



COURT FILE NUMBER

1601-06765

COURT

COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE

CALGARY

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

AND IN THE MATTER OF ENDURANCE
ENERGY LTD.

DOCUMENT

**APPLICATION (REVISED SALE PROCESS
and INTERIM FINANCING)**

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS
DOCUMENT

Thornton Grout Finnigan LLP
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Phone: (416) 304-1616
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**Attention: Robert I. Thornton /
Leanne Williams / Rachel Bengino**

Client File No: 1751-001

NOTICE TO RESPONDENTS

This application is made against you. You are a respondent.

You have the right to state your side of this matter before the judge.

To do so, you must be in Court when the application is heard as shown below:

Date: Wednesday, June 15, 2016
Time: 1:00 p.m.
Where: Calgary Courts Centre
601 5th Street S.W., Calgary, Alberta
Before Whom: The Honourable Madam Justice K.M. Horner

Go to the end of this document to see what else you can do and when you must do it.

This Application is being made by Endurance Energy Ltd. (the "**Applicant**").

Remedy claimed or sought:

1. An Order in substantially the form of the proposed Order attached hereto as Schedule "1":
 - (a) Declaring that the within Application is properly returnable on June 15, 2016 and that service of this Notice of Application on the service list is validated and deemed good and sufficient;
 - (b) Amending the Sale Process Order granted on May 30, 2016 (the "**May Sale Process Order**") by replacing Schedule "A" attached thereto with the Schedule "A" attached to the draft Order; and
 - (c) Granting leave to affected persons or parties to seek to vary the terms of the Order on notice to those persons specified in the Order.
2. An Order approving the Amended and Restated DIP Facility Loan Agreement dated June 14, 2016.
3. Such further and other relief as this Honourable Court may deem just in all of the circumstances.

Grounds for making this Application

4. On May 30, 2016, Endurance was granted an Order (the "**Initial Order**") pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c. C-36, as amended (the "**CCAA**") for relief including (i) a stay of proceedings until June 29, 2016, (ii) the appointment of FTI Consulting Canada Inc. as Monitor (the "**Monitor**"), (iii) approving certain Charges, and (iv) approving the Interim Facility Commitment Letter between the Company and WP Private Equity XI Inc. (the "**Interim Lender**") for interim funding during these CCAA proceedings (the "**Interim Funding**"). This Honourable Court also granted an Order (the "**Sale Process Order**"), on May 30, 2016, approving the sale process outlined in the Application Record (the "**Sale Process**" and together with the Initial Order, the "**Orders**").

5. Pursuant to the endorsement of this Honourable Court on June 8, 2016, certain terms of the Interim Facility Commitment Letter were not approved. As a result, amendments to the Interim Facility Commitment Letter and Sale Process Order were necessitated.
6. Endurance and its advisors believe that the proposed sale process is fair, reasonable and appropriate in the circumstances.

Material or evidence to be relied on:

7. The pleadings and proceedings had and taken in this Action;
8. The Affidavit of Mark Caiger dated June 14, 2016;
9. The Amended and Restated DIP Facility Loan Agreement dated June 14, 2016; and
10. Such further or other material or evidence as counsel may advise and this Honourable Court may permit.

Applicable Acts and Regulations:

11. *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended; and
12. Such further and other Acts and Regulations as counsel may advise and this Honourable Court may permit.

Any irregularity complained of or objection relied on:

13. None.

How the application is proposed to be heard or considered:

14. In person before Justice Horner.

WARNING

If you do not come to Court either in person or by your lawyer, the Court may give the applicant(s) what they want in your absence. You will be bound by any order that the Court makes.

If you want to take part in this application, you or your lawyer must attend in Court on the date and at the time shown at the beginning of the form. If you intend to rely on an affidavit or other evidence when the application is heard or considered, you must reply by giving reasonable notice of the material to the applicant.

SCHEDULE "A"

PROPOSED FORM OF SALE PROCESS ORDER

CLERK'S STAMP

COURT FILE NUMBER

1601-06765

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ENERGY LTD.

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**SALE PROCESS and INTERIM FINANCING
ORDER**

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CANADA

Phone: (416) 304-1616

Fax: (416) 304-1313

**Attention: Robert I. Thornton /
Leanne Williams / Rachel Bengino**

Client File No: 1751-001

DATE ON WHICH ORDER WAS PRONOUNCED: June , 2016

LOCATION OF HEARING OR TRIAL: Calgary Courts Centre

NAME OF JUDGE WHO MADE THIS ORDER: Madam Justice K.M. Horner

UPON THE APPLICATION of Endurance Energy Ltd. ("**Endurance**"); AND UPON reading the pleadings and proceedings filed herein; AND UPON hearing the submissions of counsel for Endurance, and the other parties present;

IT IS HEREBY ORDERED AND DECLARED THAT:

1. Service of the Notice of Application for this Order is hereby validated and deemed good and sufficient, this application is properly returnable today, and no person other than those persons served is entitled to service of the Notice of Application.
2. The Sale Process Order granted on May 30, 2016 (the "**May Sale Process Order**") is hereby amended by replacing Schedule "A" attached thereto with the Schedule "A" attached to this Order. All other provisions of the May Sale Process Order remain unaffected.
3. The Amended and Restated DIP Facility Loan Agreement dated June 14, 2016 (attached as Schedule "B" to this Order) be and is hereby approved.

J.C.Q.B.A. or Clerk of the Court

SCHEDULE A

Sale Process

1. This sale process (the "**Sale Process**") sets out the manner in which (i) bids and proposals for a broad range of executable transaction alternatives involving the business and assets of Endurance Energy Ltd. ("**Endurance**"), whether en bloc or any portion(s) thereof, will be solicited from interested parties, (ii) any bids received will be negotiated, (iii) any Successful Bid(s) will be selected, and (iv) the Court's approval of any Successful Bid(s) (as defined below) will be sought.
2. The Sale Process shall be conducted by Endurance under the supervision of FTI Consulting Canada Inc. in its capacity as court-appointed monitor of Endurance (the "**Monitor**") with the assistance of BMO Capital Markets (the "**Sale Advisor**").
3. Parties who wish to have their bids and/or proposals considered shall be expected to participate in this Sale Process as conducted by Endurance and the Sale Advisor.
4. The Sale Process (under the oversight of the Monitor) will be conducted such that Endurance and the Sale Advisor will:
 - prepare marketing materials;
 - update a data room;
 - solicit interest from parties to enter into non-disclosure agreements and begin analyzing the transaction alternatives;
 - have such parties submit initial non-binding expressions of interest ("**EOIs**") on or about June 24, 2016 (the "**Non-binding Bid Deadline**");
 - as appropriate, short-list parties to enter into a second process phase to conduct detailed due diligence;
 - have short-listed parties mark-up transaction documents;
 - have such parties submit binding offers together with a proposed form of transaction documents (the "**Binding Bid**") by 11:59 p.m. Mountain Daylight Time on July 25, 2016 (as may be extended in accordance with section 5, the "**Binding Bid Deadline**"); and
 - following the Binding Bid Deadline, Endurance and the Sale Advisor may continue to negotiate terms with one or more bidders that submitted Binding Bids, subject to further order of the Court.
5. The Binding Bid Deadline may not be changed without the prior consent of the Monitor, WP Private Equity XI Inc., as interim lender (the "**Interim Lender**") and Canadian Imperial Bank of Commerce as agent (in such capacity, the "**Agent**") for and on behalf of Endurance's existing syndicate of lenders (the "**Existing Lenders**") or alternatively, by further order of the Court.
6. The Interim Lender shall be permitted to "credit bid" (the "**Credit Bid**") by offering to acquire some or all of the assets subject to its lien in full or partial satisfaction of the facility provided by the Interim Lender (the "**Interim Facility**"). The value of the Credit Bid shall be deemed to be the amount of the claim under Interim Facility amount (or a lesser amount if so elected by the Interim Lender) plus the cash component of the Credit Bid. To be valid, the Credit Bid must include sufficient cash to satisfy any Court-ordered Charges that rank ahead of the Credit Bid.

By the Non-binding Bid Deadline, the Interim Lender must give written notice of its intention to submit a Credit Bid. If such written notice is not received from the Interim Lender by the Non-binding Bid Deadline, then the Interim Lender will be precluded from subsequently submitting a Credit Bid later in the Sale Process. If such notice is received from the Interim Lender, the Interim Lender may submit a Credit Bid at any time prior to the Binding Bid Deadline.

7. The Agent (representing the Existing Lenders) has advised that the Existing Lenders will not (directly or indirectly through any affiliates) submit a Credit Bid in the Sale Process.
8. The Existing Lenders (and the Interim Lender from the time at which the Interim Lender advises on a binding basis that they will not submit a Credit Bid) (collectively, the "Parties") will be entitled to be consulted throughout the Sale Process and have full access to, on a confidential basis, copies of all bidder information, including but not limited to, bidder solicitation materials, EOs, Binding Offers, Qualified Bids, Successful Bids (as defined below) and any definitive agreement(s) in connection therewith, together with weekly updates from Endurance and the Sale Advisor on the Sale Process.
9. A "Qualified Bid" shall be a bid that complies with the following:
 - it contains:
 - i. duly executed transaction documents; and
 - ii. a blackline to the template transaction documents;
 - it includes a letter stating that the bid is irrevocable for a period of 15 business days;
 - it provides written evidence of a firm, irrevocable financial commitment for all required funding or financing;
 - it does not include any request for or entitlement to any break fee, expense reimbursement or similar type of payment;
 - it is not conditional upon:
 - i. the outcome of unperformed due diligence by the bidder, and/or
 - ii. obtaining financing;
 - it contains evidence of authorization and approval from the bidder's board of directors (or comparable governing body);
 - it is accompanied by a cash deposit (the "Deposit") of 10% of the total cash purchase price contemplated by such bid, which shall be paid to the Monitor by wire transfer (to a bank account specified by the Monitor) and held in trust in accordance with this Sale Process;
 - it is received by the Binding Bid Deadline (as may be extended in accordance with section 5);
 - the value of the bid is reasonably competitive or superior to other bids in the judgement of Endurance after consultation with the Sale Advisor and the Monitor; and
 - Endurance, in consultation with the Monitor, the Sale Advisor, and the Parties, may waive compliance with any one or more of the requirements specified in section 8 and deem a non-compliant bid to be a Qualified Bid, with the exception of a bid that is received after the Binding Bid Deadline.
10. If after the Binding Bid Deadline there is either:

- More than one Qualified Bid for either Endurance or all or substantially all of Endurance's assets; or
- More than one Qualified Bid for Endurance's operations in north eastern British Columbia and associated operations and infrastructure (whether or not located in British Columbia),

then Endurance, in consultation with the Sale Advisor and the Monitor will determine, given the Qualified Bids received, if an "Auction Process" is not required.

11. In the event that an Auction Process is conducted, it will be conducted in the following manner:

- Any negotiation of Qualified Bids submitted at the Binding Bid Deadline will be conducted with the objective of addressing non-financial issues with the bid;
- Qualified Bidders shall be required to confirm that they have not engaged in any collusion with any other Qualified Bidder with respect to the bidding or any sale or investment;
- The Auction Process shall be conducted based on such reasonable procedural rules as determined by Endurance in consultation with the Sale Advisor and the Monitor;
- Once the negotiation process is complete, the Sale Advisor will invite Qualified Bidders, by a common deadline established by the Sale Advisor, to submit an improved bid;
- The invitation will include a copy of the Qualified Bid(s) which the Sale Advisor, in consultation with the Company, the Monitor and the Parties believes is (or are, individually or in the aggregate if more than one Qualified Bid is the best bid on a combined basis) the highest or otherwise best Qualified Bid(s) (the "Starting Bid"); and
- The Sale Advisor, after consultation with the Company and the Monitor will conduct one more round of the Auction Process if Qualified Bids are received and are, in its judgement, not significantly different in value.

12. Following the Binding Bid Deadline, and any Auction Process that is conducted, Endurance may, in consultation with the Monitor, the Sale Advisor, and the Parties, choose to take such steps as are necessary to finalize and consummate the Successful Bid(s). Endurance has no obligation to conclude a sale arising out of this Sale Process and reserves the right and unfettered discretion to reject any bid or proposal (including any Qualified Bid), but shall not do so without first consulting the Monitor, the Interim Lender and the Agent. If Endurance does select any Successful Bid(s), it shall be under no obligation to accept the highest.

13. Following selection of a Successful Bid, Endurance and its advisors shall seek to settle any necessary definitive agreement(s) with respect to the Successful Bid(s). Once all necessary definitive agreement(s) with respect to a Successful Bid have been finalized, Endurance will apply to the Court as soon as reasonably practicable for an order (an "Approval and Vesting Order") approving such Successful Bid and authorizing Endurance to (i) enter into any and all necessary agreements with respect to the Successful Bid, (ii) undertake such other actions as may be necessary to give effect to such Successful Bid, and (iii) implement the transaction(s) contemplated in such Successful Bid.

14. All Deposits shall be retained by the Monitor and invested in an interest bearing trust account. If a Successful Bid is selected and an Approval and Vesting Order is granted in connection

therewith, the Deposit paid in connection with such Successful Bid (plus applicable interest) will be non-refundable and shall, upon closing of the transaction contemplated by such Successful Bid, be applied to the purchase price to be paid in connection with such Successful Bid or be dealt with as otherwise set out in the definitive agreement(s) entered into in connection with such Successful Bid. Any Deposit (plus applicable interest) delivered with a Qualified Bid that is not selected as a Successful Bid, will be returned to the applicable bidder within ten (10) business days of the date upon which the overlapping Successful Bid is approved pursuant to an Approval and Vesting Order or such earlier date as may be determined by Endurance, in consultation with the Monitor and the Sale Advisor.

15. Endurance may, in consultation with the Monitor, the Sale Advisor, the Interim Lender and the Agent, elect to sell the Alberta and/or Saskatchewan assets of Endurance separately from this Sale Process if a suitable transaction is obtained in connection therewith.

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SCHEDULE B

WARBURG PINCUS

AMENDED AND RESTATED DIP FACILITY LOAN AGREEMENT DATED AS OF JUNE 14, 2016

WHEREAS the Borrower (as defined below) has requested that the DIP Lender (as defined below) provide financing to fund certain of the Borrower's cash requirements during the pendency of the Borrower's proceeding (the "CCAA Proceedings") under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") to be commenced before the Alberta Court of Queen's Bench (the "CCAA Court") in accordance with the terms and conditions set out herein;

WHEREAS on May 30, 2016, the Borrower and the DIP Lender entered into a DIP Facility Loan Agreement (the "Initial DIP Loan Agreement") pursuant to which the DIP Lender agreed to make certain advances to the Borrower in accordance with the terms and conditions set forth thereunder;

WHEREAS on May 30, 2016, also, the Borrower initiated the CCAA Proceedings, and obtained: (i) an initial order pursuant to the CCAA (the "Initial Order") whereby, *inter alia*, the Initial DIP Loan Agreement was approved by the CCAA Court; and (ii) a Sale Process Order whereby a sale and investment solicitation process in respect of the Borrower's assets and business was approved by the CCAA Court (the "Sale Process Order");

WHEREAS the Initial Order and the Sale Process Order were rendered subject to the right of the Canadian Imperial Bank of Commerce (the "Agent"), as agent for and on behalf of the syndicate of lenders (the "Syndicate") under a certain *Amended and Restated Credit Agreement* made effective as of June 27, 2013 amongst the Borrower and the Syndicate, to object to such orders;

WHEREAS given the Borrower's immediate need of liquidities to maintain its operations, the DIP Lender sought and obtained a confirmation from the Agent, on behalf of the Syndicate, that it would not challenge or object to the fact that advances to be made by the DIP Lender to the Borrower would be made in conformity with and subject to the terms and conditions set forth in the Initial DIP Loan Agreement;

WHEREAS as of the date hereof, the DIP Lender has advanced to the Borrower a total of US\$3 million in accordance with the terms and conditions set forth in the Initial DIP Loan Agreement (the "Initial DIP Advances");

WHEREAS on June 1, 2016, the Agent filed a formal contestation to the Initial Order and the Sale Process Order, objecting to, *inter alia*, the DIP Lender's right of first refusal in connection with the sale of the Borrower's assets (the "ROFR") set forth in the Initial DIP Loan Agreement;

WHEREAS on June 8, 2016, the CCAA Court heard the Agent's contestation and objection in respect of, *inter alia*, the ROFR;

WHEREAS after discussions with, *inter alia*, the Borrower and its advisors, as well as with FTI Consulting Canada Inc., acting in its capacity as court-appointed monitor to the CCAA

Proceedings, the DIP Lender agreed to revise the terms of the Initial DIP Loan Agreement, and to enter into an Amended and Restated DIP Facility Loan Agreement;

NOW THEREFORE the parties, in consideration of the foregoing and the mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby irrevocably acknowledged, agree as follows:

Borrower: Endurance Energy Ltd.

DIP Lender: WP Private Equity XI Inc. ("DIP Lender") or a limited liability company or other investment vehicle, owned by one or more affiliates of the DIP Lender to be designated prior to the Closing Date.

DIP Facility: The DIP Lender agrees to advance to the Borrower as a super-priority (debtor-in-possession) non-revolving credit facility (the "DIP Facility") up to US\$15 million.

The DIP Facility may be drawn in tranches of not less than US\$2 million each (except for the final DIP Advance which may be in any amount or as otherwise agreed upon by the DIP Lender) by the Borrower providing not less than three (3) business days' written notice of each drawdown to the DIP Lender. All advances hereunder (each a "DIP Advance") are subject to the conditions of drawdown set out below.

Each DIP Advance under the DIP Facility shall be deposited into a bank account to be designated by the Borrower at a financial institution approved by the DIP Lender (the "Borrower's Account") and utilized by the Borrower in accordance with the terms of this Agreement.

Use of Proceeds: The proceeds of the DIP Facility shall be used solely by the Borrower in accordance with the 13-week cash-flow projections to be filed by the Borrower in the context of the CCAA Proceedings (the "Cash-Flow Projections") and may be used to pay interest, fees and expenses payable under the DIP Facility. No proceeds may be used for any other purpose except with the prior written approval of the DIP Lender. In particular, the DIP Facility may not be used in connection with any investigation (including discovery proceedings), initiation or prosecution of any claims, causes of action, adversarial proceedings or other litigation against the DIP Lender or its affiliates.

Closing Date: For the purpose of this Amended and Restated DIP Facility Loan Agreement, the effective closing date shall remain as of May 31, 2016 or such later date as all of the conditions precedents to the first DIP Advance hereunder have been satisfied (the "Closing Date").

Evidence of Indebtedness: The DIP Lender shall open and maintain accounts and records evidencing advances and repayments under the DIP Facility and all other amounts owing from time to time hereunder. The DIP Lender's accounts and

records constitute, in the absence of manifest error, *prima facie* evidence of the indebtedness of the Borrower to the DIP Lender pursuant to the DIP Facility.

Currency: Unless otherwise stated, all monetary denominations shall be in lawful currency of the United States.

Interest Rate: All amounts owing hereunder on account of the principal, overdue interest, fees and expenses shall bear interest at the rate of 15% per annum payable in cash monthly in arrears on the last day of each calendar month. To the extent permitted by law, upon the occurrence of an Event of Default (as defined below), interest shall accrue and be calculated at a rate of 19% per annum.

Standby Fee: The Borrower shall pay the DIP Lender a standby fee of 3% per annum on the undrawn portions of the DIP Facility. Such fee shall be calculated daily and payable monthly in arrears on the last day of each calendar month.

Other Fees:

- a) On the Closing Date, the Borrower shall pay to the DIP Lender a non-refundable commitment fee of US\$375,000 (being 2.5% of the DIP Facility) from the first DIP Advance under the DIP Facility.
- b) If any portion of the DIP Facility is repaid or prepaid prior to the Maturity Date, the Borrower will pay to the DIP Lender a prepayment fee equal to 3% of the principal amount repaid or prepaid.
- c) At such time as the entire DIP Facility has been repaid or cancelled, the Borrower will pay to the DIP Lender a fee of US\$500,000 as an exit fee.

Other Costs and Expenses: The Borrower shall pay, on or before the Closing Date and monthly thereafter, all costs and expenses of the DIP Lender for all out-of-pocket due diligence and travel costs and all reasonable fees, expenses and disbursements of outside counsel, appraisers, field auditors, and any financial consultant in connection with the administration of the DIP Facility after the Closing Date, including any costs and expenses incurred by the DIP Lender in connection with the enforcement of any of the rights and remedies available hereunder or any related security. The DIP Lender will provide reasonably detailed invoices for all costs and expenses claimed hereunder in advance of requesting payment.

Repayment and Maturity Date: All amounts owing to the DIP Lender under the DIP Facility shall be due and payable on the earliest of the occurrence of any of the following:

- a) three months following the Closing Date;
- b) the implementation of a plan of compromise or arrangement within

the CCAA Proceedings (a "Plan") which has been approved by the requisite majorities of the Borrower's creditors and by order entered by the CCAA Court (the "Sanction Order") and by the DIP Lender;

- c) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada) (the "BIA");
- d) the completion of the sale of more than 50% of the aggregate assets of the Borrower (unless the DIP Lender consents to such sale and agrees that the DIP Facility shall remain outstanding); and
- e) an Event of Default in respect of which the DIP Lender has elected in its sole discretion to accelerate all amounts owing and demand repayment;

(the earliest such date, the "Maturity Date").

The DIP Lender's commitment to make further advances under the DIP Facility shall expire on the Maturity Date and all amounts outstanding under the DIP Facility shall be permanently and indefeasibly repaid by the Borrower no later than the Maturity Date without the DIP Lender being required to make demand upon the Borrower or other parties or to give notice that the DIP Facility has expired and that the obligations thereunder are due and payable. The DIP Lender shall be treated as unaffected in any Plan, and such Plan or the Sanction Order shall not discharge or otherwise affect in any way any of the obligations of the Borrower towards the DIP Lender under the DIP Facility other than after the permanent and indefeasible payment in cash to the DIP Lender of all obligations under the DIP Facility on or before the date that the Plan is implemented, including without limitation, the exit fee.

**Mandatory
Prepayments:**

Unless the DIP Lender consents otherwise, the Borrower is required to prepay amounts outstanding under the Facility:

- a) upon receipt of net cash proceeds from the sale of any of the Collateral (as defined below) except for sales of oil and gas in the ordinary course of business by the Borrower;
- b) upon receipt of any extraordinary payments such as tax refunds by the Borrower;
- c) upon receipt of net cash proceeds from the sale of any equity interests in the Borrower or the receipt of capital contributions by the Borrower.

Any prepayment required hereunder shall be a permanent reduction of the

DIP Facility and may not be reborrowed without the written consent of the DIP Lender in its sole discretion. Any prepayments prior to the Maturity Date will be subject to the prepayment fee of 3% referred to above.

**Optional
Prepayment:**

The DIP Facility may be repaid at any time, in whole or in part, prior to the Maturity Date on not less than two business days' notice to the DIP Lender provided that any such payment shall be subject to a *pro rata* share of the exit fee referred to above, the prepayment fee referred to above and the satisfaction of all accrued interest thereon.

**DIP Lender
Account:**

All payments to the DIP Lender shall be made by wire transfer to the account specified in writing to the Borrower from time to time.

Agreed Budgets:

Attached hereto are the Cash-Flow Projections which are in form and substance satisfactory to the DIP Lender. The DIP Lender may require changes to the format of the Cash-Flow Projections and the details provided therein including, without limitation, information on a line item basis as to (i) projected cash receipts and (ii) projected disbursements (including ordinary course operating expenses and restructuring expenses, including professional fees), capital and maintenance expenditures.

On the Thursday of each week, the Borrower shall provide to the DIP Lender a variance report (the "**Weekly Budget Variance Report**") showing on a line-by-line basis actual receipts and disbursements and the total available liquidity for the last day of the prior week for the cumulative period since the commencement of the CCAA Proceedings and for a rolling cumulative four week period once the CCAA Proceedings have been pending for four weeks and noting therein all variances on a line-by-line basis from the amounts in the Cash-Flow Forecast and shall include explanations for all material variances and shall be certified by the Chief Financial Officer of the Borrower. The first Weekly Budget Variance Report shall be delivered on Thursday, June 9, 2016.

The Borrower may from time to time present to the DIP Lender a revised and detailed 13 week cash flow forecast substantially in the form of the current Cash-Flow Forecast, which revised forecast shall be reviewed by the Monitor. The DIP Lender may, in its discretion, acting reasonably, agree to substitute the revised forecast for the then current Cash-Flow Forecast in which case the revised forecast shall be thereafter be deemed to be the effective Cash-Flow Forecast for the purposes hereof.

**Conditions
Precedent to DIP
Advances:**

The DIP Lender's agreement to make DIP Advances to the Borrower is subject to the following conditions precedent (the "**Funding Conditions**") as determined by the DIP Lender in its sole discretion, acting reasonably:

- a) The Borrower's application materials in connection with the CCAA Proceedings shall be satisfactory to the DIP Lender and any such application shall be brought before the CCAA Court on notice to such

parties as are acceptable to the DIP Lender, acting reasonably.

- b) The CCAA Court shall have issued an Amended Initial Order which must be satisfactory to the DIP Lender; in its discretion, and the Amended Initial Order shall not have been amended, restated or modified in a manner that adversely affects in any way the rights or interests of the DIP Lender without the consent of the DIP Lender. For greater certainty, such Amended Initial Order shall approve this Amended and Restated DIP Facility Agreement, confirm that the Initial DIP Advances were made in accordance with the Initial DIP Loan Agreement, as approved by this Court on May 31, 2016, and shall confirm the charge in favour of the DIP Lender (the "DIP Lender's Charge") which ranks ahead of and shall remain to have priority over all liens, charges, mortgages, encumbrances, security interests of every kind and nature granted by the Borrower against any of the undertaking, property or assets of the Borrower (collectively, the "Liens"), subject in priority only to an administrative charge on the collateral of the Borrower in an aggregate amount not to exceed \$1.5 million (the "Administration Charge"), and the Amended Initial Order, may not be rescinded, amended or revised without at least five business days' notice to the DIP Lender and its counsel and shall not stay the rights of the DIP Lender hereunder or under the DIP Facility Documents (as defined below). The DIP Lender's Charge shall apply to all of the property and assets of the Borrower (the "Collateral") and shall secure all obligations owing by the Borrower to the DIP Lender under the Initial DIP Loan Agreement and hereunder, including without limitation, all principal, interest, fees and amounts owing in respect of expenses (collectively the "DIP Obligations").
- c) The CCAA Court shall have issued an Amended Sale Process Order approving an amended version of the sale and investment solicitation process approved by the CCAA Court on May 31, 2016 (the "Amended SISP"), which Amended SISP shall be satisfactory to the DIP Lender in its sole discretion, and shall be conducted in accordance with the terms and conditions of the Amended SISP procedures attached hereto;
- d) The DIP Lender and the Agent on behalf of the Syndicate shall have reached an agreement with respect a minimum acceptable consideration to be received in connection with the sale of the Borrower's assets situated in Alberta and Saskatchewan;
- e) All fees and expenses payable to the DIP Lender have been paid or will be paid from the proceeds of the requested DIP Advance within such time as is acceptable to the DIP Lender, in its discretion;

- f) There shall be no liens ranking in priority to the DIP Lender's charge other than the Administrative Charge, and any subordinate court-ordered charges or liens shall be acceptable to the DIP Lender. The DIP Lender acknowledges and agrees that a subordinate court-ordered charge securing the obligations to indemnify the directors and officers of the Borrower for certain post-filing liabilities in the aggregate amount of Cdn\$1 million are acceptable to the DIP Lender;
- g) The Borrower shall be in compliance with any timetables established from time to time by it and approved by the CCAA Court and the DIP Lender setting out a sales or investment solicitation or similar process for the Borrower;
- h) The DIP Facility Documents (as defined below) shall be satisfactory to the DIP Lender in its discretion, acting reasonably, and shall have been executed by the parties thereto and the DIP Lender;
- i) The DIP Lender shall be satisfied that the Borrower has complied with and is continuing to comply with in all material respects with all applicable laws, regulations, policies in relation to their property and business, other than as may be permitted under any order of the CCAA Court (each a "Court Order") which is satisfactory to the DIP Lender in its discretion, acting reasonably;
- j) The DIP Lender shall have received from the Borrower a written request for each DIP Advance not less than three business days prior to the date of the DIP Advance which shall be executed by an officer of the Borrower and which shall certify the amount requested and that the Borrower is in compliance with the DIP Facility Documents and the Court Orders;
- k) All amounts due and owing to the DIP Lender at such time shall have been paid or shall be paid from the requested DIP Advance;
- l) No Event of Default shall have occurred or will occur as a result of the requested DIP Advance;
- m) The DIP Lender shall have received satisfactory opinions of counsel to the Borrower relating to such matters as the DIP Lender may reasonably require;
- n) The DIP Lender shall have been satisfied that all motions, orders and other pleadings and related documents filed or submitted to the CCAA Court by the Borrower shall be consistent with the terms

hereof and all orders entered by the CCAA Court shall not be inconsistent with or have an adverse impact on the terms of the DIP Facility;

- o) There are no Liens ranking in priority to the DIP Lender's Charge other than is permitted hereunder;
- p) No material portion of the Collateral shall have been lost or stolen; and
- q) The Borrower shall be in compliance with all covenants and obligations contained in this Agreement.

As soon as practical the DIP Lender's Charge shall be registered against title to all of the assets of the Borrower.

**DIP Facility
Security and
Documentation:**

All of the obligations of the Borrower under or in connection with the DIP Facility, this Agreement and any other documentation in respect of the DIP Facility that is requested by the DIP Lender (which shall be in form and substance satisfactory to the DIP Lender in its sole discretion, acting reasonably) (collectively, the "DIP Facility Documents") shall be secured by the DIP Lender's Charge granted by the CCAA Court.

The DIP Obligations shall be secured by the DIP Lender's Charge granted by the CCAA Court.

The DIP Lender's Charge shall be a perfected first priority and not subject to subordination other than in respect of the Administrative Charge granted by the CCAA Court.

**Deposit
Accounts:**

The Borrower shall maintain all cash in accounts maintained with depository banks designated by the DIP Lender ("Approved Depository Banks").

Monitor:

The court-appointed Monitor shall be FTI Consulting Canada Inc. (the "Monitor"). The DIP Lender shall be authorized by the Amended Initial Order to have direct discussions with the Monitor and to receive information from the Monitor as requested by the DIP Lender from time to time.

**Release and
Indemnity:**

The Borrower, on its own behalf and on behalf of its agents, representatives, officers, directors, advisors, employees, subsidiaries, affiliates, successors, heirs and assigns (collectively, the "Releasors"), hereby absolutely and irrevocably release, remise, acquit and forever discharge the DIP Lender, its employees, agents, representatives, consultants, counsel, fiduciaries, servants, officers, directors, partners, predecessors, successors and assigns, subsidiary corporations, parent corporations, shareholders, and related corporate divisions and the successors and assigns of each of the foregoing (all of the foregoing

hereinafter called the "Released Parties"), from any and all actions and causes of action, judgments, executions, suits, debts, claims, demands, liabilities, obligations, damages and expenses of any and every character, known or unknown, direct or indirect, at law or in equity, of whatsoever kind or nature, whether heretofore or hereafter arising ("Claims"), for or because of any matter or things done or omitted by any of the Released Parties prior to and including the date of this Amended and Restated DIP Facility Loan Agreement, and none of the aforementioned Claims has been transferred, assigned by the Releasers to any persons.

The Borrower also agrees to indemnify and hold harmless the DIP Lender and its affiliates and their respective officers, directors, partners, employees, representatives, advisors, solicitors and agents (collectively, the "Indemnified Persons") from and against any and all actions, lawsuits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever which may be incurred by or suited against or involve any of the Indemnified Persons as a result of, in connection with or in any way related to the DIP Facility, the proposed or actual use of the proceeds of the DIP Facility, this Agreement, the CCAA Proceedings or the DIP Facility Documents. Notwithstanding the foregoing, the Borrower shall have no obligation to indemnify any Indemnified Person against such loss, liability, cost or expense to the extent that such Indemnified Person is found by final judgment of a court of competent jurisdiction to arise from the gross negligence or willful misconduct of such Indemnified Person or to the extent of any disputes solely among Indemnified Persons other than claims arising out of any act or omission on the part of the Borrower. The DIP Lender shall not be responsible or liable to the Borrower or any other person for any consequential or punitive damages.

**Representations
and Warranties:**

At the Closing Date and each time a DIP Advance is made hereunder, the Borrower represents and warrants to the DIP Lender, upon which the DIP Lender relies in entering into this Agreement and the other DIP Credit Facility Documents, that:

- a) The transactions contemplated by this Agreement and the other DIP Facility Documents:
 - (i) upon the granting of the Initial Order or the Amended Initial Order are within the powers of the Borrower;
 - (ii) have been duly authorized, executed and delivered by or on behalf of the Borrower;
 - (iii) upon the granting of the Initial Order Initial Order or the Amended Initial Order constitute legal, valid and binding

obligations of the Borrower;

- (iv) upon the granting of the Initial Order Initial Order or the Amended Initial Order do not require the consent or approval of, registration or filing with, or any other action by, any governmental authority, other than filings which may be made to register or otherwise record the DIP Lender's Charge;
- b) The business operations of the Borrower have been and will continue to be conducted in material compliance with all applicable laws of each jurisdiction in which each such business has been or is being carried on;
- c) The Borrower has obtained all material licences and permits required for the operation of its business, which licences and permits remain, and after the DIP Financing, will remain in full force and effect. No proceedings have been commenced to revoke or amend any of such licences or permits;
- d) The Borrower has paid where due its obligations for Crown royalty, payroll, employee source deductions, sales tax and other value added taxes and is not in arrears in respect of these obligations;
- e) The Borrower does not have any defined benefit pension plans or similar plans;
- f) All factual information provided by or on behalf of the Borrower to the DIP Lender for the purposes of or in connection with this Agreement or any transaction contemplated herein is true and accurate in all material respects on the date as of which such information is dated or certified and is not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not materially misleading at such time in light of the circumstances under which such information was provided. In particular, and without limiting the generality of the foregoing, all information regarding the Borrower's corporate structure is true and complete, all public filings and financial reports are complete and true in all material respects.

**Affirmative
Covenants:**

In addition to all other covenants and obligations contained herein, the Borrower agrees and covenants to perform and do each of the following until the DIP Facility is permanently and indefeasibly repaid and cancelled:

- a) Comply with the provisions of the Court Orders made in the CCAA Proceedings including, without limitation, the Initial Order and Initial Order or the Amended Initial Order;

- b) Use all DIP Advances made under the DIP Facility and other cash on hand only for the purposes of the Borrower's short-term liquidity needs and in a manner that is consistent with the Cash-Flow Forecast in all material respects;
- c) Comply with any timetable or process established from time to time by the Borrower for the sale of all or part of the assets of the Borrower or solicitation of investment in the Borrower as part of or in anticipation of a Plan and obtain the approval for such timetable or process from the DIP Lender;
- d) Allow the DIP Lender, its designated representatives and consultants full access to the books and records and personnel of the Borrower on one business days' notice and during normal business hours and cause management thereof to fully cooperate with any advisors to the DIP Lender;
- e) Provide the DIP Lender with draft copies of all motions, applications, proposed orders or other material or documents that any of them intend to file within the CCAA Proceedings at least three (3) days prior to any such filing or, where it is not practically possible to do so, as soon as reasonably possible;
- f) The Initial Order and Amended Initial Order and any other Court Orders which are being sought by the Borrower shall be submitted to the CCAA Court in a form confirmed in advance to be satisfactory to the DIP Lender, acting reasonably, subject to any amendments that are required by the CCAA Court or the Borrower that are acceptable to the DIP Lender;
- g) Any and all materials of the Borrower in respect of a proposed Plan or any other transaction involving the refinancing of the Borrower, the sale of all or substantially all of the assets of the Borrower or any other restructuring of the Borrower's businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of the Borrower (a "Restructuring Option") shall only be submitted to the CCAA Court in a form confirmed in advance to be satisfactory to the DIP Lender unless such Restructuring Option provides for the indefeasible payment in full in cash of all amounts owing to the DIP Lender under the DIP Facility at or prior to the implementation date of such Restructuring Option;
- h) The Borrower shall not provide or seek or support a motion by another party to provide to a third party a charge upon the Borrower's assets (including, without limitation, a critical supplier's

charge) without the prior consent of the DIP Lender;

- i) The Borrower shall promptly advise the DIP Lender of, and provide copies of, any proposal received from a third party in respect of a Restructuring Option or any other transaction to be carried out pursuant to or as part of a Plan and, thereafter, shall advise the DIP Lender of the status of any such proposal as well as any material amendments to the terms thereof;
- j) The Borrower shall not carry out any changes to the composition (including the addition, removal or replacement of directors or officers) of the board of directors or the officers (including any chief restructuring officer) of the Borrower without first consulting with the DIP Lender;
- k) Unless such payments are first approved by the DIP Lender, the Borrower shall not increase any termination or severance entitlements or pay any termination or severance payments or modify any compensation or benefit plans whatsoever.
- l) Provide to the DIP Lender a weekly status update regarding the status of the CCAA Proceedings and the restructuring process including, without limitation, reports on the progress of any Plan or Restructuring Option, and any information which may otherwise be confidential subject to same being maintained as confidential by the DIP Lender. Notwithstanding the foregoing disclosure obligation or any other term of this Agreement, the Borrower shall not be obligated to disclose to the DIP Lender any information regarding the details of bids received by the Borrower or the Monitor unless such information is otherwise disclosed to other stakeholders in the CCAA Proceedings or unless the DIP Lender waives its right to credit bid;
- m) Use all reasonable efforts to keep the DIP Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Borrower, the development of a Plan and/or a Restructuring Option;
- n) Deliver to DIP Lender any updated Weekly Budget Variance Reports and such other reporting and other information from time to time as is reasonably requested by the DIP Lender in form and substance satisfactory to the DIP Lender;
- o) The Borrower shall deliver to the DIP Lender: (i) within one (1) business day of delivery thereof to the Monitor, copies of all financial reporting provided to the Monitor; and (ii) within one (1) business day of receipt from the Monitor any reports or other commentary or

analysis received by the Borrower from the Monitor regarding the financial position of the Borrower or otherwise;

- p) The Borrower shall provide to the DIP Lender copies of all proposed general communications to be given to customers, suppliers, employees and other stakeholders simultaneously with the distribution thereof to such persons;
- q) The Borrower shall also provide the DIP Lender, upon request, all title information and opinions and environmental reports affecting or relating to the property of the Borrower;
- r) Preserve, renew, maintain and keep in full force its corporate existence and its material licenses, permits, approvals, etc. required in respect of its business, properties, assets or any activities or operations carried out therein and maintain its properties and asset in good working order;
- s) Pay all applicable property taxes, permitting and licences fees and other amounts necessary to preserve the Collateral to avoid any lien thereon and pay all amounts due under any hydro or power contracts from and after the date of filing of the CCAA Proceedings;
- t) Maintain all insurance with respect to the Collateral in existence as of the date hereof;
- u) Forthwith notify the DIP Lender of the occurrence of any Event of Default, or of any event or circumstance that, with the passage of time, may constitute an Event of Default;
- v) Execute and deliver the DIP Facility Documents, including such financing statements, opinions or other documents and information, as may be reasonably requested by the DIP Lender in connection with the DIP Facility, which documentation shall be in form and substance satisfactory to the DIP Lender;
- w) Subject to the "Other Costs and Expenses" provisions of this Agreement, pay upon request by the DIP Lender all of its documented fees and expenses, provided, however, that if any such fees and expenses incurred after the date of this Agreement are not paid by the Borrower, the DIP Lender may in its discretion pay all such fees and expenses whereupon such amounts shall be added to and form part of the DIP Obligations and shall reduce the availability under the DIP Facility; and

- x) Pay when due all principal, interest, fees and other amounts payable by the Borrower under this Agreement and under any other DIP Facility Documents on the dates, at the places and in the amounts and manner set forth herein.

**Negative
Covenants:**

The Borrower covenants and agrees not to do the following, other than with the prior written consent of the DIP Lender, from and after the date hereof:

- a) Except as contemplated by this Agreement or any Court Order, make any payment, without consent of the DIP Lender, of any debt or obligation existing as at the date of filing of the CCAA Proceedings (the "Pre-Filing Debts"), it being understood that the DIP Lender shall consent to the Borrower paying Pre-Filing Debts owed to certain critical suppliers in order to maintain its operations, provided that such payments shall not exceed \$589,535.92;
- b) Make any payments outside the ordinary course of business consistent with past practices, subject always to the obligation to comply with the Cash-Flow Forecast in all material respects to the extent reasonably practicable in the circumstances;
- c) Sell, assign, lease, convey or otherwise dispose of any of the Collateral except for sales of oil and gas in ordinary course of business consistent with past practices or sell any securities of the Borrower;
- d) Except for as contemplated herein or as otherwise consented to by the DIP Lender, permit any new Liens to exist on any of the properties or assets or the Borrower other than the Liens in favour of the DIP Lender as contemplated by this Agreement;
- e) Create or permit to exist any other Lien which is senior to or *pari passu* with the DIP Lender's Charge except as contemplated herein;
- f) Make any investments in or loans to or guarantee the debts or obligations of any other person or entity;
- g) Enter any restrictive covenants or agreements which might affect the value or liquidity of any Collateral;
- h) Change its name, fiscal year end or accounting policies or amalgamate, consolidate with, merge into, dissolve or enter into any similar transaction with any other entity without the consent of the DIP Lender; or
- i) Terminate any key employees of the Borrower, including those

involved in maintaining the Collateral, without the consent of the DIP Lender acting reasonably.

Events of Default:

The occurrence of any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Agreement if such event of default is not cured within two business days of the Borrower receiving notice of the event of default (to the extent such event of default is capable of being cured):

- a) Any Court Order is dismissed, stayed, reversed, vacated, amended or restated and such dismissal, stay, reversal, vacating, amendment or restatement adversely affects or would reasonably be expected to adversely affect the interests of the DIP Lender in a material manner, unless the DIP Lender has consented thereto;
- b) Any Court Order is issued which adversely affects or would reasonably be expected to adversely affect the interests of the DIP Lender in a material manner, unless the DIP Lender has consented thereto including, without limitation:
 - (i) the issuance of an order dismissing the CCAA Proceedings or lifting the stay imposed within the CCAA Proceedings to permit the enforcement of any security or claim against the Borrower or the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against the Borrower;
 - (ii) the issuance of an order granting any other claim or a Lien of equal or prior status to that of the DIP Lender's Charge except as permitted hereunder;
 - (iii) the issuance of an order staying, reversing, vacating or otherwise modifying the DIP Facility Documents or the provisions of the Court Order affecting the DIP Lender or the Collateral, or the issuance of an order adversely impacting the rights and interests of the DIP Lender, in each case without the consent of the DIP Lender;
 - (iv) the failure of the Borrower to diligently oppose any party that brings an application or motion for the relief set out in (a) through (c) above and/or the Borrower fails to secure the dismissal of such motion or application within a reasonable delay, subject to court availability, from the date that such application or motion is brought;
- c) The sales or investor solicitation process proposed to the CCAA

Court by the Borrower is not acceptable to the DIP Lender in its discretion, acting reasonably;

- d) Failure of the Borrower to pay any amounts when due and owing hereunder;
- e) The Borrower ceases to carry on business or operate or maintain its properties in the ordinary course as it is carried on as of the date hereof, except where such cessation is consented to by the DIP Lender;
- f) Any representation or warranty by the Borrower herein or in any DIP Facility Documents shall be incorrect or misleading in any material respect when made; any Court Order is rendered, a liability arises or an event occurs, including any change in the business, assets, or conditions, financial or otherwise that will in the DIP Lender's judgment, acting reasonably, materially further impair the Borrower's financial condition, operations or ability to comply with its obligations under this Agreement, any DIP Facility Documents or any Court Order or carry out a Plan or a Restructuring Option reasonably acceptable to the DIP Lender;
- g) Any material violation or breach of any Court Order by the Borrower;
- h) Failure of the Borrower to perform or comply with any term or covenant of this Agreement or any other DIP Facility Documents;
- i) The occurrence, at any time, of a negative aggregate variance of more than 10% with the Cash-Flow Forecast (unless such variance is reasonably expected to be corrected in an ensuing period), such variance to be calculated weekly and on an aggregate basis, and failure to provide a projected weekly budget approved by the DIP Lender, acting reasonably, which shows sufficient liquidity, including availability under the DIP Facility, to meet all of the Borrower's projected cash requirements until the Maturity Date;
- j) If any of Steven Vansickle or David Summers or cease to be senior officers of the Borrower and are not replaced with persons acceptable to the DIP Lender;
- k) Any proceeding, motion or application is commenced or filed by the Borrower, or if commenced by another party, supported or otherwise consented to by the Borrower, seeking the invalidation, subordination or other challenging of the terms of the DIP Facility, the DIP Lender's Charge, this Agreement, or any of the other DIP Facility Documents

or approval of any Plan or Restructuring Option which does not have the prior consent of the DIP Lender;

- l) The Borrower becomes subject to a material environmental liability arising after the commencement of the CCAA Proceedings; or
- m) Any Plan is sanctioned or any Restructuring Option is consummated by the Borrower that is not consistent with or contravenes any provision of this Agreement or the other DIP Facility Documents in a manner that is adverse to the interests of the DIP Lender or would reasonably be expected to adversely affect the interests of the DIP Lender unless the DIP Lender has consented thereto or unless it provides for repayment in full of all DIP Obligations to the DIP Lenders under this Agreement.

Remedies:

Upon the occurrence of an Event of Default, the DIP Lender may, in its sole discretion, elect to terminate the DIP Lender's commitment to make further DIP Advances to the Borrower and accelerate all amounts outstanding under the DIP Facility and declare such amounts to be immediately due and payable without any periods of grace. Upon the occurrence of an Event of Default, the DIP Lender may apply to the CCAA Court:

- a) for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral, or for the appointment of a trustee in bankruptcy of the Borrower;
- b) for an order, on terms satisfactory to the Monitor and the DIP Lender, providing the Monitor with the power, in the name of and on behalf of the Borrower, to take all necessary steps in the CCAA Proceedings to realize on the Collateral;
- c) for leave to exercise the powers and rights of a secured party under applicable legislation; and
- d) for leave to exercise all such other rights and remedies available to the DIP Lender under the DIP Facility Documents, the Court Orders and applicable law.

DIP Lender Approvals:

All consents of the DIP Lender hereunder shall be in writing. Any consent, approval, instruction or other expression of the DIP Lender to be delivered in writing may be delivered by any written instrument, including by way of electronic mail.

Right of first refusal

If the Borrower receives a bona fide offer from any third party to provide new or additional DIP Financing and the Borrower is prepared to accept such offer (a "DIP Offer"), the Borrower shall, before accepting such offer,

send a notice (a "First Right DIP Notice") to the DIP Lender with a copy of the Offer. The DIP Lender shall have the right, within at least ten (10) days following reception of the First Right DIP Notice, to provide the contemplated DIP Financing substantially on the terms and conditions set forth in the DIP Offer.

- Taxes:** All payments by the Borrower under this Agreement and the other DIP Facility Documents, including any payments required to be made from and after the exercise of any remedies available to the DIP Lender upon an Event of Default, shall be made free and clear of, without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision of any country (collectively, "Taxes"); provided, however, that if any Taxes are required by applicable law to be withheld ("Withholding Taxes") from any amount payable to the DIP Lender under this Agreement or under any DIP Facility Documents, the amounts so payable to the DIP Lender shall be increased to the extent necessary to yield to the DIP Lender on a net basis after payment of all Withholding Taxes, the amount payable under such DIP Facility Documents at the rate or in the amount specified in such DIP Facility Documents and the Borrower shall provide evidence satisfactory to the DIP Lender that the Taxes have been so withheld and remitted.
- Further Assurances:** The Borrower shall, at its own expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the DIP Lender may reasonably request for the purpose of giving effect to this Agreement.
- Entire Agreement:** This Agreement and the DIP Facility Documents together constitute the entire agreement between the parties related to the subject matter hereof. To the extent there is any inconsistency between this Agreement and any of the other DIP Facility Documents, this Agreement shall prevail.
- Credit Bidding:** Nothing herein shall preclude the DIP Lender from credit bidding for the assets of the Borrower in a sales process.
- Business Days:** If any payment is due on a day which is not a business day in Calgary and New York City, such payment shall be due on the next following business day.
- Amendments and Waivers:** No waiver or delay on the part of the DIP Lender in exercising any right or privilege hereunder or under any other DIP Facility Documents will operate as a waiver hereof or thereof unless made in writing and delivered in accordance with the terms of this Agreement.

Assignment: The DIP Lender may assign this Agreement and its rights and obligations hereunder, in whole or in part, or grant a participation in its rights and obligations hereunder to any party acceptable to the DIP Lender in its sole and absolute discretion (subject to providing the Borrower and the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the DIP Lender hereunder). Neither this Agreement nor any right and obligation hereunder may be assigned by the Borrower.

Severability: Any provision in this Agreement or in any DIP Facility Documents 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 or effecting the validity of enforceability of such provision in any other jurisdiction.

No Third Party Beneficiary: No person, other than the Borrower, the DIP Lender or the Indemnified Persons, is entitled to rely upon this Agreement and the parties expressly agree that this Agreement does not confer rights upon any party not a signatory hereto.

Press Releases: The Borrower shall not issue any press releases naming the DIP Lender without its prior approval, acting reasonably, unless the Borrower is required to do so by applicable securities laws or other applicable law.

Counter Parts and Facsimile Signatures: This Agreement may be executed in any number of counterparts and by e-mail, including in PDF format, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument. Any party may execute this Agreement by signing any counterpart of it.

Notices: Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered personally or sent by electronic mail to the attention of the person as set forth below:

In the case of the DIP Lender:

WP Private Equity XI Inc.
450 Lexington Ave
New York, NY 10017
United States of America

Attention: Roy Ben-Dor
Email: roy.ben-dor@warburgpincus.com

With a copy to:

Stikeman Elliott LLP

4300 Bankers Hall West
888 - 3rd Street S.W.
Calgary, Alberta
T2P 5C5

Attention: Craig Story / Guy P. Martel
Email: cstory@stikeman.com / gmartel@stikeman.com

In the case of the CCAA parties:

c/o Endurance Energy Ltd.
700 4 Ave SW
Calgary, Alberta
T2P 3J4

Attention: Steven VanSickle
Email: steven.vansickle@enduranceenergy.ca

With a copy to:

Thornton Grout Finnigan LLP
Suite 3200, 100 Wellington Street West
P. O. Box 329, Toronto-Dominion Centre
Toronto, Ontario M5K 1K7

Attention: Robert Thornton and Leanne Williams
Email: rthornton@tgf.ca / lwilliams@tgf.ca

In either case, with a copy to the Monitor:

FTI Consulting Canada Inc.
Ernst & Young Tower
440 2nd Avenue SW, Suite 720
Calgary AB T2P 5E9

Attention: Deryck Helka
E-mail: deryck.helkaa@fticonsulting.com

Any such notice shall be deemed to be given and received, when received, unless received after 5:00 PM local time or on a day other than a business day, in which case the notice shall be deemed to be received the next business day.

**Governing Law
and Jurisdiction:**

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.

[Signature pages follow]

AS DIP LENDER:

WP PRIVATE EQUITY XI INC.

by _____

AS BORROWER:

ENDURANCE ENERGY LTD.

by _____