole judgment of Beneficiary, defend Grantor's, the Trustee's or Beneficiary's rights to the Collateral, the Trustee or Beneficiary may take such action on behalf of and in the name of Grantor and at Grantor's expense. Moreover, Beneficiary or the Trustee on behalf of Beneficiary, may take such independent action in connection therewith as they may in their discretion deem proper, including the right to employ independent counsel and to intervene in any suit affecting the Collateral. All costs, expenses and attorneys' fees incurred by Beneficiary or the Trustee pursuant to this Section 7.3 or in connection with the defense by Beneficiary of any claims, demands or litigation relating to Grantor, the Collateral or the transactions contemplated in this Deed of Trust shall be paid by Grantor on demand plus interest thereon from the date of the advance by Beneficiary or the Trustee until reimbursement of Beneficiary or the Trustee, respectively, at the maximum non-usurious rate permitted by applicable law.

7.4 Termination. If all the Obligations are paid in full, and the covenants herein contained are well and fully performed then all of the Collateral will revert to Grantor and the entire estate, right, title and interest of the Trustee and Beneficiary will thereupon cease; and Beneficiary in such case shall, upon the request of Grantor and the payment by Grantor of all attorneys' fees and other expenses, deliver to Grantor proper instruments acknowledging satisfaction of this Deed of Trust.

7.5 Renewals, Amendments and Other Security. Without notice or consent of Grantor, renewals and extensions of the written instruments constituting part or all of the Obligations may be given at any time and amendments may be made to agreements relating to any part of such written instruments or the Collateral. Beneficiary may take or hold other security for the Obligations without notice to or consent of Grantor. The acceptance of this Deed of Trust by Beneficiary shall not waive or impair any

other security Beneficiary may have or hereafter acquire to secure the payment of the Obligations nor shall the taking of any such additional security waive or impair the Lien and security interests herein granted. The Trustee or Beneficiary may resort first to such other security or any part thereof, or first to the security herein given or any part thereof, or from time to time to either or both, even to the partial or complete abandonment of either security, and such action will not be a waiver of any rights conferred by this Deed of Trust. This Deed of Trust may not be amended, waived or modified except in a written instrument executed by both Grantor and Beneficiary.

7.6 Security Agreement, Financing Statement and Fixture Filing. This Deed of Trust will be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement, real estate mortgage, or security agreement, and from time to time as any one or more thereof if appropriate under applicable state law. As a financing statement, this Deed of Trust is intended to cover all Personalty Collateral including Grantor's interest in all Hydrocarbons as and after they are extracted and all accounts arising from the sale thereof at the wellhead. **THIS DEED OF TRUST SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO FIXTURE COLLATERAL INCLUDED WITHIN THE COLLATERAL.** This Deed of Trust shall be filed in the real estate records of any county or counties in the state in which any part of the Realty Collateral and Fixture Collateral is located, as well as the Uniform Commercial Code records of the Secretary of State or other appropriate office of the state where the Grantor is registered as a limited liability company. At Beneficiary's request Grantor authorizes and, if necessary, shall execute, financing statements covering the Personalty Collateral, including all Hydrocarbons sold at the wellhead, and Fixture Collateral, which financing statements may be filed in the Uniform Commercial Code records of the Secretary of State or other appropriate office of the state in which any of the Collateral is located or where Grantor is registered as a limited liability company. Furthermore, Grantor hereby irrevocably authorizes Beneficiary and any affiliate, employee or agent thereof, at any time and from time to time, to file in any Uniform Commercial Code jurisdiction any financing statement or document and amendments thereto, without the signature of Grantor where permitted by law, in order to perfect or maintain the perfection of any security interest granted under this Deed of Trust. A photographic or other reproduction of this Deed of Trust shall be sufficient as a financing statement.

7.7 Unenforceable or Inapplicable Provisions. If any term, covenant, condition or provision hereof is invalid, illegal or unenforceable in any respect, the other provisions hereof will remain in full force and effect and will be liberally construed in favor of the Trustee and Beneficiary in order to carry out the provisions hereof.

7.8 Rights Cumulative. Each and every right, power and remedy herein given to the Trustee or Beneficiary will be cumulative and not exclusive, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee, or Beneficiary, as the case may be, and the exercise, or the beginning of the exercise, of any such right, power or remedy will not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission by the Trustee or by Beneficiary in the exercise of any right, power or remedy will impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

7.9 Waiver by Beneficiary. Any and all covenants in this Deed of Trust may from time to time by instrument in writing by Beneficiary, be waived to such extent and in such manner as the Trustee or Beneficiary may desire, but no such waiver will ever affect or impair either the Trustee's or Beneficiary's rights hereunder, except to the extent specifically stated in such written instrument.

7.10 **Terms.** The term "Grantor" as used in this Deed of Trust will be construed as singular or plural to correspond with the number of parties executing this Deed of Trust as Grantor. Since more than one party executes this Deed of Trust as Grantor, each party's duties and liabilities under this Deed of Trust will be joint and several. The terms "Beneficiary", "Grantor", and "Trustee" as used in this Deed of Trust include the heirs, executors or administrators, successors, representatives, receiver, trustees and assigns of those parties. Unless the context otherwise requires, terms used in this Deed of Trust which are defined in the Uniform Commercial Code of Utah are used with the meanings therein defined.

7.11 **Counterparts.** This Deed of Trust may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original, and all of which are identical except that, to facilitate recordation, in any particular counties counterpart portions of Exhibit A hereto which describe Properties situated in counties other than the counties in which such counterpart is to be recorded may have been omitted.

7.12 **Governing Law.** THIS DEED OF TRUST AND ALL OTHER LOAN DOCUMENTS AND THE RIGHTS, DUTIES, OBLIGATIONS AND LIABILITIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF UTAH, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES. WHEREVER POSSIBLE, EACH PROVISION OF THIS DEED OF TRUST SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF SALT LAKE, STATE OF UTAH, EACH PARTY HERETO WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 7.12

7.13 **Notice.** All notices required or permitted to be given by Grantor, Beneficiary or the Trustee shall be in writing, and mailed by certified mail, return receipt requested, telecopied, hand delivered, or delivered by a nationally recognized overnight courier, and shall be addressed as follows:

Grantor: US Oil Sands (Utah) Inc.
Suite 1600, 521 Third Avenue S.W.
Calgary, Alberta T2P 3T3
Attention: _____
Telephone: _____

Beneficiary: ACMO S.à r.l.
26/28, Rue Edward Steichen
Luxembourg City, Luxembourg L-2540
Attention: _____
Telephone: _____

Trustee: First American Title Insurance Company
215 South State Street, Suite 380
Salt Lake City, UT 84111

All such notices and communications shall, when so mailed, telecopied, or hand delivered or delivered by a nationally recognized overnight courier, be effective when received if mailed, when telecopy transmission is completed, or when delivered by such messenger or courier, respectively.

7.14 **Duties of Trustee.** It shall be no part of the duty of the Trustee to see to any recording, filing or registration of this Deed of Trust or any other instrument in addition or supplemental hereto, or to see to the payment of or be under any duty with respect to any tax or assessment or other governmental charge which may be levied or assessed on the Collateral, any part thereof, or against Grantor, or to see to the performance or observance by Grantor of any of the covenants and agreements contained herein. Trustee shall not be responsible for the execution, acknowledgment or validity of this Deed of Trust or of any instrument in addition or supplemental hereto or for the sufficiency of the security purported to be created hereby, and makes no representation in respect thereof or in respect of the rights of Beneficiary. Trustee shall have the right to seek the advice of counsel upon any matters arising hereunder and shall be fully protected in relying as to legal matters on the advice of counsel. Trustee shall not incur any personal liability hereunder except for Trustee's own willful misconduct; and the Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine.

7.15 **Condemnation.** All awards and payments heretofore and hereafter made for the taking of or injury to the Collateral or any portion thereof whether such taking or injury be done under the power of eminent domain or otherwise, are hereby assigned, and shall be paid to Beneficiary. Beneficiary is hereby authorized to collect and receive the proceeds of such awards and payments and to give proper receipts and acquittances therefor. Grantor hereby agrees to make, execute and deliver, upon request, any and all assignments and other instruments sufficient for the purpose of confirming this assignment of the awards and payments to Beneficiary free and clear of any encumbrances of any kind or nature whatsoever. Any such award or payment may, at the option of Beneficiary, be retained and applied by Beneficiary after payment of attorneys' fees, costs and expenses incurred in connection with the collection of such award or payment toward payment of all or a portion of the Obligations, whether or not the Obligations are then due and payable, or be paid over wholly or in part to Grantor for the purpose of altering, restoring or rebuilding any part of the Collateral which may have been altered, damaged or destroyed as a result of any such taking, or other injury to the Collateral.

7.16 **Successors and Assigns.** This Deed of Trust is binding upon Grantor, Grantor's successors and assigns, and shall inure to the benefit of the Trustee and the Beneficiary, and each of their respective successors and assigns, and the provisions hereof shall likewise be covenants running with the land.

7.17 **Article and Section Headings.** The article and section headings in this Deed of Trust are inserted for convenience of reference and shall not be considered a part of this Deed of Trust or used in its interpretation.

7.18 **Usury Not Intended.** It is the intent of Grantor and Beneficiary in the execution and performance of this Deed of Trust and the other Loan Documents to contract in strict compliance with applicable usury laws governing the Obligations including such applicable usury laws of the State of Utah and the United States of America as are from time-to-time in effect. In furtherance thereof, Beneficiary and Grantor stipulate and agree that none of the terms and provisions contained in this Deed of Trust or the other Loan Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the maximum non-usurious rate permitted by applicable law and that for purposes hereof "interest" shall include the aggregate of all charges which constitute interest under such laws that are contracted for, charged or received under this Deed of Trust and the other Loan Documents; and in the event that, notwithstanding the foregoing, under

any circumstances the aggregate amounts taken, reserved, charged, received or paid on the Obligations, include amounts which by applicable law are deemed interest which would exceed the maximum non-usurious rate permitted by applicable law, then such excess shall be deemed to be a mistake and Beneficiary shall credit the same on the principal of the Obligations (or if the Obligations shall have been paid in full, refund said excess to Grantor). In the event that the maturity of the Obligations is accelerated by reason of any election of Beneficiary resulting from any Event of Default, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum non-usurious rate permitted by applicable law and excess interest, if any, provided for in this Deed of Trust or other Loan Documents shall be canceled automatically as of the date of such acceleration and prepayment and, if theretofore paid, shall be credited on the Obligations or, if the Obligations shall have been paid in full, refunded to Grantor. In determining whether or not the interest paid or payable under any specific contingencies exceeds the maximum non-usurious rate permitted by applicable law, Grantor and Beneficiary shall to the maximum extent permitted under applicable law amortize, prorate, allocate and spread in equal part during the period of the full stated term of the Obligations, all amounts considered to be interest under applicable law of any kind contracted for, charged, received or reserved in connection with the Obligation.

7.19 **Due Authorization.** Grantor hereby represents, warrants and covenants to Beneficiary and the Trustee that the obligations of Grantor under this Deed of Trust are the valid, binding and legally enforceable obligations of Grantor, that the execution, ensealing and delivery of this Deed of Trust by Grantor has been duly and validly authorized in all respects by Grantor, and that the persons who are executing and delivering this Deed of Trust on behalf of Grantor have full power, authority and legal right to so do, and to observe and perform all of the terms and conditions of this Deed of Trust on Grantor's part to be observed or performed.

7.21 **No Offsets, Etc.** Grantor hereby represents, warrants and covenants to Beneficiary and the Trustee that there are no offsets, counterclaims or defenses at law or in equity against this Deed of Trust.

[Remainder of this page intentionally left blank.]

EXECUTED AND DELIVERED effective as of the date first written above.

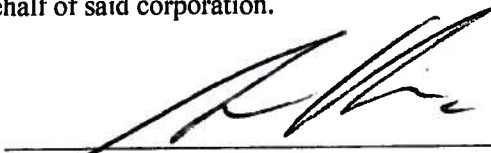
GRANTOR:

US OIL SANDS (UTAH) INC.
a Utah corporation

By: 
Name: D. Glen Snarr
Title: President

CANADA §
§
PROVINCE OF ALBERTA §

This instrument was acknowledged before me on January 4, 2017, by D. Glen Snarr, President of **US OIL SANDS (UTAH) INC.**, for and on behalf of said corporation.



Sharqim Habibi
Barrister and Solicitor, Notary Public
Province of Alberta, Canada
My commission is valid outside of Canada

Borden Ladner Gervais LLP
1900, 520 Third Avenue S.W., Calgary Alberta Canada T2P 0R3
Telephone: +1 (403) 232-9512
Facsimile: +1 (403) 266-1395
e-mail: shabibi@blg.com



Signature page to Deed of Trust

EXHIBIT A
TO
**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF
PRODUCTION, FIXTURE FILING AND FINANCING STATEMENT**

All that certain real property located in County of Uintah, State of Utah as described as follows:

1. All of Grantor's leasehold interests as Lessee under those certain Utah State Mineral Leases for Bituminous – Asphaltic Sands issued by the School and Institutional Trust Lands Administration ("SITLA") as Lessor and more particularly described as follows:

Mineral Lease No.	Date	Description
49927 - OBA	01 June 2005 01 July 2015	T. 15 S., R. 23 E., SLB&M, Uintah County Section 26: All (640.00 Acres) Section 35: All (640.00 Acres) Section 36: N1/2, SW1/4, N1/2SE1/4, SW1/4SE1/4 (600.00 Acres)
51705-OBA	01 February 2010	T. 15 S., R. 23 E., SLB&M Section 27: NE1/4, N1/2NW1/4, SE1/4NW1/4, S1/2 Section 28: SE1/4 Section 33: NE1/4 Section 34: All
51275	01 March 2008	T. 14 S, R. 21 E., SLB&M Section 36: All (640.00 Acres)
51276	01 March 2008	T. 14 S, R. 22 E., SLB&M Section 32: All (640.00 Acres)
51277	01 March 2008	T. 15 S, R. 21 E., SLB&M Section 2: Lots 1 (36.20), 2 (36.22), 3 (36.22), 4 (36.24), S1/2N1/2, S1/2 (all)

2. All of Grantor's interest in SITLA ROE 6337, more particularly described as follows: SITLA temporary right-of-entry permit (ROE 6337) to continue to operate a temporary man camp located on 4.2 acres within the N2NW4 of Sec. 27, T 15S, R23E, Uintah County, Utah. The man camp is used to support activities associated with the development of tar sands in the area, including those leased under SITLA ML 51705-OBA. The camp contains temporary housing facilities, fresh water tanks, waste water tanks, and a waste water treatment area. The term of the permit will be for a period of one year expiring May 14, 2017.

EXHIBIT B
TO
**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF
PRODUCTION, FIXTURE FILING AND FINANCING STATEMENT**

All of Grantor's Interest in that certain Agreement to Allocate a Portion of Water Right Number 41-3523 from the Uintah Water Conservancy District to Earth Energy Resources, Inc., July 26, 2006 ("Agreement to Allocate"). The Agreement to Allocate authorizes Grantort to develop, divert, and perfect Permanent Change Application Number 49-2274 (a41138) ("Permanent Change Application"), on file with the Utah Division of Water Rights. The Permanent Change Application lists the Uintah Water Conservancy District as owner and US Oil Sands (Utah) Inc. as a water user. It authorizes the following diversions and depletions, points of diversion, place of use, and nature of use.

Diversion and Depletion Amount:

360 acre feet

Points of Diversion:

1. Well – South 303 feet and East 185 feet from the W1/4 Corner of Section 35, Township 15 South, Range 23 East, SLB&M. Existing well, 6 inches in diameter and 2,200 feet in depth.
2. Well – North 2030 feet and West 530 feet from the S1/4 Corner of Section 34, Township 15 South, Range 23 East, SLB&M. Existing well, 10 inches in diameter and 2,550 feet in depth.

Place of Use:

The following locations in Uintah County and Grand County, Utah:

SE1/4NW1/4, SW1/4NE1/4, SE1/4NE1/4, NE1/4SW1/4, SE1/4SW1/4, and SE1/4 of Section 35, Township 15 South, Range 23 East, SLB&M

NW1/4SW1/4, SW1/4SW1/4, SE1/4SW1/4, and SW1/4SE1/4 of Section 36, Township 15 South, Range 23 East, SLB&M

Lot 1, Lot 2, Lot 3, Lot 4, NE1/4SW1/4, NW1/4SE1/4, and NE1/4SE1/4 of Section 31, Township 15 1/2 South, Range 24 East, SLB&M

Lot 3, Lot 4, NW1/4SW1/4, and NE1/4SW1/4 of Section 32, Township 15 1/2 South, Range 24 East, SLB&M

Nature of Use:

Year-round mining purposes.

When Recorded Return To:

Snell & Wilmer LLP
c/o Brian D. Cunningham, Esq.
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101

**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, FINANCING STATEMENT,
FIXTURE FILING AND ASSIGNMENT OF PRODUCTION**

THIS INSTRUMENT COVERS THE INTEREST OF TRUSTOR IN MINERALS OR THE LIKE (INCLUDING OIL AND GAS) BEFORE EXTRACTION AND THE SECURITY INTEREST CREATED BY THIS INSTRUMENT ATTACHES TO SUCH MINERALS AS EXTRACTED AND TO THE ACCOUNTS RESULTING FROM THE SALE THEREOF AT THE WELLHEAD. THIS INSTRUMENT COVERS THE INTEREST OF TRUSTOR IN FIXTURES AND ALSO PRODUCTS OF THE COLLATERAL.

FROM

US OIL SANDS (UTAH) INC.

(as Grantor, Debtor and Grantor)

TO

FIRST AMERICAN TITLE INSURANCE COMPANY, as Trustee for the benefit of

ACMO S.à R.L.,

(Beneficiary, Secured Party and Grantee)

January 12, 2017

For purposes of filing this Deed of Trust as a financing statement, the mailing address of Debtor is Suite 1600, 521 Third Avenue S.W., Calgary, Alberta T2P 3T3, the state of its organization is Utah, and its organizational number is 5834125-0142; the mailing address of Beneficiary is 26/28 Rue Edward Steichen, Luxembourg City, Luxembourg L-2540; and the mailing address of Trustee is

**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF
PRODUCTION, FIXTURE FILING AND FINANCING STATEMENT**

This instrument (the "Deed of Trust") dated effective as of the 12th day of January, 2017, is executed and delivered by US OIL SANDS (UTAH) INC., a Utah corporation ("Grantor"), to FIRST AMERICAN TITLE INSURANCE COMPANY, as Trustee ("Trustee"), for the benefit of ACMO S.à R.L., a *société à responsabilité limitée* formed pursuant to the laws of Luxembourg (the "Beneficiary"). The addresses of Grantor, Beneficiary and the Trustee appear in Section 7.13 of this Deed of Trust.

RECITALS

A. This Deed of Trust is executed in connection with that certain loan made by Beneficiary to US OIL SANDS INC., a corporation incorporated pursuant to the laws of the Province of Alberta ("Borrower"), in principal sum of SEVEN MILLION FIVE HUNDRED THOUSAND and No/100 Dollars (\$7,500,000.00) (the "Loan"), as evidenced by that certain Senior Secured Loan Agreement of approximately even date herewith between Borrower and Beneficiary, with Grantor as guarantor (as amended and in effect from time to time, the "Loan Agreement").

B. Pursuant to the Loan Agreement, and in consideration of Beneficiary making the Loan, the Grantor has agreed to enter into this Deed of Trust with respect to certain Collateral (as defined below) owned by Grantor and pledged as collateral security for the Borrower's obligations under the Loan Agreement.

NOW, THEREFORE, Grantor wishes to make this Deed of Trust in favor of the Trustee for the benefit of Beneficiary to secure Borrower's obligations under the Loan Agreement, and hereby agrees as follows:

ARTICLE I

Definitions

1.1 "*Collateral*" means the Realty Collateral, Personalty Collateral and Fixture Collateral.

1.2 "*Contracts*" means all contracts, agreements, exploration and development agreements, operating agreements, farm-out or farm-in agreements, sharing agreements, mineral purchase agreements, contracts for the purchase, exchange, transportation, processing or sale of Hydrocarbons, rights-of-way, easements, pipeline agreements, surface leases, equipment leases, permits, franchises, licenses, pooling or unitization agreements, and unit or pooling designations and orders now or hereafter affecting any of the Oil and Gas Properties, Operating Equipment, Fixture Operating Equipment, or Hydrocarbons now or hereafter covered hereby, or which are useful or appropriate in drilling for, producing, treating, handling, storing, transporting or marketing oil, gas or other minerals produced from any of the Oil and Gas Properties, and all as such contracts and agreements as they may be amended, restated, modified, substituted or supplemented from time-to-time.

1.3 "*Event of Default*" shall have the meaning set forth in Article V hereof.

1.4 "*Fixture Collateral*" means all of Grantor's interest now owned or hereafter acquired in and to all Fixture Operating Equipment and all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, amendments and accessions thereof, thereto or therefor.

1.5 “*Fixture Operating Equipment*” means any of the items described in the first sentence of Section 1.12 which as a result of being incorporated into realty or structures or improvements located therein or thereon, with the intent that they remain there permanently, constitute fixtures under the laws of the state in which such equipment is located.

1.6 “*Hydrocarbons*” means oil, gas, crude bitumen, coal seam gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, and all other solid, liquid and gaseous hydrocarbons produced or to be produced in conjunction therewith from a well bore and all products, by-products, and other substances derived therefrom or the processing thereof, and all other minerals and substances produced in conjunction with such substances, including sulfur, geothermal steam, water, carbon dioxide, helium, and any and all minerals, ores, or substances of value and the products and proceeds therefrom. “*Hydrocarbons*” shall also include rock or sand impregnated with asphalt or heavy oil and is synonymous with the term “tar sands”, naholite (sodium bicarbonate), dawsonite (dihydroxy sodium aluminum carbonate) or other sodium minerals found in association with tar sands deposits.

1.7 “*Lien*” shall have the meaning set forth in the Loan Agreement.

1.8 “*Loan Documents*” shall have the meaning set forth in the Loan Agreement.

1.9 “*Material Adverse Effect*” shall have the meaning set forth in the Loan Agreement.

1.10 “*Obligations*” means

(a) All principal, interest, fees, reimbursements, indemnifications, and other amounts payable by Borrower to Beneficiary under the Loan Documents, including all indebtedness evidenced by the Loan Agreement;

(b) All other indebtedness, obligations (including performance obligations), and liabilities of Borrower or any of its Subsidiaries arising under this Deed of Trust or the other Loan Documents;

(c) All other indebtedness, obligations and liabilities of any kind of Borrower owing to the Beneficiary now existing or hereafter arising under or pursuant to any Loan Document, whether fixed or contingent, joint or several, direct or indirect, primary or secondary, and regardless of how created or evidenced;

(d) All sums advanced or costs or expenses incurred by Beneficiary (whether by it directly or on its behalf by the Trustee), which are made or incurred pursuant to, or allowed by, the terms of this Deed of Trust plus interest thereon from the date of the advance or incurrence until reimbursement of Beneficiary charged at the maximum non-usurious rate permitted by applicable law;

(e) All future advances or other value, of whatever class or for whatever purpose, at any time hereafter made or given by Beneficiary to Borrower under or pursuant to any Loan Document, whether or not the advances or value are given pursuant to a commitment, whether or not the advances or value are presently contemplated by the parties hereto, and whether or not Borrower is indebted to Beneficiary at the time of such events; and

(f) All renewals, extensions, modifications, amendments, rearrangements and substitutions of all or any part of the above whether or not Borrower executes any agreement or instrument.

1.11 “*Oil and Gas Property*” or “*Oil and Gas Properties*” means (a) the oil and gas and/or oil, gas and mineral, including Hydrocarbon, leases and leasehold interests, fee mineral interests, term mineral interests, participation interests, back-in or carried working interests, rights of first refusal, options, subleases, farmouts, royalties, overriding royalties, net profits interests, production payments and similar interests or estates described in or pertaining to the lands described in Exhibit A attached hereto and made a part hereof for all purposes including the net revenue interests warranted in Exhibit A and any reversionary or carried interests relating to any of the foregoing, (b) all production units, and drilling and spacing units (and the Properties covered thereby) which may affect all or any portion of such interests including those units which may be described or referred to on Exhibit A and any units created by agreement or designation or under orders, regulations, rules or other official acts of any federal, state or other governmental body or agency having jurisdiction, (c) the surface leases, easements, rights-of-way and pipeline agreements described in Exhibit A attached hereto and made part hereof for all purposes, and all future surface leases, easements, rights-of-way and pipeline agreements that may be issued pursuant to any of the Contracts, (d) any and all non-consent interests owned or held by, or otherwise benefiting, Grantor and arising out of, or pursuant to, any of the Contracts, (e) any other interest in, to or relating to (i) all or any part of the land described in Exhibit A, the land relating to, or described in, the leases set forth in Exhibit A or in the documents described in Exhibit A, or (ii) any of the estates, property rights or other interests referred to above, (f) any instrument executed in amendment, correction, modification, confirmation, renewal or extension of the same, (g) any and all rights, titles and interests of Grantor (which are similar in nature to any of the rights, titles and interests described in (a) through (f) above) which are located on or under or which concern any Property or Properties located in counties referenced in Exhibit A hereto or counties in which a counterpart of this Deed of Trust is filed of record in the real property records of such county, and (h) all tenements, hereditaments and appurtenances now existing or hereafter obtained in connection with any of the aforesaid, including any rights arising under unitization agreements, orders or other arrangements, communitization agreements, orders or other arrangements or pooling orders, agreements or other arrangements.

1.12 “*Operating Equipment*” means all inventory, documents, chattel paper, accounts, instruments, equipment and general intangibles, whether any of the foregoing is owned now or acquired later, all accessions, additions, replacements, and substitutions relating to any of the foregoing, all records of any kind relating to any of the foregoing, surface or subsurface machinery, equipment, facilities, supplies or other Property of whatsoever kind or nature now or hereafter located on any of the Property affected by the Oil and Gas Properties which are useful for the production, treatment, storage or transportation of Hydrocarbons, including all oil wells, gas wells, water wells, injection wells, surface mines, casing, tubing, rods, pumps, pumping units and engines, steam injection equipment, christmas trees, derricks, separators, gun barrels, flow lines, pipelines, canals, tanks, gas systems (for gathering, treating and compression), water and steam systems (for treating, disposal and injection), mining equipment, including excavators and earthmovers, supplies, derricks, wells, power plants, poles, cables, wires, meters, processing plants, conveyor belts, compressors, dehydration units, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, buildings and camps, telegraph, telephone and other communication systems, roads, loading racks, shipping facilities and all additions, substitutes and replacements for, and accessories and attachments to, any of the foregoing. Operating Equipment shall not include any items incorporated into realty or structures or improvements located therein or thereon in such a manner that they no longer remain personalty under the laws of the state in which such equipment is located.

1.13 “*Person*” shall have the meaning set forth in the Loan Agreement.

1.14 “*Personalty Collateral*” means all of Grantor's interest now owned or hereafter acquired in and to (a) all Operating Equipment, (b) all Hydrocarbons severed and extracted from or attributable to the Oil and Gas Properties, including oil in tanks (including, without limitation, all “as-extracted

collateral” as such term is defined in the applicable Uniform Commercial Code), (c) all accounts (including accounts resulting from the sale of Hydrocarbons at the wellhead or minehead), contract rights and general intangibles, including all accounts, contract rights and general intangibles now or hereafter arising regardless of whether any of the foregoing is in connection with the sale or other disposition of any Hydrocarbons or otherwise, including all liens security the same, (d) all accounts, contract rights and general intangibles now or hereafter arising regardless of whether any of the foregoing is in connection with or resulting from any of the Contracts, including all liens security the same, (e) all proceeds and products of the Realty Collateral and any other contracts or agreements related or pertaining thereto, (f) all information concerning the Oil and Gas Properties and all wells located thereon, including abstracts of title, title opinions, geological and geophysical information and logs (including all seismic information) lease files, well files, and other books and records (including computerized records and data), (g) any deposit or time accounts with Beneficiary or any other institution, including Grantor's operating bank account and all funds and investments therein, (h) any options or right of first refusal to acquire any Realty Collateral, (i) any and all Oil and Gas permits, licenses and approvals issued by any local, state or federal government agency, insofar as such permits are associated with the Collateral, and (j) all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, amendments and accessions of, to or for any of the foregoing, including, without limitation, all insurance and condemnation proceeds (including rights in all settlements and judgments pertaining to such condemnation proceedings) from any of the foregoing or from insurance payments from any damage or casualty pertaining to or occurring on the Oil and Gas Properties. Without limiting the foregoing, and in addition to the foregoing, Personalty Collateral shall include all of all of Grantor's present and future “Accounts,” “Cash Proceeds,” “Chattel Paper,” “Collateral,” “Deposit Accounts,” “Electronic Chattel Paper,” “Equipment,” “Fixtures,” “General Intangibles,” “Goods,” “Instruments,” “Inventory,” “Investment Property,” “Letter-of-Credit Rights,” “Noncash Proceeds,” and “Tangible Chattel Paper” (as such terms are defined in the Utah Uniform Commercial Code, Utah Code Annotated §§ 70A-1-1 *et seq.*, or such other applicable Uniform Commercial Code). Personalty Collateral shall also include Grantor's interest in any titled vehicles.

1.15 “*Pledge and Security Agreement*” means that certain All Personal Property Assets Security Agreement by and between Grantor and Beneficiary, of approximately even date herewith, whereby Grantor grants, transfers, conveys, pledges and assigns its certain personal property as security for the Obligations owed to Beneficiary.

1.16 “*Property*” means any property of any kind, whether real, personal (including, but not limited to, any and all personal property rights arising under water leases, water shares and water rights), or mixed and whether tangible or intangible, that is owned by Grantor or in which Grantor has an interest.

1.17 “*Realty Collateral*” means all of Grantor's interest now owned or hereafter acquired in and to the Oil and Gas Properties, including any access rights, water, water leases, and water rights, and all unsevered and unextracted Hydrocarbons (even though Grantor's interest therein be incorrectly described in, or a description of a part or all of such interest be omitted from, Exhibit A), and all of Grantor's interest now owned or hereafter acquired in water, water leases, water shares, and water rights, including in that certain Agreement to Allocate a Portion of Water Right Number 41-3523 described in Exhibit B attached hereto (even though Grantor's interest therein be incorrectly described in, or a description of a part or all of such interest be omitted from, Exhibit B).

1.18 “*Subsidiary*” shall have the meaning set forth in the Loan Agreement.

1.19 All meanings to defined terms, unless otherwise indicated, are to be equally applicable to both the singular and plural forms of the terms defined. Article, Section, Schedule, and Exhibit references are to Articles and Sections of and Schedules and Exhibits to this Deed of Trust, unless otherwise specified. All references to instruments, documents, contracts, and agreements are references to such

instruments, documents, contracts, and agreements as the same may be amended, supplemented, and otherwise modified from time to time, unless otherwise specified. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Deed of Trust shall refer to this Deed of Trust as a whole and not to any particular provision of this Deed of Trust. As used herein, the term “including” means “including , without limitation,”.

ARTICLE II **Creation of Security**

2.1 **Conveyance and Grant of Lien.** In consideration of the advance or extension by Beneficiary to Grantor of the funds or credit constituting the Obligations, and in further consideration of the mutual covenants contained herein, Grantor, by this Deed of Trust hereby irrevocably PLEDGES, GRANTS, SELLS, TRANSFERS, ASSIGNS AND CONVEYS with a general warranty of title, for the uses, purposes and conditions hereinafter set forth all of its right, title and interest in and to the Realty Collateral, the Personalty Collateral and the Fixture Collateral unto Trustee, and to his successor or successors or substitutes in trust, with power of sale, in trust to secure the payment and performance of the Obligations for the benefit of Beneficiary.

To have and to hold the Realty Collateral, the Personalty Collateral and Fixture Collateral unto the Trustee and its successors or substitutes in trust and to its and their successors and assigns forever, together with all and singular the rights, hereditaments and appurtenances thereto in anywise appertaining or belonging, to secure payment of the Obligations and the performance of the covenants of Grantor contained in this Deed of Trust. Grantor does hereby bind itself, its successors and permitted assigns, to warrant and forever defend all and singular the Realty Collateral, the Personalty Collateral and the Fixture Collateral unto the Trustee and his successors or substitutes in trust, and their successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof.

2.2 **Security Interest.** For the same consideration and to further secure the Obligations, Grantor hereby grants to Beneficiary for its benefit a security interest in and to the Collateral. This Deed of Trust constitutes and shall be deemed to be a “security agreement” for all purposes of the applicable Uniform Commercial Code. Beneficiary shall be entitled to all the rights and remedies of a “secured party” under such applicable Uniform Commercial Code.

ARTICLE III **Proceeds from Production**

3.1 **Assignment of Production.**

(a) In order to further secure the Obligations, Grantor has assigned, transferred, conveyed and delivered and does hereby assign, transfer, convey and deliver unto Beneficiary, effective as of the date hereof at 7:00 a.m. Mountain Time, U.S.A., all Hydrocarbons produced from, and which are attributable to, Grantor's interest, now owned or hereafter acquired, in and to the Oil and Gas Properties, or are allocated thereto pursuant to pooling or unitization orders, agreements or designations, and all proceeds therefrom.

(b) Subject to the provisions of subsection (f) below, all parties producing, purchasing, taking, possessing, processing or receiving any production from the Oil and Gas Properties, or having in their possession any such production, or the proceeds therefrom, for which they or others are accountable to Beneficiary by virtue of the provisions of this Section 3.1, are authorized and directed by

Grantor to treat and regard Beneficiary as the assignee and transferee of Grantor and entitled in its place and stead to receive such Hydrocarbons and the proceeds therefrom.

(c) Grantor directs and instructs each of such parties to pay to Beneficiary, for its benefit, all of the proceeds of such Hydrocarbons until such time as such party has been furnished evidence that all of the Obligations have been paid and that the Lien evidenced hereby has been released; provided, however, that until Beneficiary shall have exercised the rights as herein to instruct such parties to deliver such Hydrocarbons and all proceeds therefrom directly to Beneficiary, such parties shall be entitled to deliver such Hydrocarbons and all proceeds therefrom to Grantor for Grantor's use and enjoyment, and Grantor shall be entitled to execute division orders, transfer orders and other instruments as may be required to direct all proceeds to Grantor without the necessity of joinder by Beneficiary in such division orders, transfer orders or other instruments. Grantor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may be required or desired by Beneficiary or any party in order to have said revenues and proceeds so paid to Beneficiary. None of such parties shall have any responsibility for the application of any such proceeds received by Beneficiary. Subject to the provisions of subsection (f) below, Grantor authorizes Beneficiary to receive and collect all proceeds of such Hydrocarbons.

(d) Subject to the provisions of subsection (f) below, Grantor will execute and deliver to Beneficiary any instruments Beneficiary may from time to time request for the purpose of effectuating this assignment and the payment to Beneficiary of the proceeds assigned.

(e) Neither the foregoing assignment nor the exercise by Beneficiary of any of its rights herein shall be deemed to make Beneficiary a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until Beneficiary, in person or by agent, assumes actual possession thereof, nor shall appointment of a receiver for the Oil and Gas Properties by any court at the request of Beneficiary or by agreement with Grantor or the entering into possession of the Oil and Gas Properties or any part thereof by such receiver be deemed to make Beneficiary a "mortgagee -in-possession" or otherwise responsible or liable in any manner with respect to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof.

(f) Notwithstanding anything to the contrary contained herein, so long as no Default or an Event of Default shall have occurred and is continuing, Grantor shall have the right to collect all revenues and proceeds attributable to the Hydrocarbons that accrue to the Oil and Gas Properties or the products obtained or processed therefrom, as well as any Liens and security interests securing any sales of said Hydrocarbons and to retain, use and enjoy same.

(g) Beneficiary may endorse and cash any and all checks and drafts payable to the order of Grantor or Beneficiary for the account of Grantor, received from or in connection with the proceeds of the Hydrocarbons affected hereby, and the same may be applied as provided herein. Beneficiary may execute any transfer or division orders in the name of Grantor or otherwise, with warranties and indemnities binding on Grantor; provided that Beneficiary shall not be held liable to Grantor for, nor be required to verify the accuracy of, Grantor's interests as represented therein.

(h) Beneficiary shall have the right at Beneficiary's election and in the name of Grantor, or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by Beneficiary in order to collect such proceeds and to protect the interests of Beneficiary or Grantor, with all costs, expenses and attorneys' fees incurred in connection therewith being paid by Grantor. In addition, should any purchaser taking production from the Oil and Gas Properties fail to pay promptly to Beneficiary in accordance with this Article, Beneficiary shall have the right to demand a change of

connection and to designate another purchaser with whom a new connection may be made without any liability on the part of Beneficiary in making such election, so long as ordinary care is used in the making thereof, and upon failure of Grantor to consent to such change of connection, the entire amount of all the Obligations may, at the option of Beneficiary, be immediately declared to be due and payable and subject to foreclosure hereunder.

(i) Without in any way limiting the effectiveness of the foregoing provisions, if Grantor receives any proceeds which under this Section 3.1 are payable to Beneficiary, Grantor shall hold the same in trust and remit such proceeds, or cause them to be remitted, immediately, to Beneficiary.

3.2 **Application of Proceeds.** All payments received by Beneficiary pursuant to this Article III attributable to the interest of Grantor in and to the Hydrocarbons shall be applied in the order set forth in the Loan Agreement.

3.3 **Grantor's Payment Duties.** Except as provided in Section 7.18 hereof, nothing contained herein will limit Grantor's absolute duty to make payment of the Obligations regardless of whether the proceeds assigned by this Article III are sufficient to pay the same, and the receipt by Beneficiary of proceeds from Hydrocarbons under this Deed of Trust will be in addition to all other security now or hereafter existing to secure payment of the Obligations.

3.4 **Liability of Beneficiary.** Beneficiary is hereby absolved from all liability for failure to enforce collection of any of such proceeds, and from all other responsibility in connection therewith except the responsibility to account to Grantor for proceeds actually received by Beneficiary.

3.5 **Actions to Effect Assignment.** Subject to the provisions of Section 3.1(f), Grantor covenants to cause all operators, pipeline companies, production purchasers and other remitters of said proceeds to pay promptly to Beneficiary the proceeds from such Hydrocarbons in accordance with the terms of this Deed of Trust, and to execute, acknowledge and deliver to said remitters such division orders, transfer orders, certificates and other documents as may be necessary, requested or proper to effect the intent of this assignment; and Beneficiary shall not be required at any time, as a condition to its right to obtain the proceeds of such Hydrocarbons, to warrant its title thereto or to make any guaranty whatsoever. In addition, Grantor covenants to provide to Beneficiary the name and address of every such remitter of proceeds from such Hydrocarbons, together with a copy of the applicable division orders, transfer orders, sales contracts and governing instruments. All expenses incurred by the Trustee or Beneficiary in the collection of said proceeds shall be repaid promptly by Grantor; and prior to such repayment, such expenses shall be a part of the Obligations secured hereby. If under any existing Contracts for the sale of Hydrocarbons, other than division orders or transfer orders, any proceeds of Hydrocarbons are required to be paid by the remitter direct to Grantor so that under such existing agreements payment cannot be made of such proceeds to Beneficiary in the absence of foreclosure, Grantor's interest in all proceeds of Hydrocarbons under such existing Contracts shall, when received by Grantor, constitute trust funds in Grantor's hands and shall be immediately paid over to Beneficiary.

3.6 **Power of Attorney.** Without limitation upon any of the foregoing, Grantor hereby designates and appoints Beneficiary as true and lawful agent and attorney-in-fact (with full power of substitution, either generally or for such periods or purposes as Beneficiary may from time to time prescribe), with irrevocable full power and authority, for and on behalf of and in the name of Grantor, to execute, acknowledge and deliver all such division orders, transfer orders, certificates and other documents of every nature, with such provisions as may from time to time, in the opinion of Beneficiary, be necessary or proper to effect the intent and purpose of the assignment contained in this Article III; and Grantor shall be bound thereby as fully and effectively as if Grantor had personally executed, acknowledged and delivered any of the foregoing orders, certificates or documents. The powers and

authorities herein conferred on Beneficiary may be exercised by Beneficiary through any person who, at the time of exercise, is the president, a senior vice president or a vice president of Beneficiary. **The power of attorney conferred by this Section 3.6 is granted for valuable consideration and coupled with an interest and is irrevocable so long as the Obligations, or any portion thereof, shall remain unpaid.** All persons dealing with Beneficiary, or any substitute, shall be fully protected in treating the powers and authorities conferred by this Section 3.6 as continuing in full force and effect until advised by Beneficiary that the Obligations are fully and finally paid.

3.7 INDEMNIFICATION. GRANTOR AGREES TO INDEMNIFY BENEFICIARY, THE TRUSTEE, AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS (COLLECTIVELY, THE "INDEMNIFIED PARTIES") FROM, AND DISCHARGE, RELEASE AND HOLD EACH OF THEM HARMLESS AGAINST ALL LOSSES, DAMAGES, CLAIMS, ACTIONS, LIABILITIES, JUDGMENTS, COSTS, ATTORNEYS' FEES OR OTHER CHARGES OF WHATSOEVER KIND OR NATURE (HEREAFTER REFERRED TO AS "CLAIMS") MADE AGAINST, IMPOSED ON, INCURRED BY OR ASSERTED AGAINST ANY OF THEM IN ANY AS A CONSEQUENCE OF THE ASSERTION EITHER BEFORE OR AFTER THE PAYMENT IN FULL OF THE OBLIGATIONS THAT ANY OF THE INDEMNIFIED PARTIES RECEIVED HYDROCARBONS OR PROCEEDS PURSUANT TO THIS DEED OF TRUST OR PURSUANT TO ANY RIGHT TO COLLECT PROCEEDS DIRECTLY FROM ACCOUNT DEBTORS WHICH ARE CLAIMED BY THIRD PERSONS. THE INDEMNIFIED PARTIES WILL HAVE THE RIGHT TO EMPLOY ATTORNEYS AND TO DEFEND AGAINST ANY SUCH CLAIMS AND UNLESS FURNISHED WITH REASONABLE INDEMNITY, THE INDEMNIFIED PARTIES WILL HAVE THE RIGHT TO PAY OR COMPROMISE AND ADJUST ALL SUCH CLAIMS. GRANTOR WILL INDEMNIFY AND PAY TO THE INDEMNIFIED PARTIES ALL SUCH AMOUNTS AS MAY BE PAID IN RESPECT THEREOF, OR AS MAY BE SUCCESSFULLY ADJUDICATED AGAINST ANY OF THE INDEMNIFIED PARTIES. THE INDEMNITY UNDER THIS SECTION SHALL APPLY TO CLAIMS ARISING OR INCURRED BY REASON OF THE PERSON BEING INDEMNIFIED'S OWN NEGLIGENCE BUT SHALL NOT APPLY TO CLAIMS ARISING OR INCURRED BY REASON OF THE PERSON BEING INDEMNIFIED'S OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE LIABILITIES OF GRANTOR AS SET FORTH IN THIS SECTION 3.7 SHALL SURVIVE THE TERMINATION OF THIS DEED OF TRUST.

ARTICLE IV **Grantor's Warranties and Covenants**

4.1 Payment of Obligations. Grantor covenants that Grantor shall timely pay and perform the Obligations secured by this Deed of Trust.

4.2 Notice of Default and Beneficiary's Right to Cure. Grantor covenants that Grantor shall, within 15 days of the receipt thereof, provide Beneficiary written notice of any default notice Grantor receives in connection with the Collateral, and Beneficiary reserves the right to cure such default on behalf of Grantor. All costs and expenses incurred by Beneficiary pursuant to this Section 4.2 shall be paid by Grantor on demand plus interest thereon from the date of the advance by Beneficiary until reimbursement of Beneficiary at the maximum non-usurious rate permitted by applicable law.

4.3 Representations and Warranties. Grantor represents and warrants as follows:

(a) *Title to Collateral.* Grantor has good and marketable title to the Collateral free from all Liens, claims, security interests or other encumbrances. As applicable, the descriptions set forth in Exhibit A of the quantum and nature of the interests of Grantor in and to the Oil and Gas Properties include the entire interests of Grantor in the Oil and Gas Properties and are complete and accurate in all respects. There are no "back-in" or "reversionary" interests held by third parties which could reduce the interests of Grantor in the Oil and Gas Properties except as set forth on Exhibit A. No operating or other agreement to which Grantor is a party or by which Grantor is bound affecting any part of the Collateral

requires Grantor to bear any of the costs relating to the Collateral greater than the leasehold interest of Grantor in such portion of the Collateral, except in the event Grantor is obligated under an operating agreement to assume a portion of a defaulting party's share of costs.

(b) *Status of Leases, Term Mineral Interests and Contracts.* All of the leases and term mineral interests in the Oil and Gas Properties are valid, subsisting and in full force and effect, and Grantor has no knowledge that a default exists under any of the terms or provisions, express or implied, of any of such leases or interests or under any agreement to which the same are subject. All of the Contracts and obligations of Grantor that relate to the Oil and Gas Properties are in full force and effect and constitute legal, valid and binding obligations of Grantor and the other parties thereto. Neither Grantor nor, to the knowledge of Grantor, any other party to any leases or term mineral interests in the Oil and Gas Properties or any Contract (A) is in breach of or default, or with the lapse of time or the giving of notice, or both, would be in breach or default, with respect to any obligations thereunder, whether express or implied, or (B) has given or threatened to give notice of any default under or inquiry into any possible default under, or action to alter, terminate, rescind or procure a judicial reformation of, any lease in the Oil and Gas Properties or any Contract.

(c) *Production Burdens, Taxes, Expenses and Revenues.* All rentals, royalties, overriding royalties, shut-in royalties and other payments due under or with respect to the Oil and Gas Properties have been properly and timely paid. All taxes have been properly and timely paid. All expenses payable under the terms of the Contracts have been properly and timely paid except for such expenses being contested in good faith by appropriate proceedings, and for which reserves shall have been made therefore and except for such expenses as are being currently paid prior to delinquency in the ordinary course of business. Grantor's ownership of the Hydrocarbons and any undivided interests therein as specified on attached Exhibit A will, after giving full effect to all Liens permitted hereby and after giving full effect to the agreements or instruments set forth on Exhibit A and any other instruments or agreements affecting Grantor's ownership of the Hydrocarbons, afford Grantor not less than those net interests (expressed as a fraction, percentage or decimal) in the production from or which is allocated to such Hydrocarbons specified as net revenue interest on attached Exhibit A and will cause Grantor to bear not more than that portion (expressed as a fraction, percentage or decimal), specified as working interest on attached Exhibit A, of the costs of drilling, developing and operating the wells identified on Exhibit A.

(d) *Pricing.* Where applicable, all of the wells located on the Oil and Gas Properties and production of Hydrocarbons therefrom have been properly permitted and classified under appropriate governmental regulations, whether federal, state or local.

(e) *Gas Regulatory Matters.* Grantor has filed with the appropriate state and federal agencies all necessary rate and collection filings and all necessary applications for well determinations under the Natural Gas Act of 1938, as amended, the Natural Gas Policy Act of 1978, as amended, and the rules and regulations of the Federal Energy Regulatory Commission (the "FERC") thereunder, and each such application has been approved by or is pending before the appropriate state or federal agency.

(f) *Production Balances.* Except as set forth below, none of the purchasers under any production sales contracts are entitled to "make-up" or otherwise receive deliveries of Hydrocarbons at any time after the date hereof without paying at such time the full contract price therefor. Except as set forth below, no person is entitled to receive any portion of the interest of Grantor in any Hydrocarbons or to receive cash or other payments to "balance" any disproportionate allocation of Hydrocarbons under any operating agreement, gas balancing and storage agreement, gas processing or dehydration agreement, or other similar agreements.

(g) *Drilling Obligations.* There are no obligations under any Oil and Gas Property or Contract which require the drilling of additional wells or operations to earn or to continue to hold any of the Oil and Gas Properties in force and effect.

(h) *Compliance With Laws.* All wells on or attributable to the Oil and Gas Properties have been drilled, completed and operated, and all production therefrom has been accounted for and paid to the persons entitled thereto, in compliance with all applicable federal, state and local laws and applicable rules and regulations of the federal, state and local regulatory authorities having jurisdiction thereof.

(i) *Regulatory Filings and Compliance.* All necessary regulatory filings have been properly made, and all regulatory (including environmental) processes have been complied with, in connection with the drilling, completion and operation of the wells on or attributable to the Oil and Gas Properties, the issuance of all rights of ways and other surfaces uses necessary for the exploration, development and transportation to and from such wells, and all other operations related thereto.

(j) *Refund Obligations.* Grantor has not collected any proceeds from the sale of Hydrocarbons produced from the Oil and Gas Properties which are subject to any refund obligation.

(k) *Grantor's Address.* The address of Grantor's place of business, residence, chief executive office and office where Grantor keeps its records concerning accounts, contract rights and general intangibles is as set forth in Section 7.13, and there has been no change in the location of Grantor's place of business, residence, chief executive office and office where it keeps such records and no change of Grantor's name during the four months immediately preceding the date of this Deed of Trust. Grantor hereby represents and warrants that Grantor's entity registration number is 5834125-0142, the state of its formation is Utah and the correct spelling of Grantor's name is as set forth in its signature block below.

4.4 **Further Assurances.**

(a) Grantor covenants that Grantor shall execute and deliver such other and further instruments, and shall do such other and further acts as in the opinion of Beneficiary may be necessary or desirable to carry out more effectively the purposes of this Deed of Trust, including without limiting the generality of the foregoing, (i) prompt correction of any defect in the execution or acknowledgment of this Deed of Trust, any written instrument comprising part or all of the Obligations, or any other document used in connection herewith; (ii) prompt correction of any defect which may hereafter be discovered in the title to the Collateral; (iii) prompt execution and delivery of all division or transfer orders or other instruments which in Beneficiary's opinion are required to transfer to Beneficiary, for its benefit, the assigned proceeds from the sale of Hydrocarbons from the Oil and Gas Properties; and (iv) prompt payment when due and owing of all taxes, assessments and governmental charges imposed on this Deed of Trust, upon the interest of Beneficiary or the Trustee or upon the income and profits from any of the above.

(b) Grantor covenants that Grantor shall maintain and preserve the Lien and security interest herein created as an Acceptable Security Interest so long as any of the Obligations remain unpaid.

(c) Grantor shall immediately notify Beneficiary of any discontinuance of or change in the address of Grantor's place of business, residence, chief executive office or office where it keeps records concerning accounts, contract rights and general intangibles.

(d) Grantor shall not amend, supplement, modify or restate their articles or certificate of incorporation, bylaws, limited liability company agreements, or other equivalent organizational documents, or amend its name or change its jurisdiction of incorporation, organization or formation without prior written notice to, and prior consent of, the Beneficiary.

4.5 Operation of Oil and Gas Properties. As long as any of the Obligations remain unpaid or unsatisfied, and whether or not Grantor is the operator of the Oil and Gas Properties, Grantor shall (at Grantor's own expense):

(a) not enter into any operating agreement, contract or agreement which materially adversely affects the Collateral;

(b) do all things necessary and within the reasonable control of Grantor to keep, or cause to be kept, in full force and effect the Oil and Gas Properties and other Contracts, and Grantor's interests therein;

(c) neither abandon, forfeit, surrender, release, sell, assign, sublease, farmout or convey, nor agree to sell, assign, sublease, farmout or convey, nor mortgage or grant security interests in, nor otherwise dispose of or encumber any of the Collateral or any interest therein, without the express written consent of Beneficiary;

(d) cause the Collateral to be maintained, developed and protected against drainage and continuously operated for the production and marketing of Hydrocarbons in a good and workmanlike manner as a prudent operator would in accordance with (i) generally accepted practices, (ii) applicable oil and gas leases and Contracts, and (iii) all applicable federal, state and local laws, rules and regulations;

(e) promptly pay or cause to be paid when due and owing (i) all rentals and royalties payable in respect of the Collateral; (ii) all expenses incurred in or arising from the operation or development of the Collateral, including all of Grantor's share of any participation costs in any wells or leases; (iii) all taxes, assessments and governmental charges imposed upon the Collateral, upon the income and profits from any of the Collateral, or upon Beneficiary because of its interest therein; and (iv) all local, state and federal taxes, payments and contributions for which Grantor may be liable; and indemnify Beneficiary and Trustee from all liability in connection with any of the foregoing;

(f) promptly take all action necessary to enforce or secure the observance or performance of any term, covenant, agreement or condition to be observed or performed by third parties under any Contract, or any part thereof, or to exercise any of its rights, remedies, powers and privileges under any Contract, all in accordance with the respective terms thereof;

(g) cause the Operating Equipment and the Fixture Operating Equipment to be kept in good and effective operating condition, and cause to be made all repairs, renewals, replacements, additions and improvements thereof or thereto, necessary or appropriate in connection with the production of Hydrocarbons from the Oil and Gas Properties;

(h) permit and do all things necessary or proper to enable the Trustee and Beneficiary (through any of their respective agents and employees) to enter upon the Oil and Gas Properties for the purpose of investigating and inspecting the condition and operations of the Collateral;

(i) cause the Collateral to be kept free and clear of Liens, charges, security interests and encumbrances of every character other than the Liens and security interests created and assigned by this Deed of Trust;

(j) carry and maintain insurance which is customary in the industry and is required by Beneficiary from time to time;

(k) furnish to Beneficiary, upon request, copies of any Contracts; and

(l) promptly perform all covenants express or implied in any Contract.

4.6 Recording. Grantor shall take such steps as the Grantor may request to record, register, deposit and file this Deed of Trust and every other instrument in addition or supplement hereto, including applicable financing statements, in such offices and places within the state where the Collateral is located and in the state where the Grantor is registered as an entity, and at such times and as often as may be necessary to preserve, protect and renew the Lien and security interest herein created as a perfected first priority security interest on real or personal property as the case may be, and otherwise shall do and perform all matters or things necessary or expedient to be done or observed by reason of any legal requirement for the purpose of effectively creating, perfecting, maintaining and preserving the Lien and security interest created hereby in and on the Collateral.

4.7 Records, Statements and Reports. Grantor shall keep proper books of record and account in which complete and correct entries shall be made of Grantor's transactions and shall furnish or cause to be furnished to Beneficiary the following reports:

(a) **Annual Financials.** Upon the written request of Beneficiary, Grantor shall provide Beneficiary with: (i) a copy of the Grantor's balance sheets as of the end of the most recent fiscal year and Grantor's statements of income, cash flows, and retained earnings, in each case, if requested by Beneficiary, certified by independent certified public accountants reasonably acceptable to Beneficiary and including any management letters delivered by such accountants to the Grantor in connection with such audit, (B) a certificate of such accounting firm to the Beneficiary stating that, in the course of the regular audit of the business of Grantor, if any, which audit was conducted by such accounting firm in accordance with generally accepted auditing standards, such accounting firm has obtained no knowledge that a Default in financial covenant compliance has occurred and is continuing, or if, in the opinion of such accounting firm, a Default in financial covenant compliance has occurred and is continuing, a statement as to the nature thereof, and (C) a Compliance Certificate executed by a responsible officer of the Grantor; and (ii) a copy of the unaudited annual consolidating financial statements of each of its Subsidiaries, if any, including therein such Subsidiary's balance sheet and statements of income, cash flows, and retained earnings for such fiscal year.

(b) **Production Reports.** Grantor shall provide to Beneficiary, all production reports pertaining to the Collateral, in such form and content as reasonably required by Beneficiary.

(c) **Environmental Notices.** Promptly upon the receipt thereof by the Grantor or any of its Subsidiaries, a copy of any form of request, notice, summons or citation received from the Environmental Protection Agency, or any other Governmental Authority, concerning (i) violations or alleged violations of Environmental Laws, which seeks to impose liability therefor and could reasonably be expected to cause a Material Adverse Effect, (ii) any action or omission on the part of the Grantor or any Subsidiary or any of their former Subsidiaries in connection with Hazardous Waste or Hazardous Substances which could reasonably result in the imposition of liability therefor that could reasonably be expected to cause a Material Adverse Effect, including any information request related to, or notice of, potential responsibility under CERCLA, or (iii) concerning the filing of a Lien upon, against or in connection with the Grantor or any Subsidiary or their former Subsidiaries, or any of their leased or owned Property, wherever located. "Governmental Authority" means, as to any Person, in connection

with any subject, any foreign, United States federal, state or provincial governmental authority, or any political subdivision of any state thereof, or any agency, department, commission, board, authority or instrumentality, bureau or court, in each case having jurisdiction over such Person or such Person's property in connection with such subject. "Environmental Law" means, as to the Grantor or its Subsidiaries, all Legal Requirements or common law theories applicable to the Grantor or its Subsidiaries arising from, relating to, or in connection with the environment, health, or safety, including CERCLA, relating to (a) pollution, contamination, injury, destruction, loss, protection, cleanup, reclamation or restoration of the air, surface water, groundwater, land surface or subsurface strata, or other natural resources; (b) solid, gaseous or liquid waste generation, treatment, processing, recycling, reclamation, cleanup, storage, disposal or transportation; (c) exposure to pollutants, contaminants, hazardous, medically infectious, or toxic substances, materials or wastes; (d) the safety or health of employees; or (e) the manufacture, processing, handling, transportation, distribution in commerce, use, storage or disposal of hazardous, medically infectious, or toxic substances, materials or wastes. "Hazardous Substance" means the substances identified as such pursuant to CERCLA and those regulated under any other Environmental Law, including pollutants, contaminants, petroleum, petroleum products, radionuclides, radioactive materials, and medical and infectious waste. "Hazardous Waste" means the substances regulated as such pursuant to any Environmental Law. "Legal Requirement" means, as to any Person, any law, statute, ordinance, decree, requirement, order, judgment, rule, regulation (or official interpretation of any of the foregoing) of, and the terms of any license or permit issued by, any Governmental Authority.

(d) Other Governmental Notices. Promptly and in any event within five business days after receipt thereof by the Grantor or any Subsidiary, a copy of any notice, summons, citation, or proceeding from any Governmental Authority seeking to modify in any material respect, revoke, or suspend any material contract or agreement with, or any license or permit from, any Governmental Authority;

(e) Disputes, Etc. Prompt written notice of (i) any claims, legal or arbitration proceedings, proceedings before any Governmental Authority, or disputes concluded or then pending, or threatened, against the Grantor, or any of its Subsidiaries or adversely affecting any of the Grantor's or its Subsidiaries' properties, which the Grantor or any of its Subsidiaries has knowledge of and which, could reasonably be expected to cause a Material Adverse Effect, (ii) any material labor controversy of which the Grantor or any of its Subsidiaries has knowledge resulting in or reasonably considered to be likely to result in a strike against the Grantor or any of its Subsidiaries, and (iii) any claim, judgment, Lien or other encumbrance (other than a Permitted Lien) affecting any Property of the Grantor or any Subsidiary of which the Grantor or any of its Subsidiaries has knowledge and the value of such claim, judgment, Lien, or other encumbrance affecting such Property shall exceed \$100,000;

(f) Other Accounting Reports. Promptly upon receipt thereof, a copy of each other report or letter submitted to the Grantor or any Subsidiary by independent accountants in connection with any annual, interim or special audit made by them of the books of the Grantor and its Subsidiaries, and a copy of any response by the Grantor or any Subsidiary of the Grantor, or the applicable governing body of the Grantor or any Subsidiary of the Grantor, to such letter or report;

(g) Other Information. Such other information respecting the business or Properties, or the condition or operations, financial or otherwise, of the Grantor or any of its Subsidiaries, as the Beneficiary may from time to time reasonably request.

4.8 Insurance. To the extent that insurance is carried by a third-party operator on behalf of Grantor, upon request by Beneficiary, Grantor shall obtain and provide Beneficiary with copies of certificates of insurance showing Grantor as a named insured. Grantor hereby assigns to Beneficiary for

its benefit any and all monies that may become payable under any such policies of insurance by reason of damage, loss or destruction of any of the Collateral and Beneficiary may receive such monies and apply all or any part of the sums so collected, at its election, toward payment of the Obligations, whether or not such Obligations are then due and payable, in such manner as Beneficiary may elect. Any insurance proceeds received by Grantor and due to Beneficiary shall be held in trust for the benefit of Beneficiary, shall be segregated from other funds of Grantor and shall be forthwith paid over to Beneficiary.

4.9 Security Interest in Personalty Collateral.

(a) Grantor agrees, at the request and option of Beneficiary, to take any and all actions Beneficiary may determine to be necessary or useful for the attachment, perfection and first priority of, and the ability of Beneficiary to enforce, Beneficiary's security interest in any and all of the Personalty Collateral, including, without limitation, (a) causing Beneficiary's name to be noted as Beneficiary on any certificate of title for the Personalty Collateral or any portion thereof if such notation is a condition to attachment, perfection or priority of, or ability of Beneficiary to enforce, Beneficiary's security interest in such Personalty Collateral, (b) complying with any provision of any statute, regulation or treaty of any State or the United States as to any Personalty Collateral if compliance with such provision is a condition to attachment, perfection or priority of, or ability of Beneficiary to enforce, Beneficiary's security interest in such Personalty Collateral, (c) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Beneficiary, including, without limitation, any consent of any licensor, lessor or other person obligated on Personalty Collateral, and (d) obtaining consents, acknowledgements, agreements or waivers from third parties to any material Contracts in form and substance satisfactory to Beneficiary.

(b) Financing Statements. Grantor hereby irrevocably authorizes Beneficiary at any time and from time to time to file or record in any filing office in any Uniform Commercial Code jurisdiction, or in any county recorder's office or other public office for recording of public land records, any initial financing statements and amendments thereto that (a) indicate the Personalty Collateral: (i) as "all assets" of Grantor or words of similar effect, regardless of whether any particular asset comprised in the Personalty Collateral falls within the scope of Article 9 of such applicable the Uniform Commercial Code, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required by Part 5 of Article 9 of such applicable Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (1) whether Grantor is an organization, the type of organization and any organization identification number issued to Grantor, and (2) in the case of a financing statement filed as a fixture filing or indicating Personalty Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Personalty Collateral relates. Grantor agrees to furnish any such information to Beneficiary promptly upon request. Grantor also ratifies its authorization for Beneficiary to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof. Beneficiary is fully authorized to file, record, or otherwise utilize such documents as it deems necessary to perfect and/or enforce any security interest or lien granted hereunder. Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Beneficiary and agrees that it will not do so without the prior written consent of Beneficiary, subject to Grantor's rights under Section 9-509(4)(b) of the Utah Uniform Commercial Code (or such other applicable Uniform Commercial Code jurisdiction). Grantor will pay the cost of recording and filing the same in all public offices wherever recording or filing is deemed by Beneficiary to be necessary or desirable.

(c) Appointment and Powers of Beneficiary.

(i) Grantor hereby irrevocably constitutes and appoints Beneficiary and any officer or agent thereof, with full power of substitution, as its true and lawful attorneys-in-fact with full irrevocable power and authority in the place and stead of Grantor or in Beneficiary's own name, for the purpose of carrying out the terms of this Deed of Trust, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or useful to accomplish the purposes of this Deed of Trust and, without limiting the generality of the foregoing, hereby gives said attorneys the power and right, on behalf of Grantor, without notice to or assent by Grantor, to do the following:

(A) upon the occurrence and during the continuance of an Event of Default, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Personalty Collateral in such manner as is consistent with the applicable Uniform Commercial Code and as fully and completely as though Beneficiary were the absolute owner thereof for all purposes, and to do, at Grantor's expense, at any time, or from time to time, all acts and things which Beneficiary deems necessary or useful to protect, preserve or realize upon the Personalty Collateral and Beneficiary's security interest therein, in order to effect the intent of this Deed of Trust, all at least as fully and effectively as Grantor might do, including, without limitation, the filing and prosecuting of registration and transfer applications with the appropriate federal, state, local or other agencies or authorities with respect to trademarks, copyrights and patentable inventions and processes, upon written notice to Grantor, the exercise of voting rights with respect to voting securities, which rights may be exercised, if Beneficiary so elects, with a view to causing the liquidation of assets of the issuer of any such securities, and the execution, delivery and recording, in connection with any sale or other disposition of any Personalty Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Personalty Collateral; and

(B) to the extent that Grantor's authorization given above is not sufficient, to file such financing statements with respect hereto, with or without Grantor's signature, or a photocopy of this Deed of Trust in substitution for a financing statement, as Beneficiary may deem appropriate and to execute in Grantor's name such financing statements and amendments thereto and continuation statements which may require Grantor's signature.

(ii) Ratification by Grantor. To the extent permitted by law, Grantor hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

(iii) No Duty on Beneficiary. The powers conferred on Beneficiary hereunder are solely to protect its interests in the Personalty Collateral and shall not impose any duty upon it to exercise any such powers. Beneficiary shall be accountable only for the amounts that it actually receives as a result of the exercise of such powers, and neither it nor any of its officers, directors, employees or agents shall be responsible to Grantor for any act or failure to act, except for Beneficiary's own gross negligence or willful misconduct.

(d) None of the Personalty Collateral constitutes, or is the proceeds of, "farm products" as defined in Section 9-102(a)(34) of the Uniform Commercial Code. Grantor holds no commercial tort claims with respect to the Property. Grantor has at all times operated its business in compliance with all applicable provisions of the federal Fair Labor Standards Act.

ARTICLE V
Default

5.1 **Events of Default.** An “Event of Default” hereunder shall mean any Event of Default as described in the Loan Agreement, and the violation of any of the covenants, terms, and conditions contained in this Deed of Trust.

5.2 **Acceleration Upon Default.** Upon the occurrence of any Event of Default, or at any time thereafter, Beneficiary may declare the entire unpaid principal of, and the interest accrued on, and all other amounts owed in connection with, the Obligations to be forthwith due and payable, whereupon the same shall become immediately due and payable without any protest, presentment, demand, notice of intent to accelerate, notice of acceleration or further notice of any kind, all of which are hereby expressly waived by Grantor. Whether or not Beneficiary elects to accelerate as herein provided, Beneficiary may simultaneously, or thereafter, without any further notice to Grantor, exercise any other right or remedy provided in this Deed of Trust or otherwise existing under any other Loan Documents.

ARTICLE VI
Beneficiary's Rights

6.1 **Rights to Realty Collateral Upon Default.**

(a) *Operation of Property by Beneficiary.* Upon the occurrence of an Event of Default or at any time thereafter, and in addition to all other rights of Beneficiary, Beneficiary shall have the following rights and powers (but no obligation):

(i) To enter upon and take possession of any of the Realty Collateral and exclude Grantor therefrom;

(ii) To hold, use, administer, manage and operate the Realty Collateral to the extent that Grantor could do so, and without any liability to Grantor in connection with such operations; and

(iii) To the extent that Grantor could do so, to collect, receive and receipt for all Hydrocarbons produced and sold from the Realty Collateral, to make repairs, to purchase machinery and equipment, to conduct workover operations, to drill additional wells, and to exercise every power, right and privilege of Grantor with respect to the Realty Collateral.

Beneficiary may designate any person, firm, corporation or other entity to act on its behalf in exercising the foregoing rights and powers. When and if the expenses of such operation and development (including costs of unsuccessful workover operations or additional wells) have been paid, and the Obligations have been paid, the Realty Collateral shall be returned to Grantor (providing there has been no foreclosure sale).

(b) *Judicial Proceedings.* Upon the occurrence of an Event of Default or at any time thereafter, the Trustee and/or Beneficiary, in lieu of or in addition to exercising the power of sale hereafter given, may proceed by a suit or suits, in equity or at law (i) for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, (ii) for the appointment of a receiver whether there is then pending any foreclosure hereunder or the sale of the Realty Collateral, or (iii) for the enforcement of any other appropriate legal or equitable remedy; and further, in lieu of the non-judicial power of sale hereafter given for Collateral, the Trustee may proceed by suit for a sale of the Realty Collateral as a mortgage.

(c) After the lapse of such time as may then be required by *Utah Code Annotated* § 57-1-24 or other applicable law following the recordation of the notice of default, and notice of default and notice of sale having been given as then required by *Utah Code Annotated* § 57-1-25 and § 57-1-26 or other applicable law, Trustee, without demand on Grantor, shall sell the Realty Collateral (and any Fixture Collateral) on the date and at the time and place designated in the notice of sale, in such order as Beneficiary may determine (but subject to Grantor's statutory right under *Utah Code Annotated* § 57-1-27 to direct the order in which the property, if consisting of several known lots or parcels, shall be sold), at public auction to the highest bidder, the purchase price payable in lawful money of the United States at the time of sale or on such other terms as are set forth in the notice of sale. The person conducting the sale may, for any cause deemed expedient, postpone the sale from time to time until it shall be completed and, in every such case, notice of postponement shall be given by public declaration thereof by such person at the time and place last appointed for the sale; *provided*, if the sale is postponed for longer than forty-five (45) days beyond the date designated in the notice of sale, notice of the time, date, and place of sale shall be given in the same manner as the original notice of sale as required by *Utah Code Annotated* § 57-1-27. Trustee shall execute and deliver to the purchaser a Trustee's Deed, in accordance with *Utah Code Annotated* § 57-1-28, conveying the Property so sold, but without any covenant of warranty, express or implied. The recitals in the Trustee's Deed of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person, including Beneficiary, may bid at the sale. Trustee shall apply the proceeds of the sale as follows:

First: To the costs and expenses of exercising the power of sale and of the sale, including the payment of Trustee's and attorneys' fees actually incurred not to exceed the amount which may be provided for in the trust deed.

Second: To payment of the obligations secured by the trust deed.

Third: The balance, if any, to the person or person's legally entitled to the proceeds, or Trustee, in the Trustee's discretion, may deposit the balance of the proceeds with the clerk of the district court of the county in which the sale took place, in accordance with *Utah Code Annotated* § 57-1-29.

Upon any sale made under or by virtue of this subsection (c), whether made under the power of sale herein granted or under or by virtue of judicial proceedings or of a judgment or decree of foreclosure and sale, the Beneficiary may bid for and acquire the Property, whether by payment of cash or by credit bid in accordance with *Utah Code Annotated* § 57-1-28(1)(b). In the event of a successful credit bid, Beneficiary shall make settlement for the purchase price by crediting upon the Obligations of Grantor secured by this Deed of Trust such credit bid amount. Beneficiary, upon so acquiring the Property or any part thereof, shall be entitled to hold, lease, rent, operate, manage, and sell the same in any manner provided by applicable laws.

(d) *Credit Bids.* For purposes of *Utah Code Annotated* Section 57-1-28, Grantor agrees that all default interest, late charges, any prepayment premium, swap contract breakage fees and similar amounts, if any, owing from time to time under the Loan Agreement shall constitute a part of and be entitled to the benefits of Lender's lien upon the Realty Collateral, and (ii) Lender may add all default interest, late charges, any prepayment premium, swap contract breakage fees and similar amounts owing from time to time under the Loan Agreement to the principal balance of the Loan, and in either case Lender may include the amount of all unpaid late charges in any credit bid Lender may make at a foreclosure sale of the Realty Collateral pursuant to this Deed of Trust.

(e) *Changes in Law.* In the event of any amendment to the provisions of *Utah Code Annotated* Title 57 or other provisions of *Utah Code Annotated* referenced in this Deed of Trust, this Deed of Trust shall, at the sole election of Lender, be deemed amended to be consistent with such amendments or Lender may elect not to give effect to such deemed amendments hereto if permitted by applicable law.

(f) *Real and Personal Property.* It is the express understanding and intent of the parties that as to any personal property interests subject to Article 9a of the Utah Uniform Commercial Code, Lender, upon an Event of Default, may proceed under the Utah Uniform Commercial Code or may proceed as to both real and personal property interests in accordance with the provisions of this Deed of Trust and its rights and remedies in respect of real property, and treat both real and personal property interests as one parcel or package of security as permitted by *Utah Code Annotated* § 70A-9a-601 or other applicable law, and further may sell any shares of corporate stock evidencing water rights in accordance with *Utah Code Annotated* § 57-1-30 or other applicable law.

(g) *Deficiency.* Grantor agrees to pay any deficiency arising from any cause, to which Beneficiary or Lender may be entitled after applications of the proceeds of any sale, Beneficiary may commence suit to collect such deficiency in accordance with *Utah Code Annotated* § 57-1-32 or other applicable law.

(h) *Reinstatement.* If Grantor, Grantor's successor interest or any other person having a subordinate lien or encumbrance of record on the Property, reinstates this Deed of Trust and the Loan with three (3) months of the recordation of a notice of default in accordance with *Utah Code Annotated* § 57-1-31(1), such party shall pay to Beneficiary the reasonable cancellation fee contemplated by *Utah Code Annotated* § 57-1-31(2), as delivered by Beneficiary, in accordance with its then current policies and procedures, whereupon Trustee shall record a notice of cancellation of the pending sale.

(i) *Certain Aspects of Sale.* Beneficiary will have the right to become the purchaser at any foreclosure sale and to credit the then outstanding balance of the Obligations against the amount payable by Beneficiary as purchaser at such sale. Statements of fact or other recitals contained in any conveyance to any purchaser or purchasers at any sale made hereunder will conclusively establish the occurrence of an Event of Default, any acceleration of the maturity of the Obligations, the advertisement and conduct of such sale in the manner provided herein, the appointment of any successor-Trustee hereunder and the truth and accuracy of all other matters stated therein. Grantor does hereby ratify and confirm all legal acts that the Trustee may do in carrying out the Trustee's duties and obligations under this Deed of Trust, and Grantor hereby irrevocably appoints Beneficiary to be the attorney-in-fact of Grantor and in the name and on behalf of Grantor to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices which Grantor ought to execute and deliver and do and perform any and all such acts and things which Grantor ought to do and perform under the covenants herein contained and generally to use the name of Grantor in the exercise of all or any of the powers hereby conferred on Trustee. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for Trustee or any public officer acting under execution or by order of court, to have physically present or constructively in his possession any of the Collateral, and Grantor hereby agrees to deliver to the purchaser or purchasers at such sale on the date of sale the Collateral purchased by such purchasers at such sale and if it should be impossible or impracticable to make actual delivery of such Collateral, then the title and right of possession to such Collateral shall pass to the purchaser or purchasers at such sale as completely as if the same had been actually present and delivered.

(j) *Receipt to Purchaser.* Upon any sale made under the power of sale herein granted, the receipt of the Trustee will be sufficient discharge to the purchaser or purchasers at any sale

for its purchase money, and such purchaser or purchasers, will not, after paying such purchase money and receiving such receipt of the Trustee, be obligated to see to the application of such purchase money or be responsible for any loss, misapplication or non-application thereof.

(k) *Effect of Sale.* Any sale or sales of the Realty Collateral will operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of Grantor in and to the premises and the Realty Collateral (and any Fixture Collateral) sold, and will be a perpetual bar, both at law and in equity, against Grantor, Grantor's successors or assigns, and against any and all persons claiming or who shall thereafter claim all or any of the Realty Collateral (and any Fixture Collateral) sold by, through or under Grantor, or Grantor's successors or assigns. Nevertheless, if requested by the Trustee so to do, Grantor shall join in the execution and delivery of all proper conveyances, assignments and transfers of the Property so sold. The purchaser or purchasers at the foreclosure sale will receive as incident to his, her, its or their own ownership, immediate possession of the Realty Collateral (and any Fixture Collateral) purchased and Grantor agrees that if Grantor retains possession of the Realty Collateral (and any Fixture Collateral) or any part thereof subsequent to such sale, Grantor will be considered a tenant at sufferance of the purchaser or purchasers and will be subject to eviction and removal by any lawful means, with or without judicial intervention, and all damages by reason thereof are hereby expressly waived by Grantor.

(l) *Grantor's Waiver of Appraisal and Marshalling.* Grantor agrees, to the full extent that Grantor may lawfully so agree, that Grantor will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisal, valuation, stay, extension or redemption law, now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Deed of Trust, the absolute sale of the Collateral, including the Realty Collateral (or any Fixture Collateral), or the possession thereof by any purchaser at any sale made pursuant to this Deed of Trust or pursuant to the decree of any court of competent jurisdiction; and Grantor, for Grantor and all who may claim through or under Grantor, hereby waives the benefit of all such laws and, to the extent that Grantor may lawfully do so under any applicable law, any and all rights to have the Collateral, including the Realty Collateral (and any Fixture Collateral), marshaled upon any foreclosure of the Lien hereof or sold in inverse order of alienation.

6.2 **Rights to Personalty Collateral Upon Default.**

(a) Upon the occurrence of an Event of Default, or at any time thereafter, Beneficiary or the Trustee may proceed against the Personalty Collateral in accordance with the rights and remedies granted herein with respect to the Realty Collateral, or will have all rights and remedies granted by the applicable Uniform Commercial Code and this Deed of Trust. Beneficiary shall have the right to take possession of the Personalty Collateral, either personally or by a court-appointed receiver, and for this purpose Beneficiary may enter upon any premises on which any or all of the Personalty Collateral is situated and, to the extent that Grantor could do so, take possession of and operate the Personalty Collateral, or remove it therefrom. Beneficiary may require Grantor to assemble the Personalty Collateral and make it available to Beneficiary at a place to be designated by Beneficiary which is reasonably convenient to both parties. Unless the Personalty Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Beneficiary will send Grantor reasonable notice of the time and place of any public or private sale or of the time after which any private sale or other disposition of the Personalty Collateral is to be made. This requirement of sending reasonable notice will be met if such notice is mailed, postage prepaid, to Grantor at the address designated in Section 7.13 hereof (or such other address as has been designated as provided herein) at least ten days before the time of the sale or disposition. In addition, Grantor waives any and all rights that it may have to a judicial hearing in advance of the enforcement of any of Beneficiary's rights and remedies hereunder, including, without limitation, its right following an Event of Default to take

immediate possession of the Personalty Collateral and to exercise its rights and remedies with respect thereto. In addition to the expenses of retaking, holding, preparing for sale, selling and the like, Beneficiary will be entitled to recover attorney's fees and legal expenses as provided for in this Deed of Trust and in the writings evidencing the Obligations before applying the balance of the proceeds from the sale or other disposition toward satisfaction of the Obligations. Beneficiary may sell, lease, or otherwise dispose of the Personalty Collateral at public or private sale, upon terms and in such manner as Beneficiary may determine and pursuant to such applicable Uniform Commercial Code. Beneficiary may be a purchaser at any sale.

(b) Upon such Event of Default, Beneficiary may, without notice to or demand upon Grantor, make such payments and do such acts as Beneficiary may deem necessary to protect its security interest in the Personalty Collateral (including, without limitation, paying, purchasing, contesting or compromising any lien or encumbrance, whether superior or inferior to such security interest) and in exercising any such powers or authority to pay all expenses (including, without limitation, litigation costs and reasonable attorney's fees) incurred in connection therewith.

(c) Grantor shall pay to Beneficiary on demand any and all expenses, including reasonable attorneys' fees and disbursements, incurred or paid by Beneficiary in protecting, preserving or enforcing Beneficiary's rights and remedies under or in respect of any of the Obligations or any of the Personalty Collateral and arising from the discharge of all impositions, liens and encumbrances, and claims thereof, if any, on the Personalty Collateral prior to the security interest granted herein (except any impositions, liens and encumbrances subject to which such sale shall have been made). After deducting all of said expenses, the residue of any proceeds of collection or sale or other disposition of the Personalty Collateral shall, to the extent actually received in cash, be applied to the payment of the Obligations in such order or preference as Beneficiary may determine, proper allowance and provision being made for any Obligations not then due. Upon the final payment and satisfaction in full of all of the Obligations and after making any payments required by Sections 9-608(a)(1)(C) or 9-615(a)(3) of the Uniform Commercial Code of the State of Utah (or such other applicable Uniform Commercial Code), any excess shall be returned to Grantor. In the absence of final payment and satisfaction in full of all of the Obligations, Grantor shall remain liable for any deficiency. Until paid, all amounts due and payable by Grantor hereunder shall be a debt secured by the Collateral and shall bear, whether before or after judgment, interest at the interest rate as set forth in the Loan Agreement.

(d) Beneficiary shall have the right to enforce one or more remedies hereunder, successively or concurrently, and such action shall not operate to estop or prevent Beneficiary from pursuing any further remedy that it may have. Any repossession or retaking or sale of the Personalty Collateral pursuant to the terms hereof shall not operate to release Grantor until full payment of any deficiency has been made in cash.

(e) To the extent that applicable law imposes duties on Beneficiary to exercise remedies in a commercially reasonable manner, Grantor acknowledges and agrees that it is not commercially unreasonable for Beneficiary (a) to fail to incur expenses reasonably deemed significant by Beneficiary to prepare Personalty Collateral for disposition or otherwise to fail to complete raw material or work in process into finished goods or other finished products for disposition, (b) to fail to obtain third party consents for access to Personalty Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Personalty Collateral to be collected or disposed of, (c) to fail to exercise collection remedies against account debtors or other persons obligated on Personalty Collateral or to fail to remove liens or encumbrances on or any adverse claims against Personalty Collateral, (d) to exercise collection remedies against account debtors and other persons obligated on Personalty Collateral directly or through the use of collection agencies and other collection specialists, (e) to advertise dispositions of Personalty Collateral

through publications or media of general circulation, whether or not the Personalty Collateral is of a specialized nature, (f) to contact other persons, whether or not in the same business as Grantor, for expressions of interest in acquiring all or any portion of the Personalty Collateral, (g) to hire one or more professional auctioneers to assist in the disposition of Personalty Collateral, whether or not the Personalty Collateral is of a specialized nature, (h) to dispose of Personalty Collateral by utilizing Internet sites that provide for the auction of assets of the types included in the Personalty Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (i) to dispose of assets in wholesale rather than retail markets, (j) to disclaim disposition warranties, (k) to purchase insurance or credit enhancements to insure Beneficiary against risks of loss, collection or disposition of Personalty Collateral or to provide to Beneficiary a guaranteed return from the collection or disposition of Personalty Collateral, or (l) to the extent deemed appropriate by Beneficiary, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Beneficiary in the collection or disposition of any of the Personalty Collateral. Grantor acknowledges that the purpose of this sub-section is to provide non-exhaustive indications of what actions or omissions by Beneficiary would fulfill Beneficiary's duties under the Uniform Commercial Code or any other relevant jurisdiction in Beneficiary's exercise of remedies against the Personalty Collateral and that other actions or omissions by Beneficiary shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this sub-section. Without limitation upon the foregoing, nothing contained in this subsection shall be construed to grant any rights to Grantor or to impose any duties on Beneficiary that would not have been granted or imposed by this Deed of Trust or by applicable law in the absence of this subsection.

6.3 **Rights to Fixture Collateral Upon Default.** Upon the occurrence of an Event of Default, or at any time thereafter, Beneficiary may elect to treat the Fixture Collateral as either Realty Collateral or as Personalty Collateral (but not both) and proceed to exercise such rights as apply to the type of Collateral selected.

6.4 **Account Debtors.** Beneficiary may, in its discretion, after the occurrence and during the continuance of an Event of Default, notify any account debtor to make payments directly to Beneficiary and contact account debtors directly to verify information furnished by Grantor. Beneficiary shall not have any obligation to preserve any rights against prior parties. To the extent required by contract or law, Grantor hereby instructs all such account debtors to abide by any instructions of the Beneficiary hereunder, and Grantor does hereby agree to indemnify, defend and hold harmless such account debtor's for complying with payment instructions of the Beneficiary with respect to the payment of amount by such account debtor directly to Beneficiary.

6.5 **Costs and Expenses.** All sums advanced or costs or expenses incurred by Beneficiary (either by it directly or on its behalf by the Trustee or any receiver appointed hereunder) in protecting and enforcing its rights hereunder shall constitute a demand obligation owing by Grantor to Beneficiary as part of the Obligations. Grantor hereby agrees to repay such sums on demand plus interest thereon from the date of the advance or incurrence until reimbursement of Beneficiary at the interest rate as set forth in the Loan Agreement.

6.6 **Set-Off.** Upon the occurrence of any Event of Default, Beneficiary shall have the right to set-off any funds of Grantor in the possession of Beneficiary against any amounts then due by Grantor to Beneficiary pursuant to this Deed of Trust.

ARTICLE VII **Miscellaneous**

7.1 **Successor Trustees.** The Trustee may resign in writing addressed to Beneficiary or be removed at any time with or without cause by an instrument in writing duly executed by Beneficiary. In

case of the death, resignation or removal of the Trustee, a successor Trustee may be appointed by Beneficiary by instrument of substitution complying with any applicable requirements of law, and in the absence of any requirement, without other formality other than an appointment and designation in writing. The appointment and designation will vest in the named successor Trustee all the estate and title of the Trustee in all of the Collateral and all of the rights, powers, privileges, immunities and duties hereby conferred upon the Trustee. All references herein to the Trustee will be deemed to refer to any successor Trustee from time to time acting hereunder.

7.2 **Advances by Beneficiary or The Trustee.** Each and every covenant of Grantor herein contained shall be performed and kept by Grantor solely at Grantor's expense. If Grantor fails to perform or keep any of the covenants of whatsoever kind or nature contained in this Deed of Trust, Beneficiary (either by it directly or on its behalf by the Trustee or any receiver appointed hereunder) may, but will not be obligated to, make advances to perform the same on Grantor's behalf, and Grantor hereby agrees to repay such sums and any attorneys' fees incurred in connection therewith on demand plus interest thereon from the date of the advance until reimbursement of Beneficiary at interest rate set forth in the Loan Agreement. In addition, Grantor hereby agrees to repay on demand any costs, expenses and attorney's fees incurred by Beneficiary or the Trustee which are to be obligations of Grantor pursuant to, or allowed by, the terms of this Deed of Trust, including such costs, expenses and attorney's fees incurred pursuant to Section 3.1(h), Section 6.5 or Section 7.3 hereof, plus interest thereon from the date of the advance by Beneficiary or the Trustee until reimbursement of Beneficiary or the Trustee, respectively, at the interest rate set forth in the Loan Agreement. Such amounts will be in addition to any sum of money which may, pursuant to the terms and conditions of the written instruments comprising part of the Obligations, be due and owing. No such advance will be deemed to relieve Grantor from any default hereunder.

7.3 **Defense of Claims.** Grantor shall promptly notify Beneficiary in writing of the commencement of any legal proceedings affecting Grantor's title to the Collateral or Beneficiary's Lien or security interest in the Collateral, or any part thereof, and shall take such action, employing attorneys agreeable to Beneficiary, as may be necessary to preserve Grantor's, the Trustee's and Beneficiary's rights affected thereby. If Grantor fails or refuses to adequately or vigorously, in the sole judgment of Beneficiary, defend Grantor's, the Trustee's or Beneficiary's rights to the Collateral, the Trustee or Beneficiary may take such action on behalf of and in the name of Grantor and at Grantor's expense. Moreover, Beneficiary or the Trustee on behalf of Beneficiary, may take such independent action in connection therewith as they may in their discretion deem proper, including the right to employ independent counsel and to intervene in any suit affecting the Collateral. All costs, expenses and attorneys' fees incurred by Beneficiary or the Trustee pursuant to this Section 7.3 or in connection with the defense by Beneficiary of any claims, demands or litigation relating to Grantor, the Collateral or the transactions contemplated in this Deed of Trust shall be paid by Grantor on demand plus interest thereon from the date of the advance by Beneficiary or the Trustee until reimbursement of Beneficiary or the Trustee, respectively, at the maximum non-usurious rate permitted by applicable law.

7.4 **Termination.** If all the Obligations are paid in full, and the covenants herein contained are well and fully performed then all of the Collateral will revert to Grantor and the entire estate, right, title and interest of the Trustee and Beneficiary will thereupon cease; and Beneficiary in such case shall, upon the request of Grantor and the payment by Grantor of all attorneys' fees and other expenses, deliver to Grantor proper instruments acknowledging satisfaction of this Deed of Trust.

7.5 **Renewals, Amendments and Other Security.** Without notice or consent of Grantor, renewals and extensions of the written instruments constituting part or all of the Obligations may be given at any time and amendments may be made to agreements relating to any part of such written instruments or the Collateral. Beneficiary may take or hold other security for the Obligations without notice to or consent of Grantor. The acceptance of this Deed of Trust by Beneficiary shall not waive or impair any

other security Beneficiary may have or hereafter acquire to secure the payment of the Obligations nor shall the taking of any such additional security waive or impair the Lien and security interests herein granted. The Trustee or Beneficiary may resort first to such other security or any part thereof, or first to the security herein given or any part thereof, or from time to time to either or both, even to the partial or complete abandonment of either security, and such action will not be a waiver of any rights conferred by this Deed of Trust. This Deed of Trust may not be amended, waived or modified except in a written instrument executed by both Grantor and Beneficiary.

7.6 Security Agreement, Financing Statement and Fixture Filing. This Deed of Trust will be deemed to be and may be enforced from time to time as an assignment, chattel mortgage, contract, deed of trust, financing statement, real estate mortgage, or security agreement, and from time to time as any one or more thereof if appropriate under applicable state law. As a financing statement, this Deed of Trust is intended to cover all Personalty Collateral including Grantor's interest in all Hydrocarbons as and after they are extracted and all accounts arising from the sale thereof at the wellhead. **THIS DEED OF TRUST SHALL BE EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING WITH RESPECT TO FIXTURE COLLATERAL INCLUDED WITHIN THE COLLATERAL.** This Deed of Trust shall be filed in the real estate records of any county or counties in the state in which any part of the Realty Collateral and Fixture Collateral is located, as well as the Uniform Commercial Code records of the Secretary of State or other appropriate office of the state where the Grantor is registered as a limited liability company. At Beneficiary's request Grantor authorizes and, if necessary, shall execute, financing statements covering the Personalty Collateral, including all Hydrocarbons sold at the wellhead, and Fixture Collateral, which financing statements may be filed in the Uniform Commercial Code records of the Secretary of State or other appropriate office of the state in which any of the Collateral is located or where Grantor is registered as a limited liability company. Furthermore, Grantor hereby irrevocably authorizes Beneficiary and any affiliate, employee or agent thereof, at any time and from time to time, to file in any Uniform Commercial Code jurisdiction any financing statement or document and amendments thereto, without the signature of Grantor where permitted by law, in order to perfect or maintain the perfection of any security interest granted under this Deed of Trust. A photographic or other reproduction of this Deed of Trust shall be sufficient as a financing statement.

7.7 Unenforceable or Inapplicable Provisions. If any term, covenant, condition or provision hereof is invalid, illegal or unenforceable in any respect, the other provisions hereof will remain in full force and effect and will be liberally construed in favor of the Trustee and Beneficiary in order to carry out the provisions hereof.

7.8 Rights Cumulative. Each and every right, power and remedy herein given to the Trustee or Beneficiary will be cumulative and not exclusive, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Trustee, or Beneficiary, as the case may be, and the exercise, or the beginning of the exercise, of any such right, power or remedy will not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission by the Trustee or by Beneficiary in the exercise of any right, power or remedy will impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

7.9 Waiver by Beneficiary. Any and all covenants in this Deed of Trust may from time to time by instrument in writing by Beneficiary, be waived to such extent and in such manner as the Trustee or Beneficiary may desire, but no such waiver will ever affect or impair either the Trustee's or Beneficiary's rights hereunder, except to the extent specifically stated in such written instrument.

7.10 **Terms.** The term "Grantor" as used in this Deed of Trust will be construed as singular or plural to correspond with the number of parties executing this Deed of Trust as Grantor. Since more than one party executes this Deed of Trust as Grantor, each party's duties and liabilities under this Deed of Trust will be joint and several. The terms "Beneficiary", "Grantor", and "Trustee" as used in this Deed of Trust include the heirs, executors or administrators, successors, representatives, receiver, trustees and assigns of those parties. Unless the context otherwise requires, terms used in this Deed of Trust which are defined in the Uniform Commercial Code of Utah are used with the meanings therein defined.

7.11 **Counterparts.** This Deed of Trust may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original, and all of which are identical except that, to facilitate recordation, in any particular counties counterpart portions of Exhibit A hereto which describe Properties situated in counties other than the counties in which such counterpart is to be recorded may have been omitted.

7.12 **Governing Law.** THIS DEED OF TRUST AND ALL OTHER LOAN DOCUMENTS AND THE RIGHTS, DUTIES, OBLIGATIONS AND LIABILITIES OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE GOVERNED BY AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF UTAH, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES. WHEREVER POSSIBLE, EACH PROVISION OF THIS DEED OF TRUST SHALL BE INTERPRETED IN SUCH MANNER AS TO BE EFFECTIVE AND VALID UNDER APPLICABLE LAW. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS DEED OF TRUST AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF SALT LAKE, STATE OF UTAH, EACH PARTY HERETO WAIVES, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 7.12

7.13 **Notice.** All notices required or permitted to be given by Grantor, Beneficiary or the Trustee shall be in writing, and mailed by certified mail, return receipt requested, telecopied, hand delivered, or delivered by a nationally recognized overnight courier, and shall be addressed as follows:

Grantor: US Oil Sands (Utah) Inc.
Suite 1600, 521 Third Avenue S.W.
Calgary, Alberta T2P 3T3
Attention: _____
Telephone: _____

Beneficiary: A.C.M.O. S.à r.l.
26/28, Rue Edward Steichen
Luxembourg City, Luxembourg L-2540
Attention: _____
Telephone: _____

Trustee: First American Title Insurance Company
215 South State Street, Suite 380
Salt Lake City, UT 84111

All such notices and communications shall, when so mailed, telecopied, or hand delivered or delivered by a nationally recognized overnight courier, be effective when received if mailed, when telecopy transmission is completed, or when delivered by such messenger or courier, respectively.

7.14 **Duties of Trustee.** It shall be no part of the duty of the Trustee to see to any recording, filing or registration of this Deed of Trust or any other instrument in addition or supplemental hereto, or to see to the payment of or be under any duty with respect to any tax or assessment or other governmental charge which may be levied or assessed on the Collateral, any part thereof, or against Grantor, or to see to the performance or observance by Grantor of any of the covenants and agreements contained herein. Trustee shall not be responsible for the execution, acknowledgment or validity of this Deed of Trust or of any instrument in addition or supplemental hereto or for the sufficiency of the security purported to be created hereby, and makes no representation in respect thereof or in respect of the rights of Beneficiary. Trustee shall have the right to seek the advice of counsel upon any matters arising hereunder and shall be fully protected in relying as to legal matters on the advice of counsel. Trustee shall not incur any personal liability hereunder except for Trustee's own willful misconduct; and the Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine.

7.15 **Condemnation.** All awards and payments heretofore and hereafter made for the taking of or injury to the Collateral or any portion thereof whether such taking or injury be done under the power of eminent domain or otherwise, are hereby assigned, and shall be paid to Beneficiary. Beneficiary is hereby authorized to collect and receive the proceeds of such awards and payments and to give proper receipts and acquittances therefor. Grantor hereby agrees to make, execute and deliver, upon request, any and all assignments and other instruments sufficient for the purpose of confirming this assignment of the awards and payments to Beneficiary free and clear of any encumbrances of any kind or nature whatsoever. Any such award or payment may, at the option of Beneficiary, be retained and applied by Beneficiary after payment of attorneys' fees, costs and expenses incurred in connection with the collection of such award or payment toward payment of all or a portion of the Obligations, whether or not the Obligations are then due and payable, or be paid over wholly or in part to Grantor for the purpose of altering, restoring or rebuilding any part of the Collateral which may have been altered, damaged or destroyed as a result of any such taking, or other injury to the Collateral.

7.16 **Successors and Assigns.** This Deed of Trust is binding upon Grantor, Grantor's successors and assigns, and shall inure to the benefit of the Trustee and the Beneficiary, and each of their respective successors and assigns, and the provisions hereof shall likewise be covenants running with the land.

7.17 **Article and Section Headings.** The article and section headings in this Deed of Trust are inserted for convenience of reference and shall not be considered a part of this Deed of Trust or used in its interpretation.

7.18 **Usury Not Intended.** It is the intent of Grantor and Beneficiary in the execution and performance of this Deed of Trust and the other Loan Documents to contract in strict compliance with applicable usury laws governing the Obligations including such applicable usury laws of the State of Utah and the United States of America as are from time-to-time in effect. In furtherance thereof, Beneficiary and Grantor stipulate and agree that none of the terms and provisions contained in this Deed of Trust or the other Loan Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the maximum non-usurious rate permitted by applicable law and that for purposes hereof "interest" shall include the aggregate of all charges which constitute interest under such laws that are contracted for, charged or received under this Deed of Trust and the other Loan Documents; and in the event that, notwithstanding the foregoing, under

any circumstances the aggregate amounts taken, reserved, charged, received or paid on the Obligations, include amounts which by applicable law are deemed interest which would exceed the maximum non-usurious rate permitted by applicable law, then such excess shall be deemed to be a mistake and Beneficiary shall credit the same on the principal of the Obligations (or if the Obligations shall have been paid in full, refund said excess to Grantor). In the event that the maturity of the Obligations is accelerated by reason of any election of Beneficiary resulting from any Event of Default, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum non-usurious rate permitted by applicable law and excess interest, if any, provided for in this Deed of Trust or other Loan Documents shall be canceled automatically as of the date of such acceleration and prepayment and, if theretofore paid, shall be credited on the Obligations or, if the Obligations shall have been paid in full, refunded to Grantor. In determining whether or not the interest paid or payable under any specific contingencies exceeds the maximum non-usurious rate permitted by applicable law, Grantor and Beneficiary shall to the maximum extent permitted under applicable law amortize, prorate, allocate and spread in equal part during the period of the full stated term of the Obligations, all amounts considered to be interest under applicable law of any kind contracted for, charged, received or reserved in connection with the Obligation.

7.19 **Due Authorization.** Grantor hereby represents, warrants and covenants to Beneficiary and the Trustee that the obligations of Grantor under this Deed of Trust are the valid, binding and legally enforceable obligations of Grantor, that the execution, ensealing and delivery of this Deed of Trust by Grantor has been duly and validly authorized in all respects by Grantor, and that the persons who are executing and delivering this Deed of Trust on behalf of Grantor have full power, authority and legal right to so do, and to observe and perform all of the terms and conditions of this Deed of Trust on Grantor's part to be observed or performed.

7.21 **No Offsets, Etc.** Grantor hereby represents, warrants and covenants to Beneficiary and the Trustee that there are no offsets, counterclaims or defenses at law or in equity against this Deed of Trust.

[Remainder of this page intentionally left blank.]

EXECUTED AND DELIVERED effective as of the date first written above.

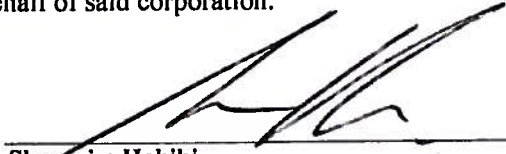
GRANTOR:

US OIL SANDS (UTAH) INC.
a Utah corporation

By: 
Name: D. Glen Snarr
Title: President

CANADA §
§
PROVINCE OF ALBERTA §

This instrument was acknowledged before me on January 4, 2017, by D. Glen Snarr, President of **US OIL SANDS (UTAH) INC.**, for and on behalf of said corporation.


Sharagim Habibi
Barrister and Solicitor, Notary Public
Province of Alberta, Canada
My commission is valid outside of Canada

Borden Ladner Gervais LLP
1900, 520 Third Avenue S.W., Calgary Alberta Canada T2P 0R3
Telephone: +1 (403) 232-9512
Facsimile: +1 (403) 266-1395
e-mail: shabibi@blg.com



Signature page to Deed of Trust

EXHIBIT A
TO
**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF
PRODUCTION, FIXTURE FILING AND FINANCING STATEMENT**

All of Grantor's leasehold interests as Lessee under those certain Utah State Mineral Leases for Bituminous – Asphaltic Sands issued by the School and Institutional Trust Lands Administration (“SITLA”) as Lessor, located in Grand County, Utah and more particularly described as follows:

Mineral Lease No.	Date	Description
49579 - OBA	01 January 2005 01 January 2015	T. 15.5 S, R. 24 E., SLB&M Section 32: Lots 1 and 6 (E1/2NE1/4)
49927 - OBA	01 June 2005 01 July 2015	T.15.5 S. R.24 E, SLBM, Section 31: Lots 1-6, NE1/4SW1/4, N1/2SE1/4, SE1/4SE1/4 (352.65 Acres) Section 32: Lots 2-5, SW1/4 (279.01 Acres) T. 16 S., R. 24 E., SLB&M, Section 4: Lots 3 - 7, SE1/4NW1/4, E1/2SW1/4 Section 5: Lots 1 - 6, SW1/4NW1/4, W1/2SW1/4 Section 6: Lots 1 - 7, S1/2NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4 (all) Section 7: Lots 1 and 2, NE1/4, E1/2NW1/4 Section 8: Lots 1 and 2, NW1/4, S1/2NE1/4
51999-OBA	01 July 2011	T. 16 S., R. 21 E., SLB&M Section 13: E1/2 Section 24: E1/2, SE1/4SW1/4 Section 25: All
52000-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 2: Lots 1 (40.16), 2 (40.19), 3 (40.23), 4 (40.26), S1/2N1/2, S1/2 (all) Section 3: Lots 1 (40.32), 2 (40.42), 3 (40.50), 4 (40.60), S1/2N1/2, S1/2 (all)

Exhibit A

		Section 4: Lots 1 (40.67), 2 (40.72), 3 (40.76), 4 (40.81), S1/2N1/2, S1/2 (all)
52001-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 5: Lots 1 (40.78), 2 (40.68), 3 (40.58), 4 (40.47), S1/2N1/2, S1/2 Section 6: Lots 1 (40.37), 2 (40.25), 3 (40.14), 4 (33.67), 5 (33.88), 6 (34.14), 7 (34.39), S1/2NE1/4, SE1/4NW1/4, E1/2SW1/4, SE1/4 [ALL] Section 7: Lots 1 (34.53), 2 (34.55), 3 (34.57), 4 (34.59), E1/2, E1/2W1/2 Section 8: All
52002-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 10: All Section 11: All Section 13: All Section 14: All
52003-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 15: All Section 16: All Section 17: All Section 18: Lots 1 (34.65), 2 (34.76), 3 (34.86), 4 (34.96), E1/2, E1/2W1/2
52004-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 19: Lots 1 (35.03), 2 (35.05), 3 (35.07), 4 (35.09), E1/2, E1/2W1/2 Section 20: All
52005-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 21: All Section 22: All Section 27: All

Exhibit B

		Section 28: All
52006-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 29: All Section 30: Lots 1 (35.11), 2 (35.12), 3 (35.14), 4 (35.15), E1/2, E1/2W1/2 Section 32: All
52007-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 23: N1/2, SW1/4, NE1/4SE1/4, W1/2SE1/4 Section 24: All Section 25: All Section 26: W1/2NE1/4, SE1/4NE1/4, W1/2, SE1/4
52008-OBA	01 July 2011	T. 16 S., R. 22 E., SLB&M Section 33: All Section 34: All Section 35: All
52009-OBA	01 July 2011	T. 16 S., R. 23 E., SLB&M Section 16: All Section 17: All Section 20: NW1/4, NW1/4SW1/4, E1/2 Section 21: NW1/4
52010-OBA	01 July 2011	T. 16 S., R. 23 E., SLB&M Section 18: Lots 1 (33.76), 2 (33.85), 3 (33.93), 4 (34.02), E1/2, E1/2W1/2 Section 19: Lots 1 (34.10), 2 (34.20), 3 (34.28), 4 (34.38), NE1/4, E1/2W1/2, N1/2SE1/4 Section 30: Lot 1 (34.50), NE1/4NW1/4

Exhibit B

EXHIBIT B
TO
**LEASEHOLD DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF
PRODUCTION, FIXTURE FILING AND FINANCING STATEMENT**

All of Grantor's interest in that certain Agreement to Allocate a Portion of Water Right Number 41-3523 from the Uintah Water Conservancy District to Earth Energy Resources, Inc., July 26, 2006 ("Agreement to Allocate"). The Agreement to Allocate authorizes Grantor to develop, divert, and perfect Permanent Change Application Number 49-2274 (a41138) ("Permanent Change Application"), on file with the Utah Division of Water Rights. The Permanent Change Application lists the Uintah Water Conservancy District as owner and US Oil Sands (Utah) Inc. as a water user. It authorizes the following diversions and depletions, points of diversion, place of use, and nature of use.

Diversion and Depletion Amount:

360 acre feet

Points of Diversion:

1. Well – South 303 feet and East 185 feet from the W1/4 Corner of Section 35, Township 15 South, Range 23 East, SLB&M. Existing well, 6 inches in diameter and 2,200 feet in depth.
2. Well – North 2030 feet and West 530 feet from the S1/4 Corner of Section 34, Township 15 South, Range 23 East, SLB&M. Existing well, 10 inches in diameter and 2,550 feet in depth.

Place of Use:

The following locations in Uintah County and Grand County, Utah:

SE1/4NW1/4, SW1/4NE1/4, SE1/4NE1/4, NE1/4SW1/4, SE1/4SW1/4, and SE1/4 of Section 35, Township 15 South, Range 23 East, SLB&M

NW1/4SW1/4, SW1/4SW1/4, SE1/4SW1/4, and SW1/4SE1/4 of Section 36, Township 15 South, Range 23 East, SLB&M

Lot 1, Lot 2, Lot 3, Lot 4, NE1/4SW1/4, NW1/4SE1/4, and NE1/4SE1/4 of Section 31, Township 15 1/2 South, Range 24 East, SLB&M

Lot 3, Lot 4, NW1/4SW1/4, and NE1/4SW1/4 of Section 32, Township 15 1/2 South, Range 24 East, SLB&M

Nature of Use:

Year-round mining purposes.

Exhibit "I"

THIS IS EXHIBIT "I" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13 day of September, A.D. 2017.

Jessica Fairman

[Signature of Witness]

Jessica Fairman

[Print Name of Witness]

Daniel J. Roe

A NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R08334478
Qualified in New York County
My Commission Expires Dec 21, 2019

CONFIRMATION OF GUARANTEE AND SECURITY

Reference is made to the loan agreement among US Oil Sands Inc., as borrower (the "**Borrower**"), ACOMO S.à r.l., as lender (the "**Lender**"), and US Oil Sands (Utah) Inc., as guarantor (the "**US Subsidiary**"), dated as of January 12, 2017, as amended by the first amending agreement dated as of June 30, 2017 among the Borrower, the Lender and the US Subsidiary (the "**First Amending Agreement**"). Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Loan Agreement as amended by the First Amending Agreement (the "**Amended Loan Agreement**").

1. Consent and Confirmation

For good and valuable consideration (the receipt and sufficiency of which is hereby conclusively acknowledged) the US Subsidiary, in its own right and personal capacity as a guarantor pursuant to the guarantee (the "**Guarantee**") granted by it pursuant to Section 9 of the Amended Loan Agreement of the obligations of the Borrower to the Lender, hereby:

- (a) consents and agrees to the terms of the First Amending Agreement and the transactions contemplated thereby;
- (b) acknowledges and confirms the representations and warranties applicable to it in the First Amending Agreement;
- (c) acknowledges and agrees that notwithstanding the amendments contained in the First Amending Agreement, the Guarantee and all Security granted by it to the Lender in support of its obligations thereunder (i) are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner; and (ii) continue in full force and effect in all respects, without in any way impairing or derogating from any of the mortgages, pledges, assignments, security interests and covenants therein contained or thereby constituted, as continuing security for all liabilities and indebtedness of the Obligor to the Lenders; and
- (d) undertakes and agrees to take all such actions as may be required of it to give effect to and cause the performance of the terms and conditions of the Amended Loan Agreement.


2. Miscellaneous

- (a) This Confirmation:
 - (i) is in addition to, and shall not limit, derogate from or otherwise affect the provisions of the Security, as amended to the date hereof;
 - (ii) shall be governed by and construed in accordance with the laws of the Province of Alberta and of Canada applicable therein; and
 - (iii) shall be binding on each of the undersigned and shall enure to the benefit of the Lender and its successors and assigns.
- (b) Delivery of an executed counterpart of a signature page of this Confirmation by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Confirmation.

[Signature page follows.]

IN WITNESS WHEREOF each of the undersigned have executed this Confirmation of Guarantee and Security as of the date first written above.

US OIL SANDS (UTAH) INC., as Guarantor

By: 
Name: Cameron Todd
Title: chief Executive officer


By: 
Name: B. Glen Snarr
Title: President and chief Financial officer

Exhibit “J”

THIS IS EXHIBIT "J" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13 day of September, A.D. 2017.



[Signature of Witness]

Jessica Fairman

[Print Name of Witness]



NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R06334478
Qualified in New York County
My Commission Expires Dec 21, 2019

Search ID#: Z09506167

Transmitting Party

NORTON ROSE FULBRIGHT CANADA LLP

Suite 3700, 400- 3rd Avenue SW
Calgary, AB T2P 4H2

Party Code: 60003332

Phone #: 403 267 9468

Reference #: 01136205-0002

Search ID #: Z09506167

Date of Search: 2017-Sep-13

Time of Search: 08:48:04

Business Debtor Search For:

US OIL SANDS INC.

Exact Result(s) Only Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.



Search ID#: Z09506167

Business Debtor Search For:

US OIL SANDS INC.

Search ID #: Z09506167

Date of Search: 2017-Sep-13

Time of Search: 08:48:04

Registration Number: 14021134416

Registration Type: SECURITY AGREEMENT

Registration Date: 2014-Feb-11

Registration Status: Current

Expiry Date: 2019-Feb-11 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1	US OIL SANDS INC. 521 3 AVE SW, SUITE 1600 CALGARY, AB T2P 3T3	Current
---	--	---------

Secured Party / Parties

Block

Status

1	BANK OF MONTREAL/BANQUE DE MONTREAL 2ND FLOOR, 234 SIMCOE ST. TORONTO, ON M5T 1T4	Current
---	---	---------

Collateral: General

Block

Description

Status

1	LF269 Collateral described as Rate Riser Guaranteed	Current
2	Investment Certificate #00057697790 in the principal amount	Current
3	of \$20,000.00. Proceeds - all present and after-acquired	Current
4	property.	Current

Search ID#: Z09506167

Business Debtor Search For:

US OIL SANDS INC.

Search ID #: Z09506167

Date of Search: 2017-Sep-13

Time of Search: 08:48:04

Registration Number: 16120631507

Registration Type: SECURITY AGREEMENT

Registration Date: 2016-Dec-06

Registration Status: Current

Expiry Date: 2021-Dec-06 23:59:59

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 US OIL SANDS INC.
521 - 3RD AVENUE SW, SUITE 1600
CALGARY, AB T2P 3T3

Current

Secured Party / Parties

Block

Status

1 ACMO S.A R.L.
26/28, RUE EDWARD STEICHEN
LUXEMBOURG CITY, XX L-2540

Current

Collateral: General

Block

Description

Status

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

Current

Particulars

Block

Additional Information

Status

1 The full name and address of the Secured Party is:
ACMO S.a r.l.
26/28, Rue Edward Steichen
Luxembourg City, Luxembourg L-2540

Current

Search ID#: Z09506167

Business Debtor Search For:

US OIL SANDS INC.

Search ID #: Z09506167

Date of Search: 2017-Sep-13

Time of Search: 08:48:04

Registration Number: 16120631714

Registration Type: LAND CHARGE

Registration Date: 2016-Dec-06

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor

No: 1

Debtor(s)

Block

Status

1 US OIL SANDS INC.
521 - 3RD AVENUE SW, SUITE 1600
CALGARY, AB T2P 3T3

Current

Secured Party / Parties

Block

Status

1 ACOMO S.A R.L.
26/28, RUE EDWARD STEICHEN
LUXEMBOURG CITY, XX L-2540

Current

Particulars

Block

Additional Information

Status

1 The full name and address of the Secured Party is:
ACMO S.a r.l.
26/28, Rue Edward Steichen
Luxembourg City, Luxembourg L-2540

Current

Search ID#: Z09506167

Business Debtor Search For:

US OIL SANDS INC.

Search ID #: Z09506167

Date of Search: 2017-Sep-13

Time of Search: 08:48:04

Registration Number: 17011111768

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Jan-11

Registration Status: Current

Expiry Date: 2022-Jan-11 23:59:59

Exact Match on: Debtor

No: 1

Amendments to Registration

17011331634

Amendment

2017-Jan-13

Debtor(s)

Block

Status

1 US OIL SANDS INC.
521 - 3RD AVE SW, SUITE 1600
CALGARY, AB T2P 3T3

Current

Secured Party / Parties

Block

Status

1 ACMO S.A.R.L.
26/28, RUE EDWARD STEICHEN
LUXEMBOURG CITY, XX L-2540

Current

Collateral: General

Block **Description**

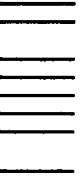
Status

Search ID#: Z09506167



- 1 1. All of the 15,572 shares in the capital of US Oil Sands (Utah) Inc. (the "Subsidiary") held legally and/or beneficially by the Debtor represented by Certificate Nos 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 (the "Pledged Shares") including: Deleted By
17011331634
- (a) all substitutions therefor and replacements thereof, all proceeds and products thereof and all rights relating thereto, including, without limitation, any certificates representing the Pledged Shares, the right to receive any certificates representing any of the Pledged Shares, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and of all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in addition to, in substitution of, on account of or in exchange for any or all of the Pledged Shares;
- (b) all of Debtor's rights, powers and remedies (but not Debtor's obligations) under the bylaws and rules and regulations of the Subsidiary; and
- (c) to the extent not otherwise included, all proceeds and products of any and all of the foregoing,
- 2 2. (a) Any stock dividend, stock split, reclassification, readjustment or other change is Current
declared or made in the capital structure of Subsidiary, or any new Pledged Shares or other equity interests issuable to the Debtor by Subsidiary, all new, substituted, and additional shares, or other securities, shall be issued to the Debtor and shall be promptly delivered to the Secured Party, together with a duly executed Pledge Agreement Supplement ("Pledge Agreement Supplement") identifying such additional Pledged Shares to be held by the Secured Party under the terms, and with undated powers endorsed in blank by the Debtor, and shall thereupon constitute additional Pledged Shares to be held by the Secured Party, or in the case of a new uncertificated equity interest, the Debtor shall cause the name of the Secured Party to be registered on the books and records of Subsidiary, using appropriate notations so that any natural person, any unincorporated association, any corporation, any partnership, any joint venture, any limited liability company, any trust, any other legal entity, or any governmental authority examining such books and records would be notified of the Debtor's pledge of its uncertificated interest in the equity interest as Pledged Collateral to the Secured Party; and
- (b) any subscriptions, warrants or any other rights or options shall be issued in connection with the Pledged Shares, all new stock or other securities acquired through such subscriptions, warrants, rights or options shall thereupon constitute Pledged Shares to be held by the Secured Party, and, to the extent such stock or other securities are represented by certificates, such certificates shall be promptly delivered to the Secured Party, together with appropriate undated powers endorsed in blank by the Debtor and shall thereupon constitute Pledged Shares to be held by the Secured Party.
- 3 3. All certificates and instruments evidencing or representing the Pledged Collateral. Current
- PROCEEDS: All present and after-acquired personal property derived directly or indirectly from any dealing with the above-referenced collateral or the proceeds therefrom.

Search ID#: Z09506167



4 1. All of the 24,603 shares in the capital of US Oil Sands (Utah) Inc. (the "Subsidiary") held legally and/or beneficially by the Debtor represented by Certificate Nos 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17 and 18 (the "Pledged Shares") including:

Current By
17011331634

(a) all substitutions therefor and replacements thereof, all proceeds and products thereof and all rights relating thereto, including, without limitation, any certificates representing the Pledged Shares, the right to receive any certificates representing any of the Pledged Shares, all warrants, options, share appreciation rights and other rights, contractual or otherwise, in respect thereof and of all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in addition to, in substitution of, on account of or in exchange for any or all of the Pledged Shares;

(b) all of Debtor's rights, powers and remedies (but not Debtor's obligations) under the bylaws and rules and regulations of the Subsidiary; and

(c) to the extent not otherwise included, all proceeds and products of any and all of the foregoing,

Result Complete

Search ID#: Z09506162



Transmitting Party

NORTON ROSE FULBRIGHT CANADA LLP

Suite 3700, 400- 3rd Avenue SW
Calgary, AB T2P 4H2

Party Code: 60003332
Phone #: 403 267 9468
Reference #: 01136205-0002

Search ID #: Z09506162

Date of Search: 2017-Sep-13

Time of Search: 08:47:12

Business Debtor Search For:

US OIL SANDS (UTAH) INC.

No Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.

Be sure to read the reports carefully.

Result Complete



Exhibit “K”

THIS IS EXHIBIT "K" referred to in the Affidavit of
STEPHEN LEHNER sworn or affirmed before me this
13 day of September A.D. 2017.

Jessie Fairman

[Signature of Witness]

Jessica Fairman

[Print Name of Witness]

Daniel J. Roe

NOTARY PUBLIC in and for the State of New York

DANIEL J ROE
Notary Public - State of New York
NO. 01R06334478
Qualified in New York County
My Commission Expires Dec 21, 2019

Norton Rose Fulbright Canada LLP
400 3rd Avenue SW, Suite 3700
Calgary, Alberta T2P 4H2 CANADA

F: +1 403.264.5973
nortonrosefulbright.com

September 13, 2017

US Oil Sands Inc.
Suite 1600, 521 – 3rd Avenue SW
Calgary AB, T2P 3Z3

Attn: Cameron M. Todd, Chief Executive Officer

Howard A. Gorman, Q.C.
+1 403.267.8144
howard.gorman@nortonrosefulbright.com

Roberta Savard
+ 403.267.8194
roberta.savard@nortonrosefulbright.com

Our reference
01124572-0593

Dear Sirs:

Indebtedness of US Oil Sands Inc. (the Borrower), and US Oil Sands (Utah) Inc. (the Gaurantor to ACMO S.À R.L. (ACMO))

We are solicitors for ACMO in connection with the indebtedness of the Borrower to our client pursuant to loan agreements and security as set out herein.

Pursuant to a Senior Secured Loan Agreement dated January 12, 2017, and a First Amending Agreement thereto dated June 30, 2017 as between ACMO, the Borrower and the Guarantor (the **Loan Agreements**), ACMO advanced at least US\$10,000,000 to the Borrower, which amount was secured by security including the following:

- General Security Agreement;
- Stock Pledge Agreement; and
- other security.

(collectively, the **Borrower Security**)

In addition, the obligations of the Guarantor under the Loan Agreements were secured by further security, including:

- All Personal Property Assets Security Agreement;
- Leasehold Deeds of Trust and Security Agreements, Financing Statements, and Assignments of Production; and
- other security.

(collectively, the **Guarantor Security**)

The Borrower and the Guarantor are in default under the Loan Agreements, which defaults include, but are not limited to the fact that the Borrower, and the Guarantor, are insolvent as that term is defined in the

Loan Agreements. As a consequence of this default, the amounts outstanding under the Loan Agreements are now due and payable immediately without the declaration, notice or demand by ACMO.

As at September 13, 2017, the amount outstanding and owing by the Borrower and the Guarantor to ACMO was at least US \$10,000,000, plus accrued and accruing costs (including legal fees on a solicitor client basis), and interest in accordance with the terms of the Loan Agreements.

Demand is hereby made upon the Borrower and the Guarantor for payment in full of the amounts outstanding together with any accrued interest and other legal fees or charges that may arise. In the event that payment is not made in full by close of business on **September 25, 2017**, or ACMO determines that its collateral is at risk, ACMO will take such steps as it may consider necessary to protect its position.

Also enclosed for service upon you are Notices of Intention to Enforce Security provided to each of the Borrower and the Guarantor in accordance with the provisions of the *Bankruptcy and Insolvency Act*. If you consent to ACMO taking earlier enforcement, please return the enclosed consent to earlier enforcement, executed by a duly authorized representative of the Borrower and Guarantor respectively.

Upon your review of the foregoing, should you have any questions or concerns you may contact the undersigned directly to discuss.

Yours truly,

Norton Rose Fulbright Canada LLP

Per:



Howard A. Gorman, Q.C.
Senior Partner

cc: ACMO S.À R.L. (via e-mail)

Gunnar Benediktsson, Norton Rose Fulbright Canada LLP (via e-mail)

Randal Van de Mosselaer, Osler, Hoskin & Harcourt LLP (via e-mail)

Andrea Whyte, McCarthy Tetrault LLP (via e-mail)

**NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1))**

To: US Oil Sands Inc.

Take notice that:

1. ACMO S.À R.L. (ACMO), a secured creditor, intends to enforce its security on the property of the above insolvent person which encompasses all of its property and assets;
2. The security that is to be enforced includes security granted by the insolvent person in favour of ACMO is set out in Schedule "A", attached hereto;
3. The total amount of the indebtedness secured by the security, as at September 13, 2017, is US \$10,000,000 plus accrued and accruing costs, disbursements and interest accruing from the date of this notice; and
4. The secured creditor (ACMO) will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this notice unless the insolvent person consents to an earlier enforcement.

Dated at Calgary, Alberta, this 13th day of September, 2017.

ACMO S.À R.L.
by its solicitors and agents, Norton Rose Fulbright Canada LLP



Per: _____
Howard A. Gorman, Q.C.

US Oil Sands Inc. hereby:

- (a) consents to the immediate enforcement by ACMO as a secured party of the security described in paragraph 2 above pursuant to Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada);
- (b) consents to the secured party's (ACMO's) disposition of any or all collateral subject to the secured party's (ACMO's) security immediately or otherwise as the secured party may determine in its sole discretion, without notice as required by the *Personal Property Security Act* (Alberta); and
- (c) consents to the secured party's (ACMO's) immediate appointment of a Receiver, or a Receiver-Manager, in accordance with the provisions of the above noted security.

Per: _____ c/s
US Oil Sands Inc.
By its authorized signatory

NAME:
TITLE:

SCHEDULE "A"

- **General Security Agreement;**
- **Stock Pledge Agreement; and**
- **Further and other security**

**NOTICE OF INTENTION TO ENFORCE SECURITY
(Subsection 244(1))**

To: US Oil Sands (Utah) Inc.

Take notice that:

1. ACMO S.À R.L. (ACMO), a secured creditor, intends to enforce its security on the property of the above insolvent person which encompasses all of its property and assets;
2. The security that is to be enforced includes security granted by the insolvent person in favour of ACMO is set out in Schedule "A", attached hereto;
3. The total amount of the indebtedness secured by the security, as at September 13, 2017, is US \$10,000,000 plus accrued and accruing costs, disbursements and interest accruing from the date of this notice; and
4. The secured creditor (ACMO) will not have the right to enforce the security until after the expiry of the 10 day period following the sending of this notice unless the insolvent person consents to an earlier enforcement.

Dated at Calgary, Alberta, this 13th day of September, 2017.

ACMO S.À R.L.
by its solicitors and agents, Norton Rose Fulbright Canada LLP



Per: _____
Howard A. Gorman, Q.C.

US Oil Sands (Utah) Inc. hereby:

- (a) consents to the immediate enforcement by ACMO as a secured party of the security described in paragraph 2 above pursuant to Section 244(2) of the *Bankruptcy and Insolvency Act* (Canada);
- (b) consents to the secured party's (ACMO's) disposition of any or all collateral subject to the secured party's (ACMO's) security immediately or otherwise as the secured party may determine in its sole discretion, without notice as required by the *Personal Property Security Act* (Alberta); and
- (c) consents to the secured party's (ACMO's) immediate appointment of a Receiver, or a Receiver-Manager, in accordance with the provisions of the above noted security.

Per: _____ c/s
US Oil Sands (Utah) Inc.
By its authorized signatory

NAME:
TITLE:

SCHEDULE "A"

- All Personal Property Assets Security Agreement;
- Leasehold Deeds of Trust and Security Agreements, Financing Statements, and Assignments of Production; and
- Further and other security