

Clerk's Stamp

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT

WHITE OAK GLOBAL ADVISORS, LLC, IN ITS CAPACITY AS ADMINISTRATIVE AGENT UNDER THAT CERTAIN LOAN AND SECURITY AGREEMENT DATED MARCH 13, 2017, AS AMENDED

RESPONDENT

EAGLE ENERGY INC., EAGLE ENERGY TRUST, EAGLE ENERGY HOLDINGS INC., AND EAGLE HYDROCARBONS INC.

DOCUMENT

**AFFIDAVIT (Appointment of Receiver)**

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**BLAKE, CASSELS & GRAYDON LLP**

3500, 855 – 2nd Street S.W.

Bankers Hall East Tower

Calgary, AB T2P 4J8

Attn: Kelly Bourassa / Morgan Crilly

Tel: 403-260-9697 / 9657

Fax: 403-260-9700

Email: [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com) / [morgan.crilly@blakes.com](mailto:morgan.crilly@blakes.com)

File: 74169/5

**AFFIDAVIT OF BARBARA McKEE**

**SWORN ON NOVEMBER 18, 2019**

I, Barbara McKee, of the City of Half Moon Bay, in the State of California **SWEAR AND SAY THAT:**

1. I am a Managing Partner at White Oak Global Advisors, LLC ("**White Oak**"). I have been directly involved with matters relating to the respondents, Eagle Energy Inc. ("**Eagle Energy**"), Eagle Energy Trust ("**Eagle Trust**"), Eagle Energy Holdings Inc. ("**Eagle Holdings**") and Eagle Hydrocarbons Inc. ("**Eagle US**") (collectively, the "**Debtors**"), and have had the opportunity to review the records of White Oak relevant to the Debtors' account. I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based upon information, in which case I believe the same to be true.

2. I am authorized to make this Affidavit on behalf of White Oak as the administrative agent (in such capacity, the "**Agent**") on behalf of the lenders on whose behalf White Oak signed the Loan and Security

Agreement (as hereinafter defined), as attorney-in-fact, as lenders (collectively, the "**Lenders**") pursuant to a loan and security agreement dated March 13, 2017 among Eagle Energy and Eagle US (collectively, the "**Borrowers**"), as borrowers, Eagle Trust and Eagle Holdings (collectively, the "**Guarantors**"), as guarantors, White Oak acting as Agent, and the Lenders, as lenders (the "**Original Loan and Security Agreement**"), as subsequently amended by a first amendment to loan and security agreement dated April 13, 2017, but effective as of March 31, 2017, a second amendment to loan and security agreement dated June 29, 2017, a third amendment to loan and security agreement dated September 29, 2017, a limited consent and fourth amendment to loan and security agreement dated February 8, 2018, a fifth amendment to loan and security agreement dated March 20, 2018, a limited consent and sixth amendment to loan and security agreement dated August 28, 2018, a limited consent and seventh amendment to loan and security agreement dated March 18, 2019, and a limited consent and eighth amendment to loan and security agreement dated May 13, 2019 (collectively, the "**Loan and Security Agreement**"). A copy of the Original Loan and Security Agreement and each of the aforementioned amendments is now shown to me and marked as Exhibit "A" but not attached in accordance with Rule 13.21 of the Alberta *Rules of Court* is a copy of the Loan and Security Agreement.

3. Capitalized terms not otherwise defined herein have the meaning ascribed to them in the Loan and Security Agreement.

## **OVERVIEW**

4. As explained further below, the Debtors have been experiencing continuing financial difficulties as prices for crude oil, natural gas and natural gas liquids have exhibited extreme volatility over the past few years, which has had an adverse effect on the carrying value of the Debtors' proved and probable reserves, net asset value, borrowing capacity, revenues, profitability, cash flows from operating activities, and ultimately on the overall financial condition of the Debtors.

5. The Debtors have been and remain unable to meet their financial obligations, including their obligation to repay (a) a principal balance of approximately US\$ 30,686,145.95 under the Term Loans and (b) accrued and unpaid interest (including interest at the Default Rate) of approximately US\$ 190,626.56 owing to the Lenders pursuant to the Loan and Security Agreement.

6. On August 15, 2019, the Borrowers acknowledged and agreed pursuant to a Limited Waiver of Default Interest and Consent (the "**Waiver**") that multiple Events of Default under the Loan and Security Agreement had occurred since December 31, 2018, including the failure to comply with certain leverage and fixed charge coverage ratios. The Agent and the Lenders reserved their rights against the Borrowers

and waived payment of a portion of the default interest equal to approximately US\$646,175 that had accrued as a result of the defaults and, in lieu of cash payment, capitalized default interest by adding approximately US\$250,000 to the principal balance of the Term Loans. Attached hereto and marked as Exhibit "B" is a copy of the Waiver.

7. The Debtors' ability to continue as going concerns is dependent upon the ongoing support from the Agent and the Lenders. The Agent and the Lenders are not prepared to extend any further credit to the Debtors or provide a further waiver of their rights to the Debtors under the Loan and Security Agreement.

8. Immediately prior to the hearing of this application (the "**Application**"), demands will be issued to the Debtors for the entire amount due and owing under the Loan and Security Agreement which the Debtors will be unable to repay in full. The Agent and the Lenders believe that the appointment of a receiver will be the most effective and efficient way to realize on the value of the assets and minimize the costs associated with this process, and I understand the Respondents will not oppose the appointment of a receiver.

9. I believe it is appropriate in all of the circumstances that a receiver ("**Receiver**") pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985 c B-3 (the "**BIA**") and section 13(2) of the *Judicature Act*, RSA 2000 c J-2 be appointed over the assets, undertakings and properties of the Debtors.

## **CORPORATE STRUCTURE**

10. A current organization chart of the Debtors is attached hereto and marked as Exhibit "C".

11. Eagle Energy, which is the direct or indirect parent entity of the other Debtors, is a public corporation with its common shares currently listed on the TSX Venture Exchange under the symbol "EGL". Eagle Energy was amalgamated under the laws of the Province of Alberta with its registered and head office located in Calgary, Alberta. Eagle Energy is the operator and 50% working interest participant in certain oil and gas assets in the Dixonville, Montney "C" oil pool in Northern Alberta. Attached hereto and marked as Exhibit "D" is a copy of an Alberta Corporate Registry corporate search for Eagle Energy.

12. Eagle Energy is the trustee and sole unitholder of Eagle Trust, an unincorporated open-ended limited purpose trust formed under the laws of the Province of Alberta, which does not carry on business other than to own all of the shares of Eagle Holdings. Attached hereto and marked as Exhibit "E" is a copy of an Alberta Corporate Registry trade name/partnership search for Eagle Trust.

13. Eagle Holdings is a corporation incorporated pursuant to the laws of the Province of Alberta with its registered and head office located in Calgary, Alberta. Eagle Holdings is a direct wholly owned subsidiary of Eagle Trust. Eagle Holdings does not carry on business other than to own all of the shares of Eagle US. Attached hereto and marked as Exhibit "F" is a copy of an Alberta Corporate Registry corporate search for Eagle Holdings.

14. Eagle Trust and Eagle Holdings are Guarantors under the Loan and Security Agreement and have granted security in favour of the Agent pursuant to the Loan and Security Agreement and also by way of securities pledge agreements and demand debentures.

15. Eagle US is a company incorporated pursuant to the laws of the State of Delaware, United States, with an office in Houston, Texas. Eagle US is a wholly owned subsidiary of Eagle Holdings. Attached hereto and marked as Exhibit "G" is a copy of the certificate of incorporation for Eagle US filed with the Secretary of State of the State of Delaware.

16. The Debtors are engaged in the ownership and acquisition of stable, primarily oil producing properties with development and exploitation potential in Canada and the United States. Eagle Energy's registered office is in Calgary, Alberta, the home jurisdiction and nerve centre of the Debtors, where the majority of the Debtors' directors and officers also reside.

17. The Debtors condensed consolidated interim financial statements (unaudited) for the three and nine months ended September 30, 2019 and September 30, 2018 are attached hereto as Exhibit "H".

#### **THE LOAN**

18. In accordance with the Loan and Security Agreement, the Lenders have made available to the Borrowers the following Term Loans to finance the Borrowers' operations:

- (a) Initial Term Loan – as of the Effective Date, the aggregate Initial Term Loan Commitments were US\$61,500,000.00; and
- (b) Incremental Term Loan – as of the Effective Date, the aggregate initial Incremental Term Loan Commitments were US\$3,500,000.00.

19. As of November 15, 2019, the total indebtedness of the Borrowers to the Agent and the Lenders under the Term Loans is (a) US\$ 31,185,540.24, consisting of (i) a principal balance of approximately US\$ 30,686,145.95 under the Term Loans, (ii) accrued and unpaid interest (including interest at the Default

Rate) of approximately US\$ 190,626.56 with interest accruing thereafter at the default rate; and (iii) repayment premium US\$ 308,767.73 plus (b) all legal and other costs and expenses incurred by the Agent (both prior to and following the date of this Application) pursuant to the terms of the Loan and Security Agreement, (collectively, the "**Outstanding Indebtedness**").

20. Under the Loan and Security Agreement, the Obligations of the Borrowers are guaranteed by the Guarantors and the Obligations of the Debtors are secured as set forth below.

## **THE SECURITY**

### **A. Canadian Security**

21. As general and continuing collateral security for the Obligations (including, without limitation, amounts advanced under the Loan and Security Agreement), Eagle Energy, Eagle Trust, and Eagle Holdings (collectively, the "**Canadian Debtors**") entered into the Loan and Security Agreement granting the Agent, for the benefit of, among others, itself and the Lenders, a first priority security interest in and to all of the Canadian Debtors' present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof and mortgaged and charged to and in favour of the Agent, for and on behalf of the Lenders, as and by way of a first floating charge, all of the Canadian Debtors' present and after-acquired real property (the "**Canadian Security**").

22. Pursuant to the Loan and Security Agreement, as further security for the Obligations (including, without limitation, amounts advanced under the Loan and Security Agreement) the Canadian Debtors have provided the following additional security:

- (a) a demand debenture dated March 13, 2017 made by Eagle Holdings to and in favour of the Agent;
- (b) a demand debenture dated March 13, 2017 made by Eagle Energy to and in favour of the Agent;
- (c) a demand debenture dated March 13, 2017 made by Eagle Trust to and in favour of the Agent;

(collectively, the demand debentures referred to in (a) to (c) above are hereinafter referred to as the "**Canadian Debentures**")

- (d) a securities pledge agreement dated March 13, 2017 made by Eagle Holdings to and in favour of the Agent;
- (e) a securities pledge agreement dated March 13, 2017 made by Eagle Energy to and in favour of the Agent; and
- (f) a securities pledge agreement dated March 13, 2017 made by Eagle Trust to and in favour of the Agent,

(collectively, the securities pledge agreements referred to in (d) to (f) above are hereinafter referred to as the "**Canadian Pledges**").

Attached hereto and collectively marked as Exhibits "**I**" and "**J**" are copies of the Canadian Debentures and the Canadian Pledges, respectively, referenced in subparagraphs (a) – (f) above.

23. The Agent has registered the Canadian Security, the Canadian Debentures and the Canadian Pledges against the Canadian Debtors (as applicable) at the Alberta Personal Property Registry (the "**PPR**"). The Agent has also registered the US Security (as defined below) against Eagle US at the PPR. Attached hereto and marked as Exhibits "**K**", "**L**", "**M**", and "**N**" are copies of the PPR search reports in respect Eagle Energy, Eagle Trust, Eagle Holdings, and Eagle US, respectively, dated November 12, 2019.

**B. United States Security**

24. As general and continuing collateral security for the amounts advanced under the Loan and Security Agreement, the Debtors entered into the Loan and Security Agreement granting the Agent, for and on behalf of, among others, itself and the Lenders, a security interest and first-priority lien on the Collateral to secure prompt payment in full and performance when due of all of the Obligations (the "**US Security**").

25. Pursuant to the Loan and Security Agreement, Eagle US has provided the following additional security:

- (a) a mortgage, deed of trust, assignment of as-extracted collateral security agreement, fixture filing and financing statement as of March 13, 2017 in favour of Stuart Barden, as trustee for the benefit of the Agent recorded in the following jurisdictions:

Jackson County, OK
Caldwell County, TX

Hardeman County, TX
Martin County, TX
Palo Pinto County, TX

(b) a UCC-1 financing statement listing Eagle US as the "debtor" and the Agent as the "secured party" filed with the Delaware Secretary of State on March 14, 2017 (the "**Financing Statement**"). Attached hereto and marked as Exhibit "**O**" is a file-stamped copy of the Financing Statement; and

(c) a pledge and security agreement dated March 13, 2017 between Eagle US and the Agent (the "**US Pledge**"). Attached hereto and marked as Exhibit "**P**" is a copy of the US Pledge.

(collectively, the security documents referred to in (a) to (c) above are hereinafter referred to as the "**US Security Documents**")

**C. Commodity Swap Agreements**

26. In order to mitigate the risk that fluctuating commodity prices have on operations, one or more of the Debtors have entered into one or more commodity price swap agreements with BP Energy Company and/or its applicable affiliates (collectively, "**BP**"). To the extent that the Debtors may owe obligations to BP, such obligations are rateably secured pursuant to the Canadian Security, Canadian Debentures, Canadian Pledges, US Security, and US Security Documents. As of this date, I understand all such swap obligations are "in the money" with respect to the Debtors and, in any event, expire on or before December 31, 2019.

**CURRENT FINANCIAL CIRCUMSTANCES**

27. The Debtors have been experiencing financial difficulties due to the substantial and extended decline in the prices for crude oil, natural gas and natural gas liquids, which have exhibited extreme volatility over the past few years. These industry conditions have had an adverse effect on the carrying value of the Debtors' proved and probable reserves, net asset value, borrowing capacity, revenues, profitability and cash flows from operating activities.

28. The Agent and the Lenders have worked with the Borrowers on several amendments to the Loan and Security Agreement in order to try and address the cash flow issues, inability to satisfy financial

covenants and including forbearing from exercising remedies pursuant to a certain limited forbearance agreement, dated as of January 2, 2019 (the "**Limited Forbearance**"), and otherwise voluntarily refraining from exercising remedies and waiving certain accrued default interest pursuant to the Waiver.

29. The Debtors' estimate of future cash flows from operating activities over the next twelve months is not sufficient to repay the full amount of the Outstanding Indebtedness. The Debtors have experienced operating losses for the past two financial years and are likely to incur substantial losses and negative cash flow from its operations for the foreseeable future.

30. As further described below, although the Debtors have been working with financial advisors since 2018 to evaluate and consider possible asset sales and restructuring alternatives, including competitive sale processes and hedging strategies, the Debtors are still over leveraged and unable to meet their ongoing financial liabilities.

31. Through 2018, the Debtors engaged in a competitive sale process which resulted in the sale of Eagle Energy's entire interest in certain oil and natural gas properties in Twining, Alberta for cash consideration of \$13.3 million (the "**Twining Sale**"), the sale of Eagle US's Salt Flat properties in Texas for \$34.4 million (the "**Salt Flat Sale**"), and a smaller sale of certain overriding royalty interests in Texas. The net proceeds from the Twining Sale and the Salt Flat Sale were used to reduce the outstanding debt under the Loan and Security Agreement.

32. Despite their sale process and hedging efforts, the Borrowers were unable to generate sufficient cash flow and are likely to incur substantial losses and negative cash flow from their operations for the foreseeable future and are still over leveraged and unable to meet their ongoing financial obligations. Related to the foregoing, the Debtors have had one or more existing Events of Default since December 31, 2018 under the Loan and Security Agreement. As mentioned above, the Agent and the Lenders have worked constructively with the Borrowers to provide them time to find a solution, including, without limitation, entering into the Limited Forbearance.

33. Eagle Energy, in its November 7, 2019 press release (the "**Press Release**") regarding its third quarter results, indicates that as at September 30, 2019, it had a working capital deficiency of \$36.6 million, with a funds flow from operations of only \$6,000 for the nine months ended September 30, 2019. Eagle Energy has acknowledged that its estimate of future funds flow from operating activities of the Debtors over the next twelve months is not sufficient to repay the Outstanding Indebtedness under the Loan and Security Agreement. Attached hereto and marked as Exhibit "**Q**" is a copy of the Press Release.



## **DEMAND AND DEFAULT**

34. In accordance with the Loan and Security Agreement, the Agent and the Lenders may cause the Outstanding Indebtedness to become due and payable in full upon the occurrence of an Event of Default by the Borrowers or any of the Guarantors.

35. Events of Default have occurred and continued to occur since December 31, 2018, including the Debtors' failure to comply with certain leverage and fixed charge coverage ratios. The Debtors have acknowledged that they are unable to pay their liabilities as they become due, and upon issuing the Demands (as defined below), the failure of the Debtors to pay amounts owed to the Agent and the Lenders when due and owing is a further Event of Default under the Loan and Security Agreement.

36. On November 17, 2019, the Agent issued demand letters and notices of intention to enforce its security in accordance with section 244 of the BIA to the Canadian Debtors (the "**Canadian Demands**"), and a demand letter to Eagle US (the "**US Demand**", and together with the Canadian Demands, the "**Demands**") demanding full payment of the Outstanding Indebtedness. Attached hereto and marked as Exhibits "**R**", "**S**", "**T**", "**U**" are copies of the Canadian Demands issued to Eagle Energy, Eagle Trust, and Eagle Holdings, and the US Demand issued to Eagle US, respectively.

37. The Canadian Debentures, the Canadian Pledges and the US Security Documents provide that upon the occurrence and during the continuance of an Event of Default under the Loan and Security Agreement, the Agent is entitled to, among other things, apply for the appointment of a receiver.

38. Notwithstanding that the 10-day notice period under the Canadian Demands has not yet expired, it is imperative that a receiver be appointed prior to such expiry because, as described below, the directors and officers of the Debtors intend to resign before November 23, 2019.

39. I understand that the Debtors will not oppose the receivership application and that the Canadian Debtors have waived the 10-day notice period provided under section 243 of the BIA. Attached hereto and marked collectively as Exhibit "**V**" are copies of the Consent to Early Enforcement executed by each of the Canadian Debtors.

## **NECESSITY OF THE APPOINTMENT OF A RECEIVER**

40. As a result of the foregoing, I believe that the appointment of a Receiver over the assets,

undertakings and properties of the Debtors is just and convenient, and necessary to protect the interests of the Agent and the Lenders and to preserve and realize on the Collateral in an orderly fashion.

41. I further believe that the Collateral is at risk in light of the current financial predicament of the Debtors, and that the value of the Collateral may be further eroded unless a receiver and manager is appointed over the property, assets, and undertakings of the Debtors.

42. I have also been advised by Kyle Landau of White Oak, that the Borrowers have advised him that the director and officer insurance of the Debtors terminates on November 23, 2019 and that all directors and officers of the Debtors intend to resign before that date. Given the lack of leadership that will follow after the directors and officers resign, I believe that the Collateral is at risk.

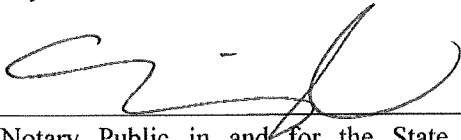
43. The Receiver, if appointed, will need to seek recognition of this Court's order in the United States before the directors resign, to ensure that the Debtors are protected from creditor actions in the United States, and to assist with the implementation of any sale transactions to be completed pursuant to these receivership proceedings.

44. I am advised by Kelly Bourassa of Blake, Cassels & Graydon LLP that FTI Consulting Canada Inc. ("FTI") is a licensed insolvency trustee and has consented to act as receiver and manager over the Debtors. Attached and marked as Exhibit "W" is a copy of the consent of FTI to act as receiver of the Debtors.

45. I swear this Affidavit in support of the Application for the appointment of FTI as receiver with respect to the Debtors.

SWORN BEFORE ME at the City of San Francisco, in the State of California, USA, this 18 day of November 2019.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.



(A Notary Public in and for the State of California)



(Signature)

Emily Cheung

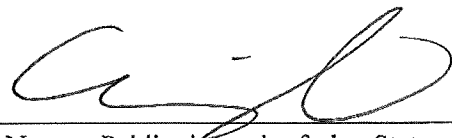
BARBARA McKEE

STATE OF CALIFORNIA

COUNTY OF SAN FRANCISCO

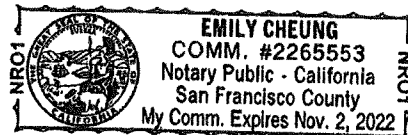
Personally appeared before me, the undersigned authority in and for said country and state, on this 18 day of November, 2019, within my jurisdiction, the within named Barbara McKee, who acknowledged that she is a Managing Partner, of White Oak Global Advisors, LLC, a Delaware limited liability company, and that for and on behalf of said limited liability company, and as its act and deed, she executed the above and foregoing instrument, after first having been duly authorized by said limited liability company to do so.

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

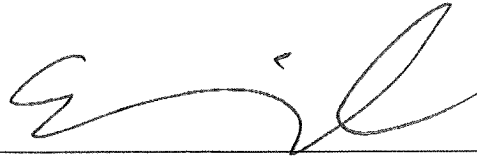


Notary Public in and of the State of California

Seal:



This is Exhibit "A" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.


STATE OF CALIFORNIA, COUNTY OF San Francisco

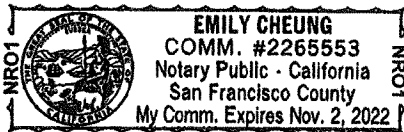
Subscribed and sworn to (or affirmed) before me on this 18 day of

November 20 19 by Barbara J.S.

McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

  
(Signature of Notary)



This is Exhibit "B" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.




A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbara J.S.

McKee  
proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)



**LIMITED WAIVER OF DEFAULT INTEREST AND CONSENT**

This **LIMITED WAIVER OF DEFAULT INTEREST AND CONSENT** (this “*Limited Waiver*”), dated and effective as of August 15, 2019 (the “*Limited Waiver Effective Date*”), is among **EAGLE ENERGY INC.**, a corporation formed and existing under the laws of the Province of Alberta, Canada (“*Eagle Canada*”), and **EAGLE HYDROCARBONS INC.**, a corporation formed under the laws of the State of Delaware (“*Eagle USA*” and, collectively with Eagle Canada, the “*Borrowers*” and each, a “*Borrower*”), the Subsidiaries of the Borrowers party hereto as guarantors (the “*Guarantors*”), the several entities party hereto as lenders (the “*Lenders*”), and **WHITE OAK GLOBAL ADVISORS, LLC**, a Delaware limited liability company, as administrative agent (the “*Administrative Agent*”).

**RECITALS:**

A. The Borrowers, the Administrative Agent and the Lenders are parties to that certain Loan and Security Agreement dated as of March 13, 2017 (as amended prior to the date hereof, the “*Loan and Security Agreement*”), pursuant to which the Lenders have, subject to the terms and conditions set forth therein, made certain term loans to and on behalf of the Borrowers.

B. The Borrowers acknowledge and agree that (i) an Event of Default has occurred as of December 31, 2018 under Section 8.01(b) of the Loan and Security Agreement as a result of the Borrowers’ failure to comply with the minimum Consolidated Fixed Charge Coverage Ratio covenant set forth in Section 6.14(b) of the Loan and Security Agreement as of such date, (ii) an Event of Default has occurred as of March 31, 2019 under Section 8.01(b) of the Loan and Security Agreement as a result of the Borrowers’ failure to comply with the maximum Consolidated Leverage Ratio covenant set forth in Section 6.14(a) of the Loan and Security Agreement as of such date, (iii) an Event of Default has occurred as of March 31, 2019 under Section 8.01(b) of the Loan and Security Agreement as a result of the Borrowers’ failure to comply with the minimum Consolidated Fixed Charge Coverage Ratio covenant set forth in Section 6.14(b) of the Loan and Security Agreement as of such date, (iv) an Event of Default has occurred as of June 30, 2019 under Section 8.01(b) of the Loan and Security Agreement as a result of the Borrowers’ failure to comply with the maximum Consolidated Leverage Ratio covenant set forth in Section 6.14(a) of the Loan and Security Agreement as of such date and (v) an Event of Default has occurred as of June 30, 2019 under Section 8.01(b) of the Loan and Security Agreement as a result of the Borrowers’ failure to comply with the minimum Consolidated Fixed Charge Coverage Ratio covenant set forth in Section 6.14(b) of the Loan and Security Agreement as of such date (such Events of Default, referred to in the foregoing clauses (i) through (v), collectively the “*Specified Defaults*”) and that such Specified Defaults are continuing.

C. The Borrowers acknowledge and agree that, as a result of the Specified Defaults, interest has accrued since December 31, 2018 at the Default Rate pursuant to Section 2.02(c) of the Loan and Security Agreement and such interest is payable on demand by the Administrative Agent and that the total amount of accrued and unpaid interest pursuant to Section 2.02(c) of the Loan and Security Agreement as of July 31, 2019 is \$896,175.00 (the “*Total Default Interest Amount*”).

D. The Borrowers have requested that the Administrative Agent and the Lenders (i) waive the payment of \$646,175.00 of the Total Default Interest Amount (the “*Waived Default Interest Amount*”) and (ii) permit the Borrowers to capitalize the remaining \$250,000.00 of the Total Default Interest Amount (such \$250,000.00 amount, the “*Paid Default Interest Amount*”) and add such Paid Default Interest Amount to the Outstanding Amount of the Term Loans in lieu of paying such Paid Default Interest Amount in cash as required by Section 2.02(c) of the Loan and Security Agreement.

The Administrative Agent and the Lenders have agreed, subject to the terms and conditions set

forth herein, to enter into this Limited Waiver.

NOW, THEREFORE, in consideration of the premises and the mutual covenants herein contained, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Administrative Agent and the Lenders agree to (a) waive the payment of the Waived Default Interest Amount and (b) consent to the capitalization of the Paid Default Interest Amount and the addition of the Paid Default Interest Amount to the Outstanding Amount of the Term Loans, in each case, on the terms of, and subject to the conditions, set forth herein:

Section 1. Defined Terms. Each capitalized term which is defined in the Loan and Security Agreement, but which is not defined in this Limited Waiver, shall have the meaning ascribed such term in the Loan and Security Agreement. Unless otherwise indicated, all section references in this Limited Waiver refer to the Loan and Security Agreement.

Section 2. Limited Waiver. In reliance on the representations by the Loan Parties contained herein (including the recitals hereto), the Lenders hereby waive the payment of the Waived Default Interest Amount. The limited waiver granted in this Section 2 is a one-time waiver and limited solely to the payment of the Waived Default Interest Amount as specified above and nothing contained in this Section 2 shall be deemed a consent to, or waiver of, any other action or inaction of any Loan Party which constitutes (or would constitute) a violation of any provision of the Loan and Security Agreement or any other Loan Document (including the Specified Defaults and the obligation to pay interest at the Default Rate in cash on demand). Neither the Lenders nor the Administrative Agent shall be obligated to grant any future waivers, consents or amendments with respect to any other provision of the Loan and Security Agreement (including the Specified Defaults and the obligation to pay interest at the Default Rate in cash on demand) or any other Loan Document and such limited waiver shall not constitute a course of dealing among the parties.

Section 3. Limited Consent. In reliance on the representations by the Loan Parties contained herein (including the recitals hereto), the Lenders hereby consent to the payment of the Paid Default Interest Amount by capitalizing the Paid Default Interest Amount and increasing the Outstanding Amount of the Term Loans by the Paid Default Interest Amount and, for the avoidance of doubt, the Outstanding Amount of the Term Loans is hereby increased by the Paid Default Interest Amount. The limited consent granted in this Section 3 is a one-time consent and limited solely to the payment of the Paid Default Interest Amount as specified above and nothing contained in this Section 3 shall be deemed a consent to, or waiver of, any other action or inaction of any Loan Party which constitutes (or would constitute) a violation of any provision of the Loan and Security Agreement or any other Loan Document (including the Specified Defaults and the obligation to pay interest at the Default Rate in cash on demand). Neither the Lenders nor the Administrative Agent shall be obligated to grant any future waivers, consents or amendments with respect to any other provision of the Loan and Security Agreement (including the Specified Defaults and the obligation to pay interest at the Default Rate in cash on demand) or any other Loan Document and such limited consent shall not constitute a course of dealing among the parties.

Section 4. Conditions Precedent. The effectiveness of this Limited Waiver is subject to the following:

4.1 Counterparts. The Administrative Agent shall have received counterparts of this Limited Waiver from the Loan Parties and each of the Lenders.

4.2 Fees and Expenses. The Administrative Agent shall have received all costs and expenses due and payable (including fees payable to Vinson & Elkins L.L.P.) on or prior to the Limited Waiver Effective Date.

4.3 No Default; Event of Default. No Default, Event of Default or Term Loan Excess shall exist on the Limited Waiver Effective Date, other than the Specified Defaults.

4.4 Other. The Administrative Agent shall have received such other documents as the Administrative Agent or special counsel to the Administrative Agent may reasonably request.

Section 5. Miscellaneous.

5.1 Confirmation and Effect. The provisions of the Loan and Security Agreement shall remain in full force and effect in accordance with its terms following the effectiveness of this Limited Waiver, and this Limited Waiver shall not constitute a waiver of any provision of the Loan and Security Agreement or any other Loan Document (including the Specified Defaults and the obligation to pay interest at the Default Rate in cash on demand) or consent except as set forth in Section 2 or Section 3.

5.2 Ratification and Affirmation of Loan Parties. Each of the Loan Parties hereby expressly (a) acknowledges the terms of this Limited Waiver, (b) ratifies and affirms its obligations under the Loan and Security Agreement, the Guaranty and the other Loan Documents to which it is a party, (c) acknowledges, renews and extends its continued liability under the Loan and Security Agreement, the Guaranty and the other Loan Documents to which it is a party and confirms that no such Loan Party has any defenses to payment, counterclaims or rights of setoff with respect to the Term Loans or any other Obligations (including Obligations constituting the requirement to pay interest at the Default Rate on demand) existing as of the Limited Waiver Effective Date, and agrees and confirms that the Outstanding Amount after giving effect to the increase thereof pursuant to Section 3 is \$ 30,686,146, (d) agrees that its guarantee under the Guaranty and the other Loan Documents to which it is a party remains in full force and effect with respect to the Obligations, (e) represents and warrants to the Lenders and the Administrative Agent that, after giving effect to this Limited Waiver, each representation and warranty of such Loan Party contained in the Loan and Security Agreement, the Guaranty and the other Loan Documents to which it is a party is true and correct in all material respects (except with respect to the Specified Defaults and to the extent that such representation or warranty is qualified by materiality or Material Adverse Effect, in which case such representation or warranty shall be true and correct in all respects) as of the date hereof, (f) acknowledges and agrees that this Limited Waiver constitutes a Loan Document and (g) represents and warrants to the Lenders and the Administrative Agent that the execution, delivery and performance by such Loan Party of this Limited Waiver are within such Loan Party's corporate, trust, partnership or limited liability company powers (as applicable), have been duly authorized by all necessary action and that this Limited Waiver constitutes the valid and binding obligation of such Loan Party enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally.

5.3 Certain Waivers. Each Loan Party hereby (a) acknowledges that the Administrative Agent shall have no obligation to provide any notice of Default with respect to the Specified Defaults and (b) waives (i) any further notice of Default, notice of intent to accelerate, or demand for payment, in each case, with respect to the Specified Defaults or any other Default, (ii) any opportunity to cure the Specified Defaults and (iii) any notice with respect to the accrual of interest at the Default Rate.

5.4 Retention of Remedies. As a result of the Specified Defaults, (a) the Administrative Agent is entitled immediately to accelerate the Obligations, institute foreclosure proceedings against the Collateral and to exercise any and all of the Administrative Agent's and the Lenders' rights and remedies available to them under the Loan Documents and this Limited Waiver, at law, in equity, or otherwise, without further opportunity to cure, demand, presentment, notice of dishonor, notice of Default, notice of intent to accelerate, notice of intent to foreclose, notice of protest or other formalities of any kind, all of which are hereby expressly waived by each of the Loan Parties and (b) interest shall continue to accrue at



the Default Rate on the Outstanding Amount (after giving effect to the increase of the Outstanding Amount pursuant to Section 3) pursuant to Section 2.02(c) of the Loan and Security Agreement and shall be payable in cash, on demand by the Administrative Agent.

5.5 Release and Covenant not to Sue. EACH OF THE LOAN PARTIES (IN ITS OWN RIGHT AND ON BEHALF OF ITS OFFICERS, EMPLOYEES, ATTORNEYS AND AGENTS) HEREBY EXPRESSLY AND UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT IT HAS NO SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, DEFENSES, CLAIMS, CAUSES OF ACTION, ACTIONS OR DAMAGES OF ANY CHARACTER OR NATURE, WHETHER CONTINGENT, NONCONTINGENT, LIQUIDATED, UNLIQUIDATED, FIXED, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL, EQUITABLE, SECURED OR UNSECURED, KNOWN OR UNKNOWN, ACTUAL OR PUNITIVE, FORESEEN OR UNFORESEEN, DIRECT, OR INDIRECT, AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER, ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, AGENTS, EMPLOYEES, ATTORNEYS OR REPRESENTATIVES OR ANY OF THEIR RESPECTIVE PREDECESSORS, SUCCESSORS OR ASSIGNS (COLLECTIVELY, THE "**LENDER-RELATED PARTIES**") OR ANY GROUNDS OR CAUSE FOR REDUCTION, MODIFICATION, SET ASIDE OR SUBORDINATION OF THE OBLIGATIONS OR ANY LIENS OR SECURITY INTERESTS OF THE ADMINISTRATIVE AGENT OR THE LENDERS. IN PARTIAL CONSIDERATION FOR THE AGREEMENT OF THE ADMINISTRATIVE AGENT AND THE LENDERS TO ENTER INTO THIS LIMITED WAIVER, EACH OF THE LOAN PARTIES HEREBY KNOWINGLY AND UNCONDITIONALLY WAIVES AND FULLY AND FINALLY RELEASES AND FOREVER DISCHARGES THE LENDER-RELATED PARTIES FROM, AND COVENANTS NOT TO SUE THE LENDER-RELATED PARTIES FOR, ANY AND ALL SETOFFS, COUNTERCLAIMS, ADJUSTMENTS, RECOUPMENTS, CLAIMS, CAUSES OF ACTION, ACTIONS, GROUNDS, CAUSES, DAMAGES, COSTS AND EXPENSES OF EVERY NATURE AND CHARACTER, WHETHER CONTINGENT, NONCONTINGENT, LIQUIDATED, UNLIQUIDATED, FIXED, MATURED, UNMATURED, DISPUTED, UNDISPUTED, LEGAL, EQUITABLE, SECURED OR UNSECURED, KNOWN OR UNKNOWN, ACTUAL OR PUNITIVE, FORESEEN OR UNFORESEEN, DIRECT OR INDIRECT, ARISING OUT OF OR FROM OR RELATED TO ANY OF THE LOAN DOCUMENTS, WHICH ANY LOAN PARTY NOW OWNS AND HOLDS, OR HAS AT ANY TIME HERETOFORE OWNED OR HELD, SUCH WAIVER, RELEASE AND DISCHARGE BEING MADE WITH FULL KNOWLEDGE AND UNDERSTANDING OF THE CIRCUMSTANCES AND EFFECTS OF SUCH WAIVER, RELEASE AND DISCHARGE AND AFTER HAVING CONSULTED LEGAL COUNSEL OF ITS OWN CHOOSING WITH RESPECT THERETO. THIS SECTION 5 IS IN ADDITION TO ANY OTHER RELEASE OF ANY OF THE LENDER-RELATED PARTIES BY ANY OF THE LOAN PARTIES AND SHALL NOT IN ANY WAY LIMIT ANY OTHER RELEASE, COVENANT NOT TO SUE, OR WAIVER BY ANY OF THE LOAN PARTIES IN FAVOR OF ANY OF THE LENDER-RELATED PARTIES.

5.6 No Implied Waivers. No failure or delay on the part of the Administrative Agent or any Lender in exercising, and no course of dealing with respect to, any right, power or privilege under this Limited Waiver or any other Loan Document shall operate as a waiver thereof (including any waiver with respect to the future payment of interest at the Default Rate pursuant to Section 2.02(c) of the Loan and Security Agreement in cash on demand), nor shall any single or partial exercise of any right, power or privilege under this Limited Waiver or any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

5.7 Counterparts. This Limited Waiver may be executed by one or more of the parties hereto in any number of separate counterparts, and all of such counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of this Limited Waiver by facsimile or electronic (e.g.

.pdf) transmission shall be effective as delivery of a manually executed original counterpart hereof.

5.8 No Oral Agreement. THIS LIMITED WAIVER, THE LOAN AND SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS EXECUTED IN CONNECTION HERewith AND THEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR UNWRITTEN ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO SUBSEQUENT ORAL AGREEMENTS BETWEEN THE PARTIES THAT MODIFY THE AGREEMENTS OF THE PARTIES IN THE LOAN AND SECURITY AGREEMENT AND THE OTHER LOAN DOCUMENTS.

5.9 Governing Law. THIS LIMITED WAIVER (INCLUDING, BUT NOT LIMITED TO, THE VALIDITY AND ENFORCEABILITY HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

5.10 Payment of Expenses. The Borrowers agree to pay or reimburse the Administrative Agent for all of its reasonable out-of-pocket costs and expenses incurred in connection with this Limited Waiver, any other documents prepared in connection herewith and the transactions contemplated hereby, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent.

5.11 Severability. Any provision of this Limited Waiver which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

5.12 Successors and Assigns. This Limited Waiver shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

[Signature Pages Follow.]

The parties hereto have caused this Limited Waiver to be duly executed as of the day and year first above written.

**Borrowers:**

**Eagle Energy Inc.,**

a corporation formed and existing under the laws of the Province of Alberta, Canada

By: B Galonski  
Name: Brenda Galonski  
Title: Chief Financial Officer

**Eagle Hydrocarbons Inc.,**

a Delaware corporation

By: B Galonski  
Name: Brenda Galonski  
Title: Chief Financial Officer

[SIGNATURES CONTINUED ON FOLLOWING PAGE]

[SIGNATURES CONTINUED FROM PREVIOUS PAGE]

**Guarantors:**

**Eagle Energy Trust,**

a trust formed and existing under the laws of the  
Province of Alberta, Canada

By: **Eagle Energy Inc.**, its trustee

By: B Galonski

Name: Brenda Galonski

Title: Chief Financial Officer

**Eagle Energy Holdings Inc.,**

a corporation formed and existing under the laws of the  
Province of Alberta, Canada

By: B Galonski

Name: Brenda Galonski

Title: Chief Financial Officer

**Administrative Agent:**

**White Oak Global Advisors, LLC,**  
a Delaware limited liability company

By: Barbara J. Myler  
Name: Barbara J.S. Myler  
Title: Managing Partner

**Lenders:**

**White Oak Global Advisors, LLC,**  
a Delaware limited liability company, as  
attorney-in-fact for each of the Lenders identified on  
Schedule 2.01 of the Loan and Security Agreement

By: Barbara J. Myler  
Name: Barbara J.S. Myler  
Title: Managing Partner

This is Exhibit "C" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California

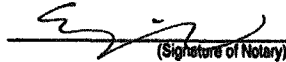
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of NOVEMBER 2019 by Barbara J.S.

McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



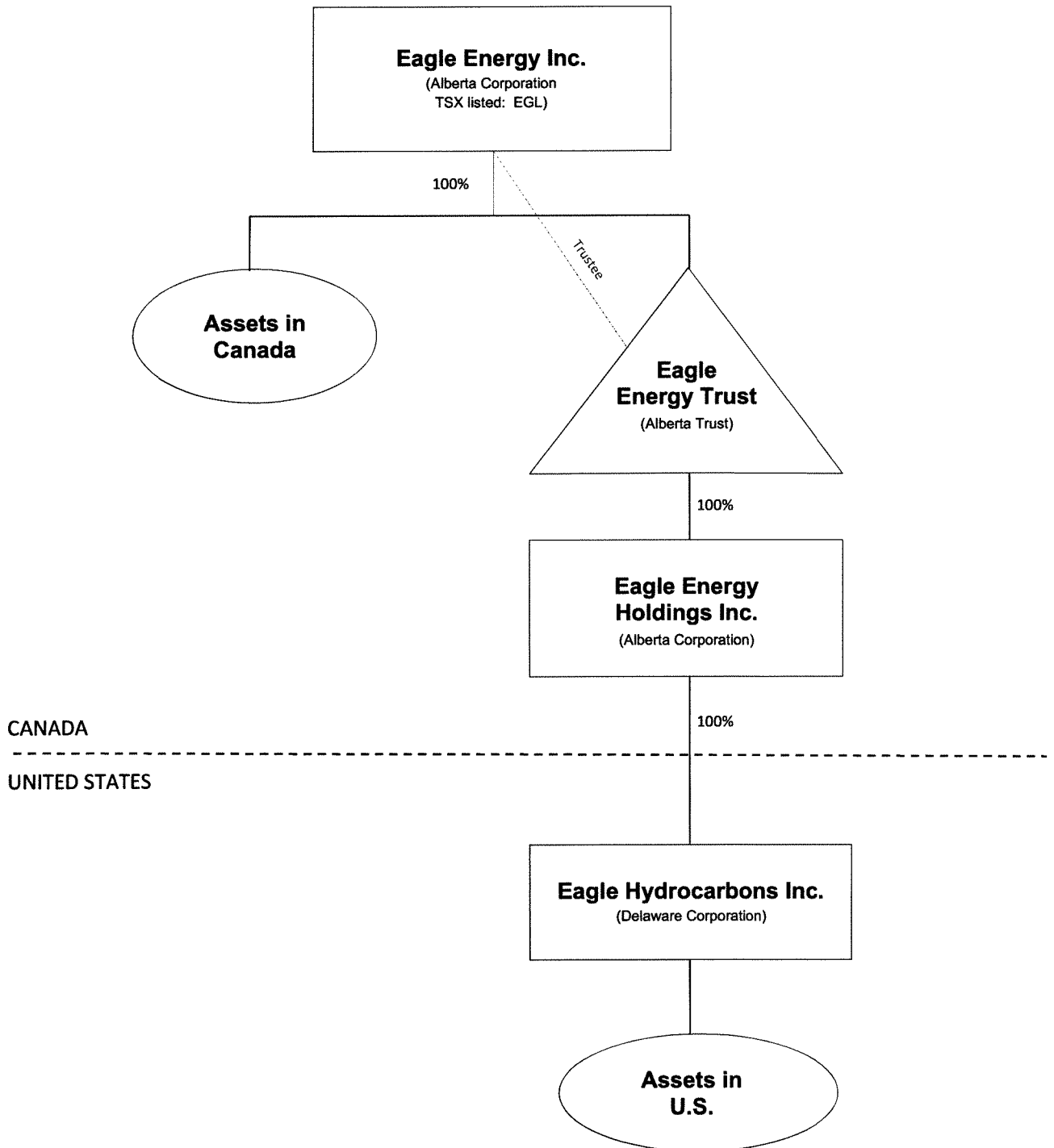
(Signature of Notary)



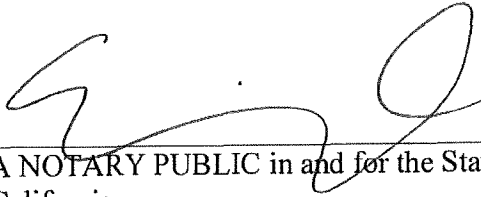


**EAGLE ENERGY™**  
INC.

## Structure Chart



This is Exhibit "D" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



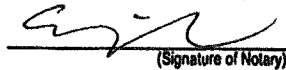
A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

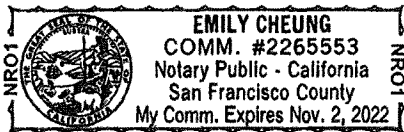
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November 20 19 by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)





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

Date of Search: 2019/11/12  
Time of Search: 11:38 AM  
Search provided by: BLAKE CASSELS & GRAYDON LLP  
Service Request Number: 32008120  
Customer Reference Number: 74169/5 JSTW

**Corporate Access Number:** 2019443270  
**Legal Entity Name:** EAGLE ENERGY INC.  
**Legal Entity Status:** Active  
**Alberta Corporation Type:** Named Alberta Corporation  
**Method of Registration:** Amalgamation  
**Registration Date:** 2016/01/27 YYYY/MM/DD

## Registered Office:

**Street:** 2710, 500 - 4TH AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 2V6

## Directors:

**Last Name:** CLARK  
**First Name:** RICHARD  
**Middle Name:** W.  
**Street/Box Number:** 2710, 500 - 4TH AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 2V6

**Last Name:** MCWHORTER  
**First Name:** F.  
**Middle Name:** WAYNE  
**Street/Box Number:** P.O. BOX 1147

**City:** MARSHALL  
**Province:** TEXAS  
**Postal Code:** 75671

**Last Name:** MELTON  
**First Name:** JOHN  
**Middle Name:** ATKINS  
**Street/Box Number:** 11750 KATY FREEWAY, SUITE 830  
**City:** HOUSTON  
**Province:** TEXAS  
**Postal Code:** 77079-1255

**Last Name:** STECKLEY  
**First Name:** WARREN  
**Middle Name:** D.  
**Street/Box Number:** 2710, 500 - 4TH AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 2V6

**Last Name:** WISNIEWSKI  
**First Name:** JAMES  
**Middle Name:** WAYNE  
**Street/Box Number:** 11750 KATY FREEWAY, SUITE 830  
**City:** HOUSTON  
**Province:** TEXAS  
**Postal Code:** 77079-1255

**Transfer Agents:**

**Last Name:** COMPUTERSHARE TRUST COMPANY OF CANADA  
**Street:** 8TH FLOOR, 100 UNIVERSITY AVENUE  
**City:** TORONTO  
**Province:** ONTARIO  
**Postal Code:** M5J 2Y1

**Details From Current Articles:**

**The information in this legal entity table supersedes equivalent electronic attachments**

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

**Share Transfers  
Restrictions:** NONE.

**Min Number Of  
Directors:** 3

**Max Number Of  
Directors:** 15

**Business Restricted  
To:** NONE.

**Business Restricted  
From:** NONE.

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

**Other Information:**

**Amalgamation Predecessors:**

Corporate Access Number	Legal Entity Name
2019440896	1944089 ALBERTA LTD.
2013907015	EAGLE ENERGY INC.

**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)
2019	2019/01/07

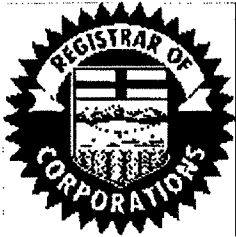
**Filing History:**

List Date (YYYY/MM/DD)	Type of Filing
2016/01/27	Amalgamate Alberta Corporation
2019/01/07	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2019/06/26	Change Director / Shareholder

**Attachments:**

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Other Rules or Provisions	ELECTRONIC	2016/01/27
Statutory Declaration	10000207103544781	2016/01/27

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.

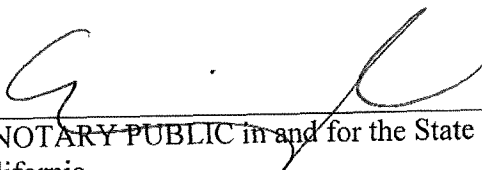


SCHEDULE OF OTHER PROVISIONS

1. The directors may, between annual meetings of shareholders, appoint one or more additional directors of the Corporation to serve until the next annual meeting of shareholders, but the number of additional directors shall not at any time exceed 1/3 of the number of directors who held office at the expiration of the last meeting of the shareholders of the Corporation.

2. Any meeting of the shareholders of the Corporation may be held in any place selected by the directors of the Corporation in accordance with applicable corporate legislation.

This is Exhibit "E" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.

  
A NOTARY PUBLIC in and for the State of California

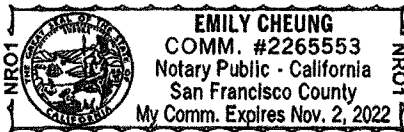
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

  
(Signature of Notary)



# Government of Alberta ■ Trade Name / Partnership Search Corporate Registration System

Date of Search: 2019/11/12  
Time of Search: 11:39 AM  
Search provided by: BLAKE CASSELS & GRAYDON LLP  
Service Request No: 32008134  
Customer Reference No: 74169/5 JSTW

Registration No: TN15761455  
Current Business Name: EAGLE ENERGY TRUST  
Status of Business Name: Active  
Trade Name / Partnership Type: Trade Name  
Commencement Date: 2010/07/20 YYYY/MM/DD  
Date of Registration: 2010/12/15 YYYY/MM/DD  
Type of Business: UNINCORPORATED OPEN-ENDED LIMITED PURPOSE TRUST

## Current Declarant:

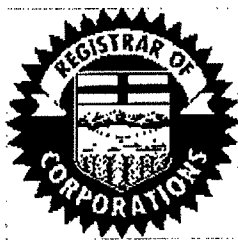
Last/Legal Entity Name: EAGLE ENERGY INC.  
Street: 900, 639 - 5TH AVENUE SW  
City: CALGARY  
Province: ALBERTA  
Postal Code: T2P 0M9

## Other Information:

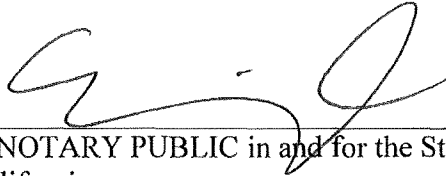
## Filing History:

List Date	Type of Filing
2010/12/15	Register Trade Name

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



This is Exhibit "F" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

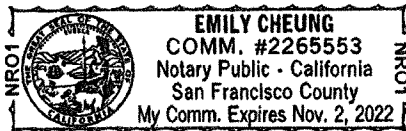
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)





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

Date of Search: 2019/11/12  
Time of Search: 11:34 AM  
Search provided by: BLAKE CASSELS & GRAYDON LLP  
Service Request Number: 32008058  
Customer Reference Number: 74169/5 JSTW

**Corporate Access Number:** 2018253365  
**Legal Entity Name:** EAGLE ENERGY HOLDINGS INC.

**Legal Entity Status:** Active  
**Alberta Corporation Type:** Named Alberta Corporation  
**Registration Date:** 2014/05/28 YYYY/MM/DD

## Registered Office:

**Street:** 2710, 500 - 4TH AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 2V6

## Directors:

**Last Name:** CLARK  
**First Name:** RICHARD  
**Middle Name:** W.  
**Street/Box Number:** 2710, 500 - 4TH AVENUE S.W.  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 2V6

**Last Name:** STECKLEY  
**First Name:** WARREN  
**Middle Name:** D.  
**Street/Box Number:** 2710, 500 - 4TH AVENUE S.W.  
**City:** CALGARY

**Province:** ALBERTA  
**Postal Code:** T2P 2V6

**Voting Shareholders:**

**Last Name:** EAGLE ENERGY TRUST  
**Street:** 2710, 500-4 AVE SW  
**City:** CALGARY  
**Province:** ALBERTA  
**Postal Code:** T2P 2V6  
**Percent Of Voting Shares:** 100

**Details From Current Articles:**

**The information in this legal entity table supersedes equivalent electronic attachments**

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

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

**Min Number Of Directors:** 1

**Max Number Of Directors:** 7

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

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

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

**Other Information:**

**Last Annual Return Filed:**

File Year	Date Filed (YYYY/MM/DD)
2019	2019/05/16

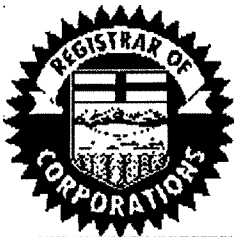
**Filing History:**

List Date (YYYY/MM/DD)	Type of Filing
2014/05/28	Incorporate Alberta Corporation
2019/05/16	Enter Annual Returns for Alberta and Extra-Provincial Corp.
2019/06/26	Change Director / Shareholder

**Attachments:**

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Restrictions on Share Transfers	ELECTRONIC	2014/05/28
Restrictions on Business	ELECTRONIC	2014/05/28
Other Rules or Provisions	ELECTRONIC	2014/05/28

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



SCHEDULE OF RESTRICTIONS ON SHARE TRANSFERS

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

SCHEDULE OF RESTRICTIONS ON BUSINESS

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

(a) The Corporation is constituted exclusively for the purpose of investing in equity and debt securities of its affiliates and shall have such powers as are reasonably necessary or incidental to carry out such object and purpose, provided for greater certainty that the Corporation is prohibited from carrying on any business in Canada for purposes of the Income Tax Act (Canada) (the "Tax Act").

(b) The Corporation is prohibited from acquiring or holding any property which constitutes "non-portfolio property" as defined in subsection 122.1(1) of the Tax Act or which would cause the Corporation to cease to qualify as a "portfolio investment entity" as defined in subsection 122.1(1) of the Tax Act.

(c) The Corporation is prohibited from taking any action, or acquiring, retaining, or holding any investment in any entity or other property that would result in Eagle Energy Trust being a SIFT trust, as defined in subsection 122.1(1) of the Tax Act.

SCHEDULE OF OTHER PROVISIONS

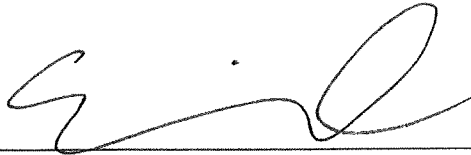
1. The number of direct or indirect beneficial owners of securities of the Corporation will be limited to not more than 50, not including employees and former employees of the Corporation or any of its affiliates, provided that each person is counted as one beneficial owner unless the person is created or used solely to purchase or hold securities of the Corporation, in which case each beneficial owner or each beneficiary of the person, as the case may be, shall be counted as a separate beneficial owner. For purposes of this paragraph, the term "securities" does not include non-convertible debt securities of the Corporation.

2. Any invitation to the public to subscribe for securities of the Corporation is prohibited.

3. The Corporation has a lien on the shares of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

4. The right to transfer securities of the Corporation, other than non-convertible debt securities, is restricted in that no securityholder shall be entitled to transfer any securities of the Corporation to any person who is not a securityholder of the Corporation unless the transfer has been approved by the board of directors of the Corporation.

This is Exhibit "G" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



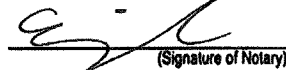
A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

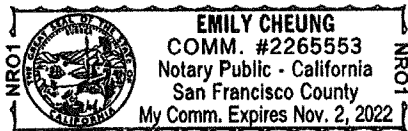
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019, by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)



# Delaware

PAGE 1

*The First State*

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "EAGLE HYDROCARBONS INC.", FILED IN THIS OFFICE ON THE TWENTY-EIGHTH DAY OF MAY, A.D. 2014, AT 6:42 O'CLOCK P.M.


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

5541416 8100

140739372

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



  
Jeffrey W. Bullock, Secretary of State  
AUTHENTICATION: 1407013

DATE: 05-29-14



**CERTIFICATE OF INCORPORATION**  
**OF**  
**EAGLE HYDROCARBONS INC.**

FIRST: The name of the corporation is:

Eagle Hydrocarbons Inc. (the "Corporation").

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

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of Delaware, provided, however, the business and purpose of the Corporation are restricted by the following:

a) The Corporation is prohibited from carrying on any business in Canada for the purposes of the *Income Tax Act* (Canada) (with the regulations and amendments thereto, the "ITA").

b) The Corporation is prohibited from taking any action or acquiring, retaining or holding any investment in any entity or other property that would cause it to constitute a "subject entity", as defined in the ITA.

c) The Corporation is prohibited from acquiring or holding any property which constitutes "non-portfolio property" or which would cause the Corporation to cease to qualify as a "portfolio investment entity", each as defined in the ITA.

FOURTH: The Corporation is authorized to issue one class of stock, to be designated "Common Stock," with a par value of \$0.01 per share. The total number of shares of Common Stock that the Corporation shall have authority to issue is One Hundred (100).

FIFTH: The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authority expressly conferred upon them by statute or by this Certificate of Incorporation or the Bylaws of the Corporation, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation. Election of directors need not be by written ballot, unless the Bylaws so provide.

SIXTH: The Board of Directors is authorized to make, adopt, amend, alter or repeal the Bylaws of the Corporation. The stockholders shall also have power to make, adopt, amend, alter or repeal the Bylaws of the Corporation.

SEVENTH: The name and mailing address of the incorporator is:

Albert Gelin  
DLA Piper LLP (US)  
2000 University Avenue  
East Palo Alto, CA 94303

EIGHTH: To the fullest extent permitted by the Delaware General Corporation Law, as the same exists or may hereafter be amended, a director of the Corporation shall be indemnified by the Corporation in accordance with the Bylaws and shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. Any repeal or modification of the foregoing provisions of this Article EIGHTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of, or increase the liability of any director of the Corporation with respect to any acts or omissions occurring prior to, such repeal or modification.

NINTH: To the fullest extent permitted by law, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the Delaware General Corporation Law or the Corporation's Certificate of Incorporation or Bylaws, or (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine.

THE UNDERSIGNED, being the incorporator named above, for the purpose of forming a corporation pursuant to the General Corporation Law of Delaware, does make this certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 28th day of May, 2014.

/s/ Albert Gelin  
Albert Gelin, Incorporator

This is Exhibit "H" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of

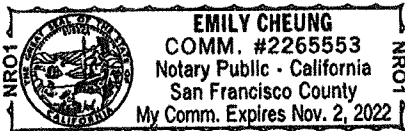
November, 2019 by Barbara J.S.

McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)





EAGLE ENERGY™  
INC.

# Eagle Energy Inc.

Condensed Consolidated Interim Financial Statements  
(in Canadian dollars) (unaudited)

For the three and nine months ended September 30, 2019 and September 30, 2018

# Eagle Energy Inc.

## Condensed Consolidated Interim Balance Sheets

(Thousands of Canadian dollars) (unaudited)

	Note	September 30, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash		3,128	3,411
Trade and other receivables		4,254	3,521
Deposits and prepaid expenses		761	819
Risk management asset		514	-
		<b>8,657</b>	<b>7,751</b>
<b>Non-current assets</b>			
Oil and gas properties	11	126,066	128,862
Other assets		2,841	61
		<b>128,907</b>	<b>128,923</b>
<b>Total Assets</b>		<b>137,564</b>	<b>136,674</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		4,630	6,248
Debt	13	40,638	41,521
		<b>45,268</b>	<b>47,769</b>
<b>Non-current liabilities</b>			
Lease liability	2	2,340	-
Decommissioning liability	14	21,348	16,658
		<b>23,688</b>	<b>16,658</b>
<b>Total Liabilities</b>		<b>68,956</b>	<b>64,427</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15	321,252	320,999
Currency reserves	7	34,642	35,049
Contributed surplus	6	224	477
Deficit		(287,510)	(284,278)
<b>Total Shareholders' Equity</b>		<b>68,608</b>	<b>72,247</b>
<b>Total Liabilities and Shareholders' Equity</b>		<b>137,564</b>	<b>136,674</b>

The notes are an integral part of these condensed consolidated interim financial statements.  
See the "Going Concern" section of note 2.1 "Basis of Preparation", note 16 "Commitments" and note 17 "Subsequent Event".

# Eagle Energy Inc.

## Condensed Consolidated Interim Statements of Earnings (Loss) and Comprehensive Earnings (Loss)

(Thousands of Canadian dollars, except per share amounts) (unaudited)

	Note	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Sales		7,497	11,486	22,770	39,813
Royalties		(1,564)	(2,476)	(4,442)	(8,114)
<b>Revenue</b>		<b>5,933</b>	<b>9,010</b>	<b>18,328</b>	<b>31,699</b>
Operating expenses		3,319	3,509	8,712	11,775
Transportation and marketing expenses		266	437	966	1,486
Administrative expenses		917	1,884	4,672	5,204
Costs associated with the dispositions	12	-	439	-	1,526
Depreciation, depletion and amortization	9	1,592	1,869	5,228	7,400
Impairment expense	9	-	-	-	13,613
<b>Operating (loss) earnings</b>		<b>(161)</b>	<b>872</b>	<b>(1,250)</b>	<b>(9,305)</b>
Share-based compensation (recovery) expense	6	(6)	57	23	279
Finance expense	8	906	1,645	4,526	5,376
Finance expense related to debt prepayment	8	-	976	-	4,089
Interest income		(2)	(13)	(11)	(13)
Risk management (gain) loss	4	(746)	-	(821)	1,214
Foreign exchange (gain) loss, net	7	(201)	94	478	(702)
Loss (gain) on disposition		7	-	(2,213)	-
<b>Loss</b>		<b>(119)</b>	<b>(1,887)</b>	<b>(3,232)</b>	<b>(19,548)</b>
Items that may be subsequently classified to earnings					
Foreign currency translation loss (gain)	7	145	(186)	(407)	(326)
<b>Comprehensive earnings (loss)</b>		<b>26</b>	<b>(2,073)</b>	<b>(3,639)</b>	<b>(19,874)</b>
Earnings (loss) per share	10				
<b>Basic and Diluted</b>		<b>0.00</b>	<b>(0.04)</b>	<b>(0.07)</b>	<b>(0.45)</b>

The notes are an integral part of these condensed consolidated interim financial statements.

# Eagle Energy Inc.

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Thousands of Canadian dollars) (unaudited)

	Note	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
<b>Share Capital</b>			
	15		
Balance, beginning of period		320,999	320,515
Issuance of share capital		253	484
<b>Balance, end of period</b>		<b>321,252</b>	<b>320,999</b>
<b>Currency Reserves</b>			
Balance, beginning of period		35,049	34,608
Foreign currency translation loss	7	(407)	(326)
<b>Balance, end of period</b>		<b>34,642</b>	<b>34,282</b>
<b>Contributed Surplus</b>			
	6		
Balance, beginning of period		477	635
Share-based payments		(253)	(205)
<b>Balance, end of period</b>		<b>224</b>	<b>430</b>
<b>Deficit</b>			
Balance, beginning of period		(284,278)	(256,471)
Loss		(3,232)	(19,548)
<b>Balance, end of period</b>		<b>(287,510)</b>	<b>(276,019)</b>

The notes are an integral part of these condensed consolidated interim financial statements.

# Eagle Energy Inc.

## Condensed Consolidated Interim Cash Flow Statements

(Thousands of Canadian dollars) (unaudited)

Note	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
<b>Cash flows from operating activities</b>				
Loss	(119)	(1,887)	(3,232)	(19,548)
Adjustments for non-cash items:				
Depreciation, depletion and amortization	9 1,592	1,869	5,228	7,400
Impairment expense	9 -	-	-	13,613
Loss (gain) on disposition	7	-	(2,213)	-
Share-based compensation (recovery) expense	6 (6)	57	23	279
Unrealized risk management gain	4 (418)	-	(514)	(628)
Unrealized foreign exchange (gain) loss	7 (204)	446	448	1,272
Finance expense – non-cash portion	8 95	1,137	266	2,884
<b>Funds flow from operations</b>	<b>947</b>	<b>1,622</b>	<b>6</b>	<b>5,272</b>
Changes in working capital:				
Trade and other receivables	88	1,982	(763)	4,219
Deposits and prepaid expenses	88	156	44	(76)
Trade and other payables	(960)	137	1,613	(3,673)
	(784)	2,275	894	470
<b>Net cash generated from operating activities</b>	<b>163</b>	<b>3,897</b>	<b>900</b>	<b>5,742</b>
<b>Cash flows from investing activities</b>				
Oil and gas properties	(104)	(5,625)	(316)	(12,959)
Property, plant and equipment	-	-	-	(2)
Disposition of oil and gas assets	12 (7)	13,305	2,935	47,757
Change in non-cash working capital	(209)	3,755	(3,690)	14
<b>Net cash (used in) generated from investing activities</b>	<b>(320)</b>	<b>11,435</b>	<b>(1,071)</b>	<b>34,810</b>
<b>Cash flows from financing activities</b>				
Proceeds from (repayment of) long term debt	329	(10,877)	329	(37,181)
Unit-based payments	(14)	-	(14)	-
Payments on lease obligations	(134)	-	(385)	-
Deferred financing charges	-	-	-	(89)
<b>Net cash generated from (used in) financing activities</b>	<b>181</b>	<b>(10,877)</b>	<b>(70)</b>	<b>(37,270)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>24</b>	<b>4,455</b>	<b>(241)</b>	<b>3,282</b>
Effects of exchange rates on cash and cash equivalents	26	42	(42)	137
Cash at beginning of the period	3,078	2,962	3,411	4,040
<b>Cash at end of the period</b>	<b>3,128</b>	<b>7,459</b>	<b>3,128</b>	<b>7,459</b>

The notes are an integral part of these condensed consolidated interim financial statements.



# Eagle Energy Inc.

## Notes to Condensed Consolidated Interim Financial Statements (unaudited)

For the three months and nine months ended September 30, 2019 and September 30, 2018  
(in Canadian dollars)

### 1. Reporting Entity / Structure of Eagle Energy Inc.

Eagle Energy Inc. ("**Eagle**") is an Alberta corporation. Its common shares are widely held and listed for trading on the TSX Venture Exchange under the symbol "EGL". Eagle is engaged in the acquisition, exploration and production of petroleum and natural gas reserves in Alberta, Canada and Texas, United States.

Throughout these notes to the condensed consolidated interim financial statements, Eagle and its subsidiaries are referred to collectively as the "**Company**" or "**Eagle**" for purposes of convenience.

Eagle's address is: Suite 2710, 500 - 4<sup>th</sup> Avenue SW, Calgary, AB T2P 2V6.

#### 2.1. Basis of Preparation

The foreign exchange rate at September 30, 2019 was \$US 1.00 equal to \$CA 1.32 (December 31, 2018 - \$US 1.00 equal to \$CA 1.36), and the average foreign exchange rate for the nine months ended September 30, 2019 was \$US 1.00 equal to \$CA 1.33 (for the nine months ended September 30, 2018 - \$US 1.00 equal to \$CA 1.29).

#### Going Concern

These condensed consolidated interim financial statements have been prepared in accordance with IFRS on a going concern basis, which assumes the realization of assets and discharge of liabilities in the normal course of business as they become due. At September 30, 2019, Eagle had a working capital deficiency of \$36.6 million (December 31, 2018 - \$40.0 million) and negative funds flow from operations of \$6,000 for the nine months ended September 30, 2019. In addition, Eagle's estimate of future cash flows from operating activities over the next twelve months is not sufficient to repay the loan principal which is classified as a current liability.

At September 30, 2019, Eagle was in default of one of its four financial covenants under the four year secured term loan from its U.S.-based lender (the "**Loan Agreement**") and there is no assurance that it will not be in violation of one or more financial covenants in future quarters. Violation of any financial covenant constitutes an immediate event of default under the Loan Agreement (refer to note 13 "Debt") and, as a result, Eagle's debt remains classified as a current liability.

Effective September 24, 2019, the lender finalized its borrowing base redetermination and set the borrowing base at \$CA 42.1 million (the approximate Canadian dollar equivalent of \$US 31.8 million). Eagle currently has \$US 30.7 million drawn on the \$US 31.8 million borrowing base, with no ability to draw any further funds.

These circumstances cause material uncertainties that may cast significant doubt regarding Eagle's ability to continue as a going concern and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not reflect the adjustments to the carrying amounts of assets and liabilities, reported amounts of revenue and expenses, and balance sheet classifications that would be necessary were the going concern assumption deemed to be inappropriate. Such adjustments could be material.

During the second quarter of 2019, Eagle closed the sale of certain minor overriding royalty interests in Texas for \$US 1.7 million and proceeds were used to satisfy outstanding working capital commitments.

Eagle has undertaken several cost-cutting measures to reduce administrative and operating expenses, such as significantly reducing its staff headcount, reducing its number of contractors, negotiating better pricing with contractors and listing its Calgary and Houston office space for sublease. Eagle continues to evaluate exposure to market risks from fluctuations in commodity prices and has entered into risk management contracts to reduce commodity price risks. Eagle has curtailed capital spending for 2019. Eagle continues to work with its financial advisors to investigate, evaluate and consider other possible asset sales and restructuring alternatives.

Eagle's ability to meet its ongoing financial liabilities, including liabilities relating to the Loan Agreement, and to continue as a going concern, is dependent upon the ongoing support from its lender and its ability to fund the repayment of its debt by generating positive cash flows from operations, securing funding from additional debt or equity financing, disposing of assets or making other arrangements. There is no certainty that such initiatives will be successful.

### **Basis of Accounting**

The condensed consolidated interim financial statements were authorized for issuance in accordance with a resolution of the Board of Directors made on November 7, 2019.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. Other than the items in Note 2.2 "Changes in Accounting Policy and Disclosures", these financial statements have been prepared following the same accounting policies as the annual audited IFRS consolidated financial statements for the year ended December 31, 2018, except for income tax expense for an interim period (which is based on an estimated average annual effective income tax rate).

The condensed consolidated interim financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2018, which have been prepared in accordance with IFRS as issued by the IASB.

## **2.2. Changes in Accounting Policy and Disclosures**

### **IFRS 16 - Leases**

On January 1, 2019, Eagle adopted IFRS 16 *Leases*, which introduces a single lease accounting model for lessees which requires a right-of-use ("ROU") asset and lease liability to be recognized on the balance sheet for contracts that are, or contain, a lease.

Eagle has applied the new standard using the modified retrospective approach. The modified retrospective approach does not require restatement of prior period financial information as it recognizes the cumulative effect as an adjustment to opening retained earnings and applies the standard prospectively. The reclassifications and adjustments arising from the new leasing rules were therefore recognized in the opening balance sheet on January 1, 2019.

#### *Practical Expedients Applied*

In applying IFRS 16 for the first time, Eagle has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than twelve months as at January 1, 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the ROU asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

As well, Eagle has elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date, Eagle relied upon the assessment made when applying IAS 17 and IFRS 4 *Determining whether an Arrangement contains a Lease*.

#### **(a) Adjustments recognized on adoption of IFRS 16**

Upon the adoption of IFRS 16, Eagle recognized lease liabilities in relation to leases previously classified as "operating leases" under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The borrowing rate applied to the lease liabilities on January 1, 2019 was 11.0%.

\$000's	
Operating lease commitments disclosed as at December 31, 2018	3,583
Adjustment to commitment amount as at December 31, 2018	811
Discounted using the lessee's borrowing rate	(1,081)
Less short term leases recognized on a straight-line basis as expense	(35)
Effects of foreign exchange	(33)
<b>Lease liability recognized at January 1, 2019</b>	<b>3,245</b>
Effects of foreign exchange	15
Payments on lease obligations	384
Additions to lease obligations	(63)
<b>Lease liability at September 30, 2019</b>	<b>2,909</b>
Of which are:	
Current lease liabilities (in trade and other payables)	569
Lease liabilities (non-current)	2,340
<b>Lease liability recognized at September 30, 2019</b>	<b>2,909</b>

The ROU assets for office and vehicle leases were measured at the amount equal to the lease liability. There were no onerous lease contracts that required adjustment to the ROU assets at the date of initial application.

The ROU assets recognized are of the following types:

	<b>January 1, 2019</b>
Motor vehicles	115
Office leases	3,096
<b>Lease liability recognized at January 1, 2019</b>	<b>3,211</b>

The impact on retained earnings on January 1, 2019 was \$nil.

**(b) Leasing activities and how they are accounted for**

Eagle leases two offices; one in Calgary, Alberta and one in Houston, Texas. In addition, Eagle leases vehicles in Alberta and Texas. The office leases are negotiated on an individual basis, contain different terms and conditions and may have extension options as described below. The vehicle leases are generally between 36 and 48 months.

Prior to January 1, 2019, the office and vehicle leases were classified as operating leases. Payments made under these operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Beginning January 1, 2019, leases are recognized as ROU assets and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments, variable lease payments that are based on an index or a rate, amounts expected to be paid by the lessee under residual value guarantees, the exercise price of purchase options if the lessee is reasonably certain to exercise that option and payments of penalties for terminating the lease, less any lease incentives receivable. These payments are discounted using the Company's incremental borrowing rate when the rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics.

The ROU asset is initially measured at cost, which is comprised of the sum of the initial amount of the lease liability, any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease payments made at or before the commencement date.

Payments associated with short term leases and leases of low value assets are recognized on a straight line basis as an expense in profit or loss. Short term leases are leases with a lease term of twelve months or less. Low value assets comprise computer and office equipment.

Extension and termination options are included in the office leases. These terms are used to maximize operational flexibility in terms of managing contracts. The extension and termination options held are exercisable only by Eagle and not by the lessors. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or to not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Eagle has not included possible lease extensions in the calculation of the ROU assets and liabilities as it is not reasonably certain that the leases will be extended (or terminated).

### Share-based Compensation

The Company's long-term equity compensation incentive plan was implemented in the first quarter of 2016. Under this plan, the Company issued time-based restricted share units ("RSUs") and performance-based performance share units ("PSUs") to directors, officers and employees of the Company. The 2016 Equity Incentive Plan agreement states that each PSU and RSU represents the right to receive a cash payment therefor or its equivalent in fully paid common shares of the Company or a combination thereof equal to the Fair Market Value of a common share of the Company. Beginning with the vesting event on September 12, 2019, the Company elected to cash-settle the vested RSUs and PSUs, rather than equity-settle, as was done in the past.

All RSUs and PSUs that vested prior to September 12, 2019 were equity-settled. Equity-settled RSUs and PSUs are accounted for using the fair-value method. The fair value of the RSUs is estimated at the date of grant using the trading price of the underlying shares of Eagle on the relevant valuation date. Since the performance conditions attached to the PSUs are not specifically measurable, the PSUs that have been issued are not considered granted in accordance with the definition of grant in IFRS 2. As a result, the fair value of the PSUs are determined at each reporting period and at the date of settlement based on either the closing trading price for the shares multiplied by an estimated payout multiplier for the number of PSUs expected to vest (in the case of valuation at each reporting period, and with the Black-Scholes option pricing model yielding a similar fair value) or based on the actual Fair Market Value (defined as the volume weighted average trading price for the shares for the five days on which the shares traded preceding the date of reference) and actual payout multiplier applied to the number of PSUs vested. As a result of revaluing the PSUs each reporting period, fluctuations in compensation expense may occur due to the re-measurement of the value of the shares as well as changes in estimating the outcome of the performance conditions (i.e. the performance multiplier). The fair value thus established is recognized as compensation expense on a graded basis over the settlement period of the RSUs or PSUs with an equivalent increase to contributed surplus. A forfeiture rate is estimated on the grant date and is subsequently adjusted to reflect the actual number of RSUs or PSUs settled.

Beginning in the third quarter of 2019, the outstanding RSUs and PSUs are accounted for based on the fair value at the end of each reporting period and at the date of settlement. At each reporting period the expense is amortized over the vesting period including a forfeiture estimate and is revised at each reporting period. Changes in fair value are recognized in profit or loss for the period. The balance sheet includes a liability over the vesting period.

### 3. Critical Accounting Estimates and Judgments

The critical accounting estimates and judgments followed in these condensed consolidated interim financial statements are consistent with those of the previous financial year. Further information about Eagle's critical accounting estimates and judgments can be found in the notes to Eagle's annual audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2018.

## 4. Financial Risk Management and Financial Instruments

Eagle's activities expose it to a variety of financial risks that arise as a result of its exploration, development, production and financing activities such as:

- financial assets and financial liabilities
- credit risk;
- liquidity risk; and
- market risk.

This note presents information about changes in Eagle's exposure to each of the above risks since the year ended December 31, 2018. Eagle's ability to continue as a going concern is dependent upon the ongoing support from its lender and its ability to fund the repayment of its debt by generating positive cash flows from operations, securing funding from additional debt or equity financing, disposing of assets or making other arrangements. Refer to note 2.1 "Basis of Preparation", the section titled "Going Concern".

### Financial Assets and Financial Liabilities

Financial instruments are recognized when Eagle becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless Eagle has the current legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

### Credit Risk

At September 30, 2019 and December 31, 2018, the maximum exposure to credit risk was as follows:

\$000's	September 30, 2019	December 31, 2018
Cash	3,128	3,411
Trade and other receivables	4,254	3,521
	<b>7,382</b>	6,932

Eagle applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 which permits the use of the lifetime expected loss provision for all trade receivables. Prior credit losses in the collection of accounts receivable by Eagle have been negligible and the Company does not anticipate any significant future credit losses based on forward looking information. Accordingly, no provision has been recorded for expected credit losses. At September 30, 2019, 57% of Eagle's receivables were with commodity purchasers and are not considered a risk.

When determining whether amounts that are past due are collectable, management assesses the creditworthiness and past payment history of the counterparty, as well as the nature of the past due amount. Eagle considers all amounts greater than 90 days to be past due. As at September 30, 2019, there was \$0.2 million of receivables greater than 90 days.

### Liquidity Risk

Eagle has in place a four year secured term loan from a U.S.-based lender.

Eagle finances its operations through a combination of cash, loans, divestitures and equity. Financing sources such as equity, debt, divestitures and project finance are reviewed by the Board when funds are required for acquisition, exploration and development projects. Eagle's ability to continue as a going concern is dependent upon the ongoing support from its lender and its ability to fund the repayment of its debt by generating positive cash flows from operations, securing funding from additional debt or equity financing, disposing of assets or making other arrangements. Refer to note 2.1 "Basis of Preparation", the section titled "Going Concern".

Effective September 24, 2019, the lender finalized its borrowing base redetermination and set the borrowing base at \$CA 42.1 million (the approximate Canadian dollar equivalent of \$US 31.8 million). Eagle currently has \$US 30.7 million drawn on the \$US 31.8 million borrowing base, with no ability to draw any further funds.

At September 30, 2019, the Company had a \$4.1 million working capital surplus (excluding the debt, non-cash risk management asset and the current portion of the lease liability) and \$40.6 million (the approximate September 30, 2019 Canadian dollar equivalent of \$US 30.7 million) drawn under the Loan Agreement. As a result of Eagle being in default of one of its four financial covenants at September 30, 2019, the debt remains classified as a current liability.

Draws under the Loan Agreement are subject to quarterly covenant calculations that are directly impacted by commodity prices, foreign exchange rate fluctuations, production levels and drilling results. The amount available under the Loan Agreement is subject to semi-annual borrowing base determinations that are directly impacted by the future value of the oil and natural gas reserves. Refer to note 13 "Debt".

The following were the contractual undiscounted maturities of financial liabilities, including estimated interest payments, as applicable, at September 30, 2019:

\$000's	Carrying amount	Contractual cash flows	Less than one year	One - two years	Three - five years	More than five years
Trade and other payables	4,052	4,052	4,052	-	-	-
Debt	40,638	40,638	40,638	-	-	-
Interest	-	9,450	6,300	3,150	-	-
Lease liability	2,909	3,836	865	832	1461	678
	<b>47,599</b>	<b>57,976</b>	<b>51,855</b>	<b>3,982</b>	<b>1,461</b>	<b>678</b>

The following are the contractual undiscounted maturities of financial liabilities, including estimated interest payments, as applicable, at December 31, 2018:

\$000's	Carrying amount	Contractual cash flows	Less than one year	One - two years	Three - five years	More than five years
Trade and other payables	6,248	6,248	6,248	-	-	-
Debt (current)	41,521	41,521	41,521	-	-	-
Interest	-	9,450	4,214	5,236	-	-
	<b>47,769</b>	<b>57,219</b>	<b>51,983</b>	<b>5,236</b>	-	-

## Market Risk

### Commodity Price Risk - Summary of Unrealized Risk Management Positions

As at September 30, 2019, Eagle had entered into the following financial contracts to mitigate the effects of fluctuating prices on a portion of its production:

	Volume	Measure	Beginning	Term	Floor \$US	Ceiling \$US	Current fair value \$CA 000's	Non-current fair value \$CA 000's
<b>Oil Fixed Price</b>								
NYMEX <sup>(1)</sup>	200	bbls/d	Aug-19	Dec-19	60.03	60.03	151	-
NYMEX <sup>(1)</sup>	500	bbls/d	Oct-19	Dec-19	59.80	59.80	363	-
<b>Commodity - unrealized risk management asset</b>							<b>514</b>	<b>-</b>

#### Note:

(1) Represents a fixed price financial swap transaction with a set forward sale price (WTI reference prices).

As at December 31, 2018, Eagle did not have any financial contracts in place.

**Earnings Impact of Realized and Unrealized Risk Management Loss (Gain)**

	Three Months Ended September 30, 2019			Three Months Ended September 30, 2018		
	Realized loss (gain)	Unrealized loss (gain)	Total net loss (gain)	Realized loss (gain)	Unrealized loss (gain)	Total net loss (gain)
\$000's						
Net effect - risk management	(328)	(418)	(746)	-	-	-

	Nine Months Ended September 30, 2019			Nine Months Ended September 30, 2018		
	Realized loss (gain)	Unrealized loss (gain)	Total net loss (gain)	Realized loss (gain)	Unrealized loss (gain)	Total net loss (gain)
\$000's						
Net effect - risk management	(307)	(514)	(821)	1,842	(628)	1,214

**Foreign Exchange Risk**

At September 30, 2019, there was no material change in foreign exchange risk compared to the December 31, 2018 year end.

**5. Segmented Information**

Eagle's reportable segments are determined based on Eagle's operations and geographic locations and by sales product type as follows:

- Canadian operations - includes oil and gas exploration, development and the sale of hydrocarbons and related activities in Canada.
- United States operations - includes oil and gas exploration, development and the sale of hydrocarbons and related activities in the continental United States.
- Corporate - Eagle has a corporate head office in Calgary, Alberta and a corporate office in Houston, Texas. Costs incurred in the corporate segment relate to hedging and other expenses incurred in overall financing and management of Eagle.

Using the segmented information, Eagle's management reviews the financial performance of each segment by assessing the funds flow from operations and other key performance indicators.

Details of Eagle's reportable segments for the three months ended September 30, 2019 are as follows:

\$000's	Three Months Ended September 30, 2019			
	Canada	United States	Corporate	Total
Capital expenditures	86	18	-	104
Crude oil sales	4,191	2,759	-	6,950
Natural gas sales	28	52	-	80
NGL sales	26	20	-	46
Other income	227	194	-	421
Revenue	4,472	3,025	-	7,497
Royalties	(893)	(671)	-	(1,564)
Operating expenses	(1,844)	(1,475)	-	(3,319)
Transportation and marketing expenses	(247)	(19)	-	(266)
Administrative expenses - cash portion	-	-	(917)	(917)
Risk management gain - realized	-	-	328	328
Finance expense - cash portion	-	-	(811)	(811)
Interest income	-	-	2	2
Foreign exchange loss - realized	-	-	(3)	(3)
<b>Funds flow generated from (used in) operations</b>	<b>1,488</b>	<b>860</b>	<b>(1,401)</b>	<b>947</b>

Reconciliation of funds flow generated from (used in) operations to earnings (loss) for each reportable segment is as follows:

\$000's	Three Months Ended September 30, 2019			
	Canada	United States	Corporate	Total
<b>Funds flow generated from (used in) operations</b>	<b>1,488</b>	<b>860</b>	<b>(1,401)</b>	<b>947</b>
Share-based compensation - non-cash portion	-	-	6	6
Risk management gain - unrealized	-	-	418	418
Depreciation, depletion and amortization	(707)	(885)	-	(1,592)
Foreign exchange gain - unrealized	-	-	204	204
Finance expense - non-cash portion	-	-	(95)	(95)
Gain on sale	-	(7)	-	(7)
<b>Earnings (loss)</b>	<b>781</b>	<b>(32)</b>	<b>(868)</b>	<b>(119)</b>



Details of Eagle's reportable segments for the nine months ended September 30, 2019 are as follows:

\$000's	Nine Months Ended September 30, 2019			
	Canada	United States	Corporate	Total
Capital expenditures	150	166	-	316
Crude oil sales	11,650	8,841	-	20,491
Natural gas sales	174	204	-	378
NGL sales	110	278	-	388
Other income	1,046	467	-	1,513
Revenue	12,980	9,790	-	22,770
Royalties	(2,231)	(2,211)	-	(4,442)
Operating expenses	(5,130)	(3,582)	-	(8,712)
Transportation and marketing expenses	(785)	(181)	-	(966)
Administrative expenses - cash portion	-	-	(4,672)	(4,672)
Risk management gain - realized	-	-	307	307
Finance expense - cash portion	-	-	(4,260)	(4,260)
Interest income	-	-	11	11
Foreign exchange loss - realized	-	-	(30)	(30)
<b>Funds flow generated from (used in) operations</b>	<b>4,834</b>	<b>3,816</b>	<b>(8,644)</b>	<b>6</b>

Reconciliation of funds flow generated from (used in) operations to earnings (loss) for each reportable segment is as follows:

\$000's	Nine Months Ended September 30, 2019			
	Canada	United States	Corporate	Total
<b>Funds flow generated from (used in) operations</b>	<b>4,834</b>	<b>3,816</b>	<b>(8,644)</b>	<b>6</b>
Share-based compensation - non-cash portion	-	-	(23)	(23)
Risk management gain - unrealized	-	-	514	514
Depreciation, depletion and amortization	(2,173)	(3,055)	-	(5,228)
Foreign exchange loss - unrealized	-	-	(448)	(448)
Finance expense - non-cash portion	-	-	(266)	(266)
Gain on sale	-	2,213	-	2,213
<b>Earnings (loss)</b>	<b>2,661</b>	<b>2,974</b>	<b>(8,867)</b>	<b>(3,232)</b>

Details of Eagle's reportable segments for the three months ended September 30, 2018 are as follows:

\$000's	Three Months Ended September 30, 2018			
	Canada	United States	Corporate	Total
Capital expenditures	24	5,601	-	5,625
Crude oil sales	6,730	3,734	-	10,464
Natural gas sales	102	66	-	168
NGL sales	218	123	-	341
Other income	444	69	-	513
Revenue	7,494	3,992	-	11,486
Royalties	(1,539)	(937)	-	(2,476)
Operating expenses	(2,541)	(968)	-	(3,509)
Transportation and marketing expenses	(375)	(62)	-	(437)
Administrative expenses - cash portion	-	-	(2,323)	(2,323)
Risk management loss - realized	-	-	-	-
Finance expense - cash portion	-	-	(1,484)	(1,484)
Interest income	-	-	13	13
Foreign exchange loss - realized	-	-	352	352
<b>Funds flow generated from (used in) operations</b>	<b>3,039</b>	<b>2,025</b>	<b>(3,442)</b>	<b>1,622</b>

Reconciliation of funds flow generated from (used in) operations to earnings (loss) for each reportable segment is as follows:

\$000's	Three Months Ended September 30, 2018			
	Canada	United States	Corporate	Total
<b>Funds flow generated from (used in) operations</b>	<b>3,039</b>	<b>2,025</b>	<b>(3,442)</b>	<b>1,622</b>
Share-based compensation - non-cash portion	-	-	(57)	(57)
Risk management loss - unrealized	-	-	-	-
Depreciation, depletion and amortization	(996)	(866)	(7)	(1,869)
Impairment expense	-	-	-	-
Foreign exchange loss - unrealized	-	-	(446)	(446)
Finance expense - non-cash portion	-	-	(1,137)	(1,137)
<b>Earnings (loss)</b>	<b>2,043</b>	<b>1,159</b>	<b>(5,089)</b>	<b>(1,887)</b>

Details of Eagle's reportable segments for the nine months ended September 30, 2018 are as follows:

\$000's	Nine Months Ended September 30, 2018			
	Canada	United States	Corporate	Total
Capital expenditures	314	12,645	2	12,961
Crude oil sales	21,180	14,890	-	36,070
Natural gas sales	694	255	-	949
NGL sales	744	413	-	1,157
Other income	1,420	217	-	1,637
Revenue	24,038	15,775	-	39,813
Royalties	(4,386)	(3,728)	-	(8,114)
Operating expenses	(8,534)	(3,241)	-	(11,775)
Transportation and marketing expenses	(1,244)	(242)	-	(1,486)
Administrative expenses - cash portion	-	-	(6,730)	(6,730)
Risk management loss - realized	-	-	(1,842)	(1,842)
Finance expense - cash portion	-	-	(6,581)	(6,581)
Interest income	-	-	13	13
Foreign exchange gain - realized	-	-	1,974	1,974
<b>Funds flow generated from (used in) operations</b>	<b>9,874</b>	<b>8,564</b>	<b>(13,166)</b>	<b>5,272</b>

Reconciliation of funds flow generated from (used in) operations to earnings (loss) for each reportable segment is as follows:

\$000's	Nine Months Ended September 30, 2018			
	Canada	United States	Corporate	Total
<b>Funds flow generated from (used in) operations</b>	<b>9,874</b>	<b>8,564</b>	<b>(13,166)</b>	<b>5,272</b>
Share-based compensation - non-cash portion	-	-	(279)	(279)
Risk management gain - unrealized	-	-	628	628
Depreciation, depletion and amortization	(3,876)	(3,510)	(14)	(7,400)
Impairment (expense) recovery	(14,948)	1,334	-	(13,613)
Foreign exchange loss - unrealized	-	-	(1,272)	(1,272)
Finance expense - non-cash portion	-	-	(2,884)	(2,884)
<b>Loss (earnings)</b>	<b>(8,950)</b>	<b>6,389</b>	<b>(16,987)</b>	<b>(19,548)</b>

Total assets of Eagle's reportable segments at September 30, 2019 were as follows:

\$000's	As at September 30, 2019			
	Canada	United States	Corporate	Total
<b>Total Assets</b>	62,375	71,974	3,215	137,564

Total assets of Eagle's reportable segments at September 30, 2018 were as follows:

\$000's	As at September 30, 2018			
	Canada	United States	Corporate	Total
<b>Total Assets</b>	70,396	70,868	-	141,264

## 6. Share-based Payments

The Company has a long-term equity compensation incentive plan (the “**Equity Incentive Plan**”) under which Restricted Share Units (“**RSUs**”) and Performance Share Units (“**PSUs**”) have been awarded.

Upon vesting, the RSUs and PSUs can be settled in cash, common shares of the Company or a combination thereof at the election of the Company. The Company elected to cash-settle the RSUs and PSUs that vested in September 2019. Accordingly, beginning with the September 30, 2019 reporting period, the Company has accounted for the outstanding RSUs and PSUs on a cash-settled basis.

Eagle also has outstanding Restricted Unit Rights (“**RURs**”) that were issued in 2010 under RUR Agreements.

The following table reconciles share-based compensation expense:

\$000's	<b>Three Months Ended September 30, 2019</b>	Three Months Ended September 30, 2018	<b>Nine Months Ended September 30, 2019</b>	Nine Months Ended September 30, 2018
RSUs and PSUs	(6)	57	23	279
<b>Total share-based compensation (recovery) expense</b>	<b>(6)</b>	57	<b>23</b>	279

The following table shows the continuity of contributed surplus:

\$000's	<b>September 30, 2019</b>	December 31, 2018
Balance, beginning of period	477	635
Share-based compensation	23	325
RSUs and PSUs vested and settled	(276)	(483)
<b>Balance, end of period</b>	<b>224</b>	477

### Equity Incentive Plan

As of September 30, 2019, there were 522,448 RSUs and 162,695 PSUs outstanding.

As at September 30, 2019, the estimated weighted average fair value for RSUs at their measurement date (September 30, 2019) is \$0.025 per RSU outstanding. During the third quarter, 324,230 RSUs vested and were settled through a cash payment of \$10,375.

The following schedule shows the continuity of RSUs:

	<b>Nine Months Ended September 30, 2019</b>	Year Ended December 31, 2018	Nine Months Ended September 30, 2018
Balance, beginning of period	1,765,141	1,635,668	1,635,668
Issued	-	1,014,801	1,014,801
Vested/Settled	(784,267)	(675,354)	(675,353)
Forfeited	(458,426)	(209,974)	(139,876)
<b>Balance, end of period</b>	<b>522,448</b>	1,765,141	1,835,240

At September 30, 2019, the estimated weighted average fair value for PSUs at their measurement date (September 30, 2019) is \$0.025 per PSU outstanding. During the third quarter, 118,004 PSUs vested, the Board set the associated multiplier at one, and the vested PSUs were settled through a cash payment of \$3,776.

The following schedule shows the continuity of PSUs:

	Nine Months Ended September 30, 2019	Year Ended December 31, 2018	Nine Months Ended September 30, 2018
Balance, beginning of period	574,703	607,956	607,956
Issued	-	273,099	273,099
Vested/Settled	(293,019)	(266,294)	(266,293)
Forfeited	(118,989)	(40,058)	(16,693)
<b>Balance, end of period</b>	<b>162,695</b>	<b>574,703</b>	<b>598,069</b>

#### Cash settled RURs

For the nine months ended September 30, 2019, \$nil has been paid to the RUR holders (year ended December 31, 2018 - \$nil, nine months ended September 30, 2018 – \$nil).

The following schedule shows the continuity of cash settled RURs:

	Nine Months Ended September 30, 2019	Year Ended December 31, 2018	Nine Months Ended September 30, 2018
Balance, beginning of period	632,500	632,500	632,500
Issued	-	-	-
Forfeited	-	-	-
<b>Balance, end of period</b>	<b>632,500</b>	<b>632,500</b>	<b>632,500</b>

The September 30, 2019 fair value of the RURs was estimated using the Black-Scholes valuation model and using the same inputs as December 31, 2018 (other than a 5-day volume weighted average share price assumption of \$0.025 per share as compared to \$0.11 per share at December 31, 2018). Based on these assumptions, the fair value at the September 30, 2019 balance sheet was \$nil per RUR (December 31, 2018 - \$nil per RUR, September 30, 2018 – \$nil per RUR).

## 7. Foreign Exchange

Eagle has recognized the following in the statement of loss due to foreign currency fluctuations:

\$000's	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net loss (gain) arising on settlement of foreign currency transactions arising out of operating activities	3	(2)	30	(119)
Foreign exchange gain on repayment of U.S. denominated debt	-	(350)	-	(1,855)
<b>Realized loss (gain) on foreign exchange</b>	<b>3</b>	<b>(352)</b>	<b>30</b>	<b>(1,974)</b>
Foreign exchange loss (gain) on U.S. denominated debt	419	(399)	(1,062)	3,345
Foreign exchange (gain) loss on Canadian denominated intercompany loan	(623)	845	1,510	(2,114)
Foreign exchange loss on U.S. denominated risk management liability	-	-	-	41
<b>Unrealized (gain) loss on foreign exchange</b>	<b>(204)</b>	<b>446</b>	<b>448</b>	<b>1,272</b>
<b>Foreign exchange (gain) loss, net</b>	<b>(201)</b>	<b>94</b>	<b>478</b>	<b>(702)</b>

Eagle has recognized the following in shareholders' equity due to the translation of its U.S. subsidiary, which has a US dollar functional currency, to the presentation currency of Eagle, being the Canadian dollar, for financial statement presentation:

\$000's	<b>As at September 30, 2019</b>	As at September 30, 2018
Beginning balance	35,049	34,608
Foreign currency translation loss	(407)	(326)
Ending balance	<b>34,642</b>	34,282

## 8. Finance Expense

\$000's	<b>Three Months Ended September 30, 2019</b>	Three Months Ended September 30, 2018	<b>Nine Months Ended September 30, 2019</b>	Nine Months Ended September 30, 2018
Interest	1,403	1,213	3,664	3,960
Standby and bank fees	4	3	13	11
Accretion of decommissioning provision	95	115	266	370
Finance expense related to lease obligations	81	-	254	-
Amortization of deferred financing charges	-	314	-	1,035
Interest related to prepayment of debt	-	268	-	2,610
Amortization of deferred financing charges related to debt repayment	-	708	-	1,479
Default interest (forgiven) penalty	(677)	-	329	-
<b>Finance expense</b>	<b>906</b>	2,621	<b>4,526</b>	9,465

## 9. Depreciation, Depletion, Amortization and Impairment

Depreciation, depletion, amortization and impairment are included with the following headings in the income statement:

\$000's	<b>Three Months Ended September 30, 2019</b>		
	Oil and gas properties	Other assets	Total
Depreciation, depletion and amortization	<b>1,419</b>	<b>173</b>	<b>1,592</b>

\$000's	<b>Nine Months Ended September 30, 2019</b>		
	Oil and gas properties	Other assets	Total
Depreciation, depletion and amortization	<b>4,715</b>	<b>513</b>	<b>5,228</b>

\$000's	<b>Three Months Ended September 30, 2018</b>		
	Oil and gas properties	Other assets	Total
Depreciation, depletion and amortization	1,862	7	1,869

\$000's	Nine Months Ended September 30, 2018		
	Oil and gas properties	Other assets	Total
Depreciation, depletion and amortization	7,386	14	7,400
Impairment expense	13,613	-	13,613
	20,999	14	21,013

### Impairment of Oil and Gas Properties

For the three and nine months ended September 30, 2019, Eagle did not recognize an impairment expense or recovery as there were no indicators of impairment.

For the nine months ended September 30, 2018, Eagle recognized a \$1.3 million impairment recovery related to the disposition of Salt Flat for which an impairment of \$12.4 million was recorded as at December 31, 2017.

At June 30, 2018, Eagle recognized a \$14.9 million impairment on its oil and gas properties in relation to the Twining cash generating unit ("CGU"). This CGU impairment was to record the fair value of the property using the fair market less costs to sell model, based on the sale agreement signed July 19, 2018.

## 10. (Loss) Earnings per Share

000's except for per share amount	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Loss attributable to shareholders	\$ (119)	\$ (1,887)	\$ (3,232)	\$ (19,548)
Weighted average number of shares outstanding – basic	44,879	43,847	44,495	43,876
Weighted average number of shares outstanding – diluted	45,859	45,561	45,752	45,453
Loss per share – basic and diluted <sup>(1)</sup>	\$ (0.00)	\$ (0.04)	\$ (0.07)	\$ (0.45)

#### Note:

(1) Due to the loss position, the shares are anti-dilutive and therefore excluded from the calculation of the diluted loss per share.

### Calculation

Basic income per share is calculated by dividing the income attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted income per share is calculated using the income for the period divided by the weighted average number of shares outstanding adjusted for the effects of all potentially dilutive shares.

## 11. Capital Assets

\$000's	As at September 30, 2019	As at December 31, 2018
Oil and gas properties	466,215	471,772
Other assets	4,342	1,076
Capital assets, at cost	470,557	472,848
Less: accumulated depletion, depreciation, amortization and impairment	(341,650)	(343,925)
<b>Total net carrying value</b>	<b>128,907</b>	<b>128,923</b>

\$000's	Oil and Gas Properties	Other Assets	Total
<b>Cost:</b>			
Balance at December 31, 2018	471,772	1,076	472,848
Additions to oil and gas assets	316	-	316
Disposition of oil and gas assets	(773)	-	(773)
Decommissioning obligation additions and change in estimates	4,479	-	4,479
Increase in right-of-use assets	-	3,300	3,300
Effects of foreign exchange	(9,579)	(34)	(9,613)
<b>Balance at September 30, 2019</b>	<b>466,215</b>	<b>4,342</b>	<b>470,557</b>
<b>Depletion, depreciation, amortization and impairment:</b>			
Balance at December 31, 2018	(342,910)	(1,015)	(343,925)
Depletion, depreciation, amortization and impairment	(4,663)	(513)	(5,176)
Effects of foreign exchange	7,424	27	7,451
<b>Balance at September 30, 2019</b>	<b>(340,149)</b>	<b>(1,501)</b>	<b>(341,650)</b>
<b>Net book value:</b>			
At December 31, 2018	128,862	61	128,923
<b>At September 30, 2019</b>	<b>126,066</b>	<b>2,841</b>	<b>128,907</b>

The following table discloses the carrying balance and accumulated depreciation charge relating to ROU assets by class of underlying asset, as at and for the nine months ended September 30, 2019.

\$000's	Depreciation	Balance
Office space	452	3,115
Vehicles and equipment	47	179
<b>Total</b>	<b>499</b>	<b>3,294</b>

Eagle does not capitalize general and administrative costs. Future development costs related to proved plus probable reserves of \$96.1 million (December 31, 2018 - \$82.6 million) were included in the depletion calculation.

## 12. Asset Dispositions

During the second quarter of 2019, Eagle disposed of royalty interest properties from its Palo Pinto CGU. The carrying value of the royalty interest properties sold was \$nil and therefore, Eagle recorded a gain of \$2.2 million on the sale.

Net assets disposed (\$000s)	September 30, 2019
Oil and gas assets - purchase price	2,213
<b>Net book value</b>	<b>-</b>
Gain on disposition	2,213



On February 8, 2018, Eagle sold its oil and gas interests in Salt Flat, located in Caldwell County, Texas for approximately \$34.4 million cash. On August 28, 2018, Eagle sold its oil and gas interests in the Twining area of Alberta, Canada for approximately \$13.3 million cash.

<b>Net assets disposed (\$000's)</b>	<b>Twining</b>	<b>Salt Flat</b>	<b>Total</b>
Oil and gas assets - sale price	13,820	33,980	47,800
Closing adjustments	(515)	472	(43)
Net asset value of disposed assets	13,305	34,452	47,757
<b>Cash (\$000's)</b>	13,305	34,452	47,757
Consideration received	13,305	34,452	47,757

Costs associated with the Salt Flat disposition of approximately \$1.1 million were expensed in the first quarter of 2018 and costs associated with the Twining disposition of approximately \$0.4 million were expensed in the third quarter of 2018.

### 13. Debt

Since March 31, 2017, Eagle has had a four year secured term loan with a U.S. based lender.

At September 30, 2019, Eagle had \$US 30.7 million drawn on its \$US 31.8 million borrowing base which was made effective September 24, 2019. The next scheduled borrowing base redetermination is March 15, 2020.

Since December 31, 2018, the loan has been classified as a current liability due to the default by Eagle of one of its four financial covenants at December 31, 2018 and at September 30, 2019.

The details of Eagle's outstanding debt (translated into the approximate Canadian dollar equivalent) were as follows:

<b>\$000's</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>
Beginning balance	41,521	73,035
Proceeds from (repayment of) debt	329	(34,864)
Effects of foreign exchange	(1,212)	3,350
<b>Debt</b>	<b>40,638</b>	<b>41,521</b>

At September 30, 2019, Eagle was in violation of one of its four financial covenants. Under the Loan Agreement, Eagle is to maintain a Consolidated Leverage Ratio of not more than 3.50 to 1.00. For the quarter ending September 30, 2019, the Consolidated Leverage Ratio was 6.51 to 1.00. In addition, without the reversal of \$0.6 million of default interest expenses in the third quarter, Eagle would have been in violation of the Consolidated Fixed Charge Ratio.

Violation of any financial covenant constitutes an immediate event of default under the Loan Agreement in which the lender may, without notice or demand, do any or all of the following: terminate the loan; declare amounts immediately due and payable; stop advancing money or extending credit; settle or adjust disputes and claims directly with debtors; or make any payments and do any acts it considers necessary or reasonable to protect its collateral (including placing a hold on deposit accounts of Eagle and demanding and receiving possession of Eagle's books and records). The lender has not waived, and has expressly retained, all of its rights and remedies to which it is entitled under the Loan Agreement as a result of these events of default. Notwithstanding the defaults, the lender has not, as of the date hereof, exercised any of its available remedies other than charging the default interest rate. However, there can be no assurance that it will not do so in the future.

In addition, at any time that an event of default exists and is continuing, then unless the lenders otherwise agree, all of the obligations will bear interest at the default rate of the base rate plus 5%, such interest to be payable in cash upon demand by the lender. The default interest for the period of January 1 to June 30, 2019 was recorded in the financial statements as a current liability at June 30, 2019. On August 15, 2019, Eagle entered into a Limited Waiver of Default Interest and Consent (the "**Limited Waiver**"), whereby Eagle acknowledged that default interest in the amount of \$US 896,175 was owed for the period of January 1 to July 31, 2019. In addition, the Limited Waiver acknowledged that the lender agreed to waive a default payment amount of \$US 646,175, and to add the remaining \$US 250,000 to the outstanding amount of the term loan in lieu of paying the default interest amount.

Eagle and its lender had previously entered into a limited forbearance agreement, which expired on January 31, 2019. Eagle has continued to work diligently and constructively with its lender since the expiration of the forbearance agreement. Given the improvement in commodity prices from the end of 2018, and Eagle's ongoing work with its financial advisors in investigating, evaluating and considering possible asset sales and restructuring alternatives, Eagle has made the decision to forego entering into another forbearance agreement at this time. Eagle feels this affords it the maximum flexibility to manage its business and avoids incurring additional fees and conditions associated with a forbearance agreement.

The following lists the key terms of the Loan Agreement between Eagle and its lender after giving effect to all amendments and borrowing base redeterminations through to November 7, 2019.

- Effective Date - March 13, 2017
- Term - 4 years
- Maturity Date - March 13, 2021
- Borrowing Base - \$US 31.8 million
- Borrowing Base Redeterminations – Scheduled borrowing base redeterminations take place semi-annually (using reserve reports with effective dates of June 30 and December 31) and become effective when the new borrowing base notice is received from the lender. Such borrowing base remains in effect until the next borrowing base redetermination. The borrowing base redeterminations are effective for Eagle and its lender on March 15 and September 15 of each year. For purposes of semi-annual borrowing base redeterminations, Eagle will provide its lender with reserve reports with effective dates of June 30 and December 31. Failure of Eagle to provide a semi-annual reserve report constitutes an immediate event of default.
- Upon receipt by the lender of the semi-annual reserve report (and other reports, data and supplemental information as may be reasonably requested), the lender will evaluate the information and propose a new borrowing base based upon an advance rate of 75% of the proved developed producing reserves value, before tax, discounted at 10% ("**PDP PV10 reserves value**"). The forward pricing used to calculate the PDP PV10 reserves value is based on 48 months of NYMEX futures contracts and is defined in the Loan Agreement.
- In the event that a borrowing base redetermination results in the outstanding principal of the term loan exceeding the borrowing base then in effect ("**Term Loan Excess**"), then, after receiving a new borrowing base notice of such new or adjusted borrowing base (such date of receipt of notice being the "**Borrowing Base Notification Date**"), Eagle will, no later than twenty business days from the Borrowing Base Notification Date, repay an amount equal to (A) the then applicable Term Loan Excess plus (B) 2% of the aggregate principal amount of any such repayment. If Eagle fails to pay the amount under (B), then that amount bears interest until paid in full at a rate of LIBOR plus 13% per annum. A non-payment by Eagle when and as required of amounts to be paid or repaid would constitute an immediate event of default.
- Coupon - The base rate is LIBOR plus 8% (with LIBOR having a floor of 1%). The default interest rate is an additional 5%.
- Financial covenants - The four financial covenants in the Loan Agreement are summarized below.

(a) Consolidated Leverage Ratio

Eagle is to maintain, on a consolidated basis, as at the end of each fiscal quarter ending on or after June 30, 2018, a Consolidated Leverage Ratio of not greater than 3.50 to 1.00.

As at September 30, 2019, the Consolidated Leverage Ratio was 6.51 to 1.00 and Eagle was in violation of this covenant.

The "Consolidated Leverage Ratio" is defined in the Loan Agreement as the ratio of Consolidated Funded Debt to Consolidated Adjusted EBITDAX (as defined below) for the trailing four fiscal quarters.

## (b) Consolidated Fixed Charge Ratio

Eagle is to maintain, on a consolidated basis, as at the end of each fiscal quarter, a Consolidated Fixed Charge Coverage Ratio of not less than 1.70 to 1.00.

As at September 30, 2019, the Consolidated Fixed Charge Ratio was 2.41 to 1.00.

The "Consolidated Fixed Charge Ratio" for the fiscal quarter is defined in the Loan Agreement as the ratio that (i) Consolidated Adjusted EBITDAX plus (ii) income tax payments minus (iii) maintenance capital expenditures associated with proved developed producing reserves is to interest expense (each for the fiscal quarter and with one-time interest charges relating to the dispositions of Salt Flat and Twining being excluded from interest expense).

## (c) Asset Coverage Ratio

Eagle is to maintain, as at June 30 and December 31 of each fiscal year, and based on reserve reports internally prepared by Eagle, an Asset Coverage Ratio of not less than 1.333 to 1.000.

As at June 30, 2019, the Asset Coverage Ratio was 1.393 to 1.000. No test was required or performed at September 30, 2019.

The "Asset Coverage Ratio" is defined in the Loan Agreement as the ratio of the PDP PV10 reserves value (using prices quoted on NYMEX and before tax) to the aggregate principal balance outstanding under the term loan.

## (d) Consolidated Current Ratio

Eagle is to maintain, on a consolidated basis, as at the end of each fiscal quarter, a Consolidated Current Ratio in an amount not less than 1.00 to 1.00.

As at September 30, 2019, the Consolidated Current Ratio was 1.76 to 1.00.

The "Consolidated Current Ratio" is defined in the Loan Agreement as the ratio of Consolidated Current Assets to Consolidated Current Liabilities, but, in each case, excluding any risk management assets or risk management liabilities that are classified as current.

"Consolidated Adjusted EBITDAX", as defined in the Loan Agreement, means:

- (a) net income; plus;
- (b) actual cash transaction costs and expenses directly incurred in connection with the dispositions of Salt Flat and Twining; plus;
- (c) interest expense, accrued taxes, depreciation, depletion, amortization, exploration expense and other non-recurring expenses that do not represent a cash item in such period or any future period; plus or minus;
- (d) gains or losses attributable to write-ups or write-downs of assets; plus or minus;
- (e) unrealized foreign exchange gains or losses; plus or minus;
- (f) non-cash gains, losses or adjustments under Financial Accounting Standards Board (FASB) Statement 133 as a result of changes in the fair market value of derivatives; plus or minus;
- (g) non-cash share based compensation or recovery amounts.

In addition, EBITDAX is calculated after giving effect on a pro-forma basis to any permitted acquisition or disposition (that is also a "material disposition") as if such acquisition or disposition occurred at the beginning of such period, provided that the dispositions of Salt Flat and Twining have been deemed not to constitute material dispositions.

## 14. Decommissioning Liability

\$000's	Nine Months Ended September 30, 2019	Year Ended December 31, 2018
Beginning balance	16,658	26,234
Additions	-	94
Change in estimate due to disposition (see note 12 – Asset Dispositions)	-	(10,607)
Other changes in estimates	4,479	219
Accretion (unwinding of discount)	267	448
Effects of exchange rate	(56)	270
<b>Ending balance</b>	<b>21,348</b>	16,658

The decommissioning provision was estimated using existing technology at current prices (adjusted for a 2.0% annual inflation rate), discounted using a risk-free discount rate of 1.37% at September 30, 2019 for the North Texas and NV Alberta properties (December 31, 2018 – 1.96%) and 1.53% for the Dixonville properties (December 31, 2018 - 2.18%).

## 15. Share Capital

Eagle has an unlimited number of common shares authorized for issuance. At September 30, 2019, the shares outstanding were as follows:

### Shares Outstanding

	Nine Months Ended September 30, 2019		Year Ended December 31, 2018	
	Number of shares (000's)	Amount (\$000's)	Number of shares (000's)	Amount (\$000's)
Beginning balance	44,244	320,999	43,302	320,515
Issuance of shares pursuant to the RSUs and PSUs	635	253	942	484
<b>Ending balance</b>	<b>44,879</b>	<b>321,252</b>	44,244	320,999

During 2019, 635,052 shares have been issued pursuant to the 2016 Equity Incentive Plan.

## 16. Commitments

On January 1, 2019, the Company adopted IFRS 16 which resulted in the recognition of lease liabilities related to operating leases on the balance sheet. The majority of these liabilities were previously reported as commitments and are contained within this note.

### Operating Lease Commitment – Head Office Lease in Calgary, Alberta

On January 1, 2013, Eagle entered into a lease for office space in Calgary which originally had a term of 61 months, from January 8, 2013 to February 7, 2018. In May 2016, the lease was amended to extend the lease term and decrease the annual basic rental charge. The new term began August 1, 2016 and terminates February 28, 2023. Total minimum lease payments and estimated operating costs during the term of the lease from August 1, 2016 through February 28, 2023 approximate \$3.1 million and include a leasehold improvement allowance up to \$0.2 million, with 41 months and approximately \$1.5 million remaining at September 30, 2019.

### Lease Commitment – Office Lease in Houston, Texas

Eagle entered into an office lease in Houston on September 22, 2017 to replace the lease expiring on December 31, 2017. The term of the lease is from February 1, 2018 to August 31, 2025, with payments beginning September 1, 2018. Total minimum lease payments and estimated operating costs during the term of the lease approximate \$CA 2.5 million (\$US 1.9 million translated at the exchange rate in effect at the balance sheet date of \$US 1.00 equal to

\$CA 1.32) with 71 months and approximately \$CA 2.0 million remaining (\$US 1.5 million, translated at the exchange rate in effect at the balance sheet date of \$US 1.00 equal to 1.32) at September 30, 2019.

#### **Vehicle Lease Commitments – Texas**

Eagle has entered into three vehicle lease agreements in North Texas. The terms of the leases range from August 17, 2016 to October 27, 2021. Total minimum lease payments during the terms of the leases approximate \$CA 0.3 million (\$US 0.2 million, translated at the exchange rate in effect at the balance sheet date of \$US 1.00 equal to 1.32) with 25 months and approximately \$CA \$0.04 million (\$US 0.03 million translated at the exchange rate in effect at the balance sheet date of \$US 1.00 equal to 1.32) remaining at September 30, 2019.

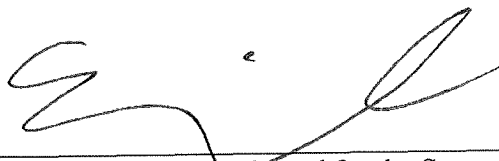
#### **Vehicle Lease Commitments – Dixonville**

Eagle has entered into four vehicle lease agreements in Dixonville. The terms of the leases range from April 6, 2017 to September 30, 2019. Total minimum lease payments during the terms of the leases approximate \$0.16 million with 36 months and approximately \$0.1 million remaining at September 30, 2019.

## **17. Subsequent Event**

On October 23, 2019, Eagle's shares were voluntarily delisted from the TSX and began trading on the TSX Venture Exchange at market open on October 24, 2019.

This is Exhibit "I" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



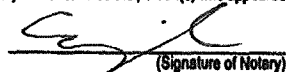
A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

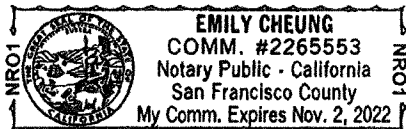
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November 20 19 by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)



**EAGLE ENERGY HOLDINGS INC.**

**DEMAND DEBENTURE**

**Administrative Agent and Address:** **White Oak Global Advisors, LLC**, as Administrative Agent  
3 Embarcadero Center, Suite 550  
San Francisco, CA 94111

**Date:** March 13, 2017

**PREAMBLE:**

- A. Eagle Energy Inc. and Eagle Hydrocarbons Inc., as borrowers, Eagle Energy Trust, Eagle Energy Holdings Inc. (the "**Debtor**"), and such additional guarantors from time to time party thereto, as guarantors, the several entities from time to time party thereto as lenders (the "**Lenders**") and White Oak Global Advisors, LLC, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "**Administrative Agent**") are parties to a loan and security agreement dated as of March 13, 2017 (such loan and security agreement, as it may be amended, supplemented or otherwise modified or restated from time to time, the "**Loan Agreement**").
- B. The Loan Parties have, or may, enter into with, and incur indebtedness to, a Lender or any Affiliate thereof, or a Secured Non-Lender Hedge Counterparty pursuant to the terms of any Swap Contracts (the "**Hedging Agreements**").
- C. To secure the payment and performance of the Principal Sum (as hereinafter defined), the Debtor has agreed to grant to the Administrative Agent, for its own benefit and on behalf of the other Secured Parties a security interest over the Collateral (as hereinafter defined) in accordance with the terms of this Debenture.
- D. Capitalized words and phrases used but not otherwise defined in this Debenture will have the meanings set out in the Loan Agreement.
- E. It is in the interests of the Debtor to enter into this Debenture and to grant the security interest herein contemplated.

**ARTICLE 1  
PROMISE TO PAY**

- 1.1** The Debtor, a corporation formed under the laws of Alberta, for value received, hereby acknowledges itself indebted and promises to pay, subject to Article 12 hereof, **ON DEMAND** to or to the order of the Administrative Agent for its own benefit and on behalf of the Secured Parties from time to time or any subsequent holder or holders of this Debenture, the Principal Sum set out below in lawful money of Canada at such place as the Administrative Agent, from time to time, may designate by notice in writing to the Debtor, and to pay interest thereon from the date of demand at the Interest Rate (as hereinafter defined) set out below in like money at the same place on the last day of each month following demand and, should the Debtor at any time make default in payment of any principal or interest, to pay interest both before and after default and judgment on the amount in default at the same rate in like money at the same place on the same dates.

**ARTICLE 2  
PRINCIPAL SUM**

- 2.1** The "**Principal Sum**" is Canadian \$200,000,000.

**ARTICLE 3  
INTEREST RATE**

- 3.1** The "**Interest Rate**" will be a nominal interest rate equal to 21% per annum.

**ARTICLE 4  
SECURITY**

- 4.1** As general and continuing collateral security for the due payment of the Principal Sum, interest and all other monies payable hereunder or from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Debtor herein contained, the Debtor hereby grants to and in favour of the Administrative Agent, for and on behalf of the Secured Parties, a first priority security interest in and to all of the Debtor's present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof and hereby mortgages and charges to and in favour of the Administrative Agent, for and on behalf of the Secured Parties, as and by way of a first floating charge, all of the Debtor's present and after-acquired real property. In this Debenture, the mortgages, charges and security interests hereby constituted are called the "**Security Interest**" and the subject matter of the Security Interest is called the "**Collateral**". Notwithstanding the foregoing, the "**Collateral**" shall not include any Excluded Property. If a financing statement with a collateral description which includes any Excluded Property has been or is registered by the Administrative Agent or its agents against the Debtor, the Administrative Agent (for and on behalf of the Secured Parties) shall provide a no-interest letter to the Debtor in respect of such Excluded Property upon request by the Debtor, on terms satisfactory to the Debtor and the Administrative Agent, each acting reasonably.
- 4.2** Until the Security Interest becomes enforceable in accordance with Section 5.1 hereof, the Debtor, subject to the terms of the Loan Agreement, the Hedging Agreements, the Collateral Documents, the other Loan Documents and any other documents, instruments and agreements, including any guarantees given by the Debtor, entered into pursuant thereto or in connection therewith from time to time (the "**Credit Documents**"), may dispose of or deal with the Collateral in the ordinary course of its business and as permitted by the Credit Documents and for the purpose of carrying on the same, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Security Interest. In the event of any such disposition in the ordinary course of business or as permitted by the Credit Documents, the Administrative Agent will, at the written request of the Debtor which will include a certificate of the Debtor stating that such Collateral is being dealt with or disposed of in accordance with this Section 4.2, release its Security Interest over the Collateral which has been disposed.
- 4.3** Without limiting its rights hereunder to crystallize the Security Interest in any other manner, the Administrative Agent may, at any time after the occurrence of an Event of Default which is continuing under any of the Credit Documents or to the extent expressly provided for in any of the Credit Documents, crystallize the Security Interest in respect of all or a portion of the Collateral which is subject to the floating charge in Section 4.1 hereof by (a) giving notice to the Debtor of, and (b) registering this Debenture or a caveat, security notice, financing statement or other instrument in respect of this Debenture, at any public registry or other office maintained for the purposes of registering fixed and specific mortgages and charges,



security interests and other like interests, and after such crystallization, the Security Interest in respect of such Collateral that is the subject of the registration shall constitute a fixed and specific mortgage and charge and security interest to and in favour of the Administrative Agent, its successors and assigns, in respect of such Collateral, and the Debtor shall not thereafter dispose of or otherwise deal with such Collateral without the consent of the Administrative Agent except to the extent otherwise permitted under the Credit Documents. The Debtor shall execute such further documents and do all acts reasonably requested by the Administrative Agent to give effect to the foregoing.

- 4.4** The Security Interest will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon the enforcement of the Security Interest, the Debtor will stand possessed of such last day in trust to assign the same at the direction of the Administrative Agent to any Person acquiring such term.
- 4.5** The Debtor confirms that value has been given, that the Debtor has rights in the Collateral, and that the Debtor and the Administrative Agent, for and on behalf of the Secured Parties, have not agreed to postpone the time for attachment of the Security Interest to any of the Collateral. In respect of Collateral which is acquired after the date of execution hereof, the time for attachment will be the time when the Debtor acquires such Collateral.
- 4.6** The Administrative Agent is the party entitled to receive all amounts payable hereunder and to give a discharge hereof.
- 4.7** The Security Interest does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, intellectual property, licence or permit (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest would constitute a breach of the terms of or permit any Person to terminate the Contractual Rights, but the Debtor will hold its interest therein in trust for the Administrative Agent to the extent permitted by law and will assign such Contractual Rights to the Administrative Agent forthwith upon obtaining the consent of the other party or parties thereto.
- 4.8** Notwithstanding the provisions of this Debenture, (i) the Debtor shall remain liable to perform all of its duties and obligations in regard to the Collateral (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed; (ii) the exercise by the Administrative Agent of any of its rights and remedies under or in regard to this Debenture shall not release the Debtor from such duties and obligations; and (iii) the Administrative Agent shall have no liability for such duties and obligations or be accountable for any reason to the Debtor by reason only of the execution and delivery of this Debenture.
- 4.9** The Administrative Agent and its successors and assigns shall have and hold the Collateral, together with all tenements, hereditaments and appurtenances thereto, in accordance with the terms of the Credit Documents.
- 4.10** To the extent permitted by applicable Laws, the Security Interest shall not be impaired by any indulgence, moratorium or release which may be granted including, but not limited to, any renewal, extension or modification which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Collateral, or any part thereof or any interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any of the Principal Sum.

- 4.11 The Debtor agrees and acknowledges that the Security Interest and the Collateral are being shared on an equal and pro rata basis, in accordance with the Loan Agreement, among the Secured Parties and this Debenture is being held by the Administrative Agent for its own benefit and on behalf of the Secured Parties.

## ARTICLE 5 ENFORCEMENT

- 5.1 Subject to Section 5.2 hereof and the terms of the Credit Documents, upon the occurrence and during the continuance of any Event of Default, the Administrative Agent will be entitled to exercise any of the remedies specified below:
- (a) **Receiver.** The Administrative Agent may appoint by instrument in writing one or more receivers, managers or receiver/ manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (the "**Receiver**"). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at Laws, in equity or by statute, the rights and powers set out in clauses (b) through (e) in this Section 5.1. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and neither the Administrative Agent nor any Secured Party will be responsible for any act or default of any Receiver. The Administrative Agent may remove any Receiver and appoint another from time to time. No Receiver appointed by the Administrative Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.
  - (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable Laws. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Sum only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.
  - (c) **Pay Liens and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby and will be added to the money hereby secured and bear interest at the Default Rate.
  - (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner, upon such terms and conditions and at such time as it deems advisable, including without limitation:

- (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
  - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 5.1(d)(i);
  - (iii) to file any claims or take any action or institute any proceedings which the Administrative Agent may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and
  - (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of the Debtor pursuant to this Debenture and the Credit Documents.)
- (e) **Carry on Business.** The Administrative Agent or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Administrative Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Administrative Agent pursuant to this Debenture.
- (g) **Administrative Agent May Exercise Rights of a Receiver.** In lieu of, or in addition to, exercising its rights, remedies and powers under clauses (a), (f) and (h) of this Section 5.1, the Administrative Agent has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Administrative Agent pursuant to this Debenture.
- (h) **Retention of Collateral.** Subject to applicable Laws, the Administrative Agent may elect to retain any Collateral in satisfaction of the Principal Sum and, if it does so, may designate any part of the Principal Sum to be satisfied by the retention of particular Collateral which the Administrative Agent considers to have a net realizable value approximating the amount of the designated part of the Principal Sum, in which case only the designated part of the Principal Sum will be deemed to be satisfied by the retention of the particular Collateral.
- (i) **Limitation of Liability.** Neither the Administrative Agent nor any Secured Party will be liable or accountable for any failure to take possession of, seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and none of them will be bound to institute proceedings for any such purposes or for the purpose of reserving any rights, remedies and powers of the Administrative Agent, the Debtor or any other Person in respect of any Collateral. If any Receiver or the Administrative Agent takes possession of any Collateral, neither the Administrative Agent nor any Receiver will have any liability as a mortgagee in possession or be accountable for anything except actual receipts.
- (j) **Extensions of Time.** Following the occurrence and during the continuance of any Event of Default, the Administrative Agent may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and

otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Administrative Agent may see fit, all without prejudice to the liability of the Debtor to the Administrative Agent or the Administrative Agent's rights, remedies and powers under this Debenture or under any other Credit Documents.

- (k) **Validity of Sale.** No Person dealing with the Administrative Agent or any Receiver, or with any officer, employee, agent or solicitor of the Administrative Agent or any Receiver will be concerned to inquire whether the Security Interest has become enforceable, whether the right, remedy or power of the Administrative Agent or the Receiver has become exercisable, whether the Principal Sum remains outstanding or otherwise as to the propriety or regularity of any dealing by the Administrative Agent or the Receiver with any Collateral or to see to the application of any money paid to the Administrative Agent or the Receiver, and in the absence of fraud on the part of such Person such dealings will be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (l) **Effect of Appointment of Receiver.** As soon as the Administrative Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Administrative Agent or the Receiver.
- (m) **Time for Payment.** If the Administrative Agent demands payment of the Principal Sum after the occurrence of an Event of Default which is continuing, it will be deemed reasonable for the Administrative Agent to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment that might otherwise be required to be afforded to the Debtor at law or in equity is hereby irrevocably waived to the extent permitted by applicable Laws.
- (n) **No Implied Waiver.** The rights of the Secured Parties and the Administrative Agent hereunder will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of any Secured Party or the Administrative Agent or on its behalf will in any way preclude any Secured Party or the Administrative Agent from exercising any such right or constitute a suspension or any variation of any such right.
- (o) **Rights Cumulative.** The rights, remedies and powers conferred by this Section 5.1 are in addition to, and not in substitution for, any other rights, remedies or powers that the Administrative Agent or any Secured Party may have under this Debenture, at law, in equity, by or under the *Personal Property Security Act* (Alberta) or by any other statute or agreement. The Administrative Agent may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Administrative Agent or any Secured Party will be exclusive of or dependent on any other. The Administrative Agent or any Secured Party may exercise any of their rights, remedies or powers separately or in combination and at any time.

- 5.2** The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Administrative Agent or the Receiver will be applied in accordance with Section 8.02(d) of the Loan Agreement.
- 5.3** If the Administrative Agent or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will upon request from the Administrative Agent or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Administrative Agent or any such Receiver.
- 5.4** If the Debtor pays to the Administrative Agent the balance of the Principal Sum (including, without limitation, all amounts forming part thereof) with interest thereon as required by this Debenture and any and all other amounts that are payable to the Administrative Agent on or in relation to the repayment thereof, then the Administrative Agent will, at the written request and sole expense of the Debtor, reassign and reconvey the Collateral to the Debtor and release the Security Interest.

## **ARTICLE 6 WAIVER**

- 6.1** The Debtor hereby covenants and agrees with the Administrative Agent and the Secured Parties that:
- (a) The *Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action as defined therein, with respect to the Credit Documents; and
  - (b) The *Limitation of Civil Rights Act* (Saskatchewan) will have no application to:
    - (i) the Credit Documents;
    - (ii) any Lien for the payment of money made, given, created or contemplated by the Credit Documents;
    - (iii) any agreement or instrument renewing or extending or collateral to the Credit Documents or renewing or extending or collateral to any Lien referred to or mentioned in subparagraph (b)(ii) of this Section 6.1; or
    - (iv) the rights, powers or remedies of the parties under the Credit Documents or Lien, agreement or instrument referred to or mentioned in subparagraphs (b)(ii) or (b)(iii) of this Section 6.1.

## **ARTICLE 7 REPRESENTATIONS**

- 7.1** The Debtor represents and warrants to the Administrative Agent and each of the Secured Parties that the address of the Debtor's chief executive office is Suite 2710, 500 – 4th Avenue SW, Calgary, Alberta T2P 2V6 and the Debtor carries on business only in the Province of Alberta.

## **ARTICLE 8 COVENANTS**

- 8.1** The Debtor covenants and agrees with the Administrative Agent that:

- (a) **Further Documentation; Pledge of Instruments.** At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Administrative Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Debenture and of the rights and powers herein granted, including the filing or execution of any financing statements or financing change statements under any applicable Laws with respect to this Debenture. The Debtor also hereby authorizes the Administrative Agent to file any such financing statement or financing change statement without the signature of the Debtor to the extent permitted by applicable Laws. Without limiting the generality of the foregoing, the Debtor acknowledges that this Debenture has been prepared based on applicable Laws and the Debtor agrees that the Administrative Agent will have the right, acting reasonably, to require that this Debenture be amended or supplemented: (i) to reflect any changes in applicable Laws, whether arising as a result of statutory amendments, court decisions or otherwise; (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions; or (iii) if the Debtor amalgamates with any other Person or enters into any reorganization, in each case in order to confer upon the Administrative Agent the security intended to be created hereby.
- (b) **Further Identification of Collateral.** The Debtor will furnish to the Administrative Agent from time to time such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all to the extent necessary to permit the Collateral to be sufficiently described.
- (c) **Notices.** The Debtor will promptly advise the Administrative Agent in writing in reasonable detail of (i) any change in the jurisdictions where it carries on business or the chief executive office of the Debtor, or (ii) any change in the name of the Debtor.

## **ARTICLE 9 ATTORNEY IN FACT**

- 9.1** The Debtor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Administrative Agent's discretion, for the purpose of carrying out the terms of this Debenture, to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Debenture and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until the Principal Sum has been unconditionally and irrevocably paid and performed in full. The Debtor also authorizes the Administrative Agent, at any time and from time to time, to execute any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral in connection with the sale provided for in Section 5.1(b).

## **ARTICLE 10 EXPENSES**

- 10.1** Without limiting the provisions of Section 10.04 of the Loan Agreement, the Debtor agrees to pay the Administrative Agent forthwith on demand all reasonable documented costs, charges and expenses, including, without limitation, all reasonable documented legal fees (on a

solicitor and his own client full indemnity basis), incurred by the Administrative Agent in connection with the administration, recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums will be secured hereby and will be added to the Secured Obligations and bear interest at the Default Rate.

#### **ARTICLE 11 REALIZATION**

- 11.1** The Administrative Agent will not, nor will it be entitled to, demand payment pursuant to this Debenture or enforce the Security Interest unless and until an Event of Default occurs and is continuing, but thereafter the Administrative Agent, as agent for the Secured Parties, may at any time exercise and enforce all of the rights and remedies of a holder of this Debenture in accordance with and subject to the Credit Documents as if the Administrative Agent was the absolute owner hereof, subject to Article 12 hereof and provided that the Administrative Agent will not be bound to exercise any such right or remedy.

#### **ARTICLE 12 DEEMED SATISFACTION**

- 12.1** Payment in full to the Administrative Agent or the Secured Parties or any of them of all Secured Obligations (other than the Principal Sum contained in this debenture) will be deemed to be payment in satisfaction of the Principal Sum under this Debenture. Notwithstanding the stated interest rate per annum in this Debenture, payment by the Debtor of the relevant fees and interest for any period in respect of the Secured Obligations at the rate at which the Secured Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Debenture. Notwithstanding the Principal Sum, interest and other monies expressed to be payable or secured hereunder, the obligations payable or secured hereunder shall not exceed the Secured Obligations.

#### **ARTICLE 13 NO LIABILITY**

- 13.1** Neither the Administrative Agent nor any of the Secured Parties shall be liable for any error of judgment or act done by any of them in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for their gross negligence or wilful misconduct. The Administrative Agent shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by the Administrative Agent hereunder, believed by the Administrative Agent in good faith to be genuine. All moneys received by the Administrative Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable Laws), and the Administrative Agent shall be under no liability for interest on any moneys received by it hereunder. The Debtor hereby ratifies and confirms any and all acts which the Administrative Agent or its successors or substitutes shall do lawfully by virtue hereof.

#### **ARTICLE 14 PRESENTMENT**

- 14.1** The Debtor hereby expressly waives presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Administrative Agent to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**ARTICLE 15  
ENUREMENT AND ASSIGNMENT**

- 15.1** The provisions of this Debenture will be binding upon the Debtor and its successors and will enure to the benefit of the Administrative Agent and each Secured Party and their respective successors and assigns. Subject to the terms of the Credit Documents, the Debtor will not assign this Debenture without the Administrative Agent's prior written consent.

**ARTICLE 16  
GOVERNING LAW**

- 16.1** This Debenture will be governed by and construed in accordance with the Laws of the Province of Alberta and the Laws of Canada applicable therein, without giving effect to the conflict of law principles thereof. Without prejudice to the ability of the Administrative Agent or any Secured Party to enforce this Debenture in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta, or any appellate courts thereof, for the purposes of this Debenture.

**ARTICLE 17  
SEVERABILITY**

- 17.1** If any portion of this Debenture or the application thereof to any circumstance will be held invalid or unenforceable by a court of competent jurisdiction from which no further appeal has or is taken, to an extent that does not affect in a fundamental way the operation of this Debenture, the remainder of the provision in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, and the remainder of this Debenture will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable Laws.

**ARTICLE 18  
CONSENT AND WAIVER**

- 18.1** No consent or waiver by the Administrative Agent will be effective unless made in writing and signed by an authorized officer of the Administrative Agent.

**ARTICLE 19  
NOTICE**

- 19.1** Any notice as between the Debtor and the Administrative Agent which may or is required to be given pursuant to or in connection with this Debenture will be in writing and will be sufficient if given or made at the address set forth below:

- (a) **in the case of the Administrative Agent or the Secured Parties to:**

White Oak Global Advisors, LLC, as Administrative Agent  
3 Embarcadero Center, Suite 550  
San Francisco, CA 94111

Facsimile No.: (415) 644-4199

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

Cortland Capital Market Services  
225 W. Washington Street, Suite 2100



Chicago, IL 60606

Attention: Agency Services-White Oak Global Advisors  
Email Address: [whiteoak@cortlandglobal.com](mailto:whiteoak@cortlandglobal.com)  
[legal@cortlandglobal.com](mailto:legal@cortlandglobal.com)

(b) **in the case of the Debtor, to:**

Eagle Energy Holdings Inc.  
Suite 2710, 500 – 4<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V6

Attention: Jo-Anne Bund, General Counsel and Corporate Secretary  
Email Address: [jbund@eagleenergy.com](mailto:jbund@eagleenergy.com)  
Facsimile No.: (403) 508-9840

The Debtor and the Administrative Agent each covenant to accept service of judicial proceedings arising under this Debenture at its respective address for notice hereunder. Any notice or other communication given or made in accordance with this Section 19.1 will be deemed to have been given or made on the same day and to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy or other recorded means of electronic communication, as the case may be, provided such day is a Business Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Business Day or if notice is received after 12:00 noon local time, on the first Business Day thereafter. Each of the Debtor and the Administrative Agent may change its address and telecopier number for purposes of this Section 19.1 by written notice given in the manner provided in this Section 19.1 to the other party.

**ARTICLE 20  
INCONSISTENCY**

- 20.1** To the extent that there is any inconsistency or ambiguity between the provisions of this Debenture and the Loan Agreement, the provisions of the Loan Agreement will govern to the extent necessary to eliminate such inconsistency or ambiguity.

**ARTICLE 21  
RECEIPT OF COPY**

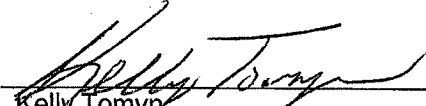
- 21.1** The Debtor acknowledges receipt of an executed copy of this Debenture. The Debtor waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of the Administrative Agent to deliver to the Debtor a copy of any financing statement or any statement issued by any registry that confirms registration of a financing statement relating to this Debenture.

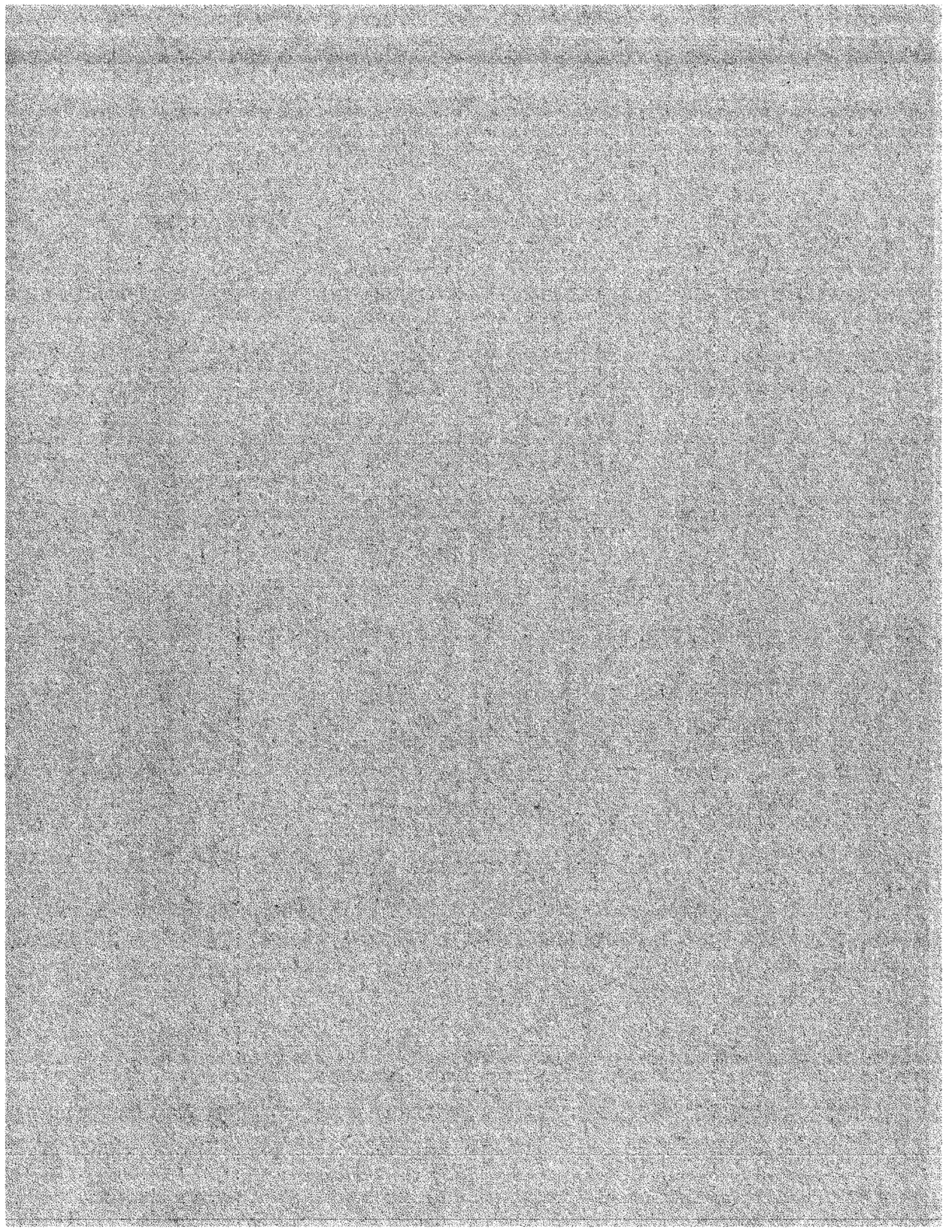
*[Remainder of this page intentionally left blank]*

**THIS DEBENTURE** executed at Calgary, Alberta effective the date first written above.

**EAGLE ENERGY HOLDINGS INC.**

Per:

  
\_\_\_\_\_  
Kelly Tomya  
Chief Financial Officer



**EAGLE ENERGY INC.**

**DEMAND DEBENTURE**

**Administrative Agent and Address:** **White Oak Global Advisors, LLC**, as Administrative Agent  
3 Embarcadero Center, Suite 550  
San Francisco, CA 94111

**Date:** March 13, 2017

**PREAMBLE:**

- A. Eagle Energy Inc. (the "**Debtor**") and Eagle Hydrocarbons Inc., as borrowers, Eagle Energy Trust, Eagle Energy Holdings Inc., and such additional guarantors from time to time party thereto, as guarantors, the several entities from time to time party thereto as lenders (the "**Lenders**") and White Oak Global Advisors, LLC, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "**Administrative Agent**") are parties to a loan and security agreement dated as of March 13, 2017 (such loan and security agreement, as it may be amended, supplemented or otherwise modified or restated from time to time, the "**Loan Agreement**").
- B. The Loan Parties have, or may, enter into with, and incur indebtedness to, a Lender or any Affiliate thereof, or a Secured Non-Lender Hedge Counterparty pursuant to the terms of any Swap Contracts (the "**Hedging Agreements**").
- C. To secure the payment and performance of the Principal Sum (as hereinafter defined), the Debtor has agreed to grant to the Administrative Agent, for its own benefit and on behalf of the other Secured Parties a security interest over the Collateral (as hereinafter defined) in accordance with the terms of this Debenture.
- D. Capitalized words and phrases used but not otherwise defined in this Debenture will have the meanings set out in the Loan Agreement.
- E. It is in the interests of the Debtor to enter into this Debenture and to grant the security interest herein contemplated.

**ARTICLE 1  
PROMISE TO PAY**

- 1.1** The Debtor, a corporation formed under the laws of Alberta, for value received, hereby acknowledges itself indebted and promises to pay, subject to Article 12 hereof, **ON DEMAND** to or to the order of the Administrative Agent for its own benefit and on behalf of the Secured Parties from time to time or any subsequent holder or holders of this Debenture, the Principal Sum set out below in lawful money of Canada at such place as the Administrative Agent, from time to time, may designate by notice in writing to the Debtor, and to pay interest thereon from the date of demand at the Interest Rate (as hereinafter defined) set out below in like money at the same place on the last day of each month following demand and, should the Debtor at any time make default in payment of any principal or interest, to pay interest both before and after default and judgment on the amount in default at the same rate in like money at the same place on the same dates.

**ARTICLE 2  
PRINCIPAL SUM**

**2.1** The "**Principal Sum**" is Canadian \$200,000,000.

**ARTICLE 3  
INTEREST RATE**

**3.1** The "**Interest Rate**" will be a nominal interest rate equal to 21% per annum.

**ARTICLE 4  
SECURITY**

**4.1** As general and continuing collateral security for the due payment of the Principal Sum, interest and all other monies payable hereunder or from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Debtor herein contained, the Debtor hereby grants to and in favour of the Administrative Agent, for and on behalf of the Secured Parties, a first priority security interest in and to all of the Debtor's present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof and hereby mortgages and charges to and in favour of the Administrative Agent, for and on behalf of the Secured Parties, as and by way of a first floating charge, all of the Debtor's present and after-acquired real property. In this Debenture, the mortgages, charges and security interests hereby constituted are called the "**Security Interest**" and the subject matter of the Security Interest is called the "**Collateral**". Notwithstanding the foregoing, the "Collateral" shall not include any Excluded Property. If a financing statement with a collateral description which includes any Excluded Property has been or is registered by the Administrative Agent or its agents against the Debtor, the Administrative Agent (for and on behalf of the Secured Parties) shall provide a no-interest letter to the Debtor in respect of such Excluded Property upon request by the Debtor, on terms satisfactory to the Debtor and the Administrative Agent, each acting reasonably.

**4.2** Until the Security Interest becomes enforceable in accordance with Section 5.1 hereof, the Debtor, subject to the terms of the Loan Agreement, the Hedging Agreements, the Collateral Documents, the other Loan Documents and any other documents, instruments and agreements, including any guarantees given by the Debtor, entered into pursuant thereto or in connection therewith from time to time (the "**Credit Documents**"), may dispose of or deal with the Collateral in the ordinary course of its business and as permitted by the Credit Documents and for the purpose of carrying on the same, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Security Interest. In the event of any such disposition in the ordinary course of business or as permitted by the Credit Documents, the Administrative Agent will, at the written request of the Debtor which will include a certificate of the Debtor stating that such Collateral is being dealt with or disposed of in accordance with this Section 4.2, release its Security Interest over the Collateral which has been disposed.

**4.3** Without limiting its rights hereunder to crystallize the Security Interest in any other manner, the Administrative Agent may, at any time after the occurrence of an Event of Default which is continuing under any of the Credit Documents or to the extent expressly provided for in any of the Credit Documents, crystallize the Security Interest in respect of all or a portion of the Collateral which is subject to the floating charge in Section 4.1 hereof by (a) giving notice to the Debtor of, and (b) registering this Debenture or a caveat, security notice, financing statement or other instrument in respect of this Debenture, at any public registry or other

office maintained for the purposes of registering fixed and specific mortgages and charges, security interests and other like interests, and after such crystallization, the Security Interest in respect of such Collateral that is the subject of the registration shall constitute a fixed and specific mortgage and charge and security interest to and in favour of the Administrative Agent, its successors and assigns, in respect of such Collateral, and the Debtor shall not thereafter dispose of or otherwise deal with such Collateral without the consent of the Administrative Agent except to the extent otherwise permitted under the Credit Documents. The Debtor shall execute such further documents and do all acts reasonably requested by the Administrative Agent to give effect to the foregoing.

- 4.4** The Security Interest will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon the enforcement of the Security Interest, the Debtor will stand possessed of such last day in trust to assign the same at the direction of the Administrative Agent to any Person acquiring such term.
- 4.5** The Debtor confirms that value has been given, that the Debtor has rights in the Collateral, and that the Debtor and the Administrative Agent, for and on behalf of the Secured Parties, have not agreed to postpone the time for attachment of the Security Interest to any of the Collateral. In respect of Collateral which is acquired after the date of execution hereof, the time for attachment will be the time when the Debtor acquires such Collateral.
- 4.6** The Administrative Agent is the party entitled to receive all amounts payable hereunder and to give a discharge hereof.
- 4.7** The Security Interest does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, intellectual property, licence or permit (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest would constitute a breach of the terms of or permit any Person to terminate the Contractual Rights, but the Debtor will hold its interest therein in trust for the Administrative Agent to the extent permitted by law and will assign such Contractual Rights to the Administrative Agent forthwith upon obtaining the consent of the other party or parties thereto.
- 4.8** Notwithstanding the provisions of this Debenture, (i) the Debtor shall remain liable to perform all of its duties and obligations in regard to the Collateral (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed; (ii) the exercise by the Administrative Agent of any of its rights and remedies under or in regard to this Debenture shall not release the Debtor from such duties and obligations; and (iii) the Administrative Agent shall have no liability for such duties and obligations or be accountable for any reason to the Debtor by reason only of the execution and delivery of this Debenture.
- 4.9** The Administrative Agent and its successors and assigns shall have and hold the Collateral, together with all tenements, hereditaments and appurtenances thereto, in accordance with the terms of the Credit Documents.
- 4.10** To the extent permitted by applicable Laws, the Security Interest shall not be impaired by any indulgence, moratorium or release which may be granted including, but not limited to, any renewal, extension or modification which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Collateral, or any part thereof or any

interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any of the Principal Sum.

- 4.11 The Debtor agrees and acknowledges that the Security Interest and the Collateral are being shared on an equal and pro rata basis, in accordance with the Loan Agreement, among the Secured Parties and this Debenture is being held by the Administrative Agent for its own benefit and on behalf of the Secured Parties.

## ARTICLE 5 ENFORCEMENT

- 5.1 Subject to Section 5.2 hereof and the terms of the Credit Documents, upon the occurrence and during the continuance of any Event of Default, the Administrative Agent will be entitled to exercise any of the remedies specified below:

- (a) **Receiver.** The Administrative Agent may appoint by instrument in writing one or more receivers, managers or receiver/ manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (the "**Receiver**"). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at Laws, in equity or by statute, the rights and powers set out in clauses (b) through (e) in this Section 5.1. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and neither the Administrative Agent nor any Secured Party will be responsible for any act or default of any Receiver. The Administrative Agent may remove any Receiver and appoint another from time to time. No Receiver appointed by the Administrative Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.
- (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable Laws. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Sum only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.
- (c) **Pay Liens and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby and will be added to the money hereby secured and bear interest at the Default Rate.
- (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner,

upon such terms and conditions and at such time as it deems advisable, including without limitation:

- (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
  - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 5.1(d)(i);
  - (iii) to file any claims or take any action or institute any proceedings which the Administrative Agent may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and
  - (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of the Debtor pursuant to this Debenture and the Credit Documents.)
- (e) **Carry on Business.** The Administrative Agent or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Administrative Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Administrative Agent pursuant to this Debenture.
- (g) **Administrative Agent May Exercise Rights of a Receiver.** In lieu of, or in addition to, exercising its rights, remedies and powers under clauses (a), (f) and (h) of this Section 5.1, the Administrative Agent has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Administrative Agent pursuant to this Debenture.
- (h) **Retention of Collateral.** Subject to applicable Laws, the Administrative Agent may elect to retain any Collateral in satisfaction of the Principal Sum and, if it does so, may designate any part of the Principal Sum to be satisfied by the retention of particular Collateral which the Administrative Agent considers to have a net realizable value approximating the amount of the designated part of the Principal Sum, in which case only the designated part of the Principal Sum will be deemed to be satisfied by the retention of the particular Collateral.
- (i) **Limitation of Liability.** Neither the Administrative Agent nor any Secured Party will be liable or accountable for any failure to take possession of, seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and none of them will be bound to institute proceedings for any such purposes or for the purpose of reserving any rights, remedies and powers of the Administrative Agent, the Debtor or any other Person in respect of any Collateral. If any Receiver or the Administrative Agent takes possession of any Collateral, neither the Administrative Agent nor any Receiver will have any liability as a mortgagee in possession or be accountable for anything except actual receipts.



- (j) **Extensions of Time.** Following the occurrence and during the continuance of any Event of Default, the Administrative Agent may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Administrative Agent may see fit, all without prejudice to the liability of the Debtor to the Administrative Agent or the Administrative Agent's rights, remedies and powers under this Debenture or under any other Credit Documents.
- (k) **Validity of Sale.** No Person dealing with the Administrative Agent or any Receiver, or with any officer, employee, agent or solicitor of the Administrative Agent or any Receiver will be concerned to inquire whether the Security Interest has become enforceable, whether the right, remedy or power of the Administrative Agent or the Receiver has become exercisable, whether the Principal Sum remains outstanding or otherwise as to the propriety or regularity of any dealing by the Administrative Agent or the Receiver with any Collateral or to see to the application of any money paid to the Administrative Agent or the Receiver, and in the absence of fraud on the part of such Person such dealings will be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (l) **Effect of Appointment of Receiver.** As soon as the Administrative Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Administrative Agent or the Receiver.
- (m) **Time for Payment.** If the Administrative Agent demands payment of the Principal Sum after the occurrence of an Event of Default which is continuing, it will be deemed reasonable for the Administrative Agent to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment that might otherwise be required to be afforded to the Debtor at law or in equity is hereby irrevocably waived to the extent permitted by applicable Laws.
- (n) **No Implied Waiver.** The rights of the Secured Parties and the Administrative Agent hereunder will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of any Secured Party or the Administrative Agent or on its behalf will in any way preclude any Secured Party or the Administrative Agent from exercising any such right or constitute a suspension or any variation of any such right.
- (o) **Rights Cumulative.** The rights, remedies and powers conferred by this Section 5.1 are in addition to, and not in substitution for, any other rights, remedies or powers that the Administrative Agent or any Secured Party may have under this Debenture, at law, in equity, by or under the *Personal Property Security Act* (Alberta) or by any other statute or agreement. The Administrative Agent may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Administrative Agent or any Secured Party will be exclusive of or dependent on

any other. The Administrative Agent or any Secured Party may exercise any of their rights, remedies or powers separately or in combination and at any time.

- 5.2** The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Administrative Agent or the Receiver will be applied in accordance with Section 8.02(d) of the Loan Agreement.
- 5.3** If the Administrative Agent or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will upon request from the Administrative Agent or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Administrative Agent or any such Receiver.
- 5.4** If the Debtor pays to the Administrative Agent the balance of the Principal Sum (including, without limitation, all amounts forming part thereof) with interest thereon as required by this Debenture and any and all other amounts that are payable to the Administrative Agent on or in relation to the repayment thereof, then the Administrative Agent will, at the written request and sole expense of the Debtor, reassign and reconvey the Collateral to the Debtor and release the Security Interest.

## **ARTICLE 6 WAIVER**

- 6.1** The Debtor hereby covenants and agrees with the Administrative Agent and the Secured Parties that:
- (a) The *Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action as defined therein, with respect to the Credit Documents; and
  - (b) The *Limitation of Civil Rights Act* (Saskatchewan) will have no application to:
    - (i) the Credit Documents;
    - (ii) any Lien for the payment of money made, given, created or contemplated by the Credit Documents;
    - (iii) any agreement or instrument renewing or extending or collateral to the Credit Documents or renewing or extending or collateral to any Lien referred to or mentioned in subparagraph (b)(ii) of this Section 6.1; or
    - (iv) the rights, powers or remedies of the parties under the Credit Documents or Lien, agreement or instrument referred to or mentioned in subparagraphs (b)(ii) or (b)(iii) of this Section 6.1.

## **ARTICLE 7 REPRESENTATIONS**

- 7.1** The Debtor represents and warrants to the Administrative Agent and each of the Secured Parties that the address of the Debtor's chief executive office is Suite 2710, 500 – 4th Avenue SW, Calgary, Alberta T2P 2V6 and the Debtor carries on business only in the Province of Alberta.

## ARTICLE 8 COVENANTS

8.1 The Debtor covenants and agrees with the Administrative Agent that:

- (a) **Further Documentation; Pledge of Instruments.** At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Administrative Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Debenture and of the rights and powers herein granted, including the filing or execution of any financing statements or financing change statements under any applicable Laws with respect to this Debenture. The Debtor also hereby authorizes the Administrative Agent to file any such financing statement or financing change statement without the signature of the Debtor to the extent permitted by applicable Laws. Without limiting the generality of the foregoing, the Debtor acknowledges that this Debenture has been prepared based on applicable Laws and the Debtor agrees that the Administrative Agent will have the right, acting reasonably, to require that this Debenture be amended or supplemented: (i) to reflect any changes in applicable Laws, whether arising as a result of statutory amendments, court decisions or otherwise; (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions; or (iii) if the Debtor amalgamates with any other Person or enters into any reorganization, in each case in order to confer upon the Administrative Agent the security intended to be created hereby.
- (b) **Further Identification of Collateral.** The Debtor will furnish to the Administrative Agent from time to time such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all to the extent necessary to permit the Collateral to be sufficiently described.
- (c) **Notices.** The Debtor will promptly advise the Administrative Agent in writing in reasonable detail of (i) any change in the jurisdictions where it carries on business or the chief executive office of the Debtor, or (ii) any change in the name of the Debtor.

## ARTICLE 9 ATTORNEY IN FACT

9.1 The Debtor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Administrative Agent's discretion, for the purpose of carrying out the terms of this Debenture, to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Debenture and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until the Principal Sum has been unconditionally and irrevocably paid and performed in full. The Debtor also authorizes the Administrative Agent, at any time and from time to time, to execute any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral in connection with the sale provided for in Section 5.1(b).

**ARTICLE 10  
EXPENSES**

- 10.1** Without limiting the provisions of Section 10.04 of the Loan Agreement, the Debtor agrees to pay the Administrative Agent forthwith on demand all reasonable documented costs, charges and expenses, including, without limitation, all reasonable documented legal fees (on a solicitor and his own client full indemnity basis), incurred by the Administrative Agent in connection with the administration, recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums will be secured hereby and will be added to the Secured Obligations and bear interest at the Default Rate.

**ARTICLE 11  
REALIZATION**

- 11.1** The Administrative Agent will not, nor will it be entitled to, demand payment pursuant to this Debenture or enforce the Security Interest unless and until an Event of Default occurs and is continuing, but thereafter the Administrative Agent, as agent for the Secured Parties, may at any time exercise and enforce all of the rights and remedies of a holder of this Debenture in accordance with and subject to the Credit Documents as if the Administrative Agent was the absolute owner hereof, subject to Article 12 hereof and provided that the Administrative Agent will not be bound to exercise any such right or remedy.

**ARTICLE 12  
DEEMED SATISFACTION**

- 12.1** Payment in full to the Administrative Agent or the Secured Parties or any of them of all Secured Obligations (other than the Principal Sum contained in this debenture) will be deemed to be payment in satisfaction of the Principal Sum under this Debenture. Notwithstanding the stated interest rate per annum in this Debenture, payment by the Debtor of the relevant fees and interest for any period in respect of the Secured Obligations at the rate at which the Secured Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Debenture. Notwithstanding the Principal Sum, interest and other monies expressed to be payable or secured hereunder, the obligations payable or secured hereunder shall not exceed the Secured Obligations.

**ARTICLE 13  
NO LIABILITY**

- 13.1** Neither the Administrative Agent nor any of the Secured Parties shall be liable for any error of judgment or act done by any of them in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for their gross negligence or wilful misconduct. The Administrative Agent shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by the Administrative Agent hereunder, believed by the Administrative Agent in good faith to be genuine. All moneys received by the Administrative Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable Laws), and the Administrative Agent shall be under no liability for interest on any moneys received by it hereunder. The Debtor hereby ratifies and confirms any and all acts which the Administrative Agent or its successors or substitutes shall do lawfully by virtue hereof.

**ARTICLE 14  
PRESENTMENT**

- 14.1** The Debtor hereby expressly waives presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Administrative Agent to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**ARTICLE 15  
ENUREMENT AND ASSIGNMENT**

- 15.1** The provisions of this Debenture will be binding upon the Debtor and its successors and will enure to the benefit of the Administrative Agent and each Secured Party and their respective successors and assigns. Subject to the terms of the Credit Documents, the Debtor will not assign this Debenture without the Administrative Agent's prior written consent.

**ARTICLE 16  
GOVERNING LAW**

- 16.1** This Debenture will be governed by and construed in accordance with the Laws of the Province of Alberta and the Laws of Canada applicable therein, without giving effect to the conflict of law principles thereof. Without prejudice to the ability of the Administrative Agent or any Secured Party to enforce this Debenture in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta, or any appellate courts thereof, for the purposes of this Debenture.

**ARTICLE 17  
SEVERABILITY**

- 17.1** If any portion of this Debenture or the application thereof to any circumstance will be held invalid or unenforceable by a court of competent jurisdiction from which no further appeal has or is taken, to an extent that does not affect in a fundamental way the operation of this Debenture, the remainder of the provision in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, and the remainder of this Debenture will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable Laws.

**ARTICLE 18  
CONSENT AND WAIVER**

- 18.1** No consent or waiver by the Administrative Agent will be effective unless made in writing and signed by an authorized officer of the Administrative Agent.

**ARTICLE 19  
NOTICE**

- 19.1** Any notice as between the Debtor and the Administrative Agent which may or is required to be given pursuant to or in connection with this Debenture will be in writing and will be sufficient if given or made at the address set forth below:

- (a) **in the case of the Administrative Agent or the Secured Parties to:**

White Oak Global Advisors, LLC, as Administrative Agent

3 Embarcadero Center, Suite 550  
San Francisco, CA 94111

Facsimile No.: (415) 644-4199

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

Cortland Capital Market Services  
225 W. Washington Street, Suite 2100  
Chicago, IL 60606

Attention: Agency Services-White Oak Global Advisors  
Email Address: [whiteoak@cortlandglobal.com](mailto:whiteoak@cortlandglobal.com)  
[legal@cortlandglobal.com](mailto:legal@cortlandglobal.com)

(b) **in the case of the Debtor, to:**

Eagle Energy Inc.  
Suite 2710, 500 – 4<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V6

Attention: Jo-Anne Bund, General Counsel and Corporate Secretary  
Email Address: [jbund@eagleenergy.com](mailto:jbund@eagleenergy.com)  
Facsimile No.: (403) 508-9840

The Debtor and the Administrative Agent each covenant to accept service of judicial proceedings arising under this Debenture at its respective address for notice hereunder. Any notice or other communication given or made in accordance with this Section 19.1 will be deemed to have been given or made on the same day and to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy or other recorded means of electronic communication, as the case may be, provided such day is a Business Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Business Day or if notice is received after 12:00 noon local time, on the first Business Day thereafter. Each of the Debtor and the Administrative Agent may change its address and telecopier number for purposes of this Section 19.1 by written notice given in the manner provided in this Section 19.1 to the other party.

**ARTICLE 20  
INCONSISTENCY**

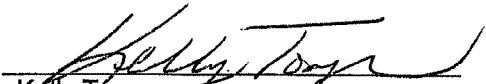
- 20.1** To the extent that there is any inconsistency or ambiguity between the provisions of this Debenture and the Loan Agreement, the provisions of the Loan Agreement will govern to the extent necessary to eliminate such inconsistency or ambiguity.

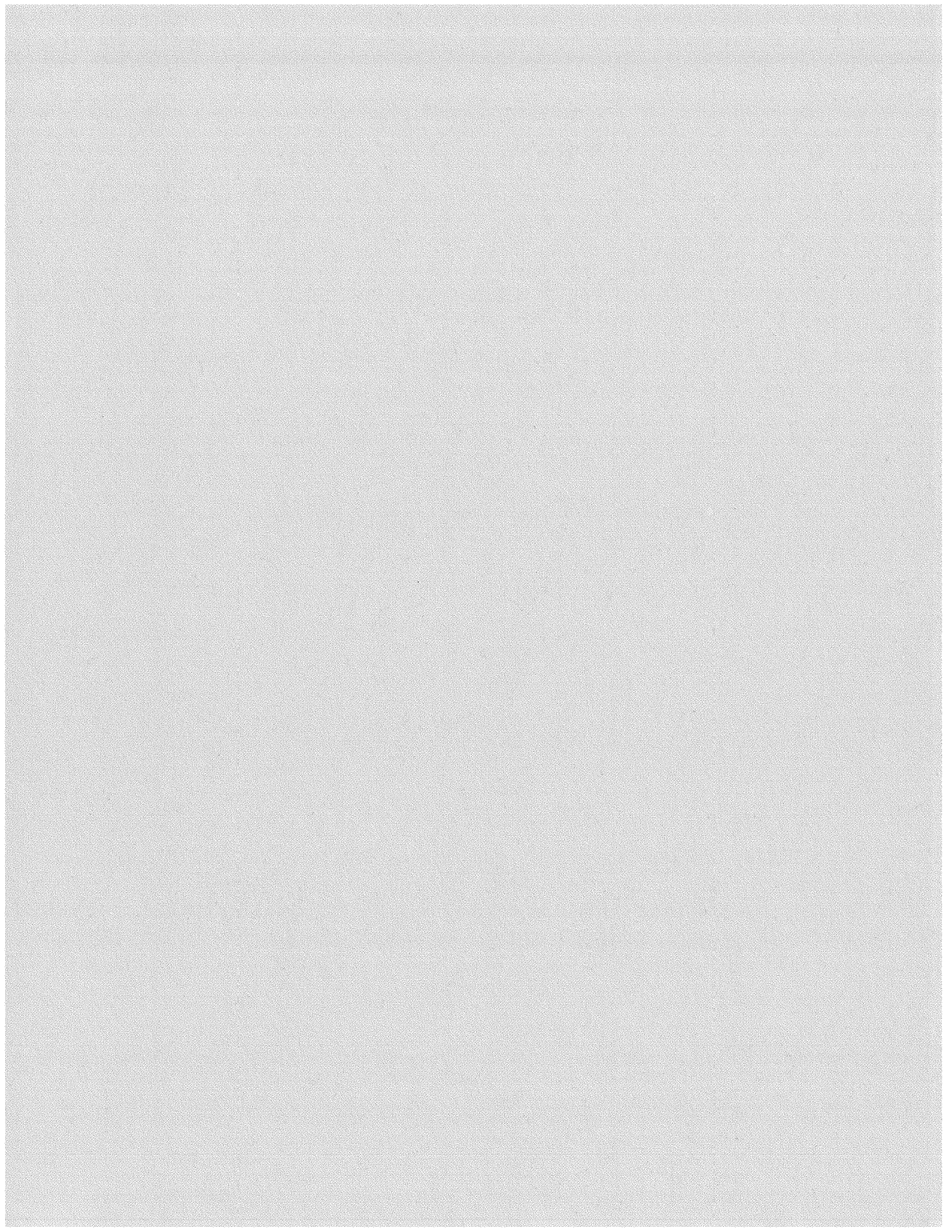
**ARTICLE 21  
RECEIPT OF COPY**

- 21.1** The Debtor acknowledges receipt of an executed copy of this Debenture. The Debtor waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of the Administrative Agent to deliver to the Debtor a copy of any financing statement or any statement issued by any registry that confirms registration of a financing statement relating to this Debenture.

**THIS DEBENTURE** executed at Calgary, Alberta effective the date first written above.

**EAGLE ENERGY INC.**

Per:   
Kelly Tomy  
Chief Financial Officer





**EAGLE ENERGY TRUST**

**DEMAND DEBENTURE**

**Administrative Agent and Address:** **White Oak Global Advisors, LLC**, as Administrative Agent  
3 Embarcadero Center, Suite 550  
San Francisco, CA 94111

**Date:** March 13, 2017

**PREAMBLE:**

- A. Eagle Energy Inc. and Eagle Hydrocarbons Inc., as borrowers, Eagle Energy Trust (the "**Debtor**"), Eagle Energy Holdings Inc., and such additional guarantors from time to time party thereto, as guarantors, the several entities from time to time party thereto as lenders (the "**Lenders**") and White Oak Global Advisors, LLC, as administrative agent for the Lenders (in such capacity, together with its successors and assigns in such capacity, the "**Administrative Agent**") are parties to a loan and security agreement dated as of March 13, 2017 (such loan and security agreement, as it may be amended, supplemented or otherwise modified or restated from time to time, the "**Loan Agreement**").
- B. The Loan Parties have, or may, enter into with, and incur indebtedness to, a Lender or any Affiliate thereof, or a Secured Non-Lender Hedge Counterparty pursuant to the terms of any Swap Contracts (the "**Hedging Agreements**").
- C. To secure the payment and performance of the Principal Sum (as hereinafter defined), the Debtor has agreed to grant to the Administrative Agent, for its own benefit and on behalf of the other Secured Parties a security interest over the Collateral (as hereinafter defined) in accordance with the terms of this Debenture.
- D. Capitalized words and phrases used but not otherwise defined in this Debenture will have the meanings set out in the Loan Agreement.
- E. It is in the interests of the Debtor to enter into this Debenture and to grant the security interest herein contemplated.

**ARTICLE 1  
PROMISE TO PAY**

- 1.1** The Debtor, a limited purpose trust formed under the laws of Alberta, for value received, hereby acknowledges itself indebted and promises to pay, subject to Article 12 hereof, **ON DEMAND** to or to the order of the Administrative Agent for its own benefit and on behalf of the Secured Parties from time to time or any subsequent holder or holders of this Debenture, the Principal Sum set out below in lawful money of Canada at such place as the Administrative Agent, from time to time, may designate by notice in writing to the Debtor, and to pay interest thereon from the date of demand at the Interest Rate (as hereinafter defined) set out below in like money at the same place on the last day of each month following demand and, should the Debtor at any time make default in payment of any principal or interest, to pay interest both before and after default and judgment on the amount in default at the same rate in like money at the same place on the same dates.

**ARTICLE 2  
PRINCIPAL SUM**

- 2.1 The "**Principal Sum**" is Canadian \$200,000,000.

**ARTICLE 3  
INTEREST RATE**

- 3.1 The "**Interest Rate**" will be a nominal interest rate equal to 21% per annum.

**ARTICLE 4  
SECURITY**

- 4.1 As general and continuing collateral security for the due payment of the Principal Sum, interest and all other monies payable hereunder or from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Debtor herein contained, the Debtor hereby grants to and in favour of the Administrative Agent, for and on behalf of the Secured Parties, a first priority security interest in and to all of the Debtor's present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof and hereby mortgages and charges to and in favour of the Administrative Agent, for and on behalf of the Secured Parties, as and by way of a first floating charge, all of the Debtor's present and after-acquired real property. In this Debenture, the mortgages, charges and security interests hereby constituted are called the "**Security Interest**" and the subject matter of the Security Interest is called the "**Collateral**". Notwithstanding the foregoing, the "Collateral" shall not include any Excluded Property. If a financing statement with a collateral description which includes any Excluded Property has been or is registered by the Administrative Agent or its agents against the Debtor, the Administrative Agent (for and on behalf of the Secured Parties) shall provide a no-interest letter to the Debtor in respect of such Excluded Property upon request by the Debtor, on terms satisfactory to the Debtor and the Administrative Agent, each acting reasonably.
- 4.2 Until the Security Interest becomes enforceable in accordance with Section 5.1 hereof, the Debtor, subject to the terms of the Loan Agreement, the Hedging Agreements, the Collateral Documents, the other Loan Documents and any other documents, instruments and agreements, including any guarantees given by the Debtor, entered into pursuant thereto or in connection therewith from time to time (the "**Credit Documents**"), may dispose of or deal with the Collateral in the ordinary course of its business and as permitted by the Credit Documents and for the purpose of carrying on the same, so that purchasers thereof or parties dealing with the Debtor take title thereto free and clear of the Security Interest. In the event of any such disposition in the ordinary course of business or as permitted by the Credit Documents, the Administrative Agent will, at the written request of the Debtor which will include a certificate of the Debtor stating that such Collateral is being dealt with or disposed of in accordance with this Section 4.2, release its Security Interest over the Collateral which has been disposed.
- 4.3 Without limiting its rights hereunder to crystallize the Security Interest in any other manner, the Administrative Agent may, at any time after the occurrence of an Event of Default which is continuing under any of the Credit Documents or to the extent expressly provided for in any of the Credit Documents, crystallize the Security Interest in respect of all or a portion of the Collateral which is subject to the floating charge in Section 4.1 hereof by (a) giving notice to the Debtor of, and (b) registering this Debenture or a caveat, security notice, financing statement or other instrument in respect of this Debenture, at any public registry or other

office maintained for the purposes of registering fixed and specific mortgages and charges, security interests and other like interests, and after such crystallization, the Security Interest in respect of such Collateral that is the subject of the registration shall constitute a fixed and specific mortgage and charge and security interest to and in favour of the Administrative Agent, its successors and assigns, in respect of such Collateral, and the Debtor shall not thereafter dispose of or otherwise deal with such Collateral without the consent of the Administrative Agent except to the extent otherwise permitted under the Credit Documents. The Debtor shall execute such further documents and do all acts reasonably requested by the Administrative Agent to give effect to the foregoing.

- 4.4** The Security Interest will not extend or apply to the last day of the term of any lease of real property or agreement therefor, but upon the enforcement of the Security Interest, the Debtor will stand possessed of such last day in trust to assign the same at the direction of the Administrative Agent to any Person acquiring such term.
- 4.5** The Debtor confirms that value has been given, that the Debtor has rights in the Collateral, and that the Debtor and the Administrative Agent, for and on behalf of the Secured Parties, have not agreed to postpone the time for attachment of the Security Interest to any of the Collateral. In respect of Collateral which is acquired after the date of execution hereof, the time for attachment will be the time when the Debtor acquires such Collateral.
- 4.6** The Administrative Agent is the party entitled to receive all amounts payable hereunder and to give a discharge hereof.
- 4.7** The Security Interest does not and will not extend to, and the Collateral will not include, any agreement, right, franchise, intellectual property, licence or permit (the "**Contractual Rights**") to which the Debtor is a party or of which the Debtor has the benefit, to the extent that the creation of the Security Interest would constitute a breach of the terms of or permit any Person to terminate the Contractual Rights, but the Debtor will hold its interest therein in trust for the Administrative Agent to the extent permitted by law and will assign such Contractual Rights to the Administrative Agent forthwith upon obtaining the consent of the other party or parties thereto.
- 4.8** Notwithstanding the provisions of this Debenture, (i) the Debtor shall remain liable to perform all of its duties and obligations in regard to the Collateral (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Debenture had not been executed; (ii) the exercise by the Administrative Agent of any of its rights and remedies under or in regard to this Debenture shall not release the Debtor from such duties and obligations; and (iii) the Administrative Agent shall have no liability for such duties and obligations or be accountable for any reason to the Debtor by reason only of the execution and delivery of this Debenture.
- 4.9** The Administrative Agent and its successors and assigns shall have and hold the Collateral, together with all tenements, hereditaments and appurtenances thereto, in accordance with the terms of the Credit Documents.
- 4.10** To the extent permitted by applicable Laws, the Security Interest shall not be impaired by any indulgence, moratorium or release which may be granted including, but not limited to, any renewal, extension or modification which may be granted with respect to any secured indebtedness, or any surrender, compromise, release, renewal, extension, exchange or substitution which may be granted in respect of the Collateral, or any part thereof or any

interest therein, or any release or indulgence granted to any endorser, guarantor or surety of any of the Principal Sum.

- 4.11 The Debtor agrees and acknowledges that the Security Interest and the Collateral are being shared on an equal and pro rata basis, in accordance with the Loan Agreement, among the Secured Parties and this Debenture is being held by the Administrative Agent for its own benefit and on behalf of the Secured Parties.

## ARTICLE 5 ENFORCEMENT

- 5.1 Subject to Section 5.2 hereof and the terms of the Credit Documents, upon the occurrence and during the continuance of any Event of Default, the Administrative Agent will be entitled to exercise any of the remedies specified below:

- (a) **Receiver.** The Administrative Agent may appoint by instrument in writing one or more receivers, managers or receiver/ manager for the Collateral or the business and undertaking of the Debtor pertaining to the Collateral (the "**Receiver**"). Any such Receiver will have, in addition to any other rights, remedies and powers which a Receiver may have at Laws, in equity or by statute, the rights and powers set out in clauses (b) through (e) in this Section 5.1. In exercising such rights and powers, any Receiver will act as and for all purposes will be deemed to be the agent of the Debtor and neither the Administrative Agent nor any Secured Party will be responsible for any act or default of any Receiver. The Administrative Agent may remove any Receiver and appoint another from time to time. No Receiver appointed by the Administrative Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court.
- (b) **Power of Sale.** Any Receiver may sell, consign, lease or otherwise dispose of any Collateral by public auction, private tender, private contract, lease or deferred payment with or without notice, advertising or any other formality, all of which are hereby waived by the Debtor to the extent permitted by applicable Laws. Any Receiver may, at its discretion establish the terms of such disposition, including terms and conditions as to credit, upset, reserve bid or price. All payments made pursuant to such dispositions will be credited against the Principal Sum only as they are actually received. Any Receiver may buy in, rescind or vary any contract for the disposition of any Collateral and may dispose of any Collateral without being answerable for any loss occasioned thereby. Any such disposition may take place whether or not the Receiver has taken possession of the Collateral.
- (c) **Pay Liens and Borrow Money.** Any Receiver may pay any liability secured by any actual or threatened Lien against any Collateral. Any Receiver may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Debtor pertaining to the Collateral and may grant Liens in any Collateral (in priority to the Security Interest or otherwise) as security for the money so borrowed. The Debtor will forthwith upon demand reimburse the Receiver for all such payments and borrowings and such payments and borrowings will be secured hereby and will be added to the money hereby secured and bear interest at the Default Rate.
- (d) **Dealing with Collateral.** Any Receiver may seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner,

upon such terms and conditions and at such time as it deems advisable, including without limitation:

- (i) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in connection with the Collateral;
  - (ii) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper in connection with Section 5.1(d)(i);
  - (iii) to file any claims or take any action or institute any proceedings which the Administrative Agent may deem to be necessary or desirable for the collection of the Collateral or to enforce compliance with the terms and conditions of any contract or any account; and
  - (iv) to perform the affirmative obligations of the Debtor hereunder (including all obligations of the Debtor pursuant to this Debenture and the Credit Documents.)
- (e) **Carry on Business.** The Administrative Agent or any Receiver may carry on, or concur in the carrying on of, any or all of the business or undertaking of the Debtor and enter on, occupy and use (without charge by the Debtor) any of the premises, buildings, plant and undertaking of, or occupied or used by, the Debtor.
- (f) **Right to Have Court Appoint a Receiver.** The Administrative Agent may, at any time, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Administrative Agent pursuant to this Debenture.
- (g) **Administrative Agent May Exercise Rights of a Receiver.** In lieu of, or in addition to, exercising its rights, remedies and powers under clauses (a), (f) and (h) of this Section 5.1, the Administrative Agent has, and may exercise, any of the rights and powers which are capable of being granted to a Receiver appointed by the Administrative Agent pursuant to this Debenture.
- (h) **Retention of Collateral.** Subject to applicable Laws, the Administrative Agent may elect to retain any Collateral in satisfaction of the Principal Sum and, if it does so, may designate any part of the Principal Sum to be satisfied by the retention of particular Collateral which the Administrative Agent considers to have a net realizable value approximating the amount of the designated part of the Principal Sum, in which case only the designated part of the Principal Sum will be deemed to be satisfied by the retention of the particular Collateral.
- (i) **Limitation of Liability.** Neither the Administrative Agent nor any Secured Party will be liable or accountable for any failure to take possession of, seize, collect, realize, dispose of, enforce or otherwise deal with any Collateral and none of them will be bound to institute proceedings for any such purposes or for the purpose of reserving any rights, remedies and powers of the Administrative Agent, the Debtor or any other Person in respect of any Collateral. If any Receiver or the Administrative Agent takes possession of any Collateral, neither the Administrative Agent nor any Receiver will have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

- (j) **Extensions of Time.** Following the occurrence and during the continuance of any Event of Default, the Administrative Agent may grant renewals, extensions of time and other indulgences, accept compositions, grant releases and discharges, and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with any Collateral as the Administrative Agent may see fit, all without prejudice to the liability of the Debtor to the Administrative Agent or the Administrative Agent's rights, remedies and powers under this Debenture or under any other Credit Documents.
- (k) **Validity of Sale.** No Person dealing with the Administrative Agent or any Receiver, or with any officer, employee, agent or solicitor of the Administrative Agent or any Receiver will be concerned to inquire whether the Security Interest has become enforceable, whether the right, remedy or power of the Administrative Agent or the Receiver has become exercisable, whether the Principal Sum remains outstanding or otherwise as to the propriety or regularity of any dealing by the Administrative Agent or the Receiver with any Collateral or to see to the application of any money paid to the Administrative Agent or the Receiver, and in the absence of fraud on the part of such Person such dealings will be deemed, as regards such Person, to be within the rights, remedies and powers hereby conferred and to be valid and effective accordingly.
- (l) **Effect of Appointment of Receiver.** As soon as the Administrative Agent takes possession of any Collateral or appoints a Receiver, all powers, functions, rights and privileges of the Debtor including, without limitation, any such powers, functions, rights and privileges which have been delegated to directors, officers of the Debtor or committees with respect to such Collateral will cease, unless specifically continued by the written consent of the Administrative Agent or the Receiver.
- (m) **Time for Payment.** If the Administrative Agent demands payment of the Principal Sum after the occurrence of an Event of Default which is continuing, it will be deemed reasonable for the Administrative Agent to exercise its remedies immediately if such payment is not made, and any days of grace or any time for payment that might otherwise be required to be afforded to the Debtor at law or in equity is hereby irrevocably waived to the extent permitted by applicable Laws.
- (n) **No Implied Waiver.** The rights of the Secured Parties and the Administrative Agent hereunder will not be capable of being waived or varied otherwise than by an express waiver or variation in writing, and in particular any failure to exercise or any delay in exercising any of such rights will not operate as a waiver or variation of that or any other such right; any defective or partial exercise of any of such rights will not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation on the part of any Secured Party or the Administrative Agent or on its behalf will in any way preclude any Secured Party or the Administrative Agent from exercising any such right or constitute a suspension or any variation of any such right.
- (o) **Rights Cumulative.** The rights, remedies and powers conferred by this Section 5.1 are in addition to, and not in substitution for, any other rights, remedies or powers that the Administrative Agent or any Secured Party may have under this Debenture, at law, in equity, by or under the *Personal Property Security Act* (Alberta) or by any other statute or agreement. The Administrative Agent may proceed by way of any action, suit or other proceeding at law or in equity and no right, remedy or power of the Administrative Agent or any Secured Party will be exclusive of or dependent on

any other. The Administrative Agent or any Secured Party may exercise any of their rights, remedies or powers separately or in combination and at any time.

- 5.2** The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Administrative Agent or the Receiver will be applied in accordance with Section 8.02(d) of the Loan Agreement.
- 5.3** If the Administrative Agent or any Receiver exercises its rights herein to take possession of the Collateral, the Debtor will upon request from the Administrative Agent or any such Receiver, assemble and deliver possession of the Collateral at such place or places as directed by the Administrative Agent or any such Receiver.
- 5.4** If the Debtor pays to the Administrative Agent the balance of the Principal Sum (including, without limitation, all amounts forming part thereof) with interest thereon as required by this Debenture and any and all other amounts that are payable to the Administrative Agent on or in relation to the repayment thereof, then the Administrative Agent will, at the written request and sole expense of the Debtor, reassign and reconvey the Collateral to the Debtor and release the Security Interest.

## **ARTICLE 6 WAIVER**

- 6.1** The Debtor hereby covenants and agrees with the Administrative Agent and the Secured Parties that:
- (a) The *Land Contracts (Actions) Act* (Saskatchewan) will have no application to any action as defined therein, with respect to the Credit Documents; and
  - (b) The *Limitation of Civil Rights Act* (Saskatchewan) will have no application to:
    - (i) the Credit Documents;
    - (ii) any Lien for the payment of money made, given, created or contemplated by the Credit Documents;
    - (iii) any agreement or instrument renewing or extending or collateral to the Credit Documents or renewing or extending or collateral to any Lien referred to or mentioned in subparagraph (b)(ii) of this Section 6.1; or
    - (iv) the rights, powers or remedies of the parties under the Credit Documents or Lien, agreement or instrument referred to or mentioned in subparagraphs (b)(ii) or (b)(iii) of this Section 6.1.

## **ARTICLE 7 REPRESENTATIONS**

- 7.1** The Debtor represents and warrants to the Administrative Agent and each of the Secured Parties that the address of the Debtor's chief executive office is Suite 2710, 500 – 4th Avenue SW, Calgary, Alberta T2P 2V6 and the Debtor carries on business only in the Province of Alberta.

## ARTICLE 8 COVENANTS

8.1 The Debtor covenants and agrees with the Administrative Agent that:

- (a) **Further Documentation; Pledge of Instruments.** At any time and from time to time, upon the written request of the Administrative Agent, and at the sole expense of the Debtor, the Debtor will promptly and duly execute and deliver such further instruments and documents and take such further action as the Administrative Agent may reasonably request for the purposes of obtaining or preserving the full benefits of this Debenture and of the rights and powers herein granted, including the filing or execution of any financing statements or financing change statements under any applicable Laws with respect to this Debenture. The Debtor also hereby authorizes the Administrative Agent to file any such financing statement or financing change statement without the signature of the Debtor to the extent permitted by applicable Laws. Without limiting the generality of the foregoing, the Debtor acknowledges that this Debenture has been prepared based on applicable Laws and the Debtor agrees that the Administrative Agent will have the right, acting reasonably, to require that this Debenture be amended or supplemented: (i) to reflect any changes in applicable Laws, whether arising as a result of statutory amendments, court decisions or otherwise; (ii) to facilitate the creation and registration of appropriate security in all appropriate jurisdictions; or (iii) if the Debtor amalgamates with any other Person or enters into any reorganization, in each case in order to confer upon the Administrative Agent the security intended to be created hereby.
- (b) **Further Identification of Collateral.** The Debtor will furnish to the Administrative Agent from time to time such statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Administrative Agent may reasonably request, all to the extent necessary to permit the Collateral to be sufficiently described.
- (c) **Notices.** The Debtor will promptly advise the Administrative Agent in writing in reasonable detail of (i) any change in the jurisdictions where it carries on business or the chief executive office of the Debtor, or (ii) any change in the name of the Debtor.

## ARTICLE 9 ATTORNEY IN FACT

9.1 The Debtor hereby irrevocably constitutes and appoints the Administrative Agent and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Debtor and in the name of the Debtor or in its own name, from time to time in the Administrative Agent's discretion, for the purpose of carrying out the terms of this Debenture, to take any and all appropriate action and to execute any and all documents and instruments which may be reasonably necessary or desirable to accomplish the purposes of this Debenture and which the Debtor being required to take or execute has failed to take or execute. The Debtor hereby ratifies all that said attorneys will lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and will be irrevocable until the Principal Sum has been unconditionally and irrevocably paid and performed in full. The Debtor also authorizes the Administrative Agent, at any time and from time to time, to execute any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral in connection with the sale provided for in Section 5.1(b).



**ARTICLE 10  
EXPENSES**

- 10.1** Without limiting the provisions of Section 10.04 of the Loan Agreement, the Debtor agrees to pay the Administrative Agent forthwith on demand all reasonable documented costs, charges and expenses, including, without limitation, all reasonable documented legal fees (on a solicitor and his own client full indemnity basis), incurred by the Administrative Agent in connection with the administration, recovery or enforcement of payment of any amounts payable hereunder whether by realization or otherwise. All such sums will be secured hereby and will be added to the Secured Obligations and bear interest at the Default Rate.

**ARTICLE 11  
REALIZATION**

- 11.1** The Administrative Agent will not, nor will it be entitled to, demand payment pursuant to this Debenture or enforce the Security Interest unless and until an Event of Default occurs and is continuing, but thereafter the Administrative Agent, as agent for the Secured Parties, may at any time exercise and enforce all of the rights and remedies of a holder of this Debenture in accordance with and subject to the Credit Documents as if the Administrative Agent was the absolute owner hereof, subject to Article 12 hereof and provided that the Administrative Agent will not be bound to exercise any such right or remedy.

**ARTICLE 12  
DEEMED SATISFACTION**

- 12.1** Payment in full to the Administrative Agent or the Secured Parties or any of them of all Secured Obligations (other than the Principal Sum contained in this debenture) will be deemed to be payment in satisfaction of the Principal Sum under this Debenture. Notwithstanding the stated interest rate per annum in this Debenture, payment by the Debtor of the relevant fees and interest for any period in respect of the Secured Obligations at the rate at which the Secured Obligations bear interest for such period will be deemed to be payment in satisfaction of the interest payment for the same period under this Debenture. Notwithstanding the Principal Sum, interest and other monies expressed to be payable or secured hereunder, the obligations payable or secured hereunder shall not exceed the Secured Obligations.

**ARTICLE 13  
NO LIABILITY**

- 13.1** Neither the Administrative Agent nor any of the Secured Parties shall be liable for any error of judgment or act done by any of them in good faith, or be otherwise responsible or accountable under any circumstances whatsoever, except for their gross negligence or wilful misconduct. The Administrative Agent shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by the Administrative Agent hereunder, believed by the Administrative Agent in good faith to be genuine. All moneys received by the Administrative Agent shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by applicable Laws), and the Administrative Agent shall be under no liability for interest on any moneys received by it hereunder. The Debtor hereby ratifies and confirms any and all acts which the Administrative Agent or its successors or substitutes shall do lawfully by virtue hereof.

**ARTICLE 14  
PRESENTMENT**

- 14.1** The Debtor hereby expressly waives presentment, protest and notice of dishonour of this Debenture. Any failure or omission by the Administrative Agent to present this Debenture for payment, protest or provide notice of dishonour will not invalidate or adversely affect in any way any demand for payment or enforcement proceeding taken under this Debenture.

**ARTICLE 15  
ENUREMENT AND ASSIGNMENT**

- 15.1** The provisions of this Debenture will be binding upon the Debtor and its successors and will enure to the benefit of the Administrative Agent and each Secured Party and their respective successors and assigns. Subject to the terms of the Credit Documents, the Debtor will not assign this Debenture without the Administrative Agent's prior written consent.

**ARTICLE 16  
GOVERNING LAW**

- 16.1** This Debenture will be governed by and construed in accordance with the Laws of the Province of Alberta and the Laws of Canada applicable therein, without giving effect to the conflict of law principles thereof. Without prejudice to the ability of the Administrative Agent or any Secured Party to enforce this Debenture in any other proper jurisdiction, the Debtor hereby irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta, or any appellate courts thereof, for the purposes of this Debenture.

**ARTICLE 17  
SEVERABILITY**

- 17.1** If any portion of this Debenture or the application thereof to any circumstance will be held invalid or unenforceable by a court of competent jurisdiction from which no further appeal has or is taken, to an extent that does not affect in a fundamental way the operation of this Debenture, the remainder of the provision in question, or its application to any circumstance other than that to which it has been held invalid or unenforceable, and the remainder of this Debenture will not be affected thereby and will be valid and enforceable to the fullest extent permitted by applicable Laws.

**ARTICLE 18  
CONSENT AND WAIVER**

- 18.1** No consent or waiver by the Administrative Agent will be effective unless made in writing and signed by an authorized officer of the Administrative Agent.

**ARTICLE 19  
NOTICE**

- 19.1** Any notice as between the Debtor and the Administrative Agent which may or is required to be given pursuant to or in connection with this Debenture will be in writing and will be sufficient if given or made at the address set forth below:

- (a) **in the case of the Administrative Agent or the Secured Parties to:**

White Oak Global Advisors, LLC, as Administrative Agent  
3 Embarcadero Center, Suite 550  
San Francisco, CA 94111

Facsimile No.: (415) 644-4199

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

Cortland Capital Market Services  
225 W. Washington Street, Suite 2100  
Chicago, IL 60606

Attention: Agency Services-White Oak Global Advisors  
Email Address: [whiteoak@cortlandglobal.com](mailto:whiteoak@cortlandglobal.com)  
[legal@cortlandglobal.com](mailto:legal@cortlandglobal.com)

(b) **in the case of the Debtor, to:**

Eagle Energy Trust  
Suite 2710, 500 – 4<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V6

Attention: Jo-Anne Bund, General Counsel and Corporate Secretary  
Email Address: [jbund@eagleenergy.com](mailto:jbund@eagleenergy.com)  
Facsimile No.: (403) 508-9840

The Debtor and the Administrative Agent each covenant to accept service of judicial proceedings arising under this Debenture at its respective address for notice hereunder. Any notice or other communication given or made in accordance with this Section 19.1 will be deemed to have been given or made on the same day and to have been received on the day of delivery if delivered as aforesaid or on the day of receipt of same by telecopy or other recorded means of electronic communication, as the case may be, provided such day is a Business Day and that such notice is received prior to 12:00 noon local time and, if such day is not a Business Day or if notice is received after 12:00 noon local time, on the first Business Day thereafter. Each of the Debtor and the Administrative Agent may change its address and telecopier number for purposes of this Section 19.1 by written notice given in the manner provided in this Section 19.1 to the other party.

**ARTICLE 20  
INCONSISTENCY**

- 20.1** To the extent that there is any inconsistency or ambiguity between the provisions of this Debenture and the Loan Agreement, the provisions of the Loan Agreement will govern to the extent necessary to eliminate such inconsistency or ambiguity.

**ARTICLE 21  
RECEIPT OF COPY**

- 21.1** The Debtor acknowledges receipt of an executed copy of this Debenture. The Debtor waives the right to receive any amount that it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty, or otherwise) by reason of the failure of the Administrative Agent to deliver to the Debtor a copy of any financing statement or any

statement issued by any registry that confirms registration of a financing statement relating to this Debenture.

**ARTICLE 22  
REFERENCES TO DEBTOR**

- 22.1** All references in this debenture to covenants of, actions and steps by, or the performance of the terms and conditions hereof by the "Debtor" shall, as the context requires, be and shall be construed as being by the trustee of Eagle Energy Trust on behalf of and in respect of such trust.

**ARTICLE 23  
ACKNOWLEDGEMENT RESPECTING TRUSTEE**

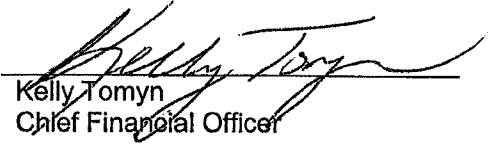
- 23.1** The parties hereto acknowledge that the Trustee (as such term is defined in the Trust Indenture) is entering into this Debenture solely in its capacity as Trustee on behalf of the Fund (as such term is defined in the Trust Indenture) and the obligations of the Fund hereunder shall not be binding upon the Trustee other than in its capacity as such nor shall it be binding upon any Unitholder (as such term is defined in the Trust Indenture) or beneficial Unitholder, such that any recourse against the Fund, the Trustee or any Beneficiary (as such term is defined in the Trust Indenture) in any manner in respect of any indebtedness, obligation or liability arising hereunder or arising in connection herewith or from the matters to which this Debenture relates, including claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Fund Property (as defined in the Trust Indenture) of the Fund.

*[Remainder of this page intentionally left blank]*

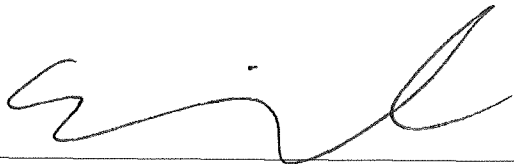
**THIS DEBENTURE** executed at Calgary, Alberta effective the date first written above.

**EAGLE ENERGY TRUST**, by its trustee,  
**EAGLE ENERGY INC.**

Per:

  
\_\_\_\_\_  
Kelly Tomy  
Chief Financial Officer

This is Exhibit "J" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



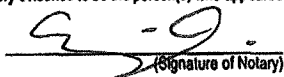
A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

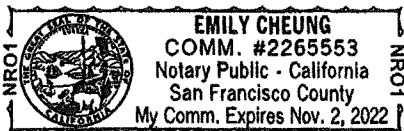
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November 2019 by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)



**EAGLE ENERGY HOLDINGS INC.**  
**SECURITIES PLEDGE AGREEMENT**

This Pledge Agreement is made as of March 13, 2017.

**TO:** White Oak Global Advisors, LLC, as Administrative Agent  
3 Embarcadero Center, Suite 550  
San Francisco, CA 94111

Facsimile No.: (415) 644-4199

**RECITALS:**

- A. Eagle Energy Holdings Inc. (together with its successors and permitted assigns, the "**Debtor**") is a party to the loan and security agreement dated as of March 13, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**") among Eagle Energy Inc. and Eagle Hydrocarbons Inc. (the "**Pledged Issuer**"), as borrowers, Eagle Energy Trust, the Debtor, and such additional guarantors from time to time party thereto, as guarantors, the several entities from time to time party thereto as lenders (the "**Lenders**"), and White Oak Global Advisors, LLC, as administrative agent for the Lenders (in such capacity and together with its successors, permitted assigns and substitutes, the "**Administrative Agent**").
- B. The Debtor is the sole stockholder of the Pledged Issuer.
- C. To secure the payment and performance of the Secured Obligations, the Debtor has agreed to grant to the Administrative Agent, for the benefit of itself and the other Secured Parties, a security interest over the Collateral (as hereinafter defined) in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Administrative Agent, for the benefit of itself and the other Secured Parties, as follows:

1. **Definitions.** In this Agreement (including its recitals), capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings given to them in the Loan Agreement, and the following terms have the following meanings:

"**Administrative Agent**" has the meaning set out in the recitals hereto.

"**Agreement**" means this agreement, including the Schedules and recitals to this agreement, as it or they may be amended, supplemented, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement.

"**Certificated Security**", "**Proceeds**", "**Security**" and "**Security Certificate**" have the meanings given to them in the PPSA.

**"Collateral"** means, collectively:

- (a) the Pledged Property;
- (b) all certificates and instruments, including all Pledged Security Certificates evidencing or representing the Pledged Property;
- (c) all interest, dividends and distributions (whether in cash, kind or stock) received or receivable upon or with respect to any of the Pledged Property and all moneys or other property payable or paid on account of any return or repayment of capital with respect to any of the Pledged Property or otherwise distributed with respect thereto or which will in any way be charged to, or payable or paid out of, the capital of the Pledged Issuer on account of any such Pledged Property;
- (d) all other property that may at any time be received or receivable by or otherwise distributed to the Debtor with respect to, or in substitution for, or in exchange or replacement for, any of the foregoing; and
- (e) all Proceeds of the foregoing.

**"Debtor"** has the meaning set out in the recitals hereto.

**"Loan Agreement"** has the meaning set out in the recitals hereto.

**"Organizational Documents"** means, with respect to any Person, such Person's articles or other charter documents, by-laws, unanimous shareholder agreement, partnership agreement, trust indenture or trust agreement, as applicable, and any and all other similar agreements, documents and instruments relative to such Person.

**"Pledged Certificated Securities"** means any and all Collateral that is a Certificated Security.

**"Pledged Issuer"** has the meaning set out in the recitals hereto.

**"Pledged Issuer's Jurisdiction"** means the jurisdiction of the Pledged Issuer as determined under section 44 of the STA.

**"Pledged Property"** means all Securities and other interests issued by or with respect to the Pledged Issuer, including the Pledged Securities, in which the Debtor now or in the future has any right, title or interest.

**"Pledged Securities"** means any and all Collateral that is a Security.

**"Pledged Security Certificates"** means any and all Security Certificates representing the Pledged Securities, including any substitutions or replacements thereof.

**"PPSA"** means the *Personal Property Security Act* (Alberta), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.



"**Release Date**" means the date on which all the Secured Obligations have been indefeasibly paid and discharged in full and the Debtor has no further obligations to the Secured Parties under the Loan Agreement or any other Loan Document pursuant to which further Secured Obligations might arise.

"**Security Interests**" means the Liens created by the Debtor in favour of the Administrative Agent, for the benefit of itself and the other Secured Parties, under this Agreement.

"**STA**" means the *Securities Transfer Act* (Alberta), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

2. **Grant of Security Interests.** As general and continuing collateral security for the due payment and performance of the Secured Obligations, the Debtor pledges to the Administrative Agent, for the benefit of itself and the other Secured Parties, and grants to the Administrative Agent, for the benefit of itself and the other Secured Parties, a security interest in, the Collateral.

3. **Attachment; No Obligation to Advance.** The Debtor confirms that value has been given by each of the Secured Parties, to the Debtor, that the Debtor has rights in the Collateral existing at the date of this Agreement and that the Debtor and the Administrative Agent, on behalf of itself and the other Secured Parties, have not agreed to postpone the time for attachment of the Security Interests to any of the Collateral. The Security Interests shall have effect and be deemed to be effective whether or not the Secured Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution and delivery of this Agreement nor the provision of any financial accommodation by any Secured Party shall oblige any Secured Party to make any financial accommodation or further financial accommodation available to the Debtor or any other Person.

4. **Representations and Warranties.** The Debtor represents and warrants to the Administrative Agent, for its own benefit and the benefit of the other Secured Parties, that as of the date of this Agreement:

- (a) **Debtor Information.** All of the information set out in Schedule A is accurate and complete.
- (b) **Title; No Other Security Interests.** Except for Permitted Liens, the Debtor owns the Collateral free and clear of any Liens. The Debtor is the record and beneficial owner of the Pledged Securities. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens. The Debtor's entire interest in the Pledged Issuer constituting Collateral, as of the date hereof, is accurately described in Schedule A hereto.
- (c) **Authority.** The Debtor has full power and authority to grant to the Administrative Agent, on behalf of itself and the other Secured Parties, the Security Interests and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's Organizational Documents or any material agreement, instrument or restriction to

which the Debtor is a party or by which the Debtor or any of the Collateral is bound.

- (d) Consents and Transfer Restrictions. Except for any consent that has been obtained and is in full force and effect, no consent of any Person is required, or is purported to be required, for the execution, delivery, performance and enforcement of this Agreement. For the purposes of complying with any transfer restrictions contained in the Organizational Documents of the Pledged Issuer, the Debtor hereby irrevocably consents to any transfer of the Pledged Securities of the Pledged Issuer.
- (e) Execution and Delivery. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar Laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.
- (f) Due Authorization. The Pledged Securities have been duly authorized and validly issued and are fully paid and non-assessable.
- (g) Warrants, Options, etc. There are no outstanding warrants, options or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any Pledged Securities.
- (h) No Required Disposition. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Debtor would be required to sell, redeem or otherwise dispose of any Pledged Securities or under which the Pledged Issuer has any obligation to issue any Securities of the Pledged Issuer to any Person.

5. **Survival of Representations and Warranties.** All representations and warranties made by the Debtor in this Agreement (a) are material, (b) shall be considered to have been relied on by the Administrative Agent and the other Secured Parties, and (c) shall survive the execution and delivery of this Agreement until the Release Date.

6. **Covenants.** The Debtor covenants and agrees with the Administrative Agent, for its own benefit and the benefit of the other Secured Parties, that:

- (a) Further Documentation. The Debtor shall from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Administrative Agent may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests).

- (b) Pledged Certificated Securities. The Debtor shall deliver to the Administrative Agent or its nominee any and all Pledged Security Certificates and other materials as may be required from time to time to provide the Administrative Agent, for the benefit of itself and the other Secured Parties, with control over all Pledged Certificated Securities in the manner provided under section 23 of the STA. All Pledged Certificated Securities shall be endorsed for transfer in blank and accompanied by transfer documents duly executed in blank by the Debtor and shall be delivered promptly to the Administrative Agent, all as satisfactory to the Administrative Agent, acting reasonably. At the request of the Administrative Agent after the occurrence of an Event of Default that is continuing, the Debtor shall cause all Pledged Security Certificates to be registered in the name of the Administrative Agent or its nominee.
  
- (c) Transfer Restrictions. If the Organizational Documents of the Pledged Issuer restrict the transfer of the Pledged Securities, then the Debtor shall deliver to the Administrative Agent, for the benefit of itself and the other Secured Parties, a certified copy of a resolution of the directors or stockholders of the Pledged Issuer, as applicable, consenting to the transfer(s) contemplated by this Agreement, including any prospective transfer of the Collateral by the Administrative Agent upon a realization on the Security Interests.
  
- (d) Notices. The Debtor shall advise the Administrative Agent promptly, in reasonable detail, of:
  - (i) any acquisition after the date of this Agreement of any right, title or interest in any Securities of the Pledged Issuer, together with all applicable information set out in Schedule A with respect thereto;
  - (ii) any change to the Pledged Issuer's Jurisdiction;
  - (iii) any change in the location of the jurisdiction of incorporation, amalgamation or formation, chief executive office, or domicile of the Debtor, as applicable;
  - (iv) any change in the name of the Debtor; or
  - (v) any merger, consolidation or amalgamation of the Debtor with any other Person.

7. Voting Rights. Unless an Event of Default has occurred and is continuing, the Debtor shall be entitled to exercise all voting power from time to time exercisable with respect to the Pledged Securities and give consents, waivers and ratifications with respect thereto; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which would be, or would have a reasonably likelihood of being, prejudicial to the interests of the Secured Parties or which would have the effect of reducing the value of the Collateral as security for the Secured Obligations or imposing any restriction on the transferability of any of the Collateral. Unless an Event of Default has occurred and is continuing, the Administrative Agent shall, from time to time at the request and expense of the Debtor, execute or cause to be

executed, with respect to all Pledged Securities that are registered in the name of the Administrative Agent or its nominee, valid proxies appointing the Debtor as its (or its nominee's) proxy to attend, vote and act for and on behalf of the Administrative Agent or such nominee, as the case may be, at any and all meetings of the Pledged Issuer's stockholders or debt holders, all Pledged Securities that are registered in the name of the Administrative Agent or such nominee, as the case may be, and to execute and deliver, consent to or approve or disapprove of or withhold consent to any resolutions in writing of stockholders or debt holders of the Pledged Issuer for and on behalf of the Administrative Agent or such nominee, as the case may be. Immediately upon the occurrence and during the continuance of any Event of Default, all such rights of the Debtor to vote and give consents, waivers and ratifications shall cease and the Administrative Agent or its nominee shall be entitled to exercise all such voting rights and to give all such consents, waivers and ratifications.

8. **Dividends; Interest.** Unless an Event of Default has occurred and is continuing, the Debtor shall be entitled to receive any and all cash dividends, interest, principal payments and other forms of cash distribution on the Pledged Securities which it is otherwise entitled to receive. If an Event of Default has occurred and is continuing, all rights of the Debtor pursuant to this Section shall cease and the Administrative Agent, on behalf of itself and the other Secured Parties, shall have the sole and exclusive right and authority to receive and retain the cash dividends, interest, principal payments and other forms of cash distribution which the Debtor would otherwise be authorized to retain pursuant to this Section. Any money and other property paid over to or received by the Administrative Agent pursuant to the provisions of this Section shall be retained by the Administrative Agent, for the benefit of itself and the other Secured Parties, as additional Collateral hereunder and be applied in accordance with the provisions of this Agreement.

9. **Rights on Event of Default.** If an Event of Default has occurred and is continuing, then and in every such case the Security Interests shall become enforceable and the Administrative Agent, in addition to any rights now or hereafter existing under applicable Law may, personally or by agent, at such time or times as the Administrative Agent in its discretion may determine, do any one or more of the following:

- (a) **Rights under PPSA, etc.** Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Administrative Agent by contract, at law or in equity.
- (b) **Dispose of Collateral.** Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Administrative Agent or elsewhere, with or without advertising or other formality, except as required by applicable Law, on such terms and conditions as the Administrative Agent may deem advisable, and at such prices as it may deem best, for cash or on credit or for future delivery.
- (c) **Court-Approved Disposition of Collateral.** Obtain from any court of competent jurisdiction an order for the sale or foreclosure of any or all of the Collateral.

- (d) Purchase by Administrative Agent. At any public sale, and to the extent permitted by Law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain, sell or otherwise dispose of such Collateral without any further accountability to the Debtor or any other Person with respect to such holding, retention, sale or other disposition, except as required by applicable Law. In any such sale to the Administrative Agent, the Administrative Agent may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for any or all of the Secured Obligations then due and payable to it as a credit against the purchase price.
- (e) Transfer of Collateral. Transfer any Pledged Securities into the name of the Administrative Agent or its nominee.
- (f) Voting. Vote any or all of the Pledged Securities (whether or not transferred to the Administrative Agent or its nominee) and give or withhold all consents, waivers and ratifications with respect thereto and otherwise act with respect thereto as though it were the outright owner thereof.
- (g) Exercise of Other Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Pledged Securities as if the Administrative Agent were the absolute owner of such Pledged Securities.

The Administrative Agent, on behalf of itself and the other Secured Parties, may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable Law) to or on the Debtor or any other Person, and the Debtor hereby waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable Law. None of the above rights or remedies shall be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. The Debtor acknowledges and agrees that any action taken by the Administrative Agent hereunder following the occurrence and during the continuance of an Event of Default shall not be rendered invalid or ineffective as a result of the curing of the Event of Default on which such action was based.

10. **Realization Standards.** To the extent that applicable Law imposes duties on the Administrative Agent to exercise remedies in a commercially reasonable manner and without prejudice to the ability of the Administrative Agent to dispose of the Collateral in any such manner, the Debtor acknowledges and agrees that it is not commercially unreasonable for the Administrative Agent to (or not to) (a) to the extent deemed appropriate by the Administrative Agent, obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral, (b) dispose of Collateral in whole or in part, (c) dispose of Collateral to a customer of the Administrative Agent, and (d) establish an upset or reserve bid price with respect to Collateral.

11. **Securities Laws.** The Administrative Agent is authorized, in connection with any offer or sale of any Pledged Securities, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable Law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Pledged Securities. The Debtor further agrees that compliance with any such limitation or restriction shall not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Administrative Agent shall not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Pledged Securities are sold in compliance with any such limitation or restriction. If the Administrative Agent chooses to exercise its right to sell any or all Pledged Securities, upon written request, the Debtor shall cause the Pledged Issuer to furnish to the Administrative Agent all such information as the Administrative Agent may reasonably request in order to determine the number of shares and other instruments included in the Collateral which may be sold by the Administrative Agent in exempt transactions under any Laws governing securities, and the rules and regulations of any applicable securities regulatory body thereunder, as the same are from time to time in effect.

12. **Application of Proceeds.** The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Administrative Agent in respect of the Collateral will be applied in accordance with Section 8.02(d) of the Loan Agreement.

13. **Continuing Liability of Debtor.** The Debtor shall remain liable for any Secured Obligations that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

14. **Administrative Agent's Appointment as Attorney-in-Fact.** Effective upon the occurrence and during the continuance of an Event of Default, the Debtor constitutes and appoints the Administrative Agent and any officer or agent of the Administrative Agent, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Administrative Agent's discretion, to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney, may be necessary or desirable to accomplish the purposes of this Agreement. Without limiting the effect of this Section, the Debtor grants the Administrative Agent an irrevocable proxy to vote the Pledged Securities and to exercise all other rights, powers, privileges and remedies to which a holder thereof would be entitled (including giving or withholding written consents of stockholders, calling special meetings of stockholders and voting at such meetings), which proxy shall be effective, automatically and without the necessity of any action (including any transfer of any Pledged Securities on the books and records of the Pledged Issuer), upon the occurrence of an Event of Default which is continuing. These powers are coupled with an interest and are irrevocable until the Release Date. Nothing in this Section affects the right of the Administrative Agent as secured party or any other Person on the Administrative Agent's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Administrative Agent or such other Person considers appropriate. The Debtor hereby ratifies and

confirms, and agrees to ratify and confirm, whatever lawful acts the Administrative Agent or any of the Administrative Agent's sub-agents, nominees or attorneys do or purport to do in exercise of the power of attorney granted to the Administrative Agent pursuant to this Section.

15. **Performance by Administrative Agent of Debtor's Secured Obligations.** If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Administrative Agent may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance shall not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Administrative Agent incurred in connection with any such performance or compliance shall be payable by the Debtor to the Administrative Agent immediately on demand, and until paid, any such expenses shall form part of the Secured Obligations and shall be secured by the Security Interests.

16. **Interest.** If any amount payable by the Debtor to the Administrative Agent under this Agreement is not paid when due, the Debtor shall pay to the Administrative Agent, for the benefit of itself and the other Secured Parties, immediately on demand, interest on such amount from the date due until paid, at the Default Rate. All amounts payable by the Debtor to the Administrative Agent, for the benefit of itself and the other Secured Parties, under this Agreement and all interest on all such amounts shall form part of the Secured Obligations and shall be secured by the Security Interests.

17. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

18. **Rights of Administrative Agent; Limitations on Administrative Agent's Obligations.**

- (a) **Limitations on Liability of Secured Parties.** Neither the Administrative Agent nor any other Secured Party shall be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Administrative Agent, any other Secured Party nor any agent thereof (including any sheriff) is required to take, or shall have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Administrative Agent, any other Secured Party nor any agent thereof shall be liable for any, and the Debtor shall bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Administrative Agent, any other Secured Party or any agent thereof) caused for any reason other than the gross negligence or wilful misconduct of the Administrative Agent, such other Secured Party or such agent thereof.

- (b) **Use of Administrative Agents.** The Administrative Agent may perform any of its rights or duties under this Agreement by or through agents and is entitled to retain counsel and to act in reliance on the advice of such counsel concerning all matters pertaining to its rights and duties under this Agreement.

19. **Dealings by Administrative Agent.** The Administrative Agent shall not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold with respect to the Secured Obligations or any part thereof before realizing upon or otherwise dealing with the Collateral in such manner as the Administrative Agent may consider desirable. The Administrative Agent and the other Secured Parties may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person and with any or all of the Collateral, all without prejudice to the Secured Obligations or to the rights and remedies of the Administrative Agent under this Agreement. The powers conferred on the Administrative Agent under this Agreement are solely to protect the interests of the Administrative Agent and the other Secured Parties, in the Collateral and shall not impose any duty upon the Administrative Agent or any other Secured Party to exercise any such powers.

20. **Communication.** Any notice or other communication required or permitted to be given under this Agreement shall be made in accordance with the Loan Agreement.

21. **Release of Information.** The Debtor authorizes the Administrative Agent to provide a copy of this Agreement and such other information as may be reasonably requested of the Administrative Agent (i) to the extent necessary to enforce the Administrative Agent's rights, remedies and entitlements under this Agreement, (ii) to any assignee or prospective assignee of all or any part of the Secured Obligations, and (iii) as required by applicable Law, in each case in compliance with Section 10.07 of the Loan Agreement.

22. **Expenses.** Without limiting the provisions of Section 10.04 of the Loan Agreement, the Debtor shall pay all reasonable and documented out-of-pocket expenses incurred by the Secured Parties, including the reasonable and documented fees, charges and disbursements of counsel for the Secured Parties and all applicable taxes, in connection with the preparation and administration of this Agreement and any amendments or waivers hereof and the enforcement of the Secured Parties' rights hereunder.

23. **Release of Debtor.** Upon the written request of the Debtor given at any time on or after the Release Date, the Administrative Agent, on behalf of itself and the other Secured Parties, shall, at the expense of the Debtor, release the Debtor and/or the applicable Collateral from the Security Interests. Upon such release, and at the request and expense of the Debtor, the Administrative Agent, on behalf of itself and the other Secured Parties, shall execute and deliver to the Debtor such releases and discharges as the Debtor may reasonably request.

24. **Additional Security.** This Agreement is in addition to, and not in substitution of, any and all other security previously or concurrently delivered by the Debtor or any other Person to any Secured Party, all of which other security shall remain in full force and effect according to its terms.



25. **Alteration or Waiver.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Administrative Agent. The Secured Parties shall not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party, of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent, on behalf of itself and the other Secured Parties, would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall extinguish the liability of the Debtor to pay the Secured Obligations, nor shall the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor shall the acceptance of any payment or other security constitute or create any novation.

26. **Governing Law; Attornment.** 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. Without prejudice to the ability of the Administrative Agent, on behalf of itself and the other Secured Parties, to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

27. **Interpretation.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" is disjunctive; the word "and" is conjunctive. The word "shall" is mandatory; the word "may" is permissive. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set out herein), (b) any reference herein to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (e) all references herein to Sections and Schedules shall be construed to refer to Sections and Schedules to, this Agreement, Section headings are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. Any reference in this Agreement to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Security Interest to any Permitted Lien.

28. **Paramountcy.** In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement then, notwithstanding anything

contained in this Agreement, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to the Administrative Agent (for its own benefit and for the benefit of the other Secured Parties) under the Loan Agreement.

29. **Successors and Assigns.** This Agreement shall enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and shall enure to the benefit of, and be binding on, the Administrative Agent and its successors and assigns. Except as otherwise permitted under the other Loan Documents, the Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement. The Administrative Agent may assign this Agreement and any of its rights and obligations hereunder to any Person in compliance with the Loan Agreement.

30. **Acknowledgment of Receipt/Waiver.** The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable Law, waives the right to receive a copy of any financing statement or financing change statement registered in connection with this Agreement or any verification statement issued with respect to any such financing statement or financing change statement.

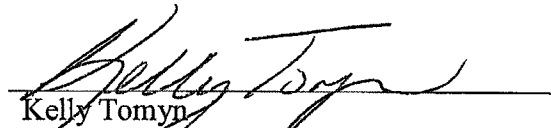
31. **Electronic Signature.** Delivery of an executed signature page to this Agreement by the Debtor by facsimile or other electronic form of transmission shall be as effective as delivery by the Debtor of a manually executed copy of this Agreement by the Debtor.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF** the undersigned has caused this Agreement to be duly executed as of the date first written above.

**EAGLE ENERGY HOLDINGS INC.**

By:

  
Kelly Tomyn  
Chief Financial Officer

**SCHEDULE A**

**DEBTOR & PLEDGED PROPERTY INFORMATION**

**Full legal name:** Eagle Energy Holdings Inc.

**Prior names:** None.

**Predecessor companies:**

None.

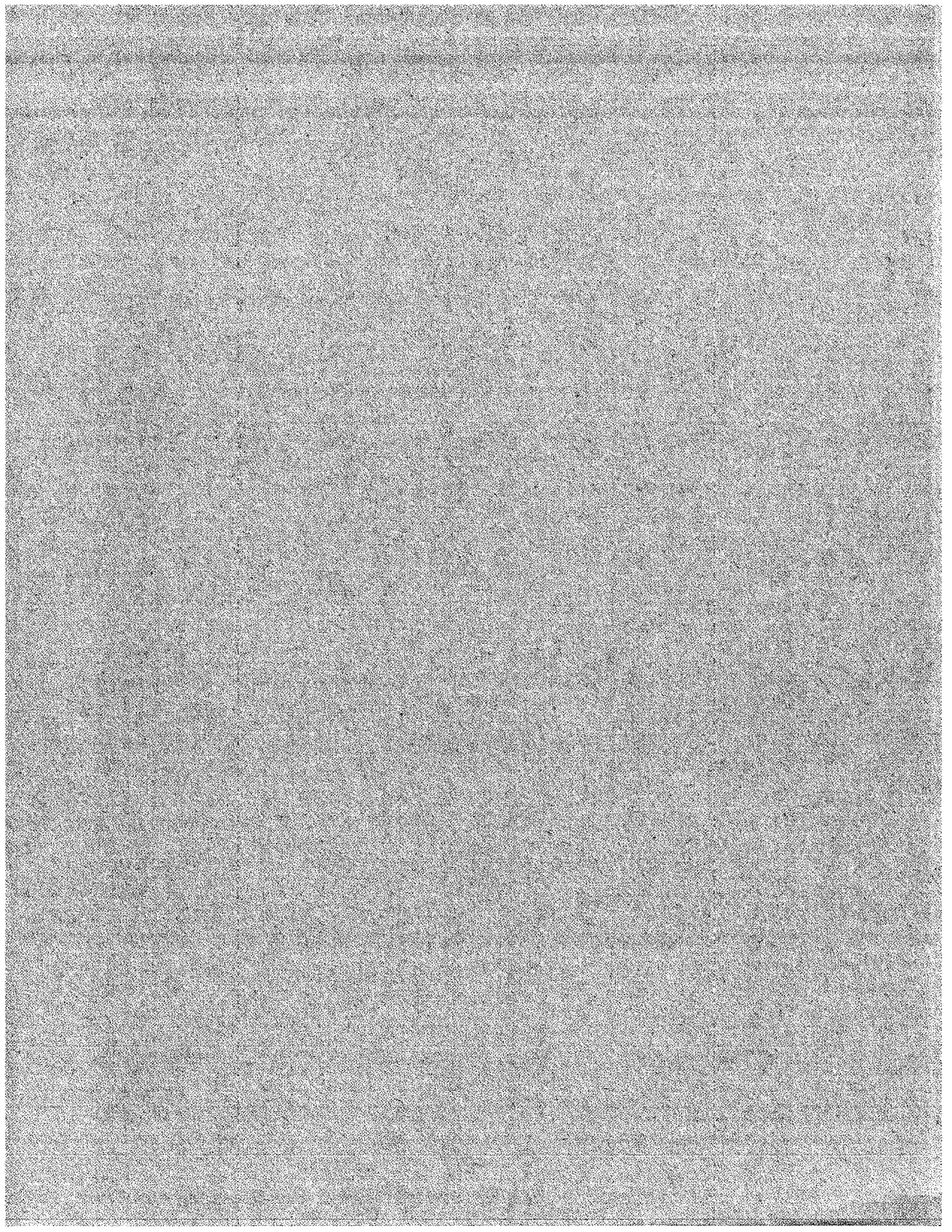
**Jurisdiction of amalgamation or organization:** Alberta.

**Address of chief executive office:**

Suite 2710, 500 – 4th Avenue SW  
Calgary, Alberta T2P 2V6

**Pledged Certificated Securities:**

<b>Pledged Issuer</b>	<b>Securities Owned</b>	<b>% of issued and outstanding Securities of Pledged Issuer</b>	<b>Security Certificate Number</b>	<b>Security Certificate Location</b>
Eagle Hydrocarbons Inc.	100 Shares of Common Stock	100%	CS-2	Calgary, Alberta



**EAGLE ENERGY INC.**

**SECURITIES PLEDGE AGREEMENT**

This Pledge Agreement is made as of March 13, 2017.

**TO:** White Oak Global Advisors, LLC, as Administrative Agent  
3 Embarcadero Center, Suite 550  
San Francisco, CA 94111

Facsimile No.: (415) 644-4199

**RECITALS:**

- A. Eagle Energy Inc. (together with its successors and permitted assigns, the "**Debtor**") is a party to the loan and security agreement dated as of March 13, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**") among the Debtor and Eagle Hydrocarbons Inc., as borrowers, Eagle Energy Trust (the "**Pledged Issuer**"), Eagle Energy Holdings Inc., and such additional guarantors from time to time party thereto, as guarantors, the several entities from time to time party thereto as lenders (the "**Lenders**"), and White Oak Global Advisors, LLC, as administrative agent for the Lenders (in such capacity and together with its successors, permitted assigns and substitutes, the "**Administrative Agent**").
- B. The Debtor is the sole unitholder of the Pledged Issuer.
- C. To secure the payment and performance of the Secured Obligations, the Debtor has agreed to grant to the Administrative Agent, for the benefit of itself and the other Secured Parties, a security interest over the Collateral (as hereinafter defined) in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Administrative Agent, for the benefit of itself and the other Secured Parties, as follows:

1. **Definitions.** In this Agreement (including its recitals), capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings given to them in the Loan Agreement, and the following terms have the following meanings:

"**Administrative Agent**" has the meaning set out in the recitals hereto.

"**Agreement**" means this agreement, including the Schedules and recitals to this agreement, as it or they may be amended, supplemented, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement.

"**Certificated Security**", "**Proceeds**", "**Security**" and "**Security Certificate**" have the meanings given to them in the PPSA.

**"Collateral"** means, collectively:

- (a) the Pledged Property;
- (b) all certificates and instruments, including all Pledged Security Certificates evidencing or representing the Pledged Property;
- (c) all interest, dividends and distributions (whether in cash, kind or stock) received or receivable upon or with respect to any of the Pledged Property and all moneys or other property payable or paid on account of any return or repayment of capital with respect to any of the Pledged Property or otherwise distributed with respect thereto or which will in any way be charged to, or payable or paid out of, the capital of the Pledged Issuer on account of any such Pledged Property;
- (d) all other property that may at any time be received or receivable by or otherwise distributed to the Debtor with respect to, or in substitution for, or in exchange or replacement for, any of the foregoing; and
- (e) all Proceeds of the foregoing.

**"Debtor"** has the meaning set out in the recitals hereto.

**"Loan Agreement"** has the meaning set out in the recitals hereto.

**"Organizational Documents"** means, with respect to any Person, such Person's articles or other charter documents, by-laws, unanimous shareholder agreement, partnership agreement, trust indenture or trust agreement, as applicable, and any and all other similar agreements, documents and instruments relative to such Person.

**"Pledged Certificated Securities"** means any and all Collateral that is a Certificated Security.

**"Pledged Issuer"** has the meaning set out in the recitals hereto.

**"Pledged Issuer's Jurisdiction"** means the jurisdiction of the Pledged Issuer as determined under section 44 of the STA.

**"Pledged Property"** means all Securities and other interests in a trust issued by or with respect to the Pledged Issuer, including the Pledged Securities, in which the Debtor now or in the future has any right, title or interest.

**"Pledged Securities"** means any and all Collateral that is a Security.

**"Pledged Security Certificates"** means any and all Security Certificates representing the Pledged Securities, including any substitutions or replacements thereof.

**"PPSA"** means the *Personal Property Security Act* (Alberta), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

"**Release Date**" means the date on which all the Secured Obligations have been indefeasibly paid and discharged in full and the Debtor has no further obligations to the Secured Parties under the Loan Agreement or any other Loan Document pursuant to which further Secured Obligations might arise.

"**Security Interests**" means the Liens created by the Debtor in favour of the Administrative Agent, for the benefit of itself and the other Secured Parties, under this Agreement.

"**STA**" means the *Securities Transfer Act* (Alberta), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

2. **Grant of Security Interests.** As general and continuing collateral security for the due payment and performance of the Secured Obligations, the Debtor pledges to the Administrative Agent, for the benefit of itself and the other Secured Parties, and grants to the Administrative Agent, for the benefit of itself and the other Secured Parties, a security interest in, the Collateral.

3. **Attachment; No Obligation to Advance.** The Debtor confirms that value has been given by each of the Secured Parties, to the Debtor, that the Debtor has rights in the Collateral existing at the date of this Agreement and that the Debtor and the Administrative Agent, on behalf of itself and the other Secured Parties, have not agreed to postpone the time for attachment of the Security Interests to any of the Collateral. The Security Interests shall have effect and be deemed to be effective whether or not the Secured Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution and delivery of this Agreement nor the provision of any financial accommodation by any Secured Party shall oblige any Secured Party to make any financial accommodation or further financial accommodation available to the Debtor or any other Person.

4. **Representations and Warranties.** The Debtor represents and warrants to the Administrative Agent, for its own benefit and the benefit of the other Secured Parties, that as of the date of this Agreement:

- (a) **Debtor Information.** All of the information set out in Schedule A is accurate and complete.
- (b) **Title; No Other Security Interests.** Except for Permitted Liens, the Debtor owns the Collateral free and clear of any Liens. The Debtor is the record and beneficial owner of the Pledged Securities. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens. The Debtor's entire interest in the Pledged Issuer constituting Collateral, as of the date hereof, is accurately described in Schedule A hereto.
- (c) **Authority.** The Debtor has full power and authority to grant to the Administrative Agent, on behalf of itself and the other Secured Parties, the Security Interests and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's Organizational Documents or any material agreement, instrument or restriction to



which the Debtor is a party or by which the Debtor or any of the Collateral is bound.

- (d) Consents and Transfer Restrictions. Except for any consent that has been obtained and is in full force and effect, no consent of any Person is required, or is purported to be required, for the execution, delivery, performance and enforcement of this Agreement. For the purposes of complying with any transfer restrictions contained in the Organizational Documents of the Pledged Issuer, the Debtor hereby irrevocably consents to any transfer of the Pledged Securities of the Pledged Issuer.
- (e) Execution and Delivery. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar Laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.
- (f) Due Authorization. The Pledged Securities have been duly authorized and validly issued and are fully paid and non-assessable.
- (g) Warrants, Options, etc. There are no outstanding warrants, options or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any Pledged Securities.
- (h) No Required Disposition. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Debtor would be required to sell, redeem or otherwise dispose of any Pledged Securities or under which the Pledged Issuer has any obligation to issue any Securities of the Pledged Issuer to any Person.

5. **Survival of Representations and Warranties.** All representations and warranties made by the Debtor in this Agreement (a) are material, (b) shall be considered to have been relied on by the Administrative Agent and the other Secured Parties, and (c) shall survive the execution and delivery of this Agreement until the Release Date.

6. **Covenants.** The Debtor covenants and agrees with the Administrative Agent, for its own benefit and the benefit of the other Secured Parties, that:

- (a) Further Documentation. The Debtor shall from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Administrative Agent may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests).

- (b) Pledged Certificated Securities. The Debtor shall deliver to the Administrative Agent or its nominee any and all Pledged Security Certificates and other materials as may be required from time to time to provide the Administrative Agent, for the benefit of itself and the other Secured Parties, with control over all Pledged Certificated Securities in the manner provided under section 23 of the STA. All Pledged Certificated Securities shall be endorsed for transfer in blank and accompanied by transfer documents duly executed in blank by the Debtor and shall be delivered promptly to the Administrative Agent, all as satisfactory to the Administrative Agent, acting reasonably. At the request of the Administrative Agent after the occurrence of an Event of Default that is continuing, the Debtor shall cause all Pledged Security Certificates to be registered in the name of the Administrative Agent or its nominee.
  
- (c) Transfer Restrictions. If the Organizational Documents of the Pledged Issuer restrict the transfer of the Pledged Securities, then the Debtor shall deliver to the Administrative Agent, for the benefit of itself and the other Secured Parties, a certified copy of a resolution of the directors, shareholders, unitholders or trustee of the Pledged Issuer, as applicable, consenting to the transfer(s) contemplated by this Agreement, including any prospective transfer of the Collateral by the Administrative Agent upon a realization on the Security Interests.
  
- (d) Notices. The Debtor shall advise the Administrative Agent promptly, in reasonable detail, of:
  - (i) any acquisition after the date of this Agreement of any right, title or interest in any Securities of the Pledged Issuer, together with all applicable information set out in Schedule A with respect thereto;
  - (ii) any change to the Pledged Issuer's Jurisdiction;
  - (iii) any change in the location of the jurisdiction of incorporation, amalgamation or formation, chief executive office, or domicile of the Debtor, as applicable;
  - (iv) any change in the name of the Debtor; or
  - (v) any merger, consolidation or amalgamation of the Debtor with any other Person.

7. Voting Rights. Unless an Event of Default has occurred and is continuing, the Debtor shall be entitled to exercise all voting power from time to time exercisable with respect to the Pledged Securities and give consents, waivers and ratifications with respect thereto; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which would be, or would have a reasonably likelihood of being, prejudicial to the interests of the Secured Parties or which would have the effect of reducing the value of the Collateral as security for the Secured Obligations or imposing any restriction on the transferability of any of the Collateral. Unless an Event of Default has occurred and is continuing, the Administrative Agent shall, from time to time at the request and expense of the Debtor, execute or cause to be

executed, with respect to all Pledged Securities that are registered in the name of the Administrative Agent or its nominee, valid proxies appointing the Debtor as its (or its nominee's) proxy to attend, vote and act for and on behalf of the Administrative Agent or such nominee, as the case may be, at any and all meetings of the Pledged Issuer's shareholders, unitholders, trustees or debt holders, all Pledged Securities that are registered in the name of the Administrative Agent or such nominee, as the case may be, and to execute and deliver, consent to or approve or disapprove of or withhold consent to any resolutions in writing of shareholders, unitholders, trustees or debt holders of the Pledged Issuer for and on behalf of the Administrative Agent or such nominee, as the case may be. Immediately upon the occurrence and during the continuance of any Event of Default, all such rights of the Debtor to vote and give consents, waivers and ratifications shall cease and the Administrative Agent or its nominee shall be entitled to exercise all such voting rights and to give all such consents, waivers and ratifications.

8. **Dividends; Interest.** Unless an Event of Default has occurred and is continuing, the Debtor shall be entitled to receive any and all cash dividends, interest, principal payments and other forms of cash distribution on the Pledged Securities which it is otherwise entitled to receive. If an Event of Default has occurred and is continuing, all rights of the Debtor pursuant to this Section shall cease and the Administrative Agent, on behalf of itself and the other Secured Parties, shall have the sole and exclusive right and authority to receive and retain the cash dividends, interest, principal payments and other forms of cash distribution which the Debtor would otherwise be authorized to retain pursuant to this Section. Any money and other property paid over to or received by the Administrative Agent pursuant to the provisions of this Section shall be retained by the Administrative Agent, for the benefit of itself and the other Secured Parties, as additional Collateral hereunder and be applied in accordance with the provisions of this Agreement.

9. **Rights on Event of Default.** If an Event of Default has occurred and is continuing, then and in every such case the Security Interests shall become enforceable and the Administrative Agent, in addition to any rights now or hereafter existing under applicable Law may, personally or by agent, at such time or times as the Administrative Agent in its discretion may determine, do any one or more of the following:

- (a) **Rights under PPSA, etc.** Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Administrative Agent by contract, at law or in equity.
- (b) **Dispose of Collateral.** Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Administrative Agent or elsewhere, with or without advertising or other formality, except as required by applicable Law, on such terms and conditions as the Administrative Agent may deem advisable, and at such prices as it may deem best, for cash or on credit or for future delivery.
- (c) **Court-Approved Disposition of Collateral.** Obtain from any court of competent jurisdiction an order for the sale or foreclosure of any or all of the Collateral.

- (d) Purchase by Administrative Agent. At any public sale, and to the extent permitted by Law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain, sell or otherwise dispose of such Collateral without any further accountability to the Debtor or any other Person with respect to such holding, retention, sale or other disposition, except as required by applicable Law. In any such sale to the Administrative Agent, the Administrative Agent may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for any or all of the Secured Obligations then due and payable to it as a credit against the purchase price.
- (e) Transfer of Collateral. Transfer any Pledged Securities into the name of the Administrative Agent or its nominee.
- (f) Voting. Vote any or all of the Pledged Securities (whether or not transferred to the Administrative Agent or its nominee) and give or withhold all consents, waivers and ratifications with respect thereto and otherwise act with respect thereto as though it were the outright owner thereof.
- (g) Exercise of Other Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Pledged Securities as if the Administrative Agent were the absolute owner of such Pledged Securities.

The Administrative Agent, on behalf of itself and the other Secured Parties, may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable Law) to or on the Debtor or any other Person, and the Debtor hereby waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable Law. None of the above rights or remedies shall be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. The Debtor acknowledges and agrees that any action taken by the Administrative Agent hereunder following the occurrence and during the continuance of an Event of Default shall not be rendered invalid or ineffective as a result of the curing of the Event of Default on which such action was based.

10. **Realization Standards.** To the extent that applicable Law imposes duties on the Administrative Agent to exercise remedies in a commercially reasonable manner and without prejudice to the ability of the Administrative Agent to dispose of the Collateral in any such manner, the Debtor acknowledges and agrees that it is not commercially unreasonable for the Administrative Agent to (or not to) (a) to the extent deemed appropriate by the Administrative Agent, obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral, (b) dispose of Collateral in whole or in part, (c) dispose of Collateral to a customer of the Administrative Agent, and (d) establish an upset or reserve bid price with respect to Collateral.

11. **Securities Laws.** The Administrative Agent is authorized, in connection with any offer or sale of any Pledged Securities, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable Law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Pledged Securities. The Debtor further agrees that compliance with any such limitation or restriction shall not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Administrative Agent shall not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Pledged Securities are sold in compliance with any such limitation or restriction. If the Administrative Agent chooses to exercise its right to sell any or all Pledged Securities, upon written request, the Debtor shall cause the Pledged Issuer to furnish to the Administrative Agent all such information as the Administrative Agent may reasonably request in order to determine the number of shares, units and other instruments included in the Collateral which may be sold by the Administrative Agent in exempt transactions under any Laws governing securities, and the rules and regulations of any applicable securities regulatory body thereunder, as the same are from time to time in effect.

12. **Application of Proceeds.** The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Administrative Agent in respect of the Collateral will be applied in accordance with Section 8.02(d) of the Loan Agreement.

13. **Continuing Liability of Debtor.** The Debtor shall remain liable for any Secured Obligations that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

14. **Administrative Agent's Appointment as Attorney-in-Fact.** Effective upon the occurrence and during the continuance of an Event of Default, the Debtor constitutes and appoints the Administrative Agent and any officer or agent of the Administrative Agent, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Administrative Agent's discretion, to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney, may be necessary or desirable to accomplish the purposes of this Agreement. Without limiting the effect of this Section, the Debtor grants the Administrative Agent an irrevocable proxy to vote the Pledged Securities and to exercise all other rights, powers, privileges and remedies to which a holder thereof would be entitled (including giving or withholding written consents of shareholders, unitholders or trustees, calling special meetings of shareholders, unitholders or trustees and voting at such meetings), which proxy shall be effective, automatically and without the necessity of any action (including any transfer of any Pledged Securities on the books and records of the Pledged Issuer), upon the occurrence of an Event of Default which is continuing. These powers are coupled with an interest and are irrevocable until the Release Date. Nothing in this Section affects the right of the Administrative Agent as secured party or any other Person on the Administrative Agent's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Administrative Agent or such other Person

considers appropriate. The Debtor hereby ratifies and confirms, and agrees to ratify and confirm, whatever lawful acts the Administrative Agent or any of the Administrative Agent's sub-agents, nominees or attorneys do or purport to do in exercise of the power of attorney granted to the Administrative Agent pursuant to this Section.

15. **Performance by Administrative Agent of Debtor's Secured Obligations.** If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Administrative Agent may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance shall not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Administrative Agent incurred in connection with any such performance or compliance shall be payable by the Debtor to the Administrative Agent immediately on demand, and until paid, any such expenses shall form part of the Secured Obligations and shall be secured by the Security Interests.

16. **Interest.** If any amount payable by the Debtor to the Administrative Agent under this Agreement is not paid when due, the Debtor shall pay to the Administrative Agent, for the benefit of itself and the other Secured Parties, immediately on demand, interest on such amount from the date due until paid, at the Default Rate. All amounts payable by the Debtor to the Administrative Agent, for the benefit of itself and the other Secured Parties, under this Agreement and all interest on all such amounts shall form part of the Secured Obligations and shall be secured by the Security Interests.

17. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

18. **Rights of Administrative Agent; Limitations on Administrative Agent's Obligations.**

- (a) **Limitations on Liability of Secured Parties.** Neither the Administrative Agent nor any other Secured Party shall be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Administrative Agent, any other Secured Party nor any agent thereof (including any sheriff) is required to take, or shall have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Administrative Agent, any other Secured Party nor any agent thereof shall be liable for any, and the Debtor shall bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Administrative Agent, any other Secured Party or any agent thereof) caused for any reason other than the gross negligence or wilful misconduct of the Administrative Agent, such other Secured Party or such agent thereof.

- (b) Use of Administrative Agents. The Administrative Agent may perform any of its rights or duties under this Agreement by or through agents and is entitled to retain counsel and to act in reliance on the advice of such counsel concerning all matters pertaining to its rights and duties under this Agreement.

19. **Dealings by Administrative Agent.** The Administrative Agent shall not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold with respect to the Secured Obligations or any part thereof before realizing upon or otherwise dealing with the Collateral in such manner as the Administrative Agent may consider desirable. The Administrative Agent and the other Secured Parties may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person and with any or all of the Collateral, all without prejudice to the Secured Obligations or to the rights and remedies of the Administrative Agent under this Agreement. The powers conferred on the Administrative Agent under this Agreement are solely to protect the interests of the Administrative Agent and the other Secured Parties, in the Collateral and shall not impose any duty upon the Administrative Agent or any other Secured Party to exercise any such powers.

20. **Communication.** Any notice or other communication required or permitted to be given under this Agreement shall be made in accordance with the Loan Agreement.

21. **Release of Information.** The Debtor authorizes the Administrative Agent to provide a copy of this Agreement and such other information as may be reasonably requested of the Administrative Agent (i) to the extent necessary to enforce the Administrative Agent's rights, remedies and entitlements under this Agreement, (ii) to any assignee or prospective assignee of all or any part of the Secured Obligations, and (iii) as required by applicable Law, in each case in compliance with Section 10.07 of the Loan Agreement.

22. **Expenses.** Without limiting the provisions of Section 10.04 of the Loan Agreement, the Debtor shall pay all reasonable and documented out-of-pocket expenses incurred by the Secured Parties, including the reasonable and documented fees, charges and disbursements of counsel for the Secured Parties and all applicable taxes, in connection with the preparation and administration of this Agreement and any amendments or waivers hereof and the enforcement of the Secured Parties' rights hereunder.

23. **Release of Debtor.** Upon the written request of the Debtor given at any time on or after the Release Date, the Administrative Agent, on behalf of itself and the other Secured Parties, shall, at the expense of the Debtor, release the Debtor and/or the applicable Collateral from the Security Interests. Upon such release, and at the request and expense of the Debtor, the Administrative Agent, on behalf of itself and the other Secured Parties, shall execute and deliver to the Debtor such releases and discharges as the Debtor may reasonably request.

24. **Additional Security.** This Agreement is in addition to, and not in substitution of, any and all other security previously or concurrently delivered by the Debtor or any other Person to any Secured Party, all of which other security shall remain in full force and effect according to its terms.

25. **Alteration or Waiver.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Administrative Agent. The Secured Parties shall not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party, of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent, on behalf of itself and the other Secured Parties, would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall extinguish the liability of the Debtor to pay the Secured Obligations, nor shall the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor shall the acceptance of any payment or other security constitute or create any novation.

26. **Governing Law; Attornment.** 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. Without prejudice to the ability of the Administrative Agent, on behalf of itself and the other Secured Parties, to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

27. **Interpretation.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" is disjunctive; the word "and" is conjunctive. The word "shall" is mandatory; the word "may" is permissive. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set out herein), (b) any reference herein to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (e) all references herein to Sections and Schedules shall be construed to refer to Sections and Schedules to, this Agreement, Section headings are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. Any reference in this Agreement to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Security Interest to any Permitted Lien.

28. **Paramountcy.** In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement then, notwithstanding anything



contained in this Agreement, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to the Administrative Agent (for its own benefit and for the benefit of the other Secured Parties) under the Loan Agreement.

29. **Successors and Assigns.** This Agreement shall enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and shall enure to the benefit of, and be binding on, the Administrative Agent and its successors and assigns. Except as otherwise permitted under the other Loan Documents, the Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement. The Administrative Agent may assign this Agreement and any of its rights and obligations hereunder to any Person in compliance with the Loan Agreement.

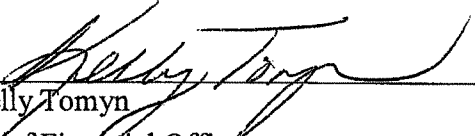
30. **Acknowledgment of Receipt/Waiver.** The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable Law, waives the right to receive a copy of any financing statement or financing change statement registered in connection with this Agreement or any verification statement issued with respect to any such financing statement or financing change statement.

31. **Electronic Signature.** Delivery of an executed signature page to this Agreement by the Debtor by facsimile or other electronic form of transmission shall be as effective as delivery by the Debtor of a manually executed copy of this Agreement by the Debtor.

*[Remainder of Page Intentionally Left Blank]*

**IN WITNESS WHEREOF** the undersigned has caused this Agreement to be duly executed as of the date first written above.

**EAGLE ENERGY INC.**

By:   
\_\_\_\_\_  
Kelly Tomin  
Chief Financial Officer

**SCHEDULE A**

**DEBTOR & PLEDGED PROPERTY INFORMATION**

**Full legal name:** Eagle Energy Inc.

**Prior names:** None.

**Predecessor companies:**

1944089 Alberta Ltd.

Eagle Energy Inc.

**Jurisdiction of amalgamation or organization:** Alberta.

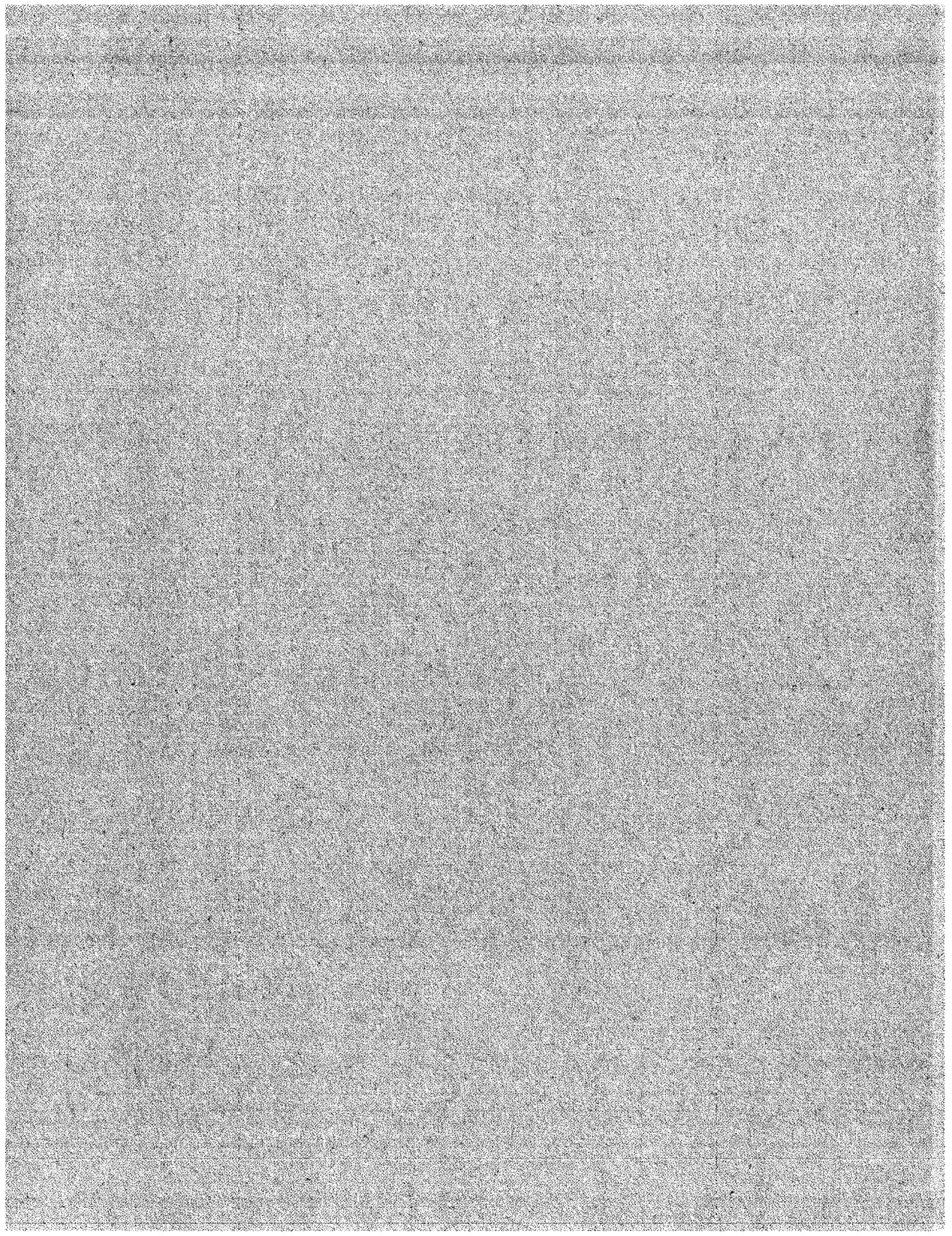
**Address of chief executive office:**

Suite 2710, 500 – 4th Avenue SW

Calgary, Alberta T2P 2V6

**Pledged Certificated Securities:**

<b>Pledged Issuer</b>	<b>Securities Owned</b>	<b>% of issued and outstanding Securities of Pledged Issuer</b>	<b>Security Certificate Number</b>	<b>Security Certificate Location</b>
Eagle Energy Trust	34,863,364 Units	100% trust interest	C-8	Calgary, Alberta



**EAGLE ENERGY TRUST**  
**SECURITIES PLEDGE AGREEMENT**

This Pledge Agreement is made as of March 13, 2017.

**TO:** White Oak Global Advisors, LLC, as Administrative Agent  
3 Embarcadero Center, Suite 550  
San Francisco, CA 94111

Facsimile No.: (415) 644-4199

**RECITALS:**

- A. Eagle Energy Trust (together with its successors and permitted assigns, the "**Debtor**") is a party to the loan and security agreement dated as of March 13, 2017 (as amended, restated, supplemented or otherwise modified from time to time, the "**Loan Agreement**") among Eagle Energy Inc. and Eagle Hydrocarbons Inc., as borrowers, Eagle Energy Trust, Eagle Energy Holdings Inc. (the "**Pledged Issuer**"), and such additional guarantors from time to time party thereto, as guarantors, the several entities from time to time party thereto as lenders (the "**Lenders**"), and White Oak Global Advisors, LLC, as administrative agent for the Lenders (in such capacity and together with its successors, permitted assigns and substitutes, the "**Administrative Agent**").
- B. The Debtor is the sole shareholder of the Pledged Issuer.
- C. To secure the payment and performance of the Secured Obligations, the Debtor has agreed to grant to the Administrative Agent, for the benefit of itself and the other Secured Parties, a security interest over the Collateral (as hereinafter defined) in accordance with the terms of this Agreement.

For good and valuable consideration, the receipt and adequacy of which are acknowledged by the Debtor, the Debtor agrees with and in favour of the Administrative Agent, for the benefit of itself and the other Secured Parties, as follows:

1. **Definitions.** In this Agreement (including its recitals), capitalized terms used but not otherwise defined in this Agreement shall have the respective meanings given to them in the Loan Agreement, and the following terms have the following meanings:

"**Administrative Agent**" has the meaning set out in the recitals hereto.

"**Agreement**" means this agreement, including the Schedules and recitals to this agreement, as it or they may be amended, supplemented, restated or replaced from time to time, and the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular section or other portion of this Agreement.

"**Certificated Security**", "**Proceeds**", "**Security**" and "**Security Certificate**" have the meanings given to them in the PPSA.

**"Collateral"** means, collectively:

- (a) the Pledged Property;
- (b) all certificates and instruments, including all Pledged Security Certificates evidencing or representing the Pledged Property;
- (c) all interest, dividends and distributions (whether in cash, kind or stock) received or receivable upon or with respect to any of the Pledged Property and all moneys or other property payable or paid on account of any return or repayment of capital with respect to any of the Pledged Property or otherwise distributed with respect thereto or which will in any way be charged to, or payable or paid out of, the capital of the Pledged Issuer on account of any such Pledged Property;
- (d) all other property that may at any time be received or receivable by or otherwise distributed to the Debtor with respect to, or in substitution for, or in exchange or replacement for, any of the foregoing; and
- (e) all Proceeds of the foregoing.

**"Debtor"** has the meaning set out in the recitals hereto.

**"Loan Agreement"** has the meaning set out in the recitals hereto.

**"Organizational Documents"** means, with respect to any Person, such Person's articles or other charter documents, by-laws, unanimous shareholder agreement, partnership agreement, trust indenture or trust agreement, as applicable, and any and all other similar agreements, documents and instruments relative to such Person.

**"Pledged Certificated Securities"** means any and all Collateral that is a Certificated Security.

**"Pledged Issuer"** has the meaning set out in the recitals hereto.

**"Pledged Issuer's Jurisdiction"** means the jurisdiction of the Pledged Issuer as determined under section 44 of the STA.

**"Pledged Property"** means all Securities and other interests issued by or with respect to the Pledged Issuer, including the Pledged Securities, in which the Debtor now or in the future has any right, title or interest.

**"Pledged Securities"** means any and all Collateral that is a Security.

**"Pledged Security Certificates"** means any and all Security Certificates representing the Pledged Securities, including any substitutions or replacements thereof.

**"PPSA"** means the *Personal Property Security Act* (Alberta), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

**"Release Date"** means the date on which all the Secured Obligations have been indefeasibly paid and discharged in full and the Debtor has no further obligations to the Secured Parties under the Loan Agreement or any other Loan Document pursuant to which further Secured Obligations might arise.

**"Security Interests"** means the Liens created by the Debtor in favour of the Administrative Agent, for the benefit of itself and the other Secured Parties, under this Agreement.

**"STA"** means the *Securities Transfer Act* (Alberta), as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

2. **Grant of Security Interests.** As general and continuing collateral security for the due payment and performance of the Secured Obligations, the Debtor pledges to the Administrative Agent, for the benefit of itself and the other Secured Parties, and grants to the Administrative Agent, for the benefit of itself and the other Secured Parties, a security interest in, the Collateral.

3. **Attachment; No Obligation to Advance.** The Debtor confirms that value has been given by each of the Secured Parties, to the Debtor, that the Debtor has rights in the Collateral existing at the date of this Agreement and that the Debtor and the Administrative Agent, on behalf of itself and the other Secured Parties, have not agreed to postpone the time for attachment of the Security Interests to any of the Collateral. The Security Interests shall have effect and be deemed to be effective whether or not the Secured Obligations or any part thereof are owing or in existence before or after or upon the date of this Agreement. Neither the execution and delivery of this Agreement nor the provision of any financial accommodation by any Secured Party shall oblige any Secured Party to make any financial accommodation or further financial accommodation available to the Debtor or any other Person.

4. **Representations and Warranties.** The Debtor represents and warrants to the Administrative Agent, for its own benefit and the benefit of the other Secured Parties, that as of the date of this Agreement:

- (a) **Debtor Information.** All of the information set out in Schedule A is accurate and complete.
- (b) **Title; No Other Security Interests.** Except for Permitted Liens, the Debtor owns the Collateral free and clear of any Liens. The Debtor is the record and beneficial owner of the Pledged Securities. No security agreement, financing statement or other notice with respect to any or all of the Collateral is on file or on record in any public office, except for filings with respect to Permitted Liens. The Debtor's entire interest in the Pledged Issuer constituting Collateral, as of the date hereof, is accurately described in Schedule A hereto.
- (c) **Authority.** The Debtor has full power and authority to grant to the Administrative Agent, on behalf of itself and the other Secured Parties, the Security Interests and to execute, deliver and perform its obligations under this Agreement, and such execution, delivery and performance does not contravene any of the Debtor's Organizational Documents or any material agreement, instrument or restriction to

which the Debtor is a party or by which the Debtor or any of the Collateral is bound.

- (d) Consents and Transfer Restrictions. Except for any consent that has been obtained and is in full force and effect, no consent of any Person is required, or is purported to be required, for the execution, delivery, performance and enforcement of this Agreement. For the purposes of complying with any transfer restrictions contained in the Organizational Documents of the Pledged Issuer, the Debtor hereby irrevocably consents to any transfer of the Pledged Securities of the Pledged Issuer.
- (e) Execution and Delivery. This Agreement has been duly authorized, executed and delivered by the Debtor and is a valid and binding obligation of the Debtor enforceable against the Debtor in accordance with its terms, subject only to bankruptcy, insolvency, liquidation, reorganization, moratorium and other similar Laws generally affecting the enforcement of creditors' rights, and to the fact that equitable remedies (such as specific performance and injunction) are discretionary remedies.
- (f) Due Authorization. The Pledged Securities have been duly authorized and validly issued and are fully paid and non-assessable.
- (g) Warrants, Options, etc. There are no outstanding warrants, options or other rights to purchase, or other agreements outstanding with respect to, or property that is now or hereafter convertible into, or that requires the issuance or sale of, any Pledged Securities.
- (h) No Required Disposition. There is no existing agreement, option, right or privilege capable of becoming an agreement or option pursuant to which the Debtor would be required to sell, redeem or otherwise dispose of any Pledged Securities or under which the Pledged Issuer has any obligation to issue any Securities of the Pledged Issuer to any Person.

5. **Survival of Representations and Warranties.** All representations and warranties made by the Debtor in this Agreement (a) are material, (b) shall be considered to have been relied on by the Administrative Agent and the other Secured Parties, and (c) shall survive the execution and delivery of this Agreement until the Release Date.

6. **Covenants.** The Debtor covenants and agrees with the Administrative Agent, for its own benefit and the benefit of the other Secured Parties, that:

- (a) Further Documentation. The Debtor shall from time to time, at the expense of the Debtor, promptly and duly authorize, execute and deliver such further instruments and documents, and take such further action, as the Administrative Agent may request for the purpose of obtaining or preserving the full benefits of, and the rights and powers granted by, this Agreement (including the filing of any financing statements or financing change statements under any applicable legislation with respect to the Security Interests).



- (b) Pledged Certificated Securities. The Debtor shall deliver to the Administrative Agent or its nominee any and all Pledged Security Certificates and other materials as may be required from time to time to provide the Administrative Agent, for the benefit of itself and the other Secured Parties, with control over all Pledged Certificated Securities in the manner provided under section 23 of the STA. All Pledged Certificated Securities shall be endorsed for transfer in blank and accompanied by transfer documents duly executed in blank by the Debtor and shall be delivered promptly to the Administrative Agent, all as satisfactory to the Administrative Agent, acting reasonably. At the request of the Administrative Agent after the occurrence of an Event of Default that is continuing, the Debtor shall cause all Pledged Security Certificates to be registered in the name of the Administrative Agent or its nominee.
  
- (c) Transfer Restrictions. If the Organizational Documents of the Pledged Issuer restrict the transfer of the Pledged Securities, then the Debtor shall deliver to the Administrative Agent, for the benefit of itself and the other Secured Parties, a certified copy of a resolution of the directors or shareholders of the Pledged Issuer, as applicable, consenting to the transfer(s) contemplated by this Agreement, including any prospective transfer of the Collateral by the Administrative Agent upon a realization on the Security Interests.
  
- (d) Notices. The Debtor shall advise the Administrative Agent promptly, in reasonable detail, of:
  - (i) any acquisition after the date of this Agreement of any right, title or interest in any Securities of the Pledged Issuer, together with all applicable information set out in Schedule A with respect thereto;
  - (ii) any change to the Pledged Issuer's Jurisdiction;
  - (iii) any change in the location of the jurisdiction of incorporation, amalgamation or formation, chief executive office, or domicile of the Debtor, as applicable;
  - (iv) any change in the name of the Debtor; or
  - (v) any merger, consolidation or amalgamation of the Debtor with any other Person.

7. Voting Rights. Unless an Event of Default has occurred and is continuing, the Debtor shall be entitled to exercise all voting power from time to time exercisable with respect to the Pledged Securities and give consents, waivers and ratifications with respect thereto; provided, however, that no vote shall be cast or consent, waiver or ratification given or action taken which would be, or would have a reasonably likelihood of being, prejudicial to the interests of the Secured Parties or which would have the effect of reducing the value of the Collateral as security for the Secured Obligations or imposing any restriction on the transferability of any of the Collateral. Unless an Event of Default has occurred and is continuing, the Administrative Agent shall, from time to time at the request and expense of the Debtor, execute or cause to be

executed, with respect to all Pledged Securities that are registered in the name of the Administrative Agent or its nominee, valid proxies appointing the Debtor as its (or its nominee's) proxy to attend, vote and act for and on behalf of the Administrative Agent or such nominee, as the case may be, at any and all meetings of the Pledged Issuer's shareholders or debt holders, all Pledged Securities that are registered in the name of the Administrative Agent or such nominee, as the case may be, and to execute and deliver, consent to or approve or disapprove of or withhold consent to any resolutions in writing of shareholders or debt holders of the Pledged Issuer for and on behalf of the Administrative Agent or such nominee, as the case may be. Immediately upon the occurrence and during the continuance of any Event of Default, all such rights of the Debtor to vote and give consents, waivers and ratifications shall cease and the Administrative Agent or its nominee shall be entitled to exercise all such voting rights and to give all such consents, waivers and ratifications.

8. **Dividends; Interest.** Unless an Event of Default has occurred and is continuing, the Debtor shall be entitled to receive any and all cash dividends, interest, principal payments and other forms of cash distribution on the Pledged Securities which it is otherwise entitled to receive. If an Event of Default has occurred and is continuing, all rights of the Debtor pursuant to this Section shall cease and the Administrative Agent, on behalf of itself and the other Secured Parties, shall have the sole and exclusive right and authority to receive and retain the cash dividends, interest, principal payments and other forms of cash distribution which the Debtor would otherwise be authorized to retain pursuant to this Section. Any money and other property paid over to or received by the Administrative Agent pursuant to the provisions of this Section shall be retained by the Administrative Agent, for the benefit of itself and the other Secured Parties, as additional Collateral hereunder and be applied in accordance with the provisions of this Agreement.

9. **Rights on Event of Default.** If an Event of Default has occurred and is continuing, then and in every such case the Security Interests shall become enforceable and the Administrative Agent, in addition to any rights now or hereafter existing under applicable Law may, personally or by agent, at such time or times as the Administrative Agent in its discretion may determine, do any one or more of the following:

- (a) **Rights under PPSA, etc.** Exercise all of the rights and remedies granted to secured parties under the PPSA and any other applicable statute, or otherwise available to the Administrative Agent by contract, at law or in equity.
- (b) **Dispose of Collateral.** Realize on any or all of the Collateral and sell, lease, assign, give options to purchase, or otherwise dispose of and deliver any or all of the Collateral (or contract to do any of the above), in one or more parcels at any public or private sale, at any exchange, broker's board or office of the Administrative Agent or elsewhere, with or without advertising or other formality, except as required by applicable Law, on such terms and conditions as the Administrative Agent may deem advisable, and at such prices as it may deem best, for cash or on credit or for future delivery.
- (c) **Court-Approved Disposition of Collateral.** Obtain from any court of competent jurisdiction an order for the sale or foreclosure of any or all of the Collateral.

- (d) Purchase by Administrative Agent. At any public sale, and to the extent permitted by Law on any private sale, bid for and purchase any or all of the Collateral offered for sale and, upon compliance with the terms of such sale, hold, retain, sell or otherwise dispose of such Collateral without any further accountability to the Debtor or any other Person with respect to such holding, retention, sale or other disposition, except as required by applicable Law. In any such sale to the Administrative Agent, the Administrative Agent may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for any or all of the Secured Obligations then due and payable to it as a credit against the purchase price.
- (e) Transfer of Collateral. Transfer any Pledged Securities into the name of the Administrative Agent or its nominee.
- (f) Voting. Vote any or all of the Pledged Securities (whether or not transferred to the Administrative Agent or its nominee) and give or withhold all consents, waivers and ratifications with respect thereto and otherwise act with respect thereto as though it were the outright owner thereof.
- (g) Exercise of Other Rights. Exercise any and all rights, privileges, entitlements and options pertaining to any Pledged Securities as if the Administrative Agent were the absolute owner of such Pledged Securities.

The Administrative Agent, on behalf of itself and the other Secured Parties, may exercise any or all of the foregoing rights and remedies without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except as required by applicable Law) to or on the Debtor or any other Person, and the Debtor hereby waives each such demand, presentment, protest, advertisement and notice to the extent permitted by applicable Law. None of the above rights or remedies shall be exclusive of or dependent on or merge in any other right or remedy, and one or more of such rights and remedies may be exercised independently or in combination from time to time. The Debtor acknowledges and agrees that any action taken by the Administrative Agent hereunder following the occurrence and during the continuance of an Event of Default shall not be rendered invalid or ineffective as a result of the curing of the Event of Default on which such action was based.

10. **Realization Standards.** To the extent that applicable Law imposes duties on the Administrative Agent to exercise remedies in a commercially reasonable manner and without prejudice to the ability of the Administrative Agent to dispose of the Collateral in any such manner, the Debtor acknowledges and agrees that it is not commercially unreasonable for the Administrative Agent to (or not to) (a) to the extent deemed appropriate by the Administrative Agent, obtain the services of other brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral, (b) dispose of Collateral in whole or in part, (c) dispose of Collateral to a customer of the Administrative Agent, and (d) establish an upset or reserve bid price with respect to Collateral.

11. **Securities Laws.** The Administrative Agent is authorized, in connection with any offer or sale of any Pledged Securities, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with applicable Law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications, and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such Pledged Securities. The Debtor further agrees that compliance with any such limitation or restriction shall not result in a sale being considered or deemed not to have been made in a commercially reasonable manner, and the Administrative Agent shall not be liable or accountable to the Debtor for any discount allowed by reason of the fact that such Pledged Securities are sold in compliance with any such limitation or restriction. If the Administrative Agent chooses to exercise its right to sell any or all Pledged Securities, upon written request, the Debtor shall cause the Pledged Issuer to furnish to the Administrative Agent all such information as the Administrative Agent may reasonably request in order to determine the number of shares, units and other instruments included in the Collateral which may be sold by the Administrative Agent in exempt transactions under any Laws governing securities, and the rules and regulations of any applicable securities regulatory body thereunder, as the same are from time to time in effect.

12. **Application of Proceeds.** The proceeds of realization or enforcement hereunder or any other amount from time to time received by the Administrative Agent in respect of the Collateral will be applied in accordance with Section 8.02(d) of the Loan Agreement.

13. **Continuing Liability of Debtor.** The Debtor shall remain liable for any Secured Obligations that are outstanding following realization of all or any part of the Collateral and the application of the Proceeds thereof.

14. **Administrative Agent's Appointment as Attorney-in-Fact.** Effective upon the occurrence and during the continuance of an Event of Default, the Debtor constitutes and appoints the Administrative Agent and any officer or agent of the Administrative Agent, with full power of substitution, as the Debtor's true and lawful attorney-in-fact with full power and authority in the place of the Debtor and in the name of the Debtor or in its own name, from time to time in the Administrative Agent's discretion, to take any and all appropriate action and to execute any and all documents and instruments as, in the opinion of such attorney, may be necessary or desirable to accomplish the purposes of this Agreement. Without limiting the effect of this Section, the Debtor grants the Administrative Agent an irrevocable proxy to vote the Pledged Securities and to exercise all other rights, powers, privileges and remedies to which a holder thereof would be entitled (including giving or withholding written consents of shareholders, calling special meetings of shareholders and voting at such meetings), which proxy shall be effective, automatically and without the necessity of any action (including any transfer of any Pledged Securities on the books and records of the Pledged Issuer), upon the occurrence of an Event of Default which is continuing. These powers are coupled with an interest and are irrevocable until the Release Date. Nothing in this Section affects the right of the Administrative Agent as secured party or any other Person on the Administrative Agent's behalf, to sign and file or deliver (as applicable) all such financing statements, financing change statements, notices, verification statements and other documents relating to the Collateral and this Agreement as the Administrative Agent or such other Person considers appropriate. The Debtor hereby ratifies and

confirms, and agrees to ratify and confirm, whatever lawful acts the Administrative Agent or any of the Administrative Agent's sub-agents, nominees or attorneys do or purport to do in exercise of the power of attorney granted to the Administrative Agent pursuant to this Section.

15. **Performance by Administrative Agent of Debtor's Secured Obligations.** If the Debtor fails to perform or comply with any of the obligations of the Debtor under this Agreement, the Administrative Agent may, but need not, perform or otherwise cause the performance or compliance of such obligation, provided that such performance or compliance shall not constitute a waiver, remedy or satisfaction of such failure. The expenses of the Administrative Agent incurred in connection with any such performance or compliance shall be payable by the Debtor to the Administrative Agent immediately on demand, and until paid, any such expenses shall form part of the Secured Obligations and shall be secured by the Security Interests.

16. **Interest.** If any amount payable by the Debtor to the Administrative Agent under this Agreement is not paid when due, the Debtor shall pay to the Administrative Agent, for the benefit of itself and the other Secured Parties, immediately on demand, interest on such amount from the date due until paid, at the Default Rate. All amounts payable by the Debtor to the Administrative Agent, for the benefit of itself and the other Secured Parties, under this Agreement and all interest on all such amounts shall form part of the Secured Obligations and shall be secured by the Security Interests.

17. **Severability.** Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such prohibition or unenforceability and shall be severed from the balance of this Agreement, all without affecting the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

18. **Rights of Administrative Agent; Limitations on Administrative Agent's Obligations.**

- (a) **Limitations on Liability of Secured Parties.** Neither the Administrative Agent nor any other Secured Party shall be liable to the Debtor or any other Person for any failure or delay in exercising any of the rights of the Debtor under this Agreement (including any failure to take possession of, collect, sell, lease or otherwise dispose of any Collateral, or to preserve rights against prior parties). Neither the Administrative Agent, any other Secured Party nor any agent thereof (including any sheriff) is required to take, or shall have any liability for any failure to take or delay in taking, any steps necessary or advisable to preserve rights against other Persons under any Collateral in its possession. Neither the Administrative Agent, any other Secured Party nor any agent thereof shall be liable for any, and the Debtor shall bear the full risk of all, loss or damage to any and all of the Collateral (including any Collateral in the possession of the Administrative Agent, any other Secured Party or any agent thereof) caused for any reason other than the gross negligence or wilful misconduct of the Administrative Agent, such other Secured Party or such agent thereof.

- (b) Use of Administrative Agents. The Administrative Agent may perform any of its rights or duties under this Agreement by or through agents and is entitled to retain counsel and to act in reliance on the advice of such counsel concerning all matters pertaining to its rights and duties under this Agreement.

19. **Dealings by Administrative Agent.** The Administrative Agent shall not be obliged to exhaust its recourse against the Debtor or any other Person or against any other security it may hold with respect to the Secured Obligations or any part thereof before realizing upon or otherwise dealing with the Collateral in such manner as the Administrative Agent may consider desirable. The Administrative Agent and the other Secured Parties may grant extensions of time and other indulgences, take and give up security, accept compositions, grant releases and discharges and otherwise deal with the Debtor and any other Person and with any or all of the Collateral, all without prejudice to the Secured Obligations or to the rights and remedies of the Administrative Agent under this Agreement. The powers conferred on the Administrative Agent under this Agreement are solely to protect the interests of the Administrative Agent and the other Secured Parties, in the Collateral and shall not impose any duty upon the Administrative Agent or any other Secured Party to exercise any such powers.

20. **Communication.** Any notice or other communication required or permitted to be given under this Agreement shall be made in accordance with the Loan Agreement.

21. **Release of Information.** The Debtor authorizes the Administrative Agent to provide a copy of this Agreement and such other information as may be reasonably requested of the Administrative Agent (i) to the extent necessary to enforce the Administrative Agent's rights, remedies and entitlements under this Agreement, (ii) to any assignee or prospective assignee of all or any part of the Secured Obligations, and (iii) as required by applicable Law, in each case in compliance with Section 10.07 of the Loan Agreement.

22. **Expenses.** Without limiting the provisions of Section 10.04 of the Loan Agreement, the Debtor shall pay all reasonable and documented out-of-pocket expenses incurred by the Secured Parties, including the reasonable and documented fees, charges and disbursements of counsel for the Secured Parties and all applicable taxes, in connection with the preparation and administration of this Agreement and any amendments or waivers hereof and the enforcement of the Secured Parties' rights hereunder.

23. **Release of Debtor.** Upon the written request of the Debtor given at any time on or after the Release Date, the Administrative Agent, on behalf of itself and the other Secured Parties, shall, at the expense of the Debtor, release the Debtor and/or the applicable Collateral from the Security Interests. Upon such release, and at the request and expense of the Debtor, the Administrative Agent, on behalf of itself and the other Secured Parties, shall execute and deliver to the Debtor such releases and discharges as the Debtor may reasonably request.

24. **Additional Security.** This Agreement is in addition to, and not in substitution of, any and all other security previously or concurrently delivered by the Debtor or any other Person to any Secured Party, all of which other security shall remain in full force and effect according to its terms.

25. **Alteration or Waiver.** None of the terms or provisions of this Agreement may be waived, amended, supplemented or otherwise modified except by a written instrument executed by the Administrative Agent. The Secured Parties shall not, by any act or delay, be deemed to have waived any right or remedy hereunder or to have acquiesced in any Event of Default or in any breach of any of the terms and conditions hereof. No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right, power or privilege hereunder shall operate as a waiver thereof. No single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. A waiver by any Secured Party, of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which the Administrative Agent, on behalf of itself and the other Secured Parties, would otherwise have on any future occasion. Neither the taking of any judgment nor the exercise of any power of seizure or sale shall extinguish the liability of the Debtor to pay the Secured Obligations, nor shall the same operate as a merger of any covenant contained in this Agreement or of any other liability, nor shall the acceptance of any payment or other security constitute or create any novation.

26. **Governing Law; Attornment.** 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. Without prejudice to the ability of the Administrative Agent, on behalf of itself and the other Secured Parties, to enforce this Agreement in any other proper jurisdiction, the Debtor irrevocably submits and attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

27. **Interpretation.** The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "or" is disjunctive; the word "and" is conjunctive. The word "shall" is mandatory; the word "may" is permissive. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set out herein), (b) any reference herein to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, and (e) all references herein to Sections and Schedules shall be construed to refer to Sections and Schedules to, this Agreement, Section headings are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement. Any reference in this Agreement to a Permitted Lien is not intended to subordinate or postpone, and shall not be interpreted as subordinating or postponing, or as any agreement to subordinate or postpone, any Security Interest to any Permitted Lien.

28. **Paramountcy.** In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Loan Agreement then, notwithstanding anything

contained in this Agreement, the provisions contained in the Loan Agreement shall prevail to the extent of such conflict or inconsistency and the provisions of this Agreement shall be deemed to be amended to the extent necessary to eliminate such conflict or inconsistency, it being understood that the purpose of this Agreement is to add to, and not detract from, the rights granted to the Administrative Agent (for its own benefit and for the benefit of the other Secured Parties) under the Loan Agreement.

29. **Successors and Assigns.** This Agreement shall enure to the benefit of, and be binding on, the Debtor and its successors and permitted assigns, and shall enure to the benefit of, and be binding on, the Administrative Agent and its successors and assigns. Except as otherwise permitted under the other Loan Documents, the Debtor may not assign this Agreement, or any of its rights or obligations under this Agreement. The Administrative Agent may assign this Agreement and any of its rights and obligations hereunder to any Person in compliance with the Loan Agreement.

30. **Acknowledgment of Receipt/Waiver.** The Debtor acknowledges receipt of an executed copy of this Agreement and, to the extent permitted by applicable Law, waives the right to receive a copy of any financing statement or financing change statement registered in connection with this Agreement or any verification statement issued with respect to any such financing statement or financing change statement.

31. **Electronic Signature.** Delivery of an executed signature page to this Agreement by the Debtor by facsimile or other electronic form of transmission shall be as effective as delivery by the Debtor of a manually executed copy of this Agreement by the Debtor.

32. **References to Debtor.** All references in this Agreement to covenants of, actions and steps by, or the performance of the terms and conditions hereof by the "Debtor" shall, as the context requires, be and shall be construed as being by the trustee of Eagle Energy Trust on behalf of and in respect of such trust.

33. **Acknowledgement Respecting Trustee.** The parties hereto acknowledge that the Trustee (as such term is defined in the Trust Indenture) is entering into this Agreement solely in its capacity as Trustee on behalf of the Fund (as such term is defined in the Trust Indenture) and the obligations of the Fund hereunder shall not be binding upon the Trustee other than in its capacity as such nor shall it be binding upon any Unitholder (as such term is defined in the Trust Indenture) or beneficial Unitholder, such that any recourse against the Fund, the Trustee or any Beneficiary (as such term is defined in the Trust Indenture) in any manner in respect of any indebtedness, obligation or liability arising hereunder or arising in connection herewith or from the matters to which this Agreement relates, including claims based on negligence or otherwise tortious behaviour, shall be limited to, and satisfied only out of, the Fund Property (as defined in the Trust Indenture) of the Fund.

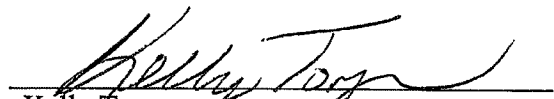
*[Remainder of Page Intentionally Left Blank]*



**IN WITNESS WHEREOF** the undersigned has caused this Agreement to be duly executed as of the date first written above.

**EAGLE ENERGY TRUST**, by its trustee,  
**EAGLE ENERGY INC.**

By:

  
\_\_\_\_\_  
Kelly Tomy  
Chief Financial Officer

## SCHEDULE A

### DEBTOR & PLEDGED PROPERTY INFORMATION

**Full legal name:** Eagle Energy Trust

**Prior names:** None.

**Predecessor companies:**

N/A

**Jurisdiction of creation:** Alberta.


**Address of chief executive office:**

Suite 2710, 500 – 4th Avenue SW  
Calgary, Alberta T2P 2V6

**Pledged Certificated Securities:**

<b>Pledged Issuer</b>	<b>Securities Owned</b>	<b>% of issued and outstanding Securities of Pledged Issuer</b>	<b>Security Certificate Number</b>	<b>Security Certificate Location</b>
Eagle Energy Holdings Inc.	One (1) Common Share	100%	1C	Calgary, Alberta
	100 Common Shares		2C	Calgary, Alberta

This is Exhibit "K" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



---

A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbara J.S. McKEE

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)



Search ID #: Z12120874

**Transmitting Party**

BLAKE CASSELS & GRAYDON LLP

3500 -855-2ND STREET S.W.  
CALGARY, AB T2P4J8

Party Code: 50038397

Phone #: 403 663 2233

Reference #: 74169/5 JSTW

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

**Business Debtor Search For:**

EAGLE ENERGY INC.

Both Exact and Inexact Result(s) Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.  
Be sure to read the reports carefully.



Search ID #: Z12120874

**Business Debtor Search For:**

EAGLE ENERGY INC.

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

---

Registration Number: 14092602804

Registration Date: 2014-Sep-26

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2020-Sep-26 23:59:59

---

Exact Match on: Debtor No: 1

---

**Debtor(s)**

**Block**

**Status**  
Current

1 EAGLE ENERGY INC.  
500 - 4TH AVENUE SW  
CALGARY, AB T2P 0M9

**Secured Party / Parties**

**Block**

**Status**  
Current

1 RCAP LEASING INC.  
5575 NORTH SERVICE RD, STE 300  
BURLINGTON, ON L7L 6M1

**Collateral: General**

**Block**

**Description**

**Status**

1 ALL OFFICE EQUIPMENT FROM TIME TO TIME LEASED BY THE SECURED PARTY TO THE DEBTOR AS DESCRIBED ON LEASES, CONDITIONAL SALES AGREEMENTS AND ANY OTHER FINANCING AGREEMENTS ENTERED INTO BETWEEN THE SECURED PARTY AND THE DEBTOR FROM TIME TO TIME AND ANY PROCEEDS THEREOF, TOGETHER WITH ALL REPLACEMENT PARTS, ACCESSORIES AND ATTACHMENTS.

Current

Search ID #: Z12120874

**Business Debtor Search For:**

EAGLE ENERGY INC.

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

---

Registration Number: 17030700697

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Mar-07

Registration Status: Current

Expiry Date: 2027-Mar-07 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY INC.  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT  
3 EMBARCADERO CENTER, SUITE 550  
SAN FRANCISCO, CA 94111

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 All of the Debtor's present and after-acquired personal property.

Current

Search ID #: Z12120874

**Particulars**

<b><u>Block</u></b>	<b><u>Additional Information</u></b>	<b><u>Status</u></b>
1	<p>The complete name and address of the Secured Party in Block #1 is:</p> <p>WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT 3 Embarcadero Center, Suite 550 San Francisco, CA 94111</p> <p>with a copy (which shall not constitute notice) to:</p> <p>Cortland Capital Market Services 225 W. Washington Street, Suite 2100 Chicago, IL 60606</p> <p>Attention: Agency Services-White Oak Global Advisors</p>	Current

Search ID #: Z12120874

**Business Debtor Search For:**

EAGLE ENERGY INC.

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

---

Registration Number: 17030700705

Registration Type: LAND CHARGE

Registration Date: 2017-Mar-07

Registration Status: Current

Registration Term: Infinity

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY INC.  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT  
3 EMBARCADERO CENTER, SUITE 550  
SAN FRANCISCO, CA 94111

Current

**Particulars**

**Block**

**Additional Information**

**Status**

1 The complete name and address of the Secured Party in Block #1 is:

Current

WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT  
3 Embarcadero Center, Suite 550  
San Francisco, CA  
94111

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

Cortland Capital Market Services  
225 W. Washington Street, Suite 2100  
Chicago, IL  
60606

Attention: Agency Services-White Oak Global Advisors



Search ID #: Z12120874

**Business Debtor Search For:**

EAGLE ENERGY INC.

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

---

Registration Number: 17040642169

Registration Date: 2017-Apr-06

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2021-Apr-06 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Amendments to Registration**

17062214974

Amendment

2017-Jun-22

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY INC.  
2710 500 4TH AVENUE SW  
CALGARY, AB T2P2V6

Current

---

**Secured Party / Parties**

**Block**

**Status**

1 JIM PATTISON LEASE  
4937 REGENT STREET  
BURNABY, BC V5C4H4

Deleted by  
17062214974

**Block**

**Status**

2 JIM PATTISON INDUSTRIES LTD.  
1235 - 73RD AVE S.E.  
CALGARY, AB T2H2X1

Current by  
17062214974

---

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	1GC2KVEG1HZ263384	2017	CHEVROLET SILVERADO 2500H	MV - Motor Vehicle	Current

Search ID #: Z12120874

**Business Debtor Search For:**

EAGLE ENERGY INC.

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

---

Registration Number: 17092730412

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Sep-27

Registration Status: Current

Expiry Date: 2022-Sep-27 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY INC.  
SUITE 2710500 4TH AVE SW  
CALGARY, AB T2P 2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 THE BANK OF NOVA SCOTIA  
720 KING STREET WEST, 2ND FLOOR  
TORONTO, ON M5V 2T3

Current

**Collateral: General**

**Block**

**Description**

**Status**

1	All of the right, title and interest of the Debtor in, to and	Current
2	under the following property, whether now owned or existing or	Current
3	hereafter from time to time acquired or coming into existence	Current
4	(collectively, the "Collateral"): (a) an account of the Debtor	Current
5	held with the Secured Party (the "Account"), all funds held	Current
6	therein or credited thereto, all rights to renew or withdraw the	Current
7	same, and all certificates and instruments, if any, from time to	Current
8	time representing or evidencing the Account; (b) any notes,	Current
9	certificates of deposit, guaranteed investment certificates,	Current
10	instruments, financial assets or investment property evidencing	Current
11	or arising out of investment of any funds held in or credited to	Current

**Search ID #: Z12120874**

12	the Account; (c) any interest, dividends, cash, instruments and	Current
13	other property from time to time received, receivable or	Current
14	otherwise distributed in respect of or in exchange for any or all	Current
15	of the then existing Collateral; and (d) all proceeds of any and	Current
16	all of the Collateral.	Current

Search ID #: Z12120874

**Business Debtor Search For:**

EAGLE ENERGY INC.

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

---

Registration Number: 18053109627

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-May-31

Registration Status: Current

Expiry Date: 2023-May-31 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY INC.  
500-4 AVENUE SW  
CALGARY, AB T2P2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 RCAP LEASING INC.  
5575 NORTH SERVICE RD, STE 300  
BURLINGTON, ON L7L 6M1

Current

**Block**

**Status**

2 RCAP LEASING INC.  
300-5575 NORTH SERVICE RD  
BURLINGTON, ON L7L 6M1

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 ALL COPIER EQUIPMENT FROM TIME TO TIME LEASED BY THE SECURED PARTY TO THE DEBTOR AS DESCRIBED ON LEASES, CONDITIONAL SALES AGREEMENTS AND ANY OTHER FINANCING AGREEMENTS ENTERED INTO BETWEEN THE SECURED PARTY AND THE DEBTOR FROM TIME TO TIME AND ANY PROCEEDS THEREOF, TOGETHER WITH ALL REPLACEMENT PARTS, ACCESSORIES AND ATTACHMENTS.

Current

Search ID #: Z12120874

**Business Debtor Search For:**

EAGLE ENERGY INC.

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

---

Registration Number: 18110729657

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-Nov-07

Registration Status: Current

Expiry Date: 2022-Nov-07 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY INC.  
2710 500 4TH AVENUE SW  
CALGARY, AB T2P2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 JIM PATTISON INDUSTRIES LTD.  
4937 REGENT STREET  
BURNABY, BC V5C4H4

Current

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	1GT22SEG3JZ314033	2018	GMC SIERRA 2500HD	MV - Motor Vehicle	Current

Search ID #: Z12120874

**Business Debtor Search For:**

EAGLE ENERGY INC.

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

---

Registration Number: 19052118167

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-May-21

Registration Status: Current

Expiry Date: 2023-May-21 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY INC.  
2710 500 4TH AVENUE SW  
CALGARY, AB T2P2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 JIM PATTISON INDUSTRIES LTD.  
4937 REGENT STREET  
BURNABY, BC V5C4H4

Current

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	2GC2KSEG9K1190067	2019	CHEVROLET SILVERADO 2500H	MV - Motor Vehicle	Current

Search ID #: Z12120874

**Business Debtor Search For:**

EAGLE ENERGY INC.

Search ID #: Z12120874

Date of Search: 2019-Nov-12

Time of Search: 11:44:06

---

Registration Number: 19082132017

Registration Date: 2019-Aug-21

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2023-Aug-21 23:59:59

---

Exact Match on: Debtor No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY INC.  
2710 500 4TH AVENUE SW  
CALGARY, AB T2P2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 JIM PATTISON INDUSTRIES LTD.  
4937 REGENT STREET  
BURNABY, BC V5C4H4

Current

**Collateral: Serial Number Goods**

<b><u>Block</u></b>	<b><u>Serial Number</u></b>	<b><u>Year</u></b>	<b><u>Make and Model</u></b>	<b><u>Category</u></b>	<b><u>Status</u></b>
1	3C6UR5DJ0KG518140	2019	RAM 2500	MV - Motor Vehicle	Current

Search ID #: Z12120874

**Note:**

The following is a list of matches closely approximating your Search Criteria,  
which is included for your convenience and protection.

<b>Debtor Name / Address</b>	<b>Reg.#</b>
EAGLE ENERGY ENTERPRISES LTD 372 COACH RIDGE RISE SW CALGARY, AB T3H 1G1	00060608528

**SECURITY AGREEMENT**

<b>Debtor Name / Address</b>	<b>Reg.#</b>
EAGLE ENERGY HOLDINGS INC. SUITE 2710, 500 - 4TH AVENUE SW CALGARY, AB T2P 2V6	17030700736

**SECURITY AGREEMENT**

<b>Debtor Name / Address</b>	<b>Reg.#</b>
EAGLE ENERGY HOLDINGS INC. SUITE 2710, 500 - 4TH AVENUE SW CALGARY, AB T2P 2V6	17030700758

**LAND CHARGE**

<b>Debtor Name / Address</b>	<b>Reg.#</b>
EAGLE ENERGY PARTNERS 620, 407 2ND STREET SW CALGARY, AB T2P 2Y3	16032912537

**SECURITY AGREEMENT**

<b>Debtor Name / Address</b>	<b>Reg.#</b>
EAGLE ENERGY SERVICES INC 3407 TOWNSHIP ROAD 360 ROAD 153 SPRUCE VIEW, AB T0M 1V0	17081809691

**SECURITY AGREEMENT**

<b>Debtor Name / Address</b>	<b>Reg.#</b>
EAGLE ENERGY SERVICES INC. 55 ADAMSON AVE RED DEER, AB T4R 3L2	06060840771

**SECURITY AGREEMENT**

<b>Debtor Name / Address</b>	<b>Reg.#</b>
------------------------------	--------------



Search ID #: Z12120874

EAGLE ENERGY SERVICES INC.  
80 VICKERS CLOSE  
RED DEER, AB T4R 0E6

13123025635

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY SERVICES INC.  
80 VICKERS CLOSE  
RED DEER, AB T4R 0E6

**Reg.#**

14080618402

**SECURITY AGREEMENT**

Result Complete

This is Exhibit "L" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California


A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

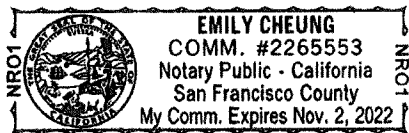
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of

November, 2019 by Barbara J.S.  
McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

  
(Signature of Notary)



Search ID #: Z12120884

**Transmitting Party**

BLAKE CASSELS & GRAYDON LLP

3500 -855-2ND STREET S.W.  
CALGARY, AB T2P4J8

Party Code: 50038397

Phone #: 403 663 2233

Reference #: 74169/5 JSTW

Search ID #: Z12120884

Date of Search: 2019-Nov-12

Time of Search: 11:45:17

**Business Debtor Search For:**

EAGLE ENERGY TRUST

Both Exact and Inexact Result(s) Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.  
Be sure to read the reports carefully.



Search ID #: Z12120884

**Business Debtor Search For:**

EAGLE ENERGY TRUST

Search ID #: Z12120884

Date of Search: 2019-Nov-12

Time of Search: 11:45:17

---

Registration Number: 17030700714

Registration Date: 2017-Mar-07

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2027-Mar-07 23:59:59

---

Exact Match on: Debtor No: 1

Inexact Match on: Debtor No: 2

---

**Debtor(s)**

**Block**

1 EAGLE ENERGY TRUST  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

**Status**  
Current

**Block**

2 EAGLE ENERGY TRUST TRUST  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

**Status**  
Current

**Secured Party / Parties**

**Block**

1 WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT  
3 EMBARCADERO CENTER, SUITE 550  
SAN FRANCISCO, CA 94111

**Status**  
Current

**Collateral: General**

**Block**

**Description**

1 All of the Debtor's present and after-acquired personal property.

**Status**  
Current

Search ID #: Z12120884

**Particulars**

<b><u>Block</u></b>	<b><u>Additional Information</u></b>	<b><u>Status</u></b>
1	<p>The complete name and address of the Secured Party in Block #1 is:</p> <p>WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT 3 Embarcadero Center, Suite 550 San Francisco, CA 94111</p> <p>with a copy (which shall not constitute notice) to:</p> <p>Cortland Capital Market Services 225 W. Washington Street, Suite 2100 Chicago, IL 60606</p> <p>Attention: Agency Services-White Oak Global Advisors</p>	Current

Search ID #: Z12120884

**Business Debtor Search For:**

EAGLE ENERGY TRUST

Search ID #: Z12120884

Date of Search: 2019-Nov-12

Time of Search: 11:45:17

---

Registration Number: 17030700724

Registration Date: 2017-Mar-07

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

---

Exact Match on: Debtor No: 1

Inexact Match on: Debtor No: 2

---

**Debtor(s)**

**Block**

1 EAGLE ENERGY TRUST  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

**Status**  
Current

**Block**

2 EAGLE ENERGY TRUST TRUST  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

**Status**  
Current

**Secured Party / Parties**

**Block**

1 WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT  
3 EMBARCADERO CENTER, SUITE 550  
SAN FRANCISCO, CA 94111

**Status**  
Current

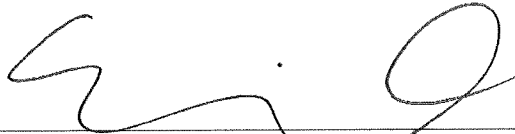
Search ID #: Z12120884

**Particulars**

<b><u>Block</u></b>	<b><u>Additional Information</u></b>	<b><u>Status</u></b>
1	<p>The complete name and address of the Secured Party in Block #1 is:</p> <p>WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT 3 Embarcadero Center, Suite 550 San Francisco, CA 94111</p> <p>with a copy (which shall not constitute notice) to:</p> <p>Cortland Capital Market Services 225 W. Washington Street, Suite 2100 Chicago, IL 60606</p> <p>Attention: Agency Services-White Oak Global Advisors</p>	Current

Result Complete

This is Exhibit "M" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

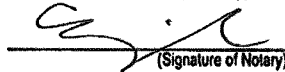
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of

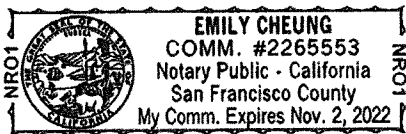
November, 2019 by Barbara J.S.

McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)





Search ID #: Z12120868

**Transmitting Party**

BLAKE CASSELS & GRAYDON LLP

3500 -855-2ND STREET S.W.  
CALGARY, AB T2P4J8

Party Code: 50038397  
Phone #: 403 663 2233  
Reference #: 74169/5 JSTW

Search ID #: Z12120868

Date of Search: 2019-Nov-12

Time of Search: 11:42:52

**Business Debtor Search For:**

EAGLE ENERGY HOLDINGS INC.

Both Exact and Inexact Result(s) Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.  
Be sure to read the reports carefully.



Search ID #: Z12120868

**Business Debtor Search For:**

EAGLE ENERGY HOLDINGS INC.

Search ID #: Z12120868

Date of Search: 2019-Nov-12

Time of Search: 11:42:52

---

Registration Number: 17030700736

Registration Date: 2017-Mar-07

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2027-Mar-07 23:59:59

---

Exact Match on: Debtor No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY HOLDINGS INC.  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT  
3 EMBARCADERO CENTER, SUITE 550  
SAN FRANCISCO, CA 94111

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 All of the Debtor's present and after-acquired personal property.

Current

Search ID #: Z12120868

**Particulars**

<b><u>Block</u></b>	<b><u>Additional Information</u></b>	<b><u>Status</u></b>
1	<p>The complete name and address of the Secured Party in Block #1 is:</p> <p>WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT 3 Embarcadero Center, Suite 550 San Francisco, CA 94111</p> <p>with a copy (which shall not constitute notice) to:</p> <p>Cortland Capital Market Services 225 W. Washington Street, Suite 2100 Chicago, IL 60606</p> <p>Attention: Agency Services-White Oak Global Advisors</p>	Current

Search ID #: Z12120868

**Business Debtor Search For:**

EAGLE ENERGY HOLDINGS INC.

Search ID #: Z12120868

Date of Search: 2019-Nov-12

Time of Search: 11:42:52

---

Registration Number: 17030700758

Registration Date: 2017-Mar-07

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

---

Exact Match on: Debtor No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE ENERGY HOLDINGS INC.  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT  
3 EMBARCADERO CENTER, SUITE 550  
SAN FRANCISCO, CA 94111

Current

**Particulars**

**Block** **Additional Information**

**Status**

1 The complete name and address of the Secured Party in Block #1 is:

Current

WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT  
3 Embarcadero Center, Suite 550  
San Francisco, CA  
94111

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

Cortland Capital Market Services  
225 W. Washington Street, Suite 2100  
Chicago, IL  
60606

Attention: Agency Services-White Oak Global Advisors

Search ID #: Z12120868

**Note:**

The following is a list of matches closely approximating your Search Criteria,  
which is included for your convenience and protection.

**Debtor Name / Address**

EAGLE ENERGY ENTERPRISES LTD  
372 COACH RIDGE RISE SW  
CALGARY, AB T3H 1G1

**Reg.#**

00060608528

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY INC.  
500 - 4TH AVENUE SW  
CALGARY, AB T2P 0M9

**Reg.#**

14092602804

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY INC.  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

**Reg.#**

17030700697

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY INC.  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

**Reg.#**

17030700705

**LAND CHARGE**

**Debtor Name / Address**

EAGLE ENERGY INC.  
2710 500 4TH AVENUE SW  
CALGARY, AB T2P2V6

**Reg.#**

17040642169

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY INC.  
SUITE 2710500 4TH AVE SW  
CALGARY, AB T2P 2V6

**Reg.#**

17092730412

**SECURITY AGREEMENT**

**Debtor Name / Address**

**Reg.#**

Search ID #: Z12120868

EAGLE ENERGY INC.  
500-4 AVENUE SW  
CALGARY, AB T2P2V6

18053109627

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY INC.  
2710 500 4TH AVENUE SW  
CALGARY, AB T2P2V6

**Reg.#**

18110729657

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY INC.  
2710 500 4TH AVENUE SW  
CALGARY, AB T2P2V6

**Reg.#**

19052118167

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY INC.  
2710 500 4TH AVENUE SW  
CALGARY, AB T2P2V6

**Reg.#**

19082132017

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY PARTNERS  
620, 407 2ND STREET SW  
CALGARY, AB T2P 2Y3

**Reg.#**

16032912537

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY SERVICES INC  
3407 TOWNSHIP ROAD 360 ROAD 153  
SPRUCE VIEW, AB T0M 1V0

**Reg.#**

17081809691

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY SERVICES INC.  
55 ADAMSON AVE  
RED DEER, AB T4R 3L2

**Reg.#**

06060840771

**SECURITY AGREEMENT**

**Debtor Name / Address**

**Reg.#**

Search ID #: Z12120868

EAGLE ENERGY SERVICES INC.  
80 VICKERS CLOSE  
RED DEER, AB T4R 0E6

13123025635

**SECURITY AGREEMENT**

**Debtor Name / Address**

EAGLE ENERGY SERVICES INC.  
80 VICKERS CLOSE  
RED DEER, AB T4R 0E6

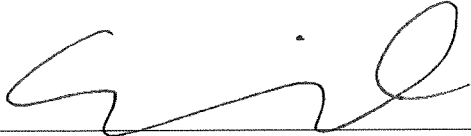
**Reg.#**

14080618402

**SECURITY AGREEMENT**

Result Complete

This is Exhibit "N" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of

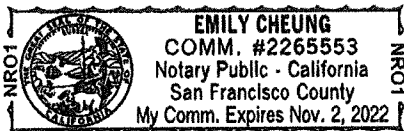
November 2019 by Barbara J.S.

McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)





Search ID #: Z12120900

**Transmitting Party**

BLAKE CASSELS & GRAYDON LLP

3500 -855-2ND STREET S.W.  
CALGARY, AB T2P4J8

Party Code: 50038397

Phone #: 403 663 2233

Reference #: 74169/5 JSTW

Search ID #: Z12120900

Date of Search: 2019-Nov-12

Time of Search: 11:47:19

**Business Debtor Search For:**

EAGLE HYDROCARBONS INC.

Both Exact and Inexact Result(s) Found

**NOTE:**

A complete Search may result in a Report of Exact and Inexact Matches.  
Be sure to read the reports carefully.



Search ID #: Z12120900

**Business Debtor Search For:**

EAGLE HYDROCARBONS INC.

Search ID #: Z12120900

Date of Search: 2019-Nov-12

Time of Search: 11:47:19

---

Registration Number: 17030922602

Registration Date: 2017-Mar-09

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2027-Mar-09 23:59:59

---

Exact Match on: Debtor No: 1

---

**Debtor(s)**

**Block**

**Status**  
Current

1 EAGLE HYDROCARBONS INC.  
SUITE 2710, 500 - 4TH AVENUE SW  
CALGARY, AB T2P 2V6

**Secured Party / Parties**

**Block**

**Status**  
Current

1 WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT  
3 EMBARCADERO CENTER, SUITE 550  
SAN FRANCISCO, CA 94111

**Collateral: General**

**Block**

**Description**

**Status**

1 Each account of the Debtor maintained with The Bank of Nova Scotia in Canada (such accounts, including in each case, any replacement account thereof, collectively, the "Accounts"), all monies, investment property or other property now or at any time or from time to time hereafter deposited therein, credited thereto, or payable thereon, all proceeds thereof, and all investments made from time to time therewith from any of the Accounts, including all renewals thereof, accretions thereto, substitutions thereof, and all interest, income, receivables and revenue arising therefrom or by virtue thereof. Current

2 Proceeds: goods, investment property, documents of title, chattel paper, instruments, money and intangibles. Current

Search ID #: Z12120900

**Particulars**

<b><u>Block</u></b>	<b><u>Additional Information</u></b>	<b><u>Status</u></b>
1	The complete name and address of the Debtor in Block #1 is:  EAGLE HYDROCARBONS INC. c/o Eagle Energy Inc. Suite 2710, 500 - 4th Avenue SW Calgary, AB T2P 2V6	Current

<b><u>Block</u></b>	<b><u>Additional Information</u></b>	<b><u>Status</u></b>
2	The complete name and address of the Secured Party in Block #1 is:  WHITE OAK GLOBAL ADVISORS, LLC, AS ADMINISTRATIVE AGENT 3 Embarcadero Center, Suite 550 San Francisco, CA 94111  with a copy (which shall not constitute notice) to:  Cortland Capital Market Services 225 W. Washington Street, Suite 2100 Chicago, IL 60606  Attention: Agency Services-White Oak Global Advisors	Current

Search ID #: Z12120900

**Business Debtor Search For:**

EAGLE HYDROCARBONS INC.

Search ID #: Z12120900

Date of Search: 2019-Nov-12

Time of Search: 11:47:19

---

Registration Number: 17080410109

Registration Date: 2017-Aug-04

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2022-Aug-04 23:59:59

---

Exact Match on:

Debtor

No: 1

---

**Debtor(s)**

**Block**

**Status**

1 EAGLE HYDROCARBONS INC.  
500 4TH AVE SW, SUITE 2710  
CALGARY, AB T2P 2V6

Current

**Secured Party / Parties**

**Block**

**Status**

1 THE BANK OF NOVA SCOTIA  
720 KING STREET ST WEST 2ND FLLOOR  
TORONTO, ON M5V 2T3

Current

**Collateral: General**

**Block**

**Description**

**Status**

1 All of the right, title and interest of the Debtor in, to and  
2 under the following property, whether now owned or existing or  
3 hereafter from time to time acquired or coming into existence  
4 (collectively, the "Collateral"): (a) an account of the Debtor  
5 held with the Secured Party (the "Account"), all funds held  
6 therein or credited thereto, all rights to renew or withdraw the  
7 same, and all certificates and instruments, if any, from time to  
8 time representing or evidencing the Account; (b) any notes,  
9 certificates of deposit, guaranteed investment certificates,  
10 instruments, financial assets or investment property evidencing  
11 or arising out of investment of any funds held in or credited to

Current

Current

Current

Current

Current

Current

Current

Current

Current

Current

Current

Search ID #: Z12120900

12	the Account; (c) any interest, dividends, cash, instruments and	Current
13	other property from time to time received, receivable or	Current
14	otherwise distributed in respect of or in exchange for any or all	Current
15	of the then existing Collateral; and (d) all proceeds of any and	Current
16	all of the Collateral.	Current

**Search ID #: Z12120900**

**Note:**

The following is a list of matches closely approximating your Search Criteria,  
which is included for your convenience and protection.

**Debtor Name / Address**

EAGLE HYDROCARBONS LTD.  
136 EAGLE BUTTE RANCH  
CALGARY, AB T3Z 1K3

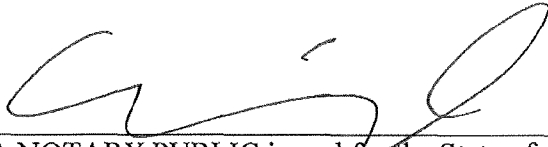
**Reg.#**

17040639019

**SECURITY AGREEMENT**

Result Complete

This is Exhibit "O" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF SAN FRANCISCO

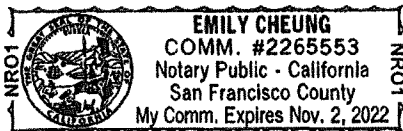
Subscribed and sworn to (or affirmed) before me on this 18 day of NOVEMBER 20 19 by BARBARA J. S.

McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)



**UCC FINANCING STATEMENT**

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Corporation  
Nancy Wiford  
4400 Easton Commons Way, Suite 125  
Columbus, Ohio 43219

Delaware Department of State  
U.C.C. Filing Section  
Filed: 04:59 PM 03/14/2017  
U.C.C. Initial Filing No: 2017 1682167

Service Request No: 20171767691

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	1a. ORGANIZATION'S NAME <b>Eagle Hydrocarbons Inc.</b>			
	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS <b>c/o Eagle Energy Inc., 500 - 4th Avenue SW, Suite 2710</b>		CITY <b>Calgary</b>	STATE <b>AB</b>	POSTAL CODE <b>T2P 2V6</b>
			COUNTRY <b>CAN</b>	

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

OR	2a. ORGANIZATION'S NAME			
	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

OR	3a. ORGANIZATION'S NAME <b>White Oak Global Advisors, LLC, as Administrative Agent</b>			
	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS <b>3 Embarcadero Center, Suite 550</b>		CITY <b>San Francisco</b>	STATE <b>CA</b>	POSTAL CODE <b>94111</b>
				COUNTRY <b>USA</b>

4. COLLATERAL: This financing statement covers the following collateral:  
**All assets of the Debtor, whether now owned or hereafter acquired, and wherever located.**

5. Check only if applicable and check only one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:  
 Public-Finance Transaction     Manufactured-Home Transaction     A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:  
 Agricultural Lien     Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable).  Lessee/Lessor     Consignee/Consignor     Seller/Buyer     Bailee/Baïlor     Licensee/Licensor

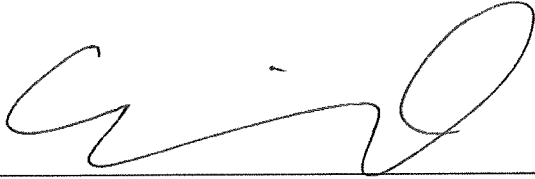
8. OPTIONAL FILER REFERENCE DATA:

**File with DE SOS**

**58010568**



This is Exhibit "P" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.




A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

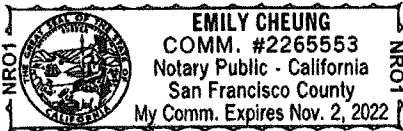
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbara J. S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)



## PLEDGE AND SECURITY AGREEMENT

**THIS PLEDGE AND SECURITY AGREEMENT** (as it may be amended, restated, supplemented or modified from time to time, this “Security Agreement”) is entered into as of March 13, 2017, by and among the undersigned identified on the signature pages hereto as Grantor (together with any other entity that may become a party hereto as provided herein, each a “Grantor, and collectively, the “Grantors”), and White Oak Global Advisors, LLC, a Delaware limited liability company, in its capacity as administrative agent (the “Administrative Agent”) for the Lenders and the other Secured Parties.

### PRELIMINARY STATEMENTS

A. On the date hereof, Eagle Energy Inc., a corporation formed and existing under the laws of the Province of Alberta, Canada (“Eagle Canada”), and Eagle Hydrocarbons Inc., a corporation formed under the laws of the State of Delaware (“Eagle USA” and, collectively with Eagle Canada, the “Borrowers” and each, a “Borrower”), the Subsidiaries of the Borrowers from time to time party thereto, as Guarantors, the Administrative Agent and the other entities party thereto as lenders (the “Lenders”) executed that certain Loan and Security Agreement (as amended, restated, replaced, modified or supplemented from time to time, the “Loan Agreement”) pursuant to which the Lenders agreed to make loans and other extensions of credit to the Borrowers for the purposes set forth therein.

B. The undersigned Grantor may from time to time enter into certain Swap Contracts with Secured Non-Lender Hedge Counterparties (collectively, the “Secured Non-Lender Hedge Counterparty Swap Agreements”).

C. The undersigned Grantor identified on the signature pages hereto is party to the Loan Agreement and the guaranty therein and, after the date hereof, certain other Grantors may from time to time become a party thereto, whether by means of a joinder or assumption agreement related thereto or otherwise, pursuant to which, upon the terms and conditions stated therein, the Grantors party thereto agree to guarantee the obligations of the Borrowers and the other Loan Parties under the Loan Agreement and the other Loan Documents. The Loan Agreement, the Secured Non-Lender Hedge Counterparty Swap Agreements and the other Loan Documents are collectively referred to herein as the “Secured Transaction Documents”.

D. The Administrative Agent and the other Secured Parties have conditioned their obligations under the Secured Transaction Documents upon the execution and delivery by the Grantors of this Security Agreement, and the Grantors have agreed to enter into this Security Agreement to secure all obligations owing to the Administrative Agent and the other Secured Parties under the Secured Transaction Documents.

E. Each Grantor has determined that valuable benefits will be derived by it as a result of the Loan Agreement and the extension of credit made (and to be made) by the Lenders thereunder.

ACCORDINGLY, the Grantors and the Administrative Agent, on behalf of the Secured Parties, hereby agree as follows:

### ARTICLE I DEFINITIONS

1.1. Terms Defined in Loan Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Loan Agreement.

1.2. Terms Defined in UCC. Terms defined in the UCC which are not otherwise defined in this Security Agreement or the Loan Agreement are used herein as defined in the UCC. The following terms shall have the meaning set forth in Article 9 of the UCC: “Account”, “Chattel Paper”, “Commercial Tort Claim”, “Commodities Account”, “Deposit Account”, “Document”, “Equipment”, “Electronic Chattel Paper”, “Fixtures”, “General Intangible”, “Goods”, “Instrument”, “Inventory”, “Investment Property”, “Letter-of-Credit Right” and “Supporting Obligations”. The following terms shall have the meaning set forth in Article 8 of the UCC: “Financial”.

Asset”, “Securities Accounts” and “Security”. “Control” shall have the meaning set forth in Article 8 or, if applicable, in Section 9.104, 9.105, 9.106 or 9.107 of Article 9 of the UCC.

1.3. Definitions of Certain Terms Used Herein. As used in this Security Agreement, in addition to the terms defined in the introductory paragraph hereto and in the Preliminary Statements, the following terms shall have the following meanings:

“Account Control Agreement” means a control agreement, in form and substance reasonably satisfactory to the Administrative Agent, which grants the Administrative Agent “control” as defined in the UCC in effect in the applicable jurisdiction over any Deposit Account, Securities Account or Commodities Account maintained by any Grantor, in each case, among the Administrative Agent, the applicable Grantor and the applicable financial institution at which such Deposit Account, Securities Account or Commodities Account is maintained.

“Account Debtor” means a Person who is obligated on an Account.

“Amendment” shall have the meaning set forth in Section 4.4 hereof.

“Article” means a numbered article of this Security Agreement, unless another document is specifically referenced.

“Assigned Contracts” means, collectively, all of the Grantors’ rights and remedies under, and all moneys and claims for money due or to become due to any Grantor under all material contracts, and any and all amendments, supplements, extensions, and renewals thereof including all rights and claims of the Grantors now or hereafter existing: (a) under any insurance, indemnities, warranties, and guarantees provided for or arising out of or in connection with any of the foregoing agreements; (b) for any damages arising out of or for breach or default under or in connection with any of the foregoing contracts; (c) to all other amounts from time to time paid or payable under or in connection with any of the foregoing agreements; or (d) to exercise or enforce any and all covenants, remedies, powers and privileges thereunder.

“Assumption Agreement” means an Assumption Agreement substantially in the form of Annex 1 hereto.

“Collateral” shall have the meaning set forth in Article II.

“Collateral Account” means any Deposit Account under the sole dominion and control of the Administrative Agent subject to withdrawal by the Administrative Agent for the account of the Secured Parties as provided in Article VII.

“Copyrights” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, and copyright applications; (b) all renewals of any of the foregoing; (c) all income, royalties, damages, and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past or future infringements for any of the foregoing; (d) the right to sue for past, present, and future infringements of any of the foregoing; and (e) all rights corresponding to any of the foregoing throughout the world.

“Effective Date” means (a) with respect to the Grantor party hereto on the date hereof, the “Effective Date” as defined in the Loan Agreement, and (b) with respect to each other Grantor, the “Effective Date” as defined in the Assumption Agreement by means of which such Grantor becomes a party hereto.

“Event of Default” means an event described in Section 5.1.

“Excluded Accounts” means (a) any Deposit Account, Commodities Account or Securities Account so long as the balance in each such account, individually, does not exceed \$25,000 at any time and the aggregate balance of all such Deposit Accounts, Commodities Accounts and Securities Accounts does not at any time exceed \$125,000, (b) any Deposit Account that is a zero balance account or a Deposit Account for which the balance of such Deposit

Account is transferred at the end of each date to a Deposit Account that is not a Excluded Account, and (c) any other Deposit Accounts exclusively used for trust or payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of any employees of the Grantors.

“Excluded Property” means collectively, all right, title and interest of each Grantor that is a party hereto, whether now owned or hereafter acquired or arising (or in which such Grantor has rights or the power to transfer rights to a secured party), in, to or upon:

(a) any rights or interest in any contract, lease, Permit, charter or license agreement covering real or personal property of any Grantor that is a party hereto if, under the terms of such contract, lease, Permit, charter or license agreement, or applicable Law with respect thereto, the grant of a Lien therein is prohibited as a matter of law or under the terms of such contract, lease, Permit, charter or license agreement, except, in each of the foregoing cases, to the extent (i) any described prohibition or restriction is unenforceable under Sections 9.406, 9.407, 9.408 or 9.409 of the UCC or other applicable Laws, or (ii) any consent or waiver has been obtained that would permit the Lien notwithstanding the prohibition or restriction on the pledge of such asset;

(b) any property now owned or hereafter acquired by any Grantor that is a party hereto that is subject to a purchase money Lien or a capital lease permitted hereunder if the contractual obligation pursuant to which such Lien is granted (or the documentation providing for such purchase money Lien or capital lease) validly prohibits the creation by such Grantor of a Lien thereon or expressly requires the consent of any Person other than a Loan Party or its Affiliates which consent has not been obtained as a condition to the creation of any other Lien on such property;

(c) any “intent to use” Trademark applications for which a statement of use has not been filed (but only until such statement is filed); and

(d) any motor vehicles (other than motor vehicles the Administrative Agent requests in its sole discretion to be included in the Collateral and thus excluded from the Excluded Property).

provided that: (i) “Excluded Property” shall not include any Proceeds, products, substitutions or replacements of any Excluded Property (unless such Proceeds, products, substitutions or replacements would otherwise constitute Excluded Property); and (ii) if any assets constitute “Excluded Property” as a result of the failure of the applicable Loan Party that is a party hereto to obtain consent as described in clauses (a) and (b) of this definition, such Grantor shall use commercially reasonable efforts to obtain such consent, and, upon obtaining such consent, such property shall cease to constitute “Excluded Property.”

“Excluded Payments” shall have the meaning set forth in Section 4.6(d)(iii) hereof.

“Exhibit” refers to a specific exhibit to this Security Agreement (unless another document is specifically referenced) as from time to time supplemented by any Assumption Agreement.

“Licenses” means, with respect to any Person, all of such Person’s right, title, and interest in and to (a) any and all licensing agreements or similar arrangements in and to its Patents, Copyrights, or Trademarks, (b) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without limitation, damages and payments for past and future breaches thereof, and (c) all rights to sue for past, present, and future breaches thereof.

“Payment in Full” means the termination of the Aggregate Term Loan Commitments and payment in full of all Secured Obligations (other than Unasserted Obligations).

“Patents” means, with respect to any Person, all of such Person’s right, title, and interest in and to: (a) any and all patents and patent applications; (b) all inventions and improvements described and claimed therein; (c) all reissues, divisions, continuations, renewals, extensions, and continuations-in-part thereof; (d) all income, royalties, damages, claims, and payments now or hereafter due or payable under and with respect thereto, including, without

limitation, damages and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements thereof; and (f) all rights corresponding to any of the foregoing throughout the world.

“Pledged Collateral” means all Instruments, Securities and other Investment Property of the Grantors that constitute Collateral hereunder, whether or not physically delivered to the Administrative Agent pursuant to this Security Agreement.

“Proceeds” shall have the meaning set forth in Article 9 of the UCC and, in any event shall include, without limitation, all dividends or other income from the Pledged Collateral, collections thereon or distributions or payments with respect thereto.

“Receivables” means the Accounts, Chattel Paper, Documents, Investment Property, Instruments and any other rights or claims to receive money which are General Intangibles or which are otherwise included as Collateral.

“Section” means a numbered section of this Security Agreement, unless another document is specifically referenced.

“Stock Rights” means all dividends, instruments or other distributions and any other right or property which the Grantors shall receive or shall become entitled to receive for any reason whatsoever with respect to, in substitution for or in exchange for any Equity Interest constituting Collateral, any right to receive an Equity Interest and any right to receive earnings, in which the Grantors now have or hereafter acquire any right, issued by an issuer of such Equity Interest.

“Trademarks” means, with respect to any Person, all of such Person’s right, title, and interest in and to the following: (a) all trademarks (including service marks), trade names, trade dress, and trade styles and the registrations and applications for registration thereof and the goodwill of the business symbolized by the foregoing; (b) all licenses of the foregoing, whether as licensee or licensor; (c) all renewals of the foregoing; (d) all income, royalties, damages, and payments now or hereafter due or payable with respect thereto, including, without limitation, damages, claims, and payments for past and future infringements thereof; (e) all rights to sue for past, present, and future infringements of the foregoing, including the right to settle suits involving claims and demands for royalties owing; and (f) all rights corresponding to any of the foregoing throughout the world.

“UCC” means the Uniform Commercial Code, as in effect from time to time, of the State of Texas or of any other state the laws of which are required as a result thereof to be applied in connection with the attachment, perfection or priority of, or remedies with respect to, the Administrative Agent’s or any Secured Party’s Lien on any Collateral.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

## **ARTICLE II GRANT OF SECURITY INTEREST**

Each Grantor hereby pledges, assigns and grants to the Administrative Agent, on behalf of and for the ratable benefit of the Secured Parties, a security interest in all of its right, title and interest in, to and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of such Grantor (including under any trade name or derivations thereof), and whether owned or consigned by or to, or leased from or to, such Grantor, and regardless of where located (all of which will be collectively referred to as the “Collateral”), including:

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Copyrights, Patents and Trademarks;

- (iv) all Documents;
- (v) all Equipment;
- (vi) all Fixtures;
- (vii) all General Intangibles;
- (viii) all Goods;
- (ix) all Instruments;
- (x) all Inventory;
- (xi) all Investment Property;
- (xii) all cash or cash equivalents;
- (xiii) all letters of credit, Letter-of-Credit Rights and Supporting Obligations;
- (xiv) all Deposit Accounts with any bank or other financial institution;
- (xv) all Commercial Tort Claims listed on Exhibit H hereto;
- (xvi) all Securities Accounts;
- (xvii) all Commodities Accounts;
- (xviii) all Assigned Contracts and all Swap Contracts;
- (xix) and all accessions to, substitutions for and replacements, Proceeds (including Stock Rights), insurance proceeds and products of the foregoing, together with all books and records, customer lists, credit files, computer files, programs, printouts and other computer materials and records related thereto and any General Intangibles at any time evidencing or relating to any of the foregoing;

to secure the prompt and complete payment and performance of the Secured Obligations; provided, however, that "Collateral" shall not include any Excluded Property; and provided further, that if and when any such property shall cease to be an Excluded Property, such property shall be deemed at all times from and after such date to constitute Collateral.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES**

Each Grantor represents and warrants to the Administrative Agent and the Secured Parties that:

3.1. Title, Perfection and Priority. Such Grantor has good and valid rights in or the power to grant a security interest in the Collateral and title to the Collateral with respect to which it has purported to grant a security interest hereunder, free and clear of all Liens except for Liens permitted under Section 4.1(e), and has full power and authority to grant to the Administrative Agent the security interest in such Collateral pursuant hereto. When financing statements have been filed in the appropriate offices against such Grantor in the locations listed on Exhibit E, the Administrative Agent will have a validly perfected first priority security interest in that Collateral of such

Grantor in which a security interest may be perfected by the filing of financing statements, subject only to Excepted Liens identified in clauses (a) to (d) and (f) of the definition thereof.

3.2. Type and Jurisdiction of Organization, Organizational and Identification Numbers. The type of entity of such Grantor, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number are set forth on Exhibit A.

3.3. Principal Location. Such Grantor's mailing address and the location of its place of business (if it has only one) or its chief executive office (if it has more than one place of business), are disclosed in Exhibit A; excluding locations where a Grantor is a lessee with respect to any lease covering Oil and Gas Property or owns Oil and Gas Property, such Grantor has no other places of business except set forth on Exhibit A.

3.4. Collateral Locations. All of such Grantor's locations where Collateral is located, excluding locations solely to the extent such Grantor is a lessee with respect to any oil and gas lease and where such Grantor owns other Oil and Gas Properties, are listed on Exhibit A. All of said locations are owned by such Grantor except for locations (i) which are leased by such Grantor as lessee and designated in Exhibit A and (ii) at which Inventory or other Collateral is held in a public warehouse or is otherwise held by a bailee or on consignment as designated in Exhibit A.

3.5. Deposit Accounts, Commodities Accounts and Securities Accounts. All of such Grantor's Deposit Accounts, Commodities Accounts and Securities Accounts as of the Effective Date are listed on Exhibit B and any Excluded Accounts as of the Effective Date are identified as such on Exhibit B.

3.6. Exact Names. Such Grantor's name in which it has executed this Security Agreement is the exact name as it appears in such Grantor's organizational documents, as amended, as filed with such Grantor's jurisdiction of organization. Such Grantor has not, during the past five years, been known by or used any other corporate or fictitious name, or been a party to any merger or consolidation, or been a party to any acquisition by or with another Person.

3.7. Letter-of-Credit Rights and Chattel Paper. Exhibit C lists all Letter-of-Credit Rights and Chattel Paper owned by such Grantor as of the Effective Date with a value in excess of \$25,000.

3.8. Intellectual Property. Such Grantor does not have any interest in, or title to, any Patent, Trademark or Copyright except as set forth in Exhibit D. This Security Agreement is effective to create a valid and continuing Lien and, upon filing of appropriate financing statements in the offices listed on Exhibit F and upon filing of this Security Agreement (or, if applicable, such short-form intellectual property security agreements as the parties may agree upon) with the United States Copyright Office and the United States Patent and Trademark Office, fully perfected first priority security interests in favor of the Administrative Agent on such Grantor's Patents, Trademarks and Copyrights, such perfected security interests are enforceable as such as against any and all creditors of and purchasers from such Grantor; and all action necessary or desirable to protect and perfect the Administrative Agent's Lien on such Grantor's Patents, Trademarks or Copyrights shall have been duly taken.

3.9. No Financing Statements, Security Agreements. No financing statement or security agreement describing all or any portion of the Collateral which has not lapsed or been terminated naming such Grantor as debtor has been filed or is of record in any jurisdiction except (a) for financing statements or security agreements naming the Administrative Agent on behalf of the Secured Parties as the secured party and (b) financing statements with respect to Liens permitted by Section 4.1(e).

3.10. Pledged Collateral.

(a) Exhibit E sets forth a complete and accurate list as of the Effective Date of all Pledged Collateral owned by such Grantor. Such Grantor is the direct, sole beneficial owner and sole holder of record of the Pledged Collateral listed on Exhibit E as being owned by it, free and clear of any Liens, except for the security interest granted to the Administrative Agent for the benefit of the Secured Parties hereunder and Excepted Liens of

the type described in clause (a) of the definition thereof. Such Grantor further represents and warrants that (i) all Pledged Collateral owned by it constituting an Equity Interest has been (to the extent such concepts are relevant with respect to such Pledged Collateral) duly authorized, validly issued, are fully paid and non-assessable, (ii) with respect to any certificates delivered to the Administrative Agent representing an Equity Interest, either such certificates are Securities as defined in Article 8 of the UCC as a result of actions by the issuer or otherwise, or, if such certificates are not Securities, such Grantor has so informed the Administrative Agent so that the Administrative Agent may take steps to perfect its security interest therein as a General Intangible, (iii) all such Pledged Collateral held by a securities intermediary is covered by an Account Control Agreement with respect to such Securities Account and (iv) all Pledged Collateral which represents indebtedness owed to such Grantor has been duly authorized, authenticated or issued and delivered by the issuer of such indebtedness, is the legal, valid and binding obligation of such issuer and such issuer is not in default thereunder.

(b) In addition, (i) none of the Pledged Collateral owned by it has been issued or transferred in violation of the securities registration, securities disclosure or similar laws of any jurisdiction to which such issuance or transfer may be subject, (ii) there are no existing options, warrants, calls or commitments of any character whatsoever relating to such Pledged Collateral or which obligate the issuer of any Equity Interest included in the Pledged Collateral to issue additional Equity Interests, and (iii) no consent, approval, authorization, or other action by, and no giving of notice, filing with, any governmental authority or any other Person is required for the pledge by such Grantor of such Pledged Collateral pursuant to this Security Agreement or for the execution, delivery and performance of this Security Agreement by such Grantor, or for the exercise by the Administrative Agent of the voting or other rights provided for in this Security Agreement or for the remedies in respect of the Pledged Collateral pursuant to this Security Agreement, except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally.

(c) Such Grantor owns 100% of the issued and outstanding Equity Interests in the issuers of such Equity Interests.

#### ARTICLE IV COVENANTS

From the date of this Security Agreement, and thereafter until this Security Agreement is terminated, each Grantor agrees that:

##### 4.1. General.

(a) Collateral Records. Such Grantor will maintain complete and accurate books and records with respect to the Collateral owned by it, and permit the Administrative Agent to inspect such books and recording relating to such Collateral as and when required by Section 6.10 of the Loan Agreement.

(b) Authorization to File Financing Statements; Ratification. Such Grantor hereby authorizes the Administrative Agent to file, and if requested will deliver to the Administrative Agent, all financing statements and other documents and take such other actions as may from time to time be requested by the Administrative Agent in order to maintain a first perfected security interest in and, if applicable, Control of, the Collateral owned by such Grantor. Any financing statement filed by the Administrative Agent may be filed in any filing office in any UCC jurisdiction and may (i) indicate such Grantor's Collateral (A) as all assets of the Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC or such jurisdiction, or (B) by any other description which reasonably approximates the description contained in this Security Agreement, and (ii) contain any other information required by part 5 of Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including (A) whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor and (B) in the case of a financing statement filed as a fixture filing or indicating such Grantor's Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which such Collateral relates. Such Grantor also agrees to furnish any such information to the Administrative Agent promptly upon request.



(c) Further Assurances. Such Grantor will, if so requested by the Administrative Agent upon reasonable prior notice, furnish to the Administrative Agent, as often as the Administrative Agent reasonably requests, statements and schedules further identifying and describing the Collateral owned by it and such other reports and information in connection with its Collateral as the Administrative Agent may reasonably request, all in such detail as the Administrative Agent may specify. Such Grantor also agrees to take any and all actions necessary to defend title to the Collateral against all persons and to defend the security interest of the Administrative Agent in its Collateral and the priority thereof against any Lien not expressly permitted hereunder.

(d) Disposition of Collateral. Such Grantor will not sell, lease or otherwise dispose of the Collateral owned by it except for dispositions permitted pursuant to Section 7.05 of the Loan Agreement.

(e) Liens. Such Grantor will not create, incur, or suffer to exist any Lien on the Collateral owned by it except (i) the security interest created by this Security Agreement and (ii) other Liens permitted by Section 7.01 of the Loan Agreement.

(f) Other Financing Statements. Such Grantor will not authorize the filing of any financing statement naming it as debtor covering all or any portion of the Collateral owned by it, except for financing statements naming the Administrative Agent as the secured party. Such Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement naming the Administrative Agent as a secured party without the prior written consent of the Administrative Agent, subject to such Grantor's rights under Section 9.509(d)(2) of the UCC.

(g) Locations. Such Grantor will not (i) maintain any Collateral owned by it at any location other than those locations listed on Exhibit A, those locations where such Grantor is a lessee with respect to any oil and gas lease and other Oil and Gas Properties of such Grantor, (ii) otherwise change, or add to, such locations, or (iii) change its principal place of business or chief executive office from the location identified on Exhibit A, in each case other than as permitted by the Loan Agreement or any other Loan Document.

(h) Compliance with Terms. Such Grantor will perform and comply with all obligations in respect of the Collateral owned by it and all agreements to which it is a party or by which it is bound relating to such Collateral (including the obligations and agreements pursuant to the Loan Documents).

#### 4.2. Receivables.

(a) Certain Agreements on Receivables. Such Grantor will not make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence of an Event of Default, such Grantor may reduce the amount of Accounts arising from the sale of Inventory in accordance with its present policies and in the ordinary course of business.

(b) Collection of Receivables. Except as otherwise provided in this Security Agreement, such Grantor will collect and enforce, at such Grantor's sole expense, all amounts due or hereafter due to such Grantor under the Receivables owned by it.

(c) Delivery of Invoices. Such Grantor will deliver to the Administrative Agent immediately upon its request after the occurrence and during the continuation of an Event of Default duplicate invoices with respect to each Account owned by it bearing such language of assignment as the Administrative Agent shall specify.

(d) Disclosure of Counterclaims on Receivables. If (i) any discount, credit or agreement to make a rebate or to otherwise reduce the amount owing on any Receivable owned by such Grantor exists and such discount, credit or rebate exceeds \$25,000 or (ii) to the knowledge of such Grantor, any dispute, setoff, claim, counterclaim or defense exists or has been asserted or threatened in writing with respect to any such Receivable and the amount in dispute or reasonably subject to such setoff, claim, counterclaim or defense exceeds \$25,000, such Grantor will promptly disclose such fact to the Administrative Agent in writing in connection with the inspection by

the Administrative Agent of any record of such Grantor relating to such Receivable and in connection with any invoice or report furnished by such Grantor to the Administrative Agent relating to such Receivable.

4.3. Equipment. Each Grantor represents and warrants to and agrees with the Administrative Agent and Secured Parties that all of its Equipment is and will be used or held for use in the Grantor's business. Each Grantor shall keep and maintain the Equipment in compliance with Section 6.06 of the Loan Agreement. Each Grantor shall not, without the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld or delayed, sell, lease as a lessor, or otherwise dispose of any of the Equipment, except as permitted by the Loan Agreement.

4.4. Delivery of Instruments, Securities, Chattel Paper and Documents. Such Grantor will (a) deliver to the Administrative Agent immediately upon execution of this Security Agreement, the originals of all certificated Securities (together with duly executed equity powers), (b) deliver to the Administrative Agent immediately upon execution of this Security Agreement, the originals of all Chattel Paper and other Instruments, in each case with an individual value in excess of \$25,000 or an aggregate value in excess of \$125,000, constituting Collateral owned by it (if any then exist), (c) hold in trust for the Administrative Agent upon receipt and immediately thereafter deliver to the Administrative Agent any such Chattel Paper and Instruments, in each case with an individual value in excess of \$25,000 or an aggregate value in excess of \$125,000, constituting Collateral, (d) hold in trust for the Administrative Agent upon receipt and immediately thereafter deliver to the Administrative Agent any certificated Securities constituting Collateral (together with duly executed equity powers), (e) upon the Administrative Agent's request, deliver to the Administrative Agent (and thereafter hold in trust for the Administrative Agent upon receipt and immediately deliver to the Administrative Agent) any Document evidencing or constituting Collateral, (f) cause all original Chattel Paper in its possession to be marked with a legend indicating the security interest of the Administrative Agent in such Chattel Paper, and (g) upon the Administrative Agent's request, deliver to the Administrative Agent a duly executed amendment to this Security Agreement, in the form of Exhibit G hereto (the "Amendment"), pursuant to which such Grantor will identify and ratify the pledge of such additional Collateral. Such Grantor hereby authorizes the Administrative Agent to attach each Amendment to this Security Agreement and agrees that all additional Collateral owned by it set forth in such Amendments shall be considered to be part of the Collateral.

4.5. Uncertificated Pledged Collateral. Such Grantor will permit the Administrative Agent from time to time to cause the appropriate issuers of uncertificated Securities or other types of Pledged Collateral owned by it not represented by certificates to mark their books and records with the numbers and face amounts of all such uncertificated securities or other types of Pledged Collateral not represented by certificates and all rollovers and replacements therefor to reflect the Lien of the Administrative Agent granted pursuant to this Security Agreement. With respect to any Pledged Collateral owned by it, such Grantor will, upon the request of the Administrative Agent, take any actions necessary to cause the issuers of uncertificated securities which are Pledged Collateral to cause the Administrative Agent to have and retain Control over such Pledged Collateral. Without limiting the foregoing, such Grantor will, with respect to any such Pledged Collateral held with a securities intermediary, cause such securities intermediary to enter into an Account Control Agreement with respect to such Securities Account.

4.6. Pledged Collateral.

(a) Changes in Capital Structure of Issuers. Such Grantor will not, unless permitted by the Loan Agreement, (i) permit or suffer any issuer of an Equity Interest constituting Pledged Collateral owned by it to dissolve, merge, liquidate, retire any of its Equity Interests or other Instruments or Securities evidencing ownership, reduce its capital, sell or encumber all or substantially all of its assets (except for Excepted Liens and sales of assets permitted pursuant to Section 4.1(d)) or merge or consolidate with any other entity, or (ii) vote any such Pledged Collateral in favor of any of the foregoing.

(b) Issuance of Additional Securities. Such Grantor will not permit or suffer the issuer of an Equity Interest constituting Pledged Collateral owned by it to issue additional Equity Interests, any right to receive the same or any right to receive earnings, except to such Grantor.

(c) Registration of Pledged Collateral. After an Event of Default has occurred and is continuing, such Grantor will permit any registerable Pledged Collateral owned by it to be registered in the name of the Administrative Agent or its nominee at any time at the option of the Required Lenders.

(d) Exercise of Rights in Pledged Collateral.

(i) Without in any way limiting the foregoing and subject to clause (ii) below, such Grantor shall have the right to exercise all voting rights or other rights relating to the Pledged Collateral owned by it for all purposes not inconsistent with this Security Agreement, the Loan Agreement or any other Loan Document; *provided however, that* no vote or other right shall be exercised or action taken which would have the effect of impairing the rights of the Administrative Agent in respect of such Pledged Collateral.

(ii) Such Grantor will permit the Administrative Agent or its nominee at any time after the occurrence of an Event of Default, without notice, to exercise all voting rights or other rights relating to the Pledged Collateral owned by it, including, without limitation, exchange, subscription or any other rights, privileges, or options pertaining to any Equity Interest or Investment Property constituting such Pledged Collateral as if it were the absolute owner thereof.

(iii) Such Grantor shall be entitled to collect and receive for its own use all cash dividends and interest paid in respect of the Pledged Collateral owned by it to the extent not in violation of the Loan Agreement; *provided however*, if an Event of Default exists, such Grantor shall not collect or receive any of the following distributions and payments (collectively referred to as the “Excluded Payments”): (A) dividends and interest paid or payable other than in cash in respect of such Pledged Collateral, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Pledged Collateral; (B) dividends and other distributions paid or payable in cash in respect of such Pledged Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in capital of an issuer; and (C) cash paid, payable or otherwise distributed, in respect of principal of, or in redemption of, or in exchange for, such Pledged Collateral; *provided further, that* until actually paid, all rights to such distributions shall remain subject to the Lien created by this Security Agreement; and

(iv) All Excluded Payments and all other distributions in respect of any of the Pledged Collateral owned by such Grantor, whenever paid or made, shall be delivered to the Administrative Agent to hold as Pledged Collateral if an Event of Default exists and shall, if received by such Grantor while an Event of Default exists, be received in trust for the benefit of the Administrative Agent, be segregated from the other property or funds of such Grantor, and be forthwith delivered to the Administrative Agent as Pledged Collateral in the same form as so received (with any necessary endorsement).

#### 4.7. Intellectual Property.

(a) If requested by the Administrative Agent, such Grantor will use its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or benefit of the Administrative Agent of any License held by such Grantor and to enforce the security interests granted hereunder.

(b) Such Grantor shall notify the Administrative Agent immediately if it knows or has reason to know that any application or registration relating to any Patent, Trademark or Copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding such Grantor’s ownership of any Patent, Trademark or Copyright, its right to register the same, or to keep and maintain the same.

(c) In no event shall such Grantor, either directly or through any agent, employee, licensee or designee, file an application for the registration of any Patent, Trademark or Copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving the Administrative Agent prior written notice thereof, and, upon request of the Administrative Agent, such Grantor shall execute and deliver any and all security agreements as the Administrative Agent may request to perfect the Administrative Agent's first priority security interest on such Patent, Trademark or Copyright, and the General Intangibles of such Grantor relating thereto or represented thereby.

(d) Such Grantor shall take all actions necessary or requested by the Administrative Agent to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of its Patents, Trademarks and Copyrights (now or hereafter existing), including the filing of applications for renewal, affidavits of use, affidavits of noncontestability and opposition and interference and cancellation proceedings, unless such Grantor and the Administrative Agent shall determine that such Patent, Trademark or Copyright is not material to the conduct of such Grantor's business.

(e) Such Grantor shall, unless it shall reasonably determine that such Patent, Trademark or Copyright is in no way material to the conduct of its business or operations, promptly sue or take other enforcement actions for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as the Administrative Agent shall deem appropriate under the circumstances to protect such Patent, Trademark or Copyright. In the event that such Grantor institutes suit because any of its Patents, Trademarks or Copyrights constituting Collateral is infringed upon, or misappropriated or diluted by a third party, such Grantor shall comply with Section 4.8.

4.8 Commercial Tort Claims. Such Grantor shall (a) promptly notify the Administrative Agent of any commercial tort claim (as defined in the UCC) acquired by it that could reasonably be expected to result in a judgment or settlement in such Grantor's favor in excess of \$125,000 and, upon request by the Administrative Agent, such Grantor shall enter into an Amendment substantially in the form of Exhibit G hereto, granting to the Administrative Agent a first priority security interest in such Commercial Tort Claim.

4.9. Letter-of-Credit Rights. If such Grantor is or becomes the beneficiary of a letter of credit with a face amount in excess of \$25,000, it shall promptly notify the Administrative Agent thereof and, if requested by the Administrative Agent, (i) cause the issuer and/or confirmation bank to consent to the assignment of any Letter-of-Credit Rights to the Administrative Agent and (ii) agree to direct all payments thereunder to a Deposit Account subject to an Account Control Agreement for application to the Secured Obligations all in form and substance reasonably satisfactory to the Administrative Agent. No Grantor shall permit the aggregate face amounts of all letters of credit for which the Grantors are beneficiary and for which the applicable Grantor has not taken the steps set forth in the immediately preceding sentence to exceed \$125,000.

4.10. Federal, State or Municipal Claims. Such Grantor will promptly notify the Administrative Agent of any Collateral which constitutes a claim against the United States government or any state or local government or any instrumentality or agency thereof, the assignment of which claim is restricted by federal, state or municipal law.

4.11. No Interference. Such Grantor agrees that it will not interfere with any right, power and remedy of the Administrative Agent provided for in this Security Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Administrative Agent of any one or more of such rights, powers or remedies.

4.12. Insurance. Each Grantor shall maintain insurance in accordance with the requirements of Section 6.08 of the Loan Agreement.

4.13. Account Control Agreements. For each Deposit Account, Commodities Account and Securities Account (other than Excluded Accounts) that such Grantor at any time maintains, such Grantor will, substantially contemporaneously with the opening of such Deposit Account, Commodities Account or Securities Account, pursuant to an Account Control Agreement in form and substance satisfactory to the Administrative Agent, cause the depository bank that maintains such Deposit Account, securities intermediary that maintains such Securities

Account, or commodities intermediary that maintains such Commodities Account, as applicable, to agree to comply at any time with instructions from the Administrative Agent to such depository bank, securities intermediary or commodities intermediary directing the disposition of funds from time to time credited to such Deposit Account, Securities Account or Commodities Account, without further consent of such Grantor, or take such other action as the Administrative Agent may approve in order to perfect the Administrative Agent's security interest in such Deposit Account, Securities Account or Commodities Account.

4.14. Change of Name or Location; Change of Fiscal Year. Such Grantor shall not, without complying with Section 7.04(d) of the Loan Agreement, (a) change its name as it appears in official filings in the state of its incorporation or organization, (b) change its chief executive office or principal place of business as set forth in the Security Agreement, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization. In connection with any such change, such Grantor shall take any reasonable action requested by the Administrative Agent to create or maintain the perfection of the Liens granted in favor of the Administrative Agent, on behalf of the Secured Parties, in the Collateral.

4.15 Additional Grantors. Each Grantor agrees to cause each Subsidiary that is required to become a party to this Security Agreement pursuant to Section 6.25(b) of the Loan Agreement to become a Grantor for all purposes of this Security Agreement upon execution and delivery by such Subsidiary of an Assumption Agreement in the form of Annex 1 hereto.

## ARTICLE V EVENTS OF DEFAULT AND REMEDIES

5.1. Events of Default. Any occurrence of any "Event of Default" under, and as defined in, the Loan Agreement shall constitute an Event of Default hereunder.

5.2. Remedies.

(a) Upon the occurrence of an Event of Default, the Administrative Agent may, or at the direction of the Required Lenders, shall, exercise any or all of the following rights and remedies:

(i) those rights and remedies provided in this Security Agreement, the Loan Agreement, or any other Loan Document; *provided that*, this Section 5.2(a) shall not be understood to limit any rights or remedies available to the Administrative Agent and the Secured Parties prior to an Event of Default;

(ii) those rights and remedies available to a secured party under the UCC (whether or not the UCC applies to the affected Collateral) or under any other applicable law (including, without limitation, any law governing the exercise of a bank's right of setoff or bankers' lien) when a debtor is in default under a security agreement;

(iii) give notice of sole control or any other instruction under any Account Control Agreement and take any action therein with respect to such Collateral;

(iv) without notice (except as specifically provided in Section 8.1 or elsewhere herein), demand or advertisement of any kind to any Grantor or any other Person, enter the premises of any Grantor where any Collateral is located (through self-help and without judicial process) to collect, receive, assemble, process, appropriate, sell, lease, assign, grant an option or options to purchase or otherwise dispose of, deliver, or realize upon, the Collateral or any part thereof in one or more parcels at public or private sale or sales (which sales may be adjourned or continued from time to time with or without notice and may take place at any Grantor's premises or elsewhere), for cash, on credit or for future delivery without assumption of any credit risk, and upon such other terms as the Administrative Agent may deem commercially reasonable; and

(v) concurrently with written notice to the applicable Grantor, transfer and register in its name or in the name of its nominee the whole or any part of the Pledged Collateral, to exchange certificates or instruments representing or evidencing Pledged Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive all cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Pledged Collateral as though the Administrative Agent was the outright owner thereof.

(b) The Administrative Agent, on behalf of the Secured Parties, may comply with any applicable state or federal law requirements in connection with a disposition of the Collateral and compliance will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

(c) The Administrative Agent shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of the Administrative Agent and the Secured Parties, the whole or any part of the Collateral so sold, free of any right of equity redemption, which equity redemption the Grantor hereby expressly releases.

(d) Until the Administrative Agent is able to affect a sale, lease, or other disposition of Collateral, the Administrative Agent shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by the Administrative Agent. The Administrative Agent may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of the Administrative Agent's remedies (for the benefit of the Administrative Agent and Secured Parties), with respect to such appointment without prior notice or hearing as to such appointment.

(e) Notwithstanding the foregoing, neither the Administrative Agent nor any Secured Party shall be required to (i) make any demand upon, or pursue or exhaust any of their rights or remedies against, any Grantor, any other obligor, guarantor, pledgor or any other Person with respect to the payment of the Secured Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof, (ii) marshal the Collateral or any guarantee of the Secured Obligations or to resort to the Collateral or any such guarantee in any particular order, or (iii) effect a public sale of any Collateral.

(f) Each Grantor recognizes that the Administrative Agent may be unable to effect a public sale of any or all the Pledged Collateral and may be compelled to resort to one or more private sales thereof in accordance with clause (a) above. Each Grantor also acknowledges that any private sale may result in prices and other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall not be deemed to have been made in a commercially unreasonable manner solely by virtue of such sale being private. The Administrative Agent shall be under no obligation to delay a sale of any of the Pledged Collateral for the period of time necessary to permit any Grantor or the issuer of the Pledged Collateral to register such securities for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws, even if the applicable Grantor and the issuer would agree to do so.

5.3. Grantor's Obligations Upon Default. Upon the request of the Administrative Agent after the occurrence of a Default, each Grantor will:

(a) assemble and make available to the Administrative Agent the Collateral and all books and records relating thereto at any place or places specified by the Administrative Agent, whether at a Grantor's premises or elsewhere;

(b) permit the Administrative Agent, by the Administrative Agent's representatives and agents, to enter, occupy and use any premises where all or any part of the Collateral, or the books and records relating thereto, or both, are located, to take possession of all or any part of the Collateral or the books and records relating thereto, or both, to remove all or any part of the Collateral or the books and records relating thereto, or both, and to conduct sales of the Collateral, without any obligation to pay the Grantor for such use and occupancy;

(c) prepare and file, or cause an issuer of Pledged Collateral to prepare and file, with the Securities and Exchange Commission or any other applicable government agency, registration statements, a prospectus and such other documentation in connection with the Pledged Collateral as the Administrative Agent may request, all in form and substance satisfactory to the Administrative Agent, and furnish to the Administrative Agent, or cause an issuer of Pledged Collateral to furnish to the Administrative Agent, any information regarding the Pledged Collateral in such detail as the Administrative Agent may specify; and

(d) take, or cause an issuer of Pledged Collateral to take, any and all actions necessary to register or qualify the Pledged Collateral to enable the Administrative Agent to consummate a public sale or other disposition of the Pledged Collateral.

5.4. Grant of Intellectual Property License. For the purpose of enabling the Administrative Agent to exercise the rights and remedies under this Article V at such time as the Administrative Agent shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby (a) grants to the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to any Grantor) to use, license or sublicense any intellectual property rights now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof and (b) irrevocably agrees that the Administrative Agent may sell any of such Grantor's Inventory directly to any person, including without limitation persons who have previously purchased the Grantor's Inventory from such Grantor and in connection with any such sale or other enforcement of the Administrative Agent's rights under this Security Agreement, may sell Inventory which bears any Trademark owned by or licensed to such Grantor and any Inventory that is covered by any Copyright owned by or licensed to such Grantor and the Administrative Agent may finish any work in process and affix any Trademark owned by or licensed to such Grantor and sell such Inventory as provided herein.

## **ARTICLE VI ACCOUNT VERIFICATION; ATTORNEY IN FACT; PROXY**

6.1. Account Verification. During the continuation of an Event of Default, the Administrative Agent shall have the right at any time at the Grantors' expense to (a) verify the validity, amount or any other material information relating to any Accounts and (b) enforce collection of any such Accounts and to adjust, settle or compromise the amount of payment thereof, all in the same manner as the Grantors.

### 6.2. Authorization for Secured Party to Take Certain Action.

(a) Each Grantor irrevocably authorizes the Administrative Agent at any time and from time to time in the sole discretion of the Administrative Agent and appoints the Administrative Agent as its attorney in fact (i) to execute on behalf of such Grantor as debtor and to file financing statements necessary or desirable in the Administrative Agent's sole discretion to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (ii) to endorse and collect any cash proceeds of the Collateral, (iii) to file a carbon, photographic or other reproduction of this Security Agreement or any financing statement with respect to the Collateral as a financing statement and to file any other financing statement or amendment of a financing statement (which does not add new collateral or add a debtor) in such offices as the Administrative Agent in its sole discretion deems necessary or desirable to perfect and to maintain the perfection and priority of the Administrative Agent's security interest in the Collateral, (iv) to contact and enter into one or more agreements with the issuers of uncertificated securities which are Pledged Collateral or with securities intermediaries holding Pledged Collateral as may be necessary or advisable to give the Administrative Agent Control over such Pledged Collateral, (v) to apply the proceeds of any Collateral received by the Administrative Agent to the Secured Obligations as provided in Article VII, (vi) to discharge past due Taxes, assessments, charges, fees or Liens on the Collateral (except for such Liens as are specifically permitted hereunder), (vii) to contact Account Debtors for any reason, (viii) to demand payment or enforce payment of the Receivables in the name of the Administrative Agent or such Grantor and to endorse any and all checks, drafts, and other instruments for the payment of money relating to the Receivables, (ix) to sign such Grantor's name on any invoice or bill of lading relating to the Receivables, drafts against any Account Debtor of the Grantor, assignments and verifications of Receivables, (x) to exercise all of such Grantor's rights and

remedies with respect to the collection of the Receivables and any other Collateral, (xi) to settle, adjust, compromise, extend or renew the Receivables, (xii) to settle, adjust or compromise any legal proceedings brought to collect Receivables, (xiii) to prepare, file and sign such Grantor's name on a proof of claim in bankruptcy or similar document against any Account Debtor of such Grantor, (xiv) to prepare, file and sign such Grantor's name on any notice of Lien, assignment or satisfaction of Lien or similar document in connection with the Receivables, (xv) to change the address for delivery of mail addressed to such Grantor to such address as the Administrative Agent may designate and to receive, open and dispose of all mail addressed to such Grantor, and (xvi) to do all other acts and things necessary to carry out this Security Agreement; and such Grantor agrees to reimburse the Administrative Agent on demand for any payment made or any expense incurred by the Administrative Agent in connection with any of the foregoing; *provided that*, this authorization shall not relieve such Grantor of any of its obligations under this Security Agreement, the Loan Agreement or under any other Loan Document.

(b) All acts of said attorney or designee are hereby ratified and approved. The powers conferred on the Administrative Agent, for the benefit of the Administrative Agent and Secured Parties, under this Section 6.2 are solely to protect the Administrative Agent's interests in the Collateral and shall not impose any duty upon the Administrative Agent or any Secured Party to exercise any such powers. The Administrative Agent agrees that, except for the powers granted in Section 6.2(a)(i)-(vi) and Section 6.2(a)(xvi), it shall not exercise any power or authority granted to it unless an Event of Default has occurred and is continuing.

6.3. Proxy. EACH GRANTOR HEREBY IRREVOCABLY CONSTITUTES AND APPOINTS THE ADMINISTRATIVE AGENT AS ITS PROXY AND ATTORNEY-IN-FACT (AS SET FORTH IN SECTION 6.2 ABOVE) WITH RESPECT TO ITS PLEDGED COLLATERAL, INCLUDING THE RIGHT TO VOTE SUCH PLEDGED COLLATERAL, WITH FULL POWER OF SUBSTITUTION TO DO SO. IN ADDITION TO THE RIGHT TO VOTE ANY SUCH PLEDGED COLLATERAL, THE APPOINTMENT OF THE ADMINISTRATIVE AGENT AS PROXY AND ATTORNEY-IN-FACT SHALL INCLUDE THE RIGHT TO EXERCISE ALL OTHER RIGHTS, POWERS, PRIVILEGES AND REMEDIES TO WHICH A HOLDER OF SUCH PLEDGED COLLATERAL WOULD BE ENTITLED (INCLUDING GIVING OR WITHHOLDING WRITTEN CONSENTS OF SHAREHOLDERS, CALLING SPECIAL MEETINGS OF SHAREHOLDERS AND VOTING AT SUCH MEETINGS). SUCH PROXY SHALL BE EFFECTIVE, AUTOMATICALLY AND WITHOUT THE NECESSITY OF ANY ACTION (INCLUDING ANY TRANSFER OF ANY SUCH PLEDGED COLLATERAL ON THE RECORD BOOKS OF THE ISSUER THEREOF) BY ANY PERSON (INCLUDING THE ISSUER OF SUCH PLEDGED COLLATERAL OR ANY OFFICER OR AGENT THEREOF), UPON THE OCCURRENCE OF AN EVENT OF DEFAULT.

6.4. Nature of Appointment; Limitation of Duty. THE APPOINTMENT OF THE ADMINISTRATIVE AGENT AS PROXY AND ATTORNEY-IN-FACT IN THIS ARTICLE VI IS COUPLED WITH AN INTEREST AND SHALL BE IRREVOCABLE UNTIL THE DATE ON WHICH THIS SECURITY AGREEMENT IS TERMINATED IN ACCORDANCE WITH SECTION 8.14. NOTWITHSTANDING ANYTHING CONTAINED HEREIN, NEITHER THE ADMINISTRATIVE AGENT, NOR ANY SECURED PARTY, NOR ANY OF THEIR RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL HAVE ANY DUTY TO EXERCISE ANY RIGHT OR POWER GRANTED HEREUNDER OR OTHERWISE OR TO PRESERVE THE SAME AND SHALL NOT BE LIABLE FOR ANY FAILURE TO DO SO OR FOR ANY DELAY IN DOING SO, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION; PROVIDED THAT, IN NO EVENT SHALL THEY BE LIABLE FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

## **ARTICLE VII**

### **COLLECTION AND APPLICATION OF RECEIVABLES AND OTHER COLLATERAL PROCEEDS**

Collection and Application of Receivables and Other Collateral Proceeds. The Administrative Agent hereby authorizes each Grantor to collect such Grantor's Receivables, and the Administrative Agent may curtail or terminate said authority at any time after the occurrence and during the continuance of an Event of Default (but not at any other time). If required by the Administrative Agent at any time after the occurrence and during the



continuance of an Event of Default, any Proceeds constituting collections of such Receivables, when collected by such Grantor, (i) shall be forthwith (and, in any event, within two Business Days) be deposited by such Grantor in the exact form received, duly endorsed by such Grantor to the Administrative Agent if required, in a Collateral Account maintained under the sole dominion and control of the Administrative Agent, subject to withdrawal by the Administrative Agent for the account of the Secured Parties only as provided below in this Section, and (ii) until so turned over, shall be held by such Grantor in trust for the Secured Parties, segregated from other funds of such Grantor. Each such deposit of Proceeds of Receivables shall be accompanied by a report identifying in reasonable detail the nature and source of the payments included in the deposit. All Proceeds constituting collections of Receivables while held by the Collateral Account bank (or by any Grantor in trust for the benefit of the Secured Parties) shall continue to be collateral security for the Secured Obligations of the applicable Grantor and shall not constitute payment thereof until applied as hereinafter provided. At any time when an Event of Default has occurred and is continuing, at the Administrative Agent's election, the Administrative Agent may apply all or any part of the funds on deposit in the Collateral Account established by the relevant Grantor to the payment of the Secured Obligations of such Grantor then due and owing, such application to be made as set forth below in this Section. In addition to the rights of the Secured Parties specified above with respect to payments of Receivables, if an Event of Default shall occur and be continuing, all Proceeds of Collateral received by any Grantor consisting of cash, checks and other near cash items shall be held by such Grantor in trust for the Secured Parties segregated from other funds of such Grantor, and shall, at the request of the Administrative Agent, forthwith upon receipt by such Grantor, be turned over to the Administrative Agent in the exact form received by such Grantor (duly endorsed by such Grantor to the Administrative Agent, if required). All Proceeds received by the Administrative Agent hereunder shall be held by the Administrative Agent in a Collateral Account maintained under its sole dominion and control. All Proceeds while held by the Administrative Agent in a Collateral Account (or by such Grantor in trust for the Secured Parties) shall continue to be held as collateral security for all the Secured Obligations and shall not constitute payment thereof until applied as provided below in this Section. At any time after the occurrence and during the continuance of an Event of Default, at the Administrative Agent's election, the Administrative Agent may apply all or any part of Proceeds of any Grantor held in any Collateral Account in payment of the Secured Obligations of such Grantor in such order as the Administrative Agent may elect in compliance with the Loan Agreement, and any part of such funds which the Administrative Agent elects not so to apply and deems not required as collateral security for such Secured Obligations shall be paid over from time to time by the Administrative Agent to the Borrowers or to whomsoever may be lawfully entitled to receive the same. Any balance of such Proceeds remaining after Payment in Full shall be paid over to the Borrowers or to whomsoever may be lawfully entitled to receive the same.

## **ARTICLE VIII GENERAL PROVISIONS**

8.1. Waivers. Each Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Grantors, addressed as set forth in Article IX, at least ten days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. To the maximum extent permitted by applicable law, each Grantor waives all claims, damages, and demands against the Administrative Agent or any Secured Party arising out of the repossession, retention or sale of the Collateral, except such as arise solely out of the gross negligence or willful misconduct of the Administrative Agent or such Secured Party as finally determined by a court of competent jurisdiction. To the extent it may lawfully do so, each Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against the Administrative Agent or any Secured Party, any valuation, stay, appraisal, extension, moratorium, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise. Except as otherwise specifically provided herein, each Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

8.2. Limitation on Administrative Agent's and any Secured Party's Duty with Respect to the Collateral. The Administrative Agent shall have no obligation to clean-up or otherwise prepare the Collateral for sale. The Administrative Agent and each Secured Party shall use reasonable care with respect to the Collateral in its

possession or under its control. Neither the Administrative Agent nor any Secured Party shall have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of the Administrative Agent or such Secured Party, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. To the extent that applicable law imposes duties on the Administrative Agent to exercise remedies in a commercially reasonable manner, each Grantor acknowledges and agrees that it is commercially reasonable for the Administrative Agent (i) to fail to incur expenses deemed significant by the Administrative Agent to prepare Collateral for disposition or otherwise to transform raw material or work in process into finished goods or other finished products for disposition, (ii) 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, (iii) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral, (iv) 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, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other Persons, whether or not in the same business as such Grantor, for expressions of interest in acquiring all or any portion of such Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) 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 capacity of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure the Administrative Agent against risks of loss, collection or disposition of Collateral or to provide to the Administrative Agent a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by the Administrative Agent, to obtain the services of brokers, investment bankers, consultants and other professionals to assist the Administrative Agent in the collection or disposition of any of the Collateral. Each Grantor acknowledges that the purpose of this Section 8.2 is to provide non-exhaustive indications of what actions or omissions by the Administrative Agent would be commercially reasonable in the Administrative Agent's exercise of remedies against the Collateral and that other actions or omissions by the Administrative Agent shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 8.2. Without limitation upon the foregoing, nothing contained in this Section 8.2 shall be construed to grant any rights to any Grantor or to impose any duties on the Administrative Agent that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 8.2.

**8.3. Compromises and Collection of Collateral.** The Grantors and the Administrative Agent recognize that setoffs, counterclaims, defenses and other claims may be asserted by obligors with respect to certain of the Receivables, that certain of the Receivables may be or become uncollectible in whole or in part and that the expense and probability of success in litigating a disputed Receivable may exceed the amount that reasonably may be expected to be recovered with respect to a Receivable. In view of the foregoing, each Grantor agrees that the Administrative Agent may at any time and from time to time, if an Event of Default has occurred and is continuing, compromise with the obligor on any Receivable, accept in full payment of any Receivable such amount as the Administrative Agent in its sole discretion shall determine or abandon any Receivable, and any such action by the Administrative Agent shall be commercially reasonable so long as the Administrative Agent acts in good faith based on information known to it at the time it takes any such action.

**8.4. Secured Party Performance of Debtor Obligations.** Without having any obligation to do so, the Administrative Agent may perform or pay any obligation which any Grantor has agreed to perform or pay in this Security Agreement and the Grantors shall reimburse the Administrative Agent for any amounts paid by the Administrative Agent pursuant to this Section 8.4. The Grantors' obligation to reimburse the Administrative Agent pursuant to the preceding sentence shall be Secured Obligations payable on demand.

**8.5. Specific Performance of Certain Covenants.** Each Grantor acknowledges and agrees that a breach of any of the covenants contained herein will cause irreparable injury to the Administrative Agent and the Secured Parties, that the Administrative Agent and Secured Parties have no adequate remedy at law in respect of such breaches and therefore agrees that the covenants of the Grantors contained herein shall be specifically enforceable against the Grantors.

8.6. Dispositions Not Authorized. No Grantor is authorized to sell or otherwise dispose of the Collateral except as set forth in Section 4.1(d) and notwithstanding any course of dealing between any Grantor and the Administrative Agent or other conduct of the Administrative Agent, no authorization to sell or otherwise dispose of the Collateral (except as set forth in Section 4.1(d)) shall be binding upon the Administrative Agent or the Secured Parties unless such authorization is in writing signed by the Administrative Agent with the consent or at the direction of the Required Lenders.

8.7. No Waiver; Amendments; Cumulative Remedies. No delay or omission of the Administrative Agent or any Lender to exercise any right or remedy granted under this Security Agreement shall impair such right or remedy or be construed to be a waiver of any Default or an acquiescence therein, and any single or partial exercise of any such right or remedy shall not preclude any other or further exercise thereof or the exercise of any other right or remedy. No waiver, amendment or other variation of the terms, conditions or provisions of this Security Agreement whatsoever shall be valid unless in writing signed by the Administrative Agent with the concurrence or at the direction of the Lenders required under Section 10.01 of the Loan Agreement and then only to the extent in such writing specifically set forth. All rights and remedies contained in this Security Agreement or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Secured Parties until Payment in Full.

8.8. Limitation by Law; Severability of Provisions. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable or not entitled to be recorded or registered, in whole or in part. Any provision in this Security Agreement that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of this Security Agreement are declared to be severable.

8.9. Reinstatement. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Grantor for liquidation or reorganization, should any Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of any Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Secured Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Secured Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Secured Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

8.10. Benefit of Agreement. The terms and provisions of this Security Agreement shall be binding upon and inure to the benefit of the Grantors, the Administrative Agent and the Secured Parties and their respective successors and assigns (including all persons who become bound as a debtor to this Security Agreement), except that no Grantor shall have the right to assign its rights or delegate its obligations under this Security Agreement or any interest herein, without the prior written consent of the Administrative Agent. No sales of participations, assignments, transfers, or other dispositions of any agreement governing the Secured Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to the Administrative Agent, for the benefit of the Administrative Agent and the Secured Parties, hereunder.

8.11. Survival of Representations. All representations and warranties of the Grantors contained in this Security Agreement shall survive the execution and delivery of this Security Agreement.

8.12. Taxes and Expenses. Any Taxes (other than Excluded Taxes) payable or ruled payable by Federal or State authority in respect of this Security Agreement shall be paid by the Grantors, together with interest and penalties, if any, upon and pursuant to the terms set forth in Section 2.08 of the Loan Agreement. The Grantors shall

reimburse the Administrative Agent for any and all out-of-pocket expenses (including reasonable attorneys', auditors' and accountants' fees) paid or incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, collection and enforcement of this Security Agreement, in each case upon and pursuant to the terms set forth in Section 10.04 of the Loan Agreement. Any and all costs and expenses incurred by the Grantors in the performance of actions required pursuant to the terms hereof shall be borne solely by the Grantors.

8.13. Headings. The title of and section headings in this Security Agreement are for convenience of reference only, and shall not govern the interpretation of any of the terms and provisions of this Security Agreement.

8.14. Termination. This Security Agreement shall continue in effect (notwithstanding the fact that from time to time there may be no Secured Obligations outstanding) until (i) the Loan Agreement has terminated pursuant to its express terms and (ii) Payment in Full.

8.15. Entire Agreement. This Security Agreement embodies the entire agreement and understanding between the Grantors and the Administrative Agent relating to the Collateral and supersedes all prior agreements and understandings between the Grantors and the Administrative Agent relating to the Collateral.

**8.16. CHOICE OF LAW. THIS SECURITY AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, WITHOUT PREJUDICE TO OR LIMITATION OF ANY OTHER RIGHTS OR REMEDIES AVAILABLE UNDER THE LAWS OF ANY JURISDICTION WHERE PROPERTY OR ASSETS OF ANY GRANTOR MAY BE FOUND.**

**8.17. SUBMISSION TO JURISDICTION. EACH GRANTOR HEREUNDER HERETO IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF TEXAS SITTING IN THE CITY OF HOUSTON AND COUNTY OF HARRIS AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT TO WHICH EACH IS A PARTY, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH STATE COURTS OR, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, IN SUCH FEDERAL COURTS. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS SECURITY AGREEMENT OR IN ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT ADMINISTRATIVE AGENT OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT AGAINST ANY GRANTOR OR ANY OF ITS PROPERTIES IN THE COURTS OF ANY OTHER JURISDICTION.**

**8.18. WAIVER OF VENUE. EACH OF THE PARTIES HERETO IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN SECTION 8.17. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAWS, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.**

**8.19. WAIVER OF JURY TRIAL. TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH OF THE PARTIES HERETO HEREBY WAIVES ITS RIGHT TO A JURY TRIAL OF ANY CLAIM. EACH OF THE PARTIES HERETO REPRESENTS THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL ON SUCH MATTERS. IN THE EVENT OF LITIGATION, A COPY OF THIS SECURITY AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.**

8.20. Expense Reimbursement; Indemnity. Sections 10.04(a), 10.04(b) and 10.04(d) of the Loan Agreement are hereby incorporated by reference *mutatis mutandis*, as if stated verbatim herein as agreements and obligations of each Grantor.

8.21. Counterparts. This Security Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Security Agreement by signing any such counterpart.

8.22. Lien Absolute. All obligations of each Grantor hereunder, shall be absolute and unconditional irrespective of:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any of the Secured Obligations, by operation of law or otherwise, or any obligation of any other guarantor of any of the Secured Obligations, or any default, failure or delay, willful or otherwise, in the payment or performance of the Secured Obligations;

(b) any lack of validity or enforceability relating to or against the Borrowers, any other Loan Party or any other guarantor of any of the Secured Obligations, for any reason related to the Loan Agreement, any other Loan Document or any other agreement or instrument governing or evidencing any Secured Obligation, or any Laws purporting to prohibit the payment by the Borrowers, any other Loan Party or any other guarantor of the Secured Obligations of the principal of or interest on the Secured Obligations;

(c) any modification or amendment of or supplement to the Loan Agreement or any other Loan Document;

(d) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Agreement, any other Loan Document or any other agreement or instrument governing or evidencing any Secured Obligation, including any increase or decrease in the rate of interest thereon;

(e) any change in the corporate existence, structure or ownership of the Borrowers, any other Loan Party or any other guarantor of any of the Secured Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrowers, any other Loan Party or any other guarantor of the Secured Obligations, or any of their assets or any resulting release of discharge of any obligation of the Borrowers, any other Loan Party or any other guarantor or any of the Secured Obligations;

(f) any present or future law, regulation or order of any jurisdiction (whether of right or in fact) or of any agency thereof purporting to reduce, amend, restructure or otherwise affect any term of any Loan Document or Secured Obligation;

(g) any other setoff, defense or counterclaim whatsoever (in any case, whether based on contract, tort or any other theory) with respect to the Loan Agreement, any other Loan Document, any other agreement or instrument or the transactions contemplated thereby which might constitute a legal or equitable defense available to, or discharge of any Grantor; or

(h) any other act or omission to act or delay of any kind by the Borrowers, any other Loan Party, any other guarantor of the Secured Obligations, the Administrative Agent, any Lender or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of any Grantor's obligations hereunder.

8.23. Release. Each Grantor consents and agrees that the Administrative Agent may at any time, or from time to time, in its discretion:

(a) renew, extend or change the time of payment, and/or the manner, place or terms of payment of all or any part of the Secured Obligations; and

(b) exchange, release and/or surrender all or any of the Collateral (including the Pledged Collateral), or any part thereof, by whomsoever deposited, which is now or may hereafter be held by the Administrative Agent in connection with all or any of the Secured Obligations; all in such manner and upon such terms as the Administrative Agent may deem proper, and without notice to or further assent from any Grantor, it being hereby agreed that each Grantor shall be and remain bound upon this Security Agreement, irrespective of the value or condition of any of the Collateral, and notwithstanding any such change, exchange, settlement, compromise, surrender, release, renewal or extension, and notwithstanding also that the Secured Obligations may, at any time, exceed the aggregate principal amount thereof set forth in the Loan Agreement, or any other agreement governing any Secured Obligation.

#### **ARTICLE IX NOTICES**

9.1. Sending Notices. Any notice required or permitted to be given under this Security Agreement shall be provided in accordance with Section 10.02 of the Loan Agreement.

9.2. Change in Address for Notices. Each of the Grantors, the Administrative Agent and the Lenders may change the address for service of notice upon it by a notice in writing to the other parties.

#### **ARTICLE X THE ADMINISTRATIVE AGENT**

White Oak Global Advisors, LLC has been appointed Administrative Agent for the Secured Parties hereunder pursuant to Article IX of the Loan Agreement. It is expressly understood and agreed by the parties to this Security Agreement that any authority conferred upon the Administrative Agent hereunder is subject to the terms of the delegation of authority made by the Secured Parties to the Administrative Agent pursuant to the Loan Agreement, and that the Administrative Agent has agreed to act (and any successor Administrative Agent shall act) as such hereunder only on the express conditions contained in such Article IX. Any successor Administrative Agent appointed pursuant to Article IX of the Loan Agreement shall be entitled to all the rights, interests and benefits of the Administrative Agent hereunder.

#### **ARTICLE XI CONSENT TO PLEDGED EQUITY**

11.1 Each Grantor, in its respective capacity as an issuer of Equity Interests that constitute Pledged Collateral (in such capacity, an "Issuer"), hereby (a) consents to the grant by each other Grantor to the Administrative Agent, for the benefit of the Secured Parties, of a security interest in and Lien on all of such Equity Interests, (b) represents to the Administrative Agent that it has no rights of setoff or other claims against any of the Equity Interests, (c) acknowledges and agrees that it shall, upon continuation of an Event of Default, pay to the Administrative Agent, for the benefit of the other Secured Parties, any dividends and distributions due to any Grantor in accordance with the terms hereof, and (d) consents to the transfer of such Equity Interests to the Administrative Agent or its nominee during the continuance of an Event of Default and to the substitution of the Administrative Agent or its nominee as a partner in any partnership or as a member in any limited liability company with all the rights and powers related thereto.

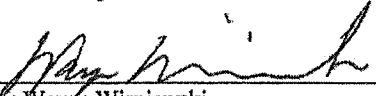
11.2 Each Grantor hereby authorizes and instructs each Issuer to comply with any instruction received by it from the Administrative Agent in writing that (a) states that an Event of Default has occurred and is continuing, and (b) is otherwise in accordance with the terms of this Security Agreement, without any other or further instructions from such Grantor.

[Signature Page Follows]

IN WITNESS WHEREOF, the Grantor and the Administrative Agent have executed this Security Agreement as of the date first above written.

**GRANTOR:**

**Eagle Hydrocarbons Inc.,**  
a Delaware corporation

By:   
Name: Wayne Wisniewski  
Title: President, Chief Operating Officer and Assistant Secretary



**ADMINISTRATIVE AGENT:**

**White Oak Global Advisors, LLC,**  
a Delaware limited liability company

By: 

Name: Barbara J. S. McKee

Title: Manager

**EXHIBIT A**

**NOTICE ADDRESS FOR GRANTOR**

c/o Eagle Energy Inc.  
Suite 2710, 500 – 4<sup>th</sup> Ave. SW  
Calgary, Alberta, T2P 2V6  
Canada  
Facsimile: 403-508-9840  
Email: [jbund@EagleEnergy.com](mailto:jbund@EagleEnergy.com)  
Attention: Jo-Anne Bund, General Counsel and Corporate Secretary

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

Bennett Jones LLP  
4500 Bankers Hall East, 855 - 2nd Street SW  
Calgary, Alberta, T2P 4K7  
Canada  
Facsimile: 403-265-7219  
Email: [dawsonk@bennettjones.com](mailto:dawsonk@bennettjones.com)  
Attention: Karen Dawson, Partner

**ENTITY INFORMATION AND COLLATERAL LOCATIONS**

EAGLE HYDROCARBONS INC.

I.	Name of Grantor:	Eagle Hydrocarbons Inc.
II.	State of Incorporation or Organization:	Delaware, United States
III.	Type of Entity:	Corporation
IV.	Organizational Number assigned by State of Incorporation or Organization:	5541416
V.	Federal Identification Number:	47-0978449
VI.	Principal Place of Business and Mailing Address:	333 Clay Street Suite 3005 Houston, Texas 77002
VII.	Other Names:	None.
VIII.	Properties Leased by Grantor:	Grantor's offices at 333 Clay Street, Suite 3005, Houston, Texas 77002 and 930 East Pierce Street, Luling, Texas 78648
IX.	Public Warehouses where Inventory or Collateral is Stored:	The location of Inventory and Collateral is the same location of Grantor's Oil and Gas Properties and Grantor's offices at 333 Clay Street, Suite 3005, Houston, Texas 77002 and 930 East Pierce Street, Luling, Texas 78648.

**EXHIBIT B**

**DEPOSIT ACCOUNTS**

<b>Name of Grantor</b>	<b>Name of Institution</b>	<b>Account Number</b>	<b>Description of Account</b>
Eagle Hydrocarbons Inc.	Bank of Nova Scotia	12989 04998 11	Business Account – Canadian \$
Eagle Hydrocarbons Inc.	Bank of Nova Scotia	12989 89137 14	Business Account – USD \$
Eagle Hydrocarbons Inc.	Bank of Nova Scotia	12989 89138 11	Business Account – USD \$
Eagle Hydrocarbons Inc.	Bank of Nova Scotia	1013033	Business Account – USD \$

**COMMODITIES ACCOUNTS**

None.

**SECURITIES ACCOUNTS**

None.

**EXHIBIT C**

**LETTER OF CREDIT RIGHTS**

1. Letter of Credit No. 04141127 from BNP Paribas in favor of Grantor by order of Texican Natural Gas Company, LLC and/or Texican Crude & Hydrocarbons, LLC dated April 1, 2016, as amended by that certain Amendment to Letter of Credit dated February 6, 2017.

**CHATTEL PAPER**

None.

**EXHIBIT D**  
**INTELLECTUAL PROPERTY RIGHTS**

**PATENTS**

None.

**PATENT APPLICATIONS**

None.

**TRADEMARKS**

None.

**TRADEMARK APPLICATIONS**

None.

**COPYRIGHTS**

None.

**COPYRIGHT APPLICATIONS**

None.

**INTELLECTUAL PROPERTY LICENSES**

None.

**EXHIBIT E**

**LIST OF PLEDGED COLLATERAL, SECURITIES AND OTHER INVESTMENT PROPERTY**

**EQUITY INTERESTS**

None.

**OTHER INSTRUMENTS, SECURITIES AND DOCUMENTS**

None.

**EXHIBIT F**

**OFFICES IN WHICH FINANCING STATEMENTS HAVE BEEN FILED**

<b>Name of Grantor</b>	<b>Filing Office</b>
Eagle Hydrocarbons Inc.	Delaware Secretary of State

**EXHIBIT G**  
**AMENDMENT**

This Amendment, dated \_\_\_\_\_, is delivered pursuant to Section 4.4 of the Security Agreement referred to below. All defined terms herein shall have the meanings ascribed thereto or incorporated by reference in the Security Agreement. The undersigned hereby certifies that the representations and warranties in Article III of the Security Agreement are and continue to be true and correct. The undersigned further agrees that this Amendment may be attached to that certain Pledge and Security Agreement, dated March 13, 2017, between the undersigned, as a Grantor, and White Oak Global Advisors, LLC, a Delaware limited liability company, as the Administrative Agent, (as amended, modified or supplemented from time to time, the "Security Agreement") and that the Collateral listed on Schedule I to this Amendment shall be and become a part of the Collateral referred to in said Security Agreement and shall secure all Secured Obligations referred to in said Security Agreement.

\_\_\_\_\_

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



SCHEDULE I TO AMENDMENT

EQUITY INTERESTS

<b>Name of Grantor</b>	<b>Issuer</b>	<b>Certificate Number(s)</b>	<b>Number of Shares</b>	<b>Type of Equity Interest</b>	<b>Percentage of Outstanding Equity Interests Issued by Issuer</b>

OTHER INSTRUMENTS, SECURITIES AND DOCUMENTS

<b>Name of Grantor</b>	<b>Issuer</b>	<b>Number</b>	<b>Face Amount</b>	<b>Coupon Rate</b>	<b>Maturity</b>

COMMERCIAL TORT CLAIMS

<b>Name of Grantor</b>	<b>Description of Claim</b>	<b>Parties</b>	<b>Case Number; Name of Court where Case was Filed</b>

**EXHIBIT H**  
**COMMERCIAL TORT CLAIMS**

None.

ASSUMPTION AGREEMENT (this “Assumption Agreement”), dated as of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”), by \_\_\_\_\_, a \_\_\_\_\_ (the “Additional Grantor”), in favor of White Oak Global Advisors, LLC, a Delaware limited liability company, as Administrative Agent (in such capacity, the “Administrative Agent”) for the Secured Parties. All capitalized terms not defined herein shall have the meanings ascribed to them in the Loan Agreement referred to below.

### **PRELIMINARY STATEMENTS**

A. Eagle Energy Inc., a corporation formed and existing under the laws of the Province of Alberta, Canada (“Eagle Canada”), and Eagle Hydrocarbons Inc., a corporation formed under the laws of the State of Delaware (“Eagle USA” and, collectively with Eagle Canada, the “Borrowers” and each, a “Borrower”), the Subsidiaries of the Borrowers from time to time party thereto, as Guarantors, the Administrative Agent and the other entities party thereto as lenders (the “Lenders”) have entered into a Loan and Security Agreement, dated as of March 13, 2017, (as amended, restated, replaced, modified or supplemented from time to time, the “Loan Agreement”).

B. In connection with the Loan Agreement, Eagle USA and/or certain other Loan Parties are party to that certain Pledge and Security Agreement, dated as of March 13, 2017, (the “Security Agreement”).

C. The Loan Agreement requires the Additional Grantor to become a party to the Security Agreement.

D. The Additional Grantor has agreed to execute and deliver this Assumption Agreement in order to become a party to the Security Agreement.

#### ACCORDINGLY, IT IS AGREED:

1. Security Agreement. By executing and delivering this Assumption Agreement, the Additional Grantor, as provided in Section 4.15 of the Security Agreement, hereby becomes a party to the Security Agreement as a “Grantor” thereunder with the same force and effect as if originally named therein as a Grantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Grantor thereunder and grants a security interest to the Administrative Agent, as provided therein, in all of its right, title and interest in and to the Collateral (as defined in the Security Agreement) to secure the prompt and complete payment and performance of the Secured Obligations. The information set forth in Annex 1-A hereto is hereby added to the information set forth in the appropriate Exhibits to the Security Agreement. The Additional Grantor hereby represents and warrants that each of the representations and warranties contained in Article III of the Security Agreement is, as to itself, true and correct on and as the date hereof (after giving effect to this Assumption Agreement) as if made on and as of such date.

2. GOVERNING LAW. THIS ASSUMPTION AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS ASSUMPTION AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be duly executed and delivered as of the date first above written.

[ADDITIONAL GRANTOR]

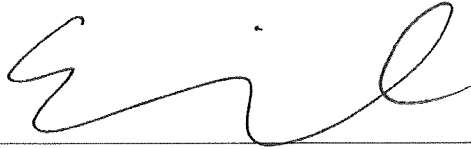
\_\_\_\_\_ ,  
a \_\_\_\_\_

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

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

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

This is Exhibit "Q" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



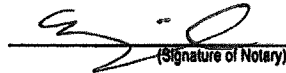
A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

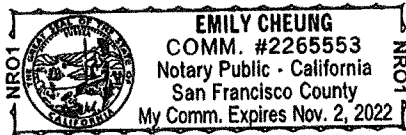
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)



# NEWS RELEASE



## FOR IMMEDIATE RELEASE

### Eagle Energy Inc. Announces Third Quarter 2019 Results

**Calgary, Alberta** – November 7, 2019 (TSX Venture Exchange: EGL): Eagle Energy Inc. (“Eagle”) today reports its financial and operating results for the third quarter ended September 30, 2019.

When reflecting on Eagle’s third quarter, Wayne Wisniewski, President and Chief Executive Officer, stated, “Eagle has continued to reduce administrative and overhead expenses in the third quarter of 2019 which were 51% less than the same quarter in 2018. Although field netbacks were negatively affected by lower pricing and unplanned repair costs in the third quarter, Eagle was funds flow positive for the nine months ended September 30, 2019 due, in part, to its hedging program.”

Mr. Wisniewski continued, “As stated in previous news releases, we continue to work with our financial advisors to investigate, evaluate and consider possible asset sales and restructuring alternatives. During the second quarter, Eagle sold a minor U.S. royalty interest property for \$2.2 million, net proceeds of which were used for general working capital purposes. We continue to monitor 2019 capital spending and look at ways to further reduce debt and general and administrative costs.”

#### Third Quarter 2019 Financial Results

Eagle’s unaudited condensed consolidated interim financial statements and accompanying notes for the three and nine months ended September 30, 2019 and related management’s discussion and analysis have been filed with the securities regulators and are available online under Eagle’s issuer profile at [www.sedar.com](http://www.sedar.com) and on Eagle’s website at [www.EagleEnergy.com](http://www.EagleEnergy.com).

*This news release contains non-IFRS financial measures and statements that are forward-looking. Investors should read “Non-IFRS Financial Measures” and “Note about Forward-looking Statements” near the end of this news release. Figures within this news release are presented in Canadian dollars unless otherwise indicated.*

#### Review of the Three Months ended September 30, 2019

- On August 15, 2019, Eagle entered into a Limited Waiver of Default Interest and Consent (the “**Limited Waiver**”), whereby the lender agreed to waive \$US 646,175 of default interest and add \$US 250,000 of default interest for the period of January 1 to July 31, 2019 to the outstanding amount of the term loan in lieu of a cash payment.
- Field netback of \$2.4 million (\$17.52 per barrel of oil equivalency (“**boe**”)) for the three months ended September 30, 2019.
- Decreased administrative expenses by 51% when compared to the three months ended September 2018 (not including costs associated with the Twining disposition in the third quarter of 2018), and by 35% when compared to the second quarter of 2019 (not including severance costs of \$0.5 million recorded in the second quarter).
- Hedged 200 barrels of oil per day at a WTI price of \$US 60.03 per barrel for the period of August to December 2019, and 500 barrels of oil per day at a WTI price of \$US 59.80 per barrel for the period of October to December 2019.
- Continued to curtail 2019 capital expenditures to preserve maximum financial flexibility.

## Ongoing Measures to address a Going Concern Uncertainty

At September 30, 2019, the following circumstances cause material uncertainties that may cast significant doubt regarding Eagle's ability to continue as a going concern:

- Eagle had a working capital deficiency of \$36.6 million.
- Eagle had funds flow from operations of \$6,000 for the nine months ended September 30, 2019.
- Eagle's estimate of future funds flow from operating activities over the next twelve months is not sufficient to repay the loan principal which is classified as a current liability.
- Eagle was in default of one of its four financial covenants under the four-year secured term loan from its U.S.-based lender (the "**Loan Agreement**"). In addition, excluding the reversal of \$0.6 million of default interest expenses in the third quarter of 2019, Eagle would have been in violation of the consolidated fixed charge ratio. Violation of any financial covenant constitutes an immediate event of default under the Loan Agreement and, as a result, Eagle's debt continues to be classified as a current liability. There is no assurance that Eagle will not be in violation of one or more financial covenants in future quarters.
- Beginning August 1, 2019, the additional 5% default interest rate is being charged and paid monthly.

Notwithstanding the defaults, the lender has not, as of the date hereof, exercised any of its available remedies other than charging the default interest rate. However, there can be no assurance that it will not do so in the future.

Eagle has undertaken several cost-cutting measures to reduce administrative and operating expenses, such as reducing the number of its staff by 44% since year end 2018, reducing its number of contractors, negotiating better pricing with contractors and listing its Calgary and Houston office space for sublease. Eagle has curtailed capital spending for 2019. Eagle also continues to work with its financial advisors to investigate, evaluate and consider possible asset sales and restructuring alternatives.

During 2019, in order to mitigate the risk that fluctuating commodity prices have on generating positive funds flow from operations, Eagle has undertaken the following:

- On March 12, 2019, Eagle entered into a fixed price financial swap on 450 barrels of oil per day for the period of April 1 to September 30, 2019 at a WTI price of \$US 57.81 per barrel.
- On April 8, 2019, Eagle entered into a fixed price financial swap on 225 barrels of oil per day for the period of April 1 to September 30, 2019 at a WTI price of \$US 63.23 per barrel.
- On July 15, 2019, Eagle entered into a fixed price financial swap on 200 barrels of oil per day for the period of August 1 to December 31, 2019 at a WTI price of \$US 60.03 per barrel.
- On September 16, 2019, Eagle entered into a fixed price financial swap on 500 barrels of oil per day for the period of October 1 to December 31, 2019 at a WTI price of \$US 59.80 per barrel.

Eagle's ability to meet its ongoing financial liabilities, including liabilities relating to the Loan Agreement, and to continue as a going concern, is dependent upon the ongoing support from its lender and its ability to fund the repayment of its debt by generating positive funds flow from operations, securing funding from additional debt or equity financing, disposing of assets or making other arrangements. There is no certainty that such initiatives will be successful.

## Summary of Quarterly Results

	Q3/2019	Q2/2019	Q1/2019	Q4/2018	Q3/2018	Q2/2018	Q1/2018	Q4/2017
(\$000's except for boe/d and per share amounts)								
Sales volumes – boe/d	1,457	1,664	1,542	1,852	1,958	2,262	2,974	3,804
Revenue, net of royalties	5,933	6,573	5,822	5,577	9,010	10,228	12,461	14,725
per boe	44.25	43.40	41.95	32.73	50.01	49.69	46.57	42.08
Operating, transportation and marketing expenses	3,585	2,943	3,150	2,730	3,946	4,206	5,109	6,864
per boe	26.74	19.43	22.69	16.02	21.91	20.43	19.10	19.61
Field netback <sup>(1)</sup>	2,348	3,630	2,672	2,847	5,064	6,022	7,352	7,861
per boe	17.52	23.97	19.26	16.71	28.10	29.26	27.47	22.47
Funds flow generated from (used in) operations	947	(508)	(433)	1,062	1,622 <sup>(2)</sup>	1,932	1,718 <sup>(3)</sup>	3,488
per boe	7.06	(3.35)	(3.11)	6.23	9.00	9.39	6.42	9.98
per share – basic	0.02	(0.01)	(0.01)	0.02	0.04	0.04	0.04	0.08
per share – diluted	0.02	(0.01)	(0.01)	0.02	0.04	0.04	0.04	0.08
Loss	(119)	(205)	(2,908)	(8,259)	(1,887)	(15,093)	(2,568)	(14,293)
per share – basic	(0.00)	(0.00)	(0.07)	(0.19)	(0.04)	(0.34)	(0.06)	(0.34)
per share - diluted	(0.00)	(0.00)	(0.07)	(0.19)	(0.04)	(0.34)	(0.06)	(0.34)
Current assets	8,657	8,353	7,633	7,751	13,270	10,920	14,941	13,869
Current liabilities	45,268	45,610	47,809	47,769	9,686	5,762	7,528	13,715
Total assets	137,564	136,750	138,011	136,674	141,264	159,935	174,877	207,314
Total non-current liabilities	23,688	22,529	21,083	16,658	51,886	62,427	70,870	94,312
Shareholders' equity	68,608	68,611	69,119	72,247	79,692	81,709	96,479	99,287
Shares issued	44,879	44,879	44,244	44,244	44,244	43,750	43,750	43,302

(1) Field netback is a Non-IFRS financial measure.

(2) Includes one-time disposition costs of \$0.7 million relating to the Twining disposition.

(3) Includes one-time disposition costs of \$3.4 million relating to the Salt Flat disposition

Third quarter 2019 funds flow from operations increased by \$1.4 million to \$0.9 million from negative \$0.5 million in the second quarter of 2019. General and administrative costs were \$1.0 million lower in the third quarter than the second quarter, which included \$0.5 million in severance costs. Finance charges in the third quarter were \$0.9 million compared to \$2.3 million in the second quarter due to a credit adjustment recorded in the third quarter to the default interest charge of \$0.7 million originally recorded in the second quarter. The third quarter of 2019 also includes a realized risk management gain of \$0.3 million compared to a realized risk management loss of \$0.02 million in the second quarter of 2019.

For the three months ended September 30, 2019, sales volumes were lower than the previous quarter due to field production volumes remaining in inventory at the end of the quarter in Dixonville and lower gas and NGL volumes in North Texas resulting from a gas facility shut-in. Production decreased from previous quarters in 2018 primarily due to the effect of the Salt Flat disposition in February 2018 and the Twining disposition in August 2018.

Third quarter 2019 field netback per boe basis decreased from the second quarter of 2019 due to lower realized prices and higher operating costs in North Texas for maintenance and repairs.

Changes in earnings (loss) from one quarter to the next often do not move directionally or by the same amount as quarterly changes in funds flow from operations. This is due to items of a non-cash nature, or extraordinary items that factor into the calculation of earnings (loss), and those that are required to be fair valued at each quarter end. The



second quarter of 2019 statement of earnings (loss) includes a \$2.2 million gain on the disposition of a royalty interest asset located in the United States that is not included in funds flow from operations.

### **Non-IFRS Financial Measures**

Statements throughout this news release make reference to the terms “field netback”, “consolidated leverage ratio” and “consolidated fixed charge ratio”, which are non-IFRS financial measures that do not have a standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers.

“Field netback” is calculated by subtracting royalties, operating expenses, and transportation and marketing expenses from revenues. This method of calculating field netback is in accordance with the standards set out in the Canadian Oil and Gas Evaluation Handbook maintained by the Society of Petroleum Evaluation Engineers (Calgary Chapter). Management believes that field netback provides useful information to investors and management because such a measure reflects the quality of production and the level of profitability.

The terms “consolidated leverage ratio” and “consolidated fixed charge ratio” are used for purposes of covenant calculations in the Loan Agreement and are calculated as described under the heading “Liquidity and Capital Resources” in the MD&A.

### **Note about Forward-Looking Statements**

Certain of the statements made and information contained in this news release are forward-looking statements and forward-looking information (collectively referred to as “**forward-looking statements**”) within the meaning of Canadian securities laws. All statements other than statements of historic fact are forward-looking statements. Eagle cautions investors that important factors could cause Eagle’s actual results to differ materially from those projected, or set out, in any forward-looking statements included in this news release.

In particular, and without limitation, this news release contains forward-looking statements pertaining to the following:

- Eagle’s expectations regarding its ability to meet its ongoing financial liabilities, including liabilities relating to the Loan Agreement, and to continue as a going concern being dependent upon the ongoing support from its lender and its ability to fund the repayment of its debt by generating positive funds flow from operations, securing funding from additional debt or equity financing, disposing of assets or making other arrangements;
- Eagle’s intentions to reduce debt and corporate costs;
- Eagle’s hedging program;
- Eagle continuing to work with its financial advisors to investigate, evaluate and consider possible asset sales and restructuring alternatives;
- Eagle’s expectation that its future cash flows from operating activities over the next 12 months is not sufficient to repay the loan principal;
- the possibility of Eagle’s lender exercising its rights and remedies under the Loan Agreement in the future; and
- the curtailment of Eagle’s 2019 capital expenditures.

With respect to forward-looking statements contained in this news release, assumptions have been made regarding, among other things:

- Eagle’s ability to continue as a going concern;
- future crude oil, NGL and natural gas prices, differentials and weighting;
- future foreign exchange and interest rates;
- future production levels;
- future capital expenditures;
- future production estimates;
- projected operating costs, which are estimated based on historical information and anticipated changes in the cost of equipment and services, among other things; and
- ongoing support of Eagle by its lender.

Eagle’s actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and those in the annual information form dated March 21, 2019:

- the exercise by Eagle’s lender of its rights and remedies under the Loan Agreement as a result of Eagle not being in compliance with all of the covenants under the Loan Agreement;
- volatility of prices and differentials for crude oil, NGLs and natural gas;
- commodity supply and demand;
- fluctuations in foreign exchange and interest rates;
- inherent risks and changes in costs associated with the development of petroleum properties;

- ultimate recoverability of reserves;
- timing, results and costs of production activities;
- availability and terms of financing and capital; and
- new regulations and legislation that apply to the operations of Eagle and its subsidiaries.

As a result of these risks, actual performance and financial results in 2019 may differ materially from any projections of future performance or results expressed or implied by these forward-looking statements. Eagle's ability to continue as a going concern, its production rates, operating and general and administrative costs, field netbacks, capital expenditures, reserves and potential transactions are subject to change in light of whether the lender exercises its right and remedies under the Loan Agreement, ongoing results, prevailing economic circumstances, obtaining regulatory and lender approvals, commodity prices, exchange rates, financing terms, and industry conditions and regulations. New factors emerge from time to time, and it is not possible for management to predict all of these factors or to assess, in advance, the impact of each such factor on Eagle's business, or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Undue reliance should not be placed on forward-looking statements, which are inherently uncertain, are based on estimates and assumptions, and are subject to known and unknown risks and uncertainties (both general and specific) that contribute to the possibility that the future events or circumstances contemplated by the forward-looking statements will not occur. Although management believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date the forward-looking statements were made, there can be no assurance that the plans, intentions or expectations upon which forward-looking statements are based will in fact be realized. **Actual results will differ, and the difference may be material and adverse to Eagle and its shareholders.** These statements speak only as of the date of this news release and may not be appropriate for other purposes. Eagle does not undertake any obligation, except as required by applicable securities legislation, to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise.

#### **Note Regarding Barrel of Oil Equivalency**

This news release contains disclosure expressed as "boe" or "boe/d". All oil and natural gas equivalency volumes have been derived using the conversion ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of oil. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of 6 Mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. In addition, given that the value ratio based on the current price of oil as compared to natural gas is significantly different from the energy equivalent of six to one, utilizing a boe conversion ratio of 6 Mcf:1 bbl would be misleading as an indication of value.

#### **About Eagle Energy Inc.**

Eagle is an oil and gas corporation with shares listed for trading on the TSX Venture Exchange under the symbol "EGL".

All material information about Eagle may be found on its website at [www.EagleEnergy.com](http://www.EagleEnergy.com) or under Eagle's issuer profile at [www.sedar.com](http://www.sedar.com).

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

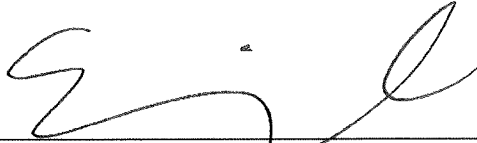
#### **For further information, please contact:**

Brenda Galonski  
Chief Financial Officer  
(587) 233-1791

Wayne Wisniewski  
President & Chief Executive Officer  
(713) 300-3298

**Eagle Energy Inc.**  
Suite 2710, 500-4<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 2V6  
(403) 531-1575  
(855) 531-1575 (toll free)

This is Exhibit "R" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)





Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9800 Fax: 403-260-9700

November 17, 2019

**VIA ELECTRONIC EMAIL**  
[jbund@EagleEnergy.com](mailto:jbund@EagleEnergy.com)

Eagle Energy Inc.  
Suite 2710, 500 – 4th Ave. SW  
Calgary, Alberta, T2P 2V6

**Kelly Bourassa**

Partner

Dir: 403-260-9697

[kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com)

Reference: 74169/5

**Attention: Jo-Anne Bund, General Counsel and  
Corporate Secretary**

Dear Madam:

**Re: Demand for Payment**

---

As counsel to White Oak Global Advisors, LLC ("**White Oak**"), the administrative agent (the "**Agent**") on behalf of the lenders on whose behalf White Oak signed the Loan and Security Agreement (as defined herein), as attorney-in-fact, as lenders (collectively, the "**Lenders**"), we hereby advise Eagle Energy Inc., a corporation formed and existing under the laws of the Province of Alberta, Canada (the "**Borrower**") as follows:

1. Capitalized terms used herein have the meanings given to them in the Loan and Security Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) the loan and security agreement dated as of March 13, 2017 among the Borrower and Eagle Hydrocarbons Inc., as Borrowers, Eagle Energy Trust and Eagle Energy Holdings Inc., as Guarantors, White Oak acting as Agent, and the Lenders, as amended by a first amendment to loan and security agreement dated April 13, 2017, but effective as of March 31, 2017, a second amendment to loan and security agreement dated June 29, 2017, a third amendment to loan and security agreement dated September 29, 2017, a limited consent and fourth amendment to loan and security agreement dated February 8, 2018, a fifth amendment to loan and security agreement dated March 20, 2018, a limited consent and sixth amendment to loan and security agreement dated August 28, 2018, a limited consent and seventh amendment to loan and security agreement dated March 18, 2019, and a limited consent and eighth amendment to loan and security agreement dated May 13, 2019, an amended, supplemented or otherwise modified (the "**Loan and Security Agreement**");
  - (b) a demand debenture dated March 13, 2017 made by the Borrower to and in favor of the Agent;

31446823.3

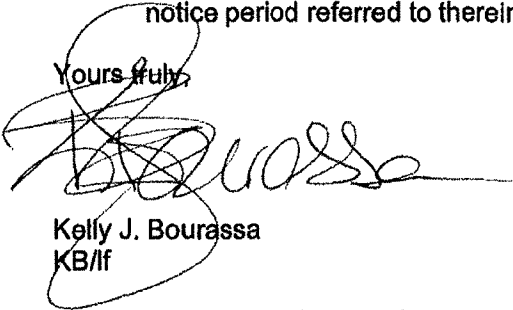
- (c) a securities pledge agreement dated March 13, 2017 made by the Borrower to and in favor of the Agent; and
- (d) a blocked account control agreement dated as of March 13, 2017 by and among The Bank of Nova Scotia, the Borrower and the Agent.

(the foregoing items are collectively referred to as the "**Credit Documents**").

3. Events of Default have occurred and are continuing under the Loan and Security Agreement as a result of, including, but not limited to:
  - (a) the Borrower's failure to comply with the minimum Consolidated Fixed Charge Coverage Ratio covenant under Section 6.14(b) of the Loan and Security Agreement as of December 31, 2018, March 31, 2019 and June 30, 2019, which in each case is an Event of Default under Section 8.01(b) of the Loan and Security; and
  - (b) the Borrower's failure to comply with the maximum Consolidated Leverage Ratio covenant under Section 6.14(a) of the Loan and Security Agreement, as of March 31, 2019, June 30, 2019 and September 30, 2019, which in each case is an Event of Default under Section 8.01(b) of the Loan and Security Agreement.
4. Pursuant to the terms of the Loan and Security Agreement, upon the occurrence of an Event of Default, the Agent may, *inter alia*, declare all Obligations (including the applicable Repayment Premium and Make-Whole Amount (if any)) immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower.
5. Accordingly, the Agent hereby declares immediately due and payable and demands payment from the Borrower of the Obligations, with interest, fees, premium, make-whole and other amounts thereon at the rates determined in accordance with the Loan and Security Agreement as set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent or the Lenders under the Loan Documents (including the Credit Documents), or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Agent's rights under the Loan Documents (including the Credit Documents). For greater certainty, interest (including interest at the Default Rate) continues to accrue on the Obligations and other indebtedness and costs, including as aforesaid, in accordance with the Loan Documents (including the Credit Documents) (collectively, and together with all obligations, liabilities and indebtedness described in this paragraph 5, the "**Outstanding Indebtedness**").
6. If the Borrower fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Calgary time on November 28, 2019, the Agent will take such lawful steps to recover the Outstanding Indebtedness owing to the Agent and the Lenders as it considers appropriate including, but not limited to, pursuing all of the Agent's rights and remedies against the Borrower under the Loan Documents (including the Credit Documents).

7. The Agent, on behalf of the Lenders, hereby terminates the Term Loan Commitments and shall not be required to, and the Lenders shall not be required to, advance further money or extend credit to the Borrower under the Loan and Security Agreement or any other Loan Document.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Borrower's waiver of the notice period referred to therein if it chooses to permit the same.

Yours truly,



Kelly J. Bourassa  
KB/lf

- c: Karen Dawson (*Bennett Jones LLP*)  
Chris Simard (*Bennett Jones LLP*)  
Paul Heath (*Vinson & Elkins LLP*)  
Client

**Schedule "A"**  
**INDEBTEDNESS**

<b>Category</b>	<b>Amount in US\$ (as at November 15, 2019)</b>
<b>Term Loans</b>	
Principal	\$30,686,145.95
Accrued Interest	\$190,626.56
Repayment Premium	\$308,767.73
<b>Total</b>	<b>\$31,185,540.24</b>

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Agent prior to the date hereof.

All currency references herein are to American dollars.

FORM 86

**NOTICE OF INTENTION TO ENFORCE SECURITY**

(Rule 124)

(Section 244 of the Bankruptcy and Insolvency Act)

TO: **EAGLE ENERGY INC.**, an insolvent person (the "**Debtor**")  
Suite 2710, 500 – 4th Ave. SW  
Calgary, Alberta, T2P 2V6

Attention: Jo-Anne Bund, General Counsel and Corporate Secretary

Take notice that:

1. **WHITE OAK GLOBAL ADVISORS, LLC**, the administrative agent (the "**Agent**") on behalf of the lenders on whose behalf the Agent signed the Loan and Security Agreement (as defined herein), as attorney-in-fact, as lenders (collectively, the "**Lenders**"), secured creditors pursuant to a loan and security agreement dated as of March 13, 2017 among Eagle Energy Inc. and Eagle Hydrocarbons Inc., as Borrowers, Eagle Energy Trust and Eagle Energy Holdings Inc., as Guarantors, White Oak acting as Agent, and the Lenders (the "**Loan and Security Agreement**"), as amended by a first amendment to loan and security agreement dated April 13, 2017, but effective as of March 31, 2017, a second amendment to loan and security agreement dated June 29, 2017, a third amendment to loan and security agreement dated September 29, 2017, a limited consent and fourth amendment to loan and security agreement dated February 8, 2018, a fifth amendment to loan and security agreement dated March 20, 2018, a limited consent and sixth amendment to loan and security agreement dated August 28, 2018, a limited consent and seventh amendment to loan and security agreement dated March 18, 2019, and a limited consent and eighth amendment to loan and security agreement dated May 13, 2019, intends to enforce its Security (as defined herein) on the property of the Debtor described below:

All of the present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof and all of such Debtor's present and after-acquired real property,

(collectively, the "**Collateral**").

2. The security that is to be enforced is in the form of the following:

- (a) the Loan and Security Agreement;
- (b) a demand debenture dated March 13, 2017 made by the Debtor to and in favor of the Agent;
- (c) a securities pledge agreement dated March 13, 2018 made by the Debtor to and in favor of the Agent; and
- (d) a blocked account control agreement, dated as of March 13, 2017, by and among the Bank of Nova Scotia, the Debtor and the Agent.

(collectively, (a) through (d) are referred to as the "**Security**").



3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Agent, and any other amounts whatsoever, which may be claimed by the Agent under the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Agent's rights under the Security.

4. The Agent will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 17th day of November 2019.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Lender**

Per: 

Name: Kelly J Bourassa

Title: Barrister and Solicitor

**Schedule "A"**  
**INDEBTEDNESS**

<b>Category</b>	<b>Amount in US\$ (as at November 15, 2019)</b>
<b>Term Loans</b>	
Principal	\$30,686,145.95
Accrued Interest	\$190,626.56
Repayment Premium	\$308,767.73
<b>Total</b>	<b>\$31,185,540.24</b>

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Agent prior to the date hereof.

All currency references herein are to American dollars.

WAIVER

Eagle Energy Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and consents to the immediate enforcement by the Agent of the Security described above.

DATED at Calgary, Alberta this \_\_\_\_ day of November, 2019.

**EAGLE ENERGY INC.**

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

This is Exhibit "S" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



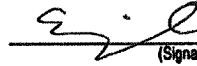
A NOTARY PUBLIC in and for the State of California

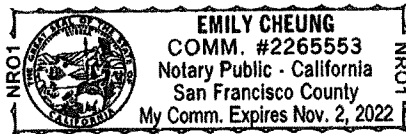
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

  
(Signature of Notary)





Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

November 17, 2019

**VIA ELECTRONIC MAIL**  
[jbund@EagleEnergy.com](mailto:jbund@EagleEnergy.com)

Eagle Energy Trust  
Suite 2710, 500 – 4th Ave. SW  
Calgary, Alberta, T2P 2V6

**Kelly Bourassa**

Partner

Dir: 403-260-9697

[kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com)

Reference: 74169/5

**Attention: Jo-Anne Bund, General Counsel and  
Corporate Secretary**

Dear Madam:

**Re: Demand for Payment**

---

As counsel to White Oak Global Advisors, LLC ("**White Oak**"), the administrative agent (the "**Agent**") on behalf of the lenders on whose behalf White Oak signed the Loan and Security Agreement (as defined herein), as attorney-in-fact, as lenders (collectively, the "**Lenders**"), we hereby advise Eagle Energy Trust, a trust formed and existing under the laws of the Province of Alberta, Canada (the "**Guarantor**") as follows:

1. Capitalized terms used herein have the meanings given to them in the Loan and Security Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) the loan and security agreement dated as of March 13, 2017 among Eagle Energy Inc. and Eagle Hydrocarbons Inc., as Borrowers, the Guarantor and Eagle Energy Holdings Inc., as Guarantors, White Oak acting as Agent, and the Lenders, as amended by a first amendment to loan and security agreement dated April 13, 2017, but effective as of March 31, 2017, a second amendment to loan and security agreement dated June 29, 2017, a third amendment to loan and security agreement dated September 29, 2017, a limited consent and fourth amendment to loan and security agreement dated February 8, 2018, a fifth amendment to loan and security agreement dated March 20, 2018, a limited consent and sixth amendment to loan and security agreement dated August 28, 2018, a limited consent and seventh amendment to loan and security agreement dated March 18, 2019, and a limited consent and eighth amendment to loan and security agreement dated May 13, 2019, an amended, supplemented or otherwise modified (the "**Loan and Security Agreement**");
  - (b) a demand debenture dated March 13, 2017 made by the Guarantor to and in favor of the Agent;

31446863.2

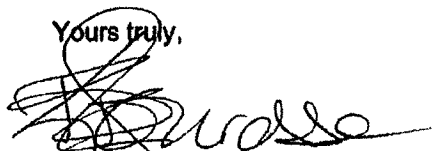
- (c) a securities pledge agreement dated March 13, 2017 made by the Guarantor to and in favor of the Agent; and
- (d) a blocked account control agreement dated as of March 13, 2017 by and among The Bank of Nova Scotia, the Guarantor and the Agent.

(the foregoing items are collectively referred to as the "Credit Documents").

3. Events of Default have occurred and are continuing under the Loan and Security Agreement as a result of, including, but not limited to:
  - (a) the Borrowers' failure to comply with the minimum Consolidated Fixed Charge Coverage Ratio covenant under Section 6.14(b) of the Loan and Security Agreement as of December 31, 2018, March 31, 2019 and June 30, 2019, which in each case is an Event of Default under Section 8.01(b) of the Loan and Security; and
  - (b) the Borrowers' failure to comply with the maximum Consolidated Leverage Ratio covenant under Section 6.14(a) of the Loan and Security Agreement, as of March 31, 2019, June 30, 2019 and September 30, 2019, which in each case is an Event of Default under Section 8.01(b) of the Loan and Security Agreement.
4. Pursuant to the Loan and Security Agreement, the Guarantor unconditionally and irrevocably guaranteed the full and prompt payment when due and performance to the Agent of all Secured Obligations when due in accordance with their terms.
5. Accordingly, the Agent hereby demands payment from the Guarantor of the Secured Obligations, with interest, fees, premium, make-whole and other amounts thereon at the rates determined in accordance with the Loan and Security Agreement as set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent or the Lenders under the Loan Documents (including the Credit Documents), or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Agent's rights under the Loan Documents (including the Credit Documents). For greater certainty, interest (including interest at the Default Rate) continues to accrue on the Obligations and other indebtedness and costs, including as aforesaid, in accordance with the Loan Documents (including the Credit Documents) (collectively, and together with all obligations, liabilities and indebtedness described in this paragraph 5, the "Outstanding Indebtedness").
6. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Calgary time on November 28, 2019, the Agent will take such lawful steps to recover the Outstanding Indebtedness owing to the Agent and the Lenders as it considers appropriate including, but not limited to, pursuing all of the Agent's rights and remedies against the Borrower under the Loan Documents (including the Credit Documents).

7. The Agent, on behalf of the Lenders, hereby terminates the Term Loan Commitments and shall not be required to, and the Lenders shall not be required to, advance further money or extend credit to the Guarantor under the Loan and Security Agreement or any other Loan Document.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act (Canada)* together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Yours truly,



Kelly J. Bourassa  
KB/lf

c: Karen Dawson (*Bennett Jones LLP*)  
Chris Simard (*Bennett Jones LLP*)  
Paul Heath (*Vinson & Elkins LLP*)  
Client

**Schedule "A"**  
**INDEBTEDNESS**

<b>Category</b>	<b>Amount in US\$ (as at November 15, 2019)</b>
<b>Term Loans</b>	
Principal	\$30,686,145.95
Accrued Interest	\$190,626.56
Repayment Premium	\$308,767.73
<b>Total</b>	<b>\$31,185,540.24</b>

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Agent prior to the date hereof.

All currency references herein are to American dollars.



**FORM 86**

**NOTICE OF INTENTION TO ENFORCE SECURITY**  
(Rule 124)  
(Section 244 of the Bankruptcy and Insolvency Act)

**TO: EAGLE ENERGY TRUST**, an insolvent person (the "**Debtor**")  
Suite 2710, 500 – 4th Ave. SW  
Calgary, Alberta, T2P 2V6

Attention: Jo-Anne Bund, General Counsel and Corporate Secretary

Take notice that:

1. **WHITE OAK GLOBAL ADVISORS, LLC**, the administrative agent (the "**Agent**") on behalf of the lenders on whose behalf the Agent signed the Loan and Security Agreement (as defined herein), as attorney-in-fact, as lenders (collectively, the "**Lenders**"), secured creditors pursuant to a loan and security agreement dated as of March 13, 2017 among Eagle Energy Inc. and Eagle Hydrocarbons Inc., as Borrowers, Eagle Energy Trust and Eagle Energy Holdings Inc., as Guarantors, White Oak acting as Agent, and the Lenders (the "**Loan and Security Agreement**"), as amended by a first amendment to loan and security agreement dated April 13, 2017, but effective as of March 31, 2017, a second amendment to loan and security agreement dated June 29, 2017, a third amendment to loan and security agreement dated September 29, 2017, a limited consent and fourth amendment to loan and security agreement dated February 8, 2018, a fifth amendment to loan and security agreement dated March 20, 2018, a limited consent and sixth amendment to loan and security agreement dated August 28, 2018, a limited consent and seventh amendment to loan and security agreement dated March 18, 2019, and a limited consent and eighth amendment to loan and security agreement dated May 13, 2019, intends to enforce its Security (as defined herein) on the property of the Debtor described below:

All of the present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof and all of such Debtor's present and after-acquired real property,

(collectively, the "**Collateral**").

2. The security that is to be enforced is in the form of the following:

- (a) Loan and Security Agreement;
- (b) a demand debenture dated March 13, 2017 made by the Debtor to and in favor of the Agent;
- (c) a securities pledge agreement dated March 13, 2018 made by the Debtor to and in favor of the Agent; and
- (d) a blocked account control agreement, dated as of March 13, 2017, by and among the Bank of Nova Scotia, the Debtor and the Agent.

(collectively, (a) through (d) are referred to as the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Agent, and any other amounts whatsoever, which may be claimed by the Agent under the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Agent's rights under the Security.

4. The Agent will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 17th day of November 2019.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Lender**

Per: 

Name: Kelly J Bourassa

Title: Barrister and Solicitor

**Schedule "A"**  
**INDEBTEDNESS**

<b>Category</b>	<b>Amount in US\$ (as at November 15, 2019)</b>
<b>Term Loans</b>	
Principal	<b>\$30,686,145.95</b>
Accrued Interest	<b>\$190,626.56</b>
Repayment Premium	<b>\$308,767.73</b>
<b>Total</b>	<b>\$31,185,540.24</b>

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Agent prior to the date hereof.

All currency references herein are to American dollars.

WAIVER

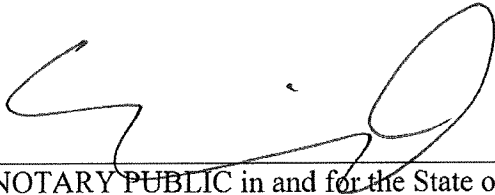
Eagle Energy Trust hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and consents to the immediate enforcement by the Agent of the Security described above.

DATED at \_\_\_\_\_ this \_\_\_\_ day of November, 2019.

**EAGLE ENERGY TRUST**

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

This is Exhibit "T" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.




A NOTARY PUBLIC in and for the State of California

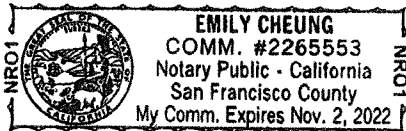
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbar J.S.

McKee  
proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

  
(Signature of Notary)





Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

November 17, 2019

**VIA ELECTRONIC MAIL**  
[jbund@EagleEnergy.com](mailto:jbund@EagleEnergy.com)

Eagle Energy Holdings Inc.  
Suite 2710, 500 – 4th Ave. SW  
Calgary, Alberta, T2P 2V6

**Kelly Bourassa**

Partner

Dir: 403-260-9697

[kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com)

Reference: 74169/5

**Attention: Jo-Anne Bund, General Counsel and  
Corporate Secretary**

Dear Madam:

**Re: Demand for Payment**

---

As counsel to White Oak Global Advisors, LLC ("White Oak"), the administrative agent (the "Agent") on behalf of the lenders on whose behalf White Oak signed the Loan and Security Agreement (as defined herein), as attorney-in-fact, as lenders (collectively, the "Lenders"), we hereby advise Eagle Energy Holdings Inc., a corporation formed and existing under the laws of the Province of Alberta (the "Guarantor") as follows:

1. Capitalized terms used herein have the meanings given to them in the Loan and Security Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) the loan and security agreement dated as of March 13, 2017 among Eagle Energy Inc. and Eagle Hydrocarbons Inc., as Borrowers, the Guarantor and Eagle Energy Trust, as Guarantors, White Oak acting as Agent, and the Lenders, as amended by a first amendment to loan and security agreement dated April 13, 2017, but effective as of March 31, 2017, a second amendment to loan and security agreement dated June 29, 2017, a third amendment to loan and security agreement dated September 29, 2017, a limited consent and fourth amendment to loan and security agreement dated February 8, 2018, a fifth amendment to loan and security agreement dated March 20, 2018, a limited consent and sixth amendment to loan and security agreement dated August 28, 2018, a limited consent and seventh amendment to loan and security agreement dated March 18, 2019, and a limited consent and eighth amendment to loan and security agreement dated May 13, 2019, an amended, supplemented or otherwise modified (the "Loan and Security Agreement");
  - (b) a demand debenture dated March 13, 2017 made by the Guarantor to and in favor of the Agent;

31446852.2


- (c) a securities pledge agreement dated March 13, 2017 made by the Guarantor to and in favor of the Agent; and
- (d) a blocked account control agreement dated as of March 13, 2017 by and among The Bank of Nova Scotia, the Guarantor and the Agent.

(the foregoing items are collectively referred to as the "Credit Documents").

3. Events of Default have occurred and are continuing under the Loan and Security Agreement as a result of, including, but not limited to:
  - (a) the Borrowers' failure to comply with the minimum Consolidated Fixed Charge Coverage Ratio covenant under Section 6.14(b) of the Loan and Security Agreement as of December 31, 2018, March 31, 2019 and June 30, 2019, which in each case is an Event of Default under Section 8.01(b) of the Loan and Security; and
  - (b) the Borrowers' failure to comply with the maximum Consolidated Leverage Ratio covenant under Section 6.14(a) of the Loan and Security Agreement, as of March 31, 2019, June 30, 2019 and September 30, 2019, which in each case is an Event of Default under Section 8.01(b) of the Loan and Security Agreement.
4. Pursuant to the Loan and Security Agreement, the Guarantor unconditionally and irrevocably guaranteed the full and prompt payment when due and performance to the Agent of all Secured Obligations when due in accordance with their terms.
5. Accordingly, the Agent hereby demands payment from the Guarantor of the Secured Obligations, with interest, fees, premium, make-whole and other amounts thereon at the rates determined in accordance with the Loan and Security Agreement as set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent or the Lenders under the Loan Documents (including the Credit Documents), or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Agent's rights under the Loan Documents (including the Credit Documents). For greater certainty, interest (including interest at the Default Rate) continues to accrue on the Obligations and other indebtedness and costs, including as aforesaid, in accordance with the Loan Documents (including the Credit Documents) (collectively, and together with all obligations, liabilities and indebtedness described in this paragraph 5, the "Outstanding Indebtedness").
6. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Calgary time on November 28, 2019, the Agent will take such lawful steps to recover the Outstanding Indebtedness owing to the Agent and the Lenders as it considers appropriate including, but not limited to, pursuing all of the Agent's rights and remedies against the Borrower under the Loan Documents (including the Credit Documents).

7. The Agent, on behalf of the Lenders, hereby terminates the Term Loan Commitments and shall not be required to, and the Lenders shall not be required to, advance further money or extend credit to the Guarantor under the Loan and Security Agreement or any other Loan Document.
8. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Guarantor's waiver of the notice period referred to therein if it chooses to permit the same.

Yours truly,



Kelly J. Bourassa  
KB/lf

c: Karen Dawson (*Bennett Jones LLP*)  
Chris Sismard (*Bennett Jones LLP*)  
Paul Heath (*Vinson & Elkins LLP*)  
Client



**Schedule "A"**  
**INDEBTEDNESS**

<b>Category</b>	<b>Amount in US\$ (as at November 15, 2019)</b>
<b>Term Loans</b>	
Principal	\$30,686,145.95
Accrued Interest	\$190,626.56
Repayment Premium	\$308,767.73
<b>Total</b>	<b>\$31,185,540.24</b>

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Agent prior to the date hereof.

All currency references herein are to American dollars.

FORM 86

**NOTICE OF INTENTION TO ENFORCE SECURITY**  
(Rule 124)  
(Section 244 of the Bankruptcy and Insolvency Act)

TO: **EAGLE ENERGY HOLDINGS INC.**, an insolvent person (the "Debtor")  
Suite 2710, 500 – 4th Ave. SW  
Calgary, Alberta, T2P 2V6

Attention: Jo-Anne Bund, General Counsel and Corporate Secretary

Take notice that:

1. **WHITE OAK GLOBAL ADVISORS, LLC**, the administrative agent (the "Agent") on behalf of the lenders on whose behalf the Agent signed the Loan and Security Agreement (as defined herein), as attorney-in-fact, as lenders (collectively, the "Lenders"), secured creditors pursuant to a loan and security agreement dated as of March 13, 2017 among Eagle Energy Inc. and Eagle Hydrocarbons Inc., as Borrowers, Eagle Energy Trust and Eagle Energy Holdings Inc., as Guarantors, White Oak acting as Agent, and the Lenders (the "**Loan and Security Agreement**"), as amended by a first amendment to loan and security agreement dated April 13, 2017, but effective as of March 31, 2017, a second amendment to loan and security agreement dated June 29, 2017, a third amendment to loan and security agreement dated September 29, 2017, a limited consent and fourth amendment to loan and security agreement dated February 8, 2018, a fifth amendment to loan and security agreement dated March 20, 2018, a limited consent and sixth amendment to loan and security agreement dated August 28, 2018, a limited consent and seventh amendment to loan and security agreement dated March 18, 2019, and a limited consent and eighth amendment to loan and security agreement dated May 13, 2019, intends to enforce its Security (as defined herein) on the property of the Debtor described below:

All of the present and after-acquired personal property, tangible and intangible, in each case, of every nature and kind and wherever situate and all proceeds thereof and all of such Debtor's present and after-acquired real property,

(collectively, the "**Collateral**").

2. The security that is to be enforced is in the form of the following:

- (a) the Loan and Security Agreement;
- (b) a demand debenture dated March 13, 2017 made by the Debtor to and in favor of the Agent;
- (c) a securities pledge agreement dated March 13, 2018 made by the Debtor to and in favor of the Agent; and
- (d) a blocked account control agreement, dated as of March 13, 2017, by and among the Bank of Nova Scotia, the Debtor and the Agent.

(collectively, (a) through (d) are referred to as the "**Security**").

3. The total amount of indebtedness secured by the Security is in the amounts set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Agent, and any other amounts whatsoever, which may be claimed by the Agent under the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Agent's rights under the Security.

4. The Agent will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 17th day of November 2019.

**BLAKE, CASSELS & GRAYDON LLP, Agents  
and Solicitors for the Lender**

Per: 

Name: Kelly J Bourassa

Title: Barrister and Solicitor

**Schedule "A"**  
**INDEBTEDNESS**

<b>Category</b>	<b>Amount in US\$ (as at November 15, 2019)</b>
<b>Term Loans</b>	
Principal	\$30,686,145.95
Accrued Interest	\$190,626.56
Repayment Premium	\$308,767.73
<b>Total</b>	<b>\$31,185,540.24</b>

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Agent prior to the date hereof.

All currency references herein are to American dollars.

WAIVER

Eagle Energy Holdings Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and consents to the immediate enforcement by the Agent of the Security described above.

DATED at \_\_\_\_\_ this \_\_\_\_ day of November, 2019.

**EAGLE ENERGY HOLDINGS INC.**

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

This is Exhibit "U" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



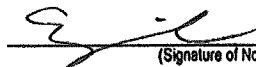
A NOTARY PUBLIC in and for the State of California

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

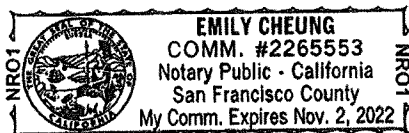
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of November, 2019 by Barbara J.S. McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.



(Signature of Notary)





Blake, Cassels & Graydon LLP  
Barristers & Solicitors  
Patent & Trademark Agents  
855 - 2nd Street S.W.  
Suite 3500, Bankers Hall East Tower  
Calgary AB T2P 4J8 Canada  
Tel: 403-260-9600 Fax: 403-260-9700

**Kelly Bourassa**

Partner

Dir: 403-260-9697

kelly.bourassa@blakes.com

Reference: 74169/5

November 17, 2019

**VIA ELECTRONIC EMAIL**

[jbund@EagleEnergy.com](mailto:jbund@EagleEnergy.com)

Eagle Hydrocarbons Inc.  
Suite 2710, 500 – 4th Ave. SW  
Calgary, Alberta, T2P 2V6

Email: [jbund@EagleEnergy.com](mailto:jbund@EagleEnergy.com)

**Attention: Jo-Anne Bund, General Counsel and  
Corporate Secretary**

Dear Madam:

**Re: Demand for Payment**

---

As counsel to White Oak Global Advisors, LLC ("**White Oak**"), the administrative agent (the "**Agent**") on behalf of the lenders on whose behalf White Oak signed the Loan and Security Agreement (as defined herein), as attorney-in-fact, as lenders (collectively, the "**Lenders**"), we hereby advise Eagle Hydrocarbons Inc., a corporation formed and existing under the laws of the State of Delaware, USA (the "**Borrower**");

1. Capitalized terms used herein have the meanings given to them in the Loan and Security Agreement (defined below) unless otherwise noted.
2. Reference is made to the following:
  - (a) the loan and security agreement dated as of March 13, 2017 among the Borrower and Eagle Energy Inc., as Borrowers, Eagle Energy Trust and Eagle Energy Holdings Inc., as Guarantors, White Oak acting as Agent, and the Lenders, as amended by a first amendment to loan and security agreement dated April 13, 2017, but effective as of March 31, 2017, a second amendment to loan and security agreement dated June 29, 2017, a third amendment to loan and security agreement dated September 29, 2017, a limited consent and fourth amendment to loan and security agreement dated February 8, 2018, a fifth amendment to loan and security agreement dated March 20, 2018, a limited consent and sixth amendment to loan and security agreement dated August 28, 2018, a limited consent and seventh amendment to loan and security agreement dated March 18, 2019, and a limited consent and eighth amendment to loan and security agreement dated May 13, 2019, an amended, supplemented or otherwise modified (the "**Loan and Security Agreement**");
  - (b) a demand debenture dated March 13, 2017 made by the Borrower to and in favor of the Agent;

31446960.2

- (c) a securities pledge agreement dated March 13, 2018 made by the Borrower to and in favor of the Agent;
- (d) a blocked account control agreement dated as of March 13, 2017 by and among The Bank of Nova Scotia, the Borrower and the Agent;
- (e) a mortgage, deed of trust, assignment of as-extracted collateral security agreement, fixture filing and financing statement as of March 13, 2017 in favor of Stuart Barden, as trustee for the benefit of the Agent recorded in the following jurisdictions:

Jackson County, OK
Caldwell County, TX
Hardeman County, TX
Martin County, TX
Palo Pinto County, TX

- (f) a UCC-1 financing statement listing the Borrower as the "debtor" and the Agent as the "secured party" filed with the Delaware Secretary of State on March 14, 2017;
- (g) a pledge and security agreement dated March 13, 2017 between the Borrower and the Agent;
- (h) a blocked account control agreement, dated as of March 13, 2017, by and among the Bank of Nova Scotia, the Borrower and the Agent; and
- (i) a deposit account control agreement, dated as of March 13, 2017, by and among the Agent, the Bank of Nova Scotia, Houston branch and the Borrower.

(the foregoing items are collectively referred to as the "Credit Documents").

- 3. Events of Default have occurred and are continuing under the Loan and Security Agreement as a result of, including, but not limited to:
  - (a) the Borrower's failure to comply with the minimum Consolidated Fixed Charge Coverage Ratio covenant under Section 6.14(b) of the Loan and Security Agreement as of December 31, 2018, March 31, 2019 and June 30, 2019, which in each case is an Event of Default under Section 8.01(b) of the Loan and Security; and
  - (b) the Borrower's failure to comply with the maximum Consolidated Leverage Ratio covenant under Section 6.14(a) of the Loan and Security Agreement, as of March 31, 2019, June 30, 2019 and September 30, 2019, which in each case is an Event of Default under Section 8.01(b) of the Loan and Security Agreement.



4. Accordingly, the Agent hereby declares immediately due and payable and demands payment from the Borrower of the Obligations, with interest, fees, premium, make-whole and other amounts thereon at the rates determined in accordance with the Loan and Security Agreement as set out in Schedule "A" hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements and expenses incurred by the Agent and the Lenders prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Agent or the Lenders under the Loan Documents (including the Credit Documents), or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Agent's rights under the Loan Documents (including the Credit Documents). For greater certainty, interest (including interest at the Default Rate) continues to accrue on the Obligations and other indebtedness and costs, including as aforesaid, in accordance with the Loan Documents (including the Credit Documents) (collectively, and together with all obligations, liabilities and indebtedness described in this paragraph 4, the "**Outstanding Indebtedness**").
5. If the Borrower fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft or other immediately payable funds by no later than 5:00 p.m. Calgary time on November 28, 2019, the Agent will take such lawful steps to recover the Outstanding Indebtedness owing to the Agent and the Lenders as it considers appropriate including, but not limited to, pursuing all of the Agent's rights and remedies against the Borrower under the Loan Documents (including the Credit Documents).
6. The Agent, on behalf of the Lenders, hereby terminates the Term Loan Commitments and shall not be required to, and the Lenders shall not be required to, advance further money or extend credit to the Borrower under the Loan and Security Agreement or any other Loan Document.
7. The Agent and the Lenders hereby reserve all rights and remedies available to them under the Loan Documents (including the Credit Documents), at law, in equity, or otherwise, without further opportunity to cure, demand, presentment, notice of dishonor, notice of Default, notice of intent to accelerate, notice of intent to foreclose, notice of protest or other formalities of any kind.
8. We enclose a form to facilitate the Borrower's waiver of the notice period referred to therein if it chooses to permit the same.

Yours truly,



Kelly J. Bourassa  
KB/lf

c: Karen Dawson (Bennett Jones LLP)  
Chris Simard (Bennett Jones LLP)  
Paul Heath (Vinson & Elkins LLP)  
Client

**Schedule "A"**  
**INDEBTEDNESS**

<u>Category</u>	<u>Amount in US\$ (as at November 15, 2019)</u>
<b>Term Loans</b>	
Principal	\$30,686,145.95
Accrued Interest	\$190,626.56
Repayment Premium	\$308,767.73
<b>Total</b>	<b>\$31,185,540.24</b>

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Agent prior to the date hereof.

All currency references herein are to American dollars.

This is Exhibit "V" referred to in the Affidavit of **BARBARA McKEE** sworn before me this 18 day of November, 2019.



A NOTARY PUBLIC in and for the State of California

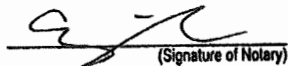
A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

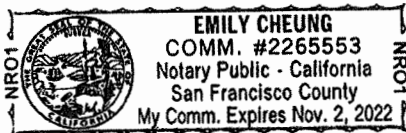
STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of

November, 2019 by Barbara J.S.  
McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

  
(Signature of Notary)

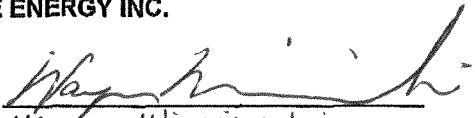


WAIVER

Eagle Energy Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and consents to the immediate enforcement by the Agent of the Security described above.

DATED at ~~Calgary, Alberta~~ this 17<sup>th</sup> day of November, 2019.  
*Houston, Texas*

**EAGLE ENERGY INC.**


By:   
Name: *Wayne Wisniewski*  
Title: *President and Chief Executive Officer*

WAIVER

Eagle Energy Holdings Inc. hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and consents to the immediate enforcement by the Agent of the Security described above.

DATED at Houston, Texas this 17<sup>th</sup> day of November, 2019.

**EAGLE ENERGY HOLDINGS INC.**

By:   
Name: Wayne Wisniewski  
Title: President and Chief Executive Officer

WAIVER

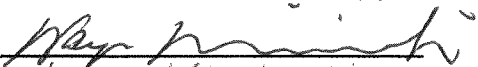
Eagle Energy Trust hereby waives the notice period provided for under Section 244(2) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and consents to the immediate enforcement by the Agent of the Security described above.

DATED at Houston, Texas this 17<sup>th</sup> day of November, 2019.

**EAGLE ENERGY TRUST**

by its trustee East Energy Inc.

By:



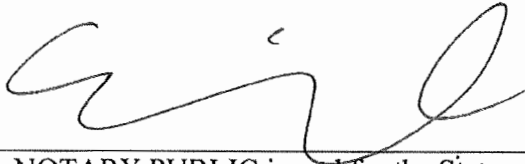
Name:

Wayne Wisniewski

Title:

President and Chief Executive Officer

This is Exhibit "W" referred to in the  
Affidavit of **BARBARA McKEE** sworn  
before me this 18 day of November, 2019.




A NOTARY PUBLIC in and for the State of  
California

A notary public or other officer completing this  
certificate verifies only the identity of the  
individual who signed the document to which this  
certificate is attached, and not the truthfulness,  
accuracy, or validity of that document.

STATE OF CALIFORNIA, COUNTY OF San Francisco

Subscribed and sworn to (or affirmed) before me on this 18 day of  
November, 2019 by Barbara J.S.  
McKee

proved to me on the basis of satisfactory evidence to be the person(s) who appeared  
before me.

  
(Signature of Notary)

COURT FILE NUMBER

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

APPLICANT

WHITE OAK GLOBAL ADVISORS, LLC, IN ITS CAPACITY AS ADMINISTRATIVE AGENT UNDER THAT CERTAIN CREDIT AGREEMENT DATED MARCH 13, 2017, AS AMENDED

RESPONDENT

EAGLE ENERGY INC., EAGLE ENERGY TRUST, EAGLE ENERGY HOLDINGS INC., AND EAGLE HYDROCARBONS INC.

DOCUMENT

CONSENT TO ACT AS RECEIVER

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

**BLAKE, CASSELS & GRAYDON LLP**

3500, 855 – 2nd Street S.W.

Bankers Hall East Tower

Calgary, AB T2P 4J8

Attn: Kelly Bourassa / Morgan Crilly

Tel: 403-260-9697 / 9657

Fax: 403-260-9700

Email: [kelly.bourassa@blakes.com](mailto:kelly.bourassa@blakes.com) / [morgan.crilly@blakes.com](mailto:morgan.crilly@blakes.com)

File: 74169/5

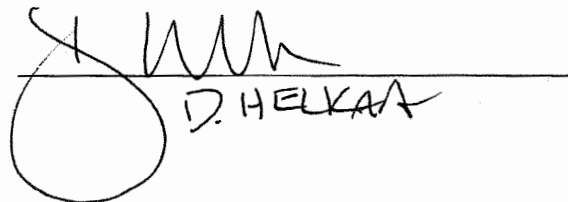
TAKE NOTICE THAT FTI Consulting Canada Inc. hereby consents to being appointed as receiver pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, and section 13(2) of the *Judicature Act*, RSA 2000, c J-2 over all present and after acquired personal property of every nature and kind whatsoever, and wherever situate, including all proceeds thereof of Eagle Energy Inc., Eagle Energy Trust, Eagle Energy Holdings Inc., and Eagle Hydrocarbons Inc.

DATED at Calgary, Alberta and effective this 17<sup>th</sup> day of November, 2019

**FTI CONSULTING CANADA INC.**

Per:

Name:

  
D. HELKAA