This is Exhibit "I" referred to in the Affidavit of Leonard B. Van Betuw sworn before me this 2nd day of September A.D. 2016

[Signature]

A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

James W. Reid
Barrister & Solicitor
Letter of Offer dated September 14, 2015

Quattro Exploration and Production Ltd.
4110, 825 – 8th Avenue SW
Calgary, Alberta
T2P 2T3

Attention of: Mr. Leonard Van Betuw

Re: Loan Account No. 073911-04

Business Development Bank of Canada is pleased to offer Quattro Exploration and Production Ltd. a loan in the amount of $3,735,500 according to the terms of this letter ("Letter of Offer"). The Letter of Offer is open for acceptance until 10 days from the date hereof ("Acceptance Date") after which date it will become null and void. This Letter of Offer contains all the terms and conditions pertaining to the availability of the Loan and as a result, it amends, incorporates and restates the terms and conditions of all existing commitments.

SCHEDULE

The Letter of Offer includes Schedule "A", which contains Definitions, Representations and Warranties and General Terms and Conditions. Schedule "A" has been inserted after the signature page and forms an integral part of the Letter of Offer.

LENDER

Business Development Bank of Canada ("BDC")

BORROWER

Quattro Exploration and Production Ltd. ("Borrower")

GUARANTOR

Quattro Guatemala S.A. ("Guarantor")

LOAN AMOUNT

Cdn. $3,735,500.00 ("Loan")
LOAN PURPOSE AND SOURCE OF FUNDING

Loan Purpose
Working Capital $3,735,500.00

Source of Funding
BDC $3,735,500.00

The Loan is available by way of a fixed-rate term loan in Canadian dollars and one draw on or before September 30, 2015 ("Expiry Date"), subject to delivery of a written notice to BDC at least two Business Days prior to the date of the requested Advance of the Loan. Any amount not drawn down on or prior to the Expiry Date will be cancelled and no longer available to the Borrower. The Loan is non-revolving and as such, amounts repaid may not be re-borrowed.

The Loan is to be used as working capital.

No changes to the Loan Purpose may be made without BDC’s prior written consent.

INTEREST RATE

The Borrower shall pay interest on the outstanding principal amount of the Loan at an effective rate per annum equal to 7.20%, being comprised of BDC’s Base Rate for four year fixed term loans plus a variance of 2.25% per year.

As of this date, BDC’s Base Rate for four year fixed term loans is 4.95% per annum.

INTEREST CALCULATION

Interest shall be calculated monthly on the outstanding principal, commencing on the date of the date of the Advance of the Loan ("Funding Date"), both before and after maturity, default and judgment.

Arrears of interest or principal of the Loan and all other amounts owing by the Borrower pursuant to the Loan Documents shall bear interest at the effective rate applicable to the Loan, plus 2% per annum and shall be calculated and compounded monthly.

LOAN PROCESSING FEE

A non-refundable loan processing fee of $37,000 ("Loan Processing Fee") is payable as follows:

1. $18,500 – payable upon loan authorization; and
2. $18,500 – payable on the Funding Date.
REPAYMENT

Regular

Commencing on November 14, 2015, the principal amount of the Loan will be repaid by consecutive monthly instalments as set forth below, with the final payment due and payable on October 14, 2019 (“Maturity Date”).

<table>
<thead>
<tr>
<th>Principal Payments</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Frequency</td>
<td>Amount ($)</td>
</tr>
<tr>
<td>26</td>
<td>Monthly</td>
<td>44,500.00</td>
</tr>
<tr>
<td>12</td>
<td>Monthly</td>
<td>66,750.00</td>
</tr>
<tr>
<td>9</td>
<td>Monthly</td>
<td>100,125.00</td>
</tr>
<tr>
<td>1</td>
<td>Balloon</td>
<td>876,375.00</td>
</tr>
</tbody>
</table>

In addition, interest is payable monthly on the 14th day of the month (“Payment Date”), commencing on the next occurring Payment Date following the Funding Date and continuing on the Payment Date in each month thereafter to and including the Maturity Date.

On the Maturity Date, the balance of the principal amount of the Loan plus interest and all other amounts owing pursuant to the Loan shall be due and payable.

PREPAYMENT

Prepayment privilege: Upon giving BDC not less than 2 days’ prior written notice, the Borrower may prepay at any time all or part of the then outstanding principal of the Loan provided that the Borrower pays all accrued and unpaid interest owing in respect of the Loan at the time of the prepayment and the “Prepayment Indemnity” set forth below.

Prepayment Indemnity: The Borrower shall pay BDC three months’ further interest calculated on the prepaid principal amount, together with the Interest Differential Charge, which together constitute a genuine pre-estimate of liquidated damages.

Prepayment on account of change of laws/illegalit: If BDC determines in good faith and notifies the Borrower that by reason of a change since the date of this Letter of Offer in any applicable law, rule, regulation, order, treaty or official direction, or in the interpretation thereof by any Governmental Authority, it would be unlawful for BDC to make the Loan or any relevant portion thereof or to give effect to its obligations in respect of any of the Loan as contemplated hereby, then BDC may, by written notice to the Borrower, immediately terminate its obligations hereunder in respect of the Loan, and thereupon the Borrower shall, within five (5) Business Days following the date such notice is received by the Borrower, repay all of the outstanding amounts owing at such time to BDC in respect of the Loan, whereupon the Loan shall be cancelled and terminated.

Partial prepayments shall be applied regressively on the then last maturing instalments of principal.
SECURITY

The Loan, interest on the Loan and all other amounts owing in respect of the Loan, or otherwise owing pursuant to the Letter of Offer, shall be secured by the following ("Security"), all of which shall be in form and substance reasonably required by BDC and its legal counsel:

1. General assignment of book debts from the Borrower;

2. A debenture, as amended by a first supplemental debenture adding additional petroleum and natural gas properties as collateral and a second supplemental debenture increasing the face amount to $20,000,000, from the Borrower providing a security interest in all present and after-acquired personal property of the Borrower, fixed charges on all the oil and gas assets of the Borrower and a floating charge over all other present and after-acquired real property, which may be registered in such places and at such times in the sole discretion of BDC, the debenture will contain a negative pledge and undertaking to provide such further fixed charges on the Borrower's oil and gas assets as may be requested by BDC from time to time;

3. Deposit instrument regarding the debenture, as amended;

4. Evidence of Insurance coverage in accordance with normal industry standards designating BDC as first loss payee in respect of the proceeds of the Insurance;

5. Appropriate title representation (Officer’s Certificate as to Title Matters) by the Borrower, including a schedule of petroleum and natural gas reserves described by lease (type, date, term, parties), legal description (wells and spacing units), interest (working interest or other after payout/before payout interest, overriding royalty interest), lessor royalties, overriding royalties and other liens, encumbrances and charges to which the interest may be subject;

6. Unlimited guarantee from the Guarantor;

7. Subordination agreements between the existing and future holders of convertible debentures and/or subordinated debentures issued by the Borrower, BDC and the Borrower;

8. Environmental agreement and indemnity from the Borrower in favour of BDC;

9. Acknowledgment by Nexen Energy ULC that:

   (a) Nexen's interests as against the undertaking, property and assets of the Borrower arise pursuant to various joint operating agreements, production, facilitation and sharing agreements and gas handling agreements; and

   (b) registrations made pursuant to the Personal Property Security Act (Alberta) and the Law of Property Act (Alberta) relate solely to Nexen's rights granted pursuant to such agreements;
10. Acknowledgements as to the validity and effectiveness of the above-mentioned guarantee and subordination agreements in respect of the Loan and such other security, documents and agreements that BDC or its legal counsel shall reasonably request.

The Security shall be registered/perfected in all jurisdictions requested by BDC, including, the Provinces of Alberta, British Columbia and Saskatchewan, in a first priority position, subject only to Permitted Encumbrances.

CONDITIONS PRECEDENT TO ADVANCE

The Advance of the Loan contemplated by this Letter of Offer is subject to the following conditions ("Conditions Precedent") being fulfilled to the satisfaction of or waived by BDC on or before the Expiry Date:

1. The Letter of Offer and the Security shall have been duly authorized, executed and delivered to BDC by the Borrower and other Persons party thereto and shall constitute legal, valid and binding obligations of each of them, as applicable.

2. All registrations, filings or recordings necessary to preserve, protect or perfect the enforceability and first priority of the Security (subject only to Permitted Encumbrances) shall have been completed.

3. BDC shall have received a certificate of a senior officer of the Borrower certifying (and where applicable, attaching copies of):

   (a) constating documents and bylaws of the Borrower;

   (b) resolutions of the board of directors of the Borrower authorizing the transactions contemplated hereby and the execution, delivery and performance of this Letter of Offer and all other Loan Documents and the Material Contracts to which it is party; and

   (c) incumbency.

4. BDC shall have received a certificate of a senior officer of the Guarantor certifying (and where applicable, attaching copies of):

   (a) constating documents and bylaws of the Guarantor;

   (b) resolutions of the board of directors of the Guarantor authorizing the execution, delivery and performance of the unlimited guarantee by the Guarantor; and

   (c) incumbency.

5. Certificate of Status in respect of the Borrower.

6. Satisfactory review by BDC of all financial information relating to the Borrower and its business as BDC may reasonably require.

7. No Default or Event of Default shall exist.
8. All representations and warranties of the Borrower contained in the Letter of Offer and each document comprising the Security shall be true and correct in all material respects on and as of the Funding Date as though made on and as of such date and BDC shall have received a certificate of an officer of the Borrower certifying same with specific reference to Schedule A.

9. BDC shall have received confirmation from the Borrower that there is no fact known that would reasonably be expected to have or give rise to a Material Adverse Change.

10. BDC shall have received confirmation to its satisfaction that the Borrower is the legal and beneficial owner of the Borrower Assets.

11. All fees, costs and expenses (including reasonable legal expenses) that are due and payable to BDC on the Funding Date, including but not limited to the Loan Processing Fee, shall have been paid in full.

12. BDC shall have completed its technical, financial, legal, tax and transaction due-diligence, and the results of such due diligence shall be satisfactory to BDC.

13. BDC shall have received customary legal opinions from the Borrower’s legal counsel in form and substance satisfactory to BDC and BDC’s legal counsel.

14. BDC shall have received confirmation to its reasonable satisfaction of the payment of all fees owed to AJM Deloitte in respect of Engineering Reports prepared on behalf of BDC.

NEGATIVE COVENANTS

No Loan Party (or the Borrower, as applicable) shall, without the prior written approval of BDC:

1. Allow a Change of Control.

2. Merge, amalgamate, consolidate, or wind up its assets.

3. Make any Distribution other than Permitted Distributions. Permitted Distributions are defined as the scheduled dividend payments of 3.5% per annum associated with the issued Series 3, Class “C” Preferred Shares.

4. Make loans or investments to any Person.

5. Make any material changes in the nature of its business as carried on at the date hereof.

6. Move its property, assets or undertaking outside the jurisdictions in which the Security is registered.

7. The Borrower shall not move its chief executive office from Alberta.

8. Create, acquire or suffer to exist any Subsidiary unless, if requested by BDC, such Subsidiary provides a guarantee and such other security required by BDC, in its sole discretion.
9. Experience a change in its executive management which, in the opinion of BDC, acting in its sole discretion, has or may result in a Material Adverse Change.

10. Create, incur, assume or suffer to exist any Debt, other than the Loan and the following (collectively, "Permitted Debt Limitations"), all of which Debt must be on terms and conditions acceptable to BDC, and subordinated and postponed to the Loan and all other obligations and liabilities of the Borrower to BDC on terms and conditions acceptable to BDC:

(a) unsecured subordinated debenture - up to an additional $1,000,000 (Holder: Leonard Van Betuw (or nominee with the consent of BDC); Maturity Date: not less than 3 years from the date of issue; Interest Rate: not more than 10% per annum) on terms and conditions satisfactory to BDC;

(b) unsecured subordinated debenture - up to $5,000,000 (Holder: nominee with consent of BDC; Maturity Date: not less than 3 years from the date of issue; Interest Rate: not more than 8% per annum) on terms and conditions satisfactory to BDC;

(c) line of credit and/or credit card facilities of up to $500,000 on terms and conditions satisfactory to BDC;

(d) unsecured convertible subordinated debenture - $500,000 (Holder: Leonard Van Betuw (or nominee with the consent of BDC); Maturity Date: December 31, 2016; Interest Rate: 8% per annum) on terms and conditions satisfactory to BDC;

(e) equipment loans / finance / capital lease obligations not exceeding $600,000 on terms and conditions satisfactory to BDC

11. Dispose of any of the Borrower Assets or Subsidiary Assets included in the Proved Developed Producing reserves category without BDC's prior written consent;

12. For any assets that are not in the Proved Developed Producing reserves category, dispose of any of the Borrower Assets or Subsidiary Assets, except for Permitted Dispositions, without BDC's prior written consent. Maximum Permitted Dispositions in the aggregate shall be $2,000,000 in any fiscal year of the Borrower.

13. Enter into any Risk Management Transactions that represent more than 50% of oil and gas production.

FINANCIAL COVENANTS

The Borrower will maintain the following financial covenants, which will be measured at the end of each fiscal quarter of the Borrower in accordance with the reporting requirements specified herein:

1. Commencing on September 30, 2015, and for the duration of the Loan, the Borrower will maintain the following financial ratios:

(a) a minimum Working Capital Ratio of at least 1.0:1.0;

(b) a minimum Fixed Charge Coverage Ratio of 1.5:1.0.
2. Any Loan Party fails to comply with or to perform any material provision of the Letter of Offer or the other Loan Documents, with the exception of a failure to pay any amount referred to in paragraph 1 above, and such failure to comply or perform is not cured, if capable of being cured, within 7 days of notice from BDC to do so.

3. Any Loan Party is in default under any other agreement with BDC or any third party for the granting of a loan or other financial assistance and such default remains unremedied after any cure period provided in such other agreement.

4. Any material representation or warranty made by any Loan Party herein or in any other Loan Document is breached, false or misleading in any material respect, or becomes at any time false.

5. Any schedule, certificate, financial statement, report, notice or other writing furnished by any Loan Party to BDC in connection with the Loan is false or misleading in any material respect on the date as of which the facts therein set forth are stated or certified.

6. Any Loan Party becomes insolvent or generally fails to pay, or admits in writing its inability or refusal to pay its debts as they become due; or any Loan Party applies for, consents to, or acquires in the appointment of a trustee, receiver or other custodian for such Loan Party or any property thereof, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a trustee, receiver or other custodian is appointed for any Loan Party or for a substantial part of the property of such Loan party; or any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of any Loan Party; or any Loan Party takes any action to authorize, or in furtherance of, any of the foregoing.

7. The Borrower ceases or threatens to cease to carry on all or a substantial part of its business.

8. Without the prior written consent of BDC, the occurrence of a Change of Control of any Loan Party who is not a Public issuer.

9. Any Loan Party is in violation of any applicable law relating to terrorism or money laundering, including the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada).

10. In the event that either a) any Person or group of Persons, acting jointly or in concert, that already owns 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning more than 50% of the outstanding Equity Interests of such Public Issuer or b) any Person or group of Persons, acting jointly or in concert, that does not already own 20% or more of the outstanding Equity Interests of a Public Issuer, acquires a number of Equity Interests from such Public Issuer or from any third party that would result in such Person or group of Persons owning more than 50% of the outstanding Equity Interests of such Public Issuer, BDC shall have the right to declare the Loan immediately due and demand immediate payment in full of all sums due and payable hereunder.
Persons owning at least 20% of the outstanding Equity Interests of such Public Issuer, BDC may review the Loan and may require that the Loan, together with interest and any other amounts then outstanding, be repaid within sixty (60) days. Should the Borrower fail to repay the Loan, accrued interest, and all other amounts outstanding within sixty (60) days of the demand by BDC under this provision, the Borrower shall be in Default and same shall constitute an Event of Default.

11. The occurrence of a Default under any existing or future subordinated debentures, convertible debentures or other debt instruments of the Borrower.

ADDITIONAL FEES

Payable by Borrower:

Cancellation: $20,000, which amount is a genuine pre-estimate of liquidated damages, payable on demand, if the Letter of Offer is accepted and the Loan is not drawn by the Expiry Date, at which time the availability of the Loan will be cancelled.

Legal: Reasonable fees and expenses, payable on demand, incurred by BDC in connection with the placing of the Loan and the Security including the enforcement of the Loan and the Security, whether or not any documentation is entered into or any advances made.

Loan Management: $1,000.00 per year (non-refundable). Payable on the next Payment Date following the Funding Date and thereafter on each anniversary of the Funding Date.

Transaction: Standard Loan Amendment Fee of $1,000.00 per amendment request for the administrative handling of the Loan.

CONFLICTS

The Loan Documents constitute the entire agreement between BDC and the Borrower. To the extent that any provision of the Letter of Offer is inconsistent with or in conflict with the provisions of the other Loan Documents, such provision of the Letter of Offer shall govern.

INDEMNITY

The Borrower shall indemnify and hold BDC harmless against any and all claims, damages, losses, liabilities and expenses incurred, suffered or sustained by BDC by reason of or relating directly or indirectly to the Loan Documents save and except any such claim, damage, loss, liability and expense resulting from the gross negligence or wilful misconduct of BDC.

SUCCESSORS AND ASSIGNS

The Letter of Offer shall extend to and be binding on the Borrower and BDC and their respective successors and assigns. BDC, in its sole discretion, may assign, sell or grant participation in (a "transfer") all or any part of its rights and obligations under this Letter of Offer or the Loan to any third party, and the Borrower agrees to sign any documents and take any actions that BDC may reasonably require in connection with any such transfer. Upon completion of the transfer, the third party will have the same rights and obligations under this Letter of Offer as if it were a party.
to it, with respect to all rights and obligations included in the transfer and BDC will be released to the extent of any interest under this Letter of Offer or the Loan it assigns. BDC may disclose information it has in connection with the Borrower to any actual or prospective transferee. The Borrower shall not have the right to assign any of its rights or obligations under or pursuant to the Loan Documents without BDC’s prior written consent.

ACCEPTANCE

The Letter of Offer and any modification of it may be executed and delivered by original signature, fax, or any other electronic means of communication acceptable to BDC and in any number of counterparts, each of which is deemed to be an original and all of which taken together shall constitute one and the same Letter of Offer.

GOVERNING LAW AND JURISDICTION

This Letter of Offer shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties irrevocably attorn to the non-exclusive jurisdiction of the courts of Alberta and all courts of appeal therefrom.

Should you have any questions regarding the Letter of Offer, do not hesitate to communicate with one of the undersigned.

Scott Overes  
Director, Specialized Credit Group  
Phone: (403) 292-6034  
Fax: (403) 292-6951  
scott.overes@bdc.ca

Michelle Lo  
Manager, Specialized Credit Group  
Phone: (403) 407-9302  
Fax: (403) 292-6616  
michelle.lo@bdc.ca

[Acceptance Page Follows]
LETTER OF OFFER Quattro Exploration and Production Ltd. - 07391-04, Dated September ___, 2015

ACCEPTANCE

The Borrower agrees that a public announcement of this financing can be made by BDC in the form of a news release or other medium. ☑ Yes ☐ No

We accept the above terms and conditions this 14 day of September, 2015.

Quattro Exploration and Production Ltd.

[Signature]
Leonard Van Betuw

Authorized Signing Officer

Quattro Guatemala S.A.

[Signature]
Leonard Van Betuw

Authorized Signing Officer
SCHEDULE "A" to the Letter of Offer dated September __, 2015 between Quattro Exploration and Production Ltd., Quattro Guatemala S.A. and Business Development Bank, as amended from time to time.

SECTION I – DEFINITIONS

In this Letter of Offer, including all Schedules to the Letter of Offer, and in all notices given pursuant to the Letter of Offer, unless something in the subject matter or context is inconsistent therewith, capitalized words and phrases shall have the meanings given to them in the Letter of Offer in their proper context, and capitalized words and phrases not otherwise defined in the Letter of Offer shall have the following meanings:

“Advance” means an advance of funds made by BDC to the Borrower pursuant to the Letter of Offer;

“Affiliate” means any Person which, directly or indirectly, controls, is controlled by or is under common control with another Person; and, for the purposes of this definition, “control” (including, with correlative meanings, the terms “controlled by” or “under common control with”) means the power to direct or cause the direction of the management and policies of any Person, whether through the ownership of shares or by contract or otherwise;

“Business Day” means a day on which banks are open for business in Calgary, Alberta, Montreal, Quebec and Toronto, Ontario, but does not in any event, include a Saturday or Sunday;

“BDC’s Base Rate” means the annual rate of interest announced by BDC through its offices from time to time as its base rate and, as the case may be, subject to a discount for the duration, applicable to each of BDC’s fixed interest rate plans then in effect for determining the fixed interest rates on Canadian dollar loans;

“Borrower” means Quattro Exploration and Production Ltd.;

“Borrower Assets” means, collectively, all of the real and personal property, Hydrocarbon Properties, assets, undertakings, title, interests, rights and benefits owned by the Borrower;

“Canadian Dollars” and “Cdn. $” means the lawful money of Canada;

“Cash Flow” means LTM EBITDA as at such date less Unfinanced Capital Expenditures for the same period;

“Change of Control” means the occurrence of any of the following events:

(a) any Person or Persons acting jointly or in concert (within the meaning of the Securities Act (Alberta)), shall beneficially, directly or indirectly, hold or exercise control or direction over and / or has the right to acquire or control or direction over (whether such right is exercisable immediately or only after the passage of time) more than 30% of the issued and outstanding Voting Shares of the Borrower;
(b) the Borrower ceases to own, control or direct 100% of the Voting Shares of a Material Subsidiary;

"Compliance Certificate" means a compliance certificate substantially in the form of Schedule "B" to the Letter of Offer to be executed by any one of the president, chief financial officer, treasurer or controller of the Borrower and delivered to BDC quarterly in accordance with the reporting requirements outlined in the Letter of Offer;

"Commodity Agreement" means any agreement for the making or taking of delivery of any commodity (including, without limitation, Petroleum Substances but excluding agreements for the sale of Petroleum Substances in the ordinary course of business which are terminable on less than 31 days' notice without penalty or costs), any commodity swap agreement, floor, cap or collar agreement or commodity future or option or other similar agreements or arrangements, or any combination thereof, entered into by the Borrower or a Material Subsidiary where the subject matter of the same is any commodity or the price, value or amount payable thereunder is dependent or based upon the price of any commodity or fluctuations in the price of any commodity;

"Consolidated Basis" means, relative to any financial statements or financial results of the Borrower (or any determination derived therefrom), the financial statements and financial results of the Borrower and its Subsidiaries, prepared and calculated on a consolidated basis all in accordance with GAAP, GAAP for Private Enterprises or IFRS, as applicable;

"Currency Hedging Agreement" means any currency swap agreement, cross-currency agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by the Borrower or any Material Subsidiary where the subject matter of the same is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates as in effect from time to time;

"Current Assets" means, as at any date of determination, the current assets of the Borrower on a Consolidated Basis with only Material Subsidiaries for such date as determined in accordance with, GAAP for Private Enterprises or IFRS, as applicable, including but not limited to the following: cash on deposit, accounts receivable (trade and other), inventory and prepaid expenses;

"Current Liabilities" means, as at any date of determination, the current liabilities of the Borrower on a consolidated basis with only Material Subsidiaries for such date as determined in accordance with generally accepted accounting principles but including but not limited to the following: bank advances, cheques in transit, accounts payable (trade and other) and the current portion due within the next 12 months of all long term debts;

"Debt" means, with respect to the Borrower, the following as determined in accordance with GAAP, GAAP for Private Enterprises or IFRS, as applicable, on a Consolidated Basis and without duplication:

(a) indebtedness for borrowed money, including, without limitation, the Loan, any and all convertible debentures with maturities less than 12 months and subordinated debentures with maturities less than 12 months;
(b) obligations arising pursuant to bankers' acceptances (including payment and reimbursement obligations in respect thereof), tender cheques or letters of credit and letters of guarantee supporting obligations which would otherwise constitute Debt within the meaning of this definition or indemnities issued in connection therewith;

(c) obligations under guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the indebtedness for borrowed money of any other Person or the obligations of any other Person which would otherwise constitute Debt within the meaning of this definition and all other obligations incurred for the purpose of or having the effect of providing financial assistance to another Person in respect of indebtedness for borrowed money or such other Debt obligations, including, without limitation, endorsements of bills of exchange (other than for collection or deposit in the ordinary course of business);

(d) all indebtedness representing the deferred purchase price of any property, if such indebtedness is not due and payable within ninety (90) days from the date of purchase, and all Purchase Money Obligations and obligations under capital leases and Financing Leases; and

(e) notwithstanding GAAP, GAAP for Private Enterprises or IFRS, as applicable, any unrealized mark-to-market position, whether positive or negative, from any applicable Risk Management Transactions will be excluded.

"Debt to LTM EBITDA Ratio" means, as of the last day of a quarter, the ratio of Debt as at such date to LTM EBITDA for the four quarter period ending as of such date, as determined by reference to the Borrower's Financial Statements prepared on a Consolidated Basis;

"Default" means an Event of Default or any condition that, with the giving of notice, the passage of time or otherwise, is susceptible of being an Event of Default;

"Distribution" means:

(a) any declaration or payment of dividends, royalties or fees of any kind directly or indirectly to any holder of shares of any Person;

(b) any repurchase, retraction, redemption, acquisition or retirement of shares of the Borrower or any Material Subsidiary;

(c) any payment by a Person of any amount of principal, interest or other amounts in respect of any Debt owed to any Affiliate of such Person;

(d) any loan or advance which is made by the Person to or in favour of a holder of shares in such Person or an Affiliate of such holder;

(e) the transfer by a Person of any of its property or assets for consideration of less than the fair market value thereof, to any of its Affiliates;

(f) the payment of any bonus, management consulting fee or other payment or reward to a director, officer or senior manager of the Borrower or any Material Subsidiary unless such payment is either contemplated in the terms of his or her employment contract or
paid to such Person in the ordinary course of business of the Borrower or such Material Subsidiary; or

(g) the lending of money, the guaranteeing of a loan or the granting of any other form of financial assistance or benefit to a shareholder, employee, director, officer or senior manager of the Borrower or any Material Subsidiary except in the ordinary course of business or unless otherwise agreed to in writing by BDC;

"EBITDA" means net earnings before income taxes, interest (long term and short term), depreciation, depletion, amortization and all extraordinary items, non-cash expenses and non-cash gains/losses on disposal of assets;

"Engineering Report" means a report on the reserves of Petroleum Substances attributable to the Borrower Assets and Subsidiary Assets (in form and substance satisfactory to BDC, acting reasonably) prepared by an Independent Engineer, and such Engineering Report shall, as of the date of such Report, include the following: anticipated rates of production, shrinkage and reinjection of Petroleum Substances; Crown, freehold and overriding royalties and freehold mineral taxes with respect to Petroleum Substances produced from or attributable to such Borrower Assets and Subsidiary Assets; production, revenue, value-added, wellhead or severance taxes, Imposts or levies with respect to Petroleum Substances produced from or attributable to such Borrower Assets and Subsidiary Assets; operating costs; gathering, transporting, processing, marketing and storage fees payable with respect to Petroleum Substances produced from or attributable to such Borrower Assets and Subsidiary Assets; capital expenditures expected to be necessary to achieve anticipated rates of production; and net cash flow with respect to such Borrower Assets and Subsidiary Assets; but not, for greater certainty, any overhead recoveries or operators’ fees or charges from third parties;

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, claims, liens, notices of non-compliance or violation, investigations, inspections, inquiries or proceedings relating in any way to any Environmental Laws or to any permit issued under any such Environmental Laws including without limitation:

(a) any claim by a Governmental Authority for enforcement, clean-up, removal, response, remedial or other actions or damages pursuant to any Environmental Laws; and

(b) any claim by a Person seeking damages, contribution, indemnification, cost recovery, compensation or injunctive or other relief resulting from or relating to Hazardous Materials, including any Release thereof, or arising from alleged injury or threat of injury to human health or safety (arising from environmental matters) or the environment;

"Environmental Laws" means all applicable federal, provincial, regional, municipal or local laws, including those at common law or in equity, with respect to the environment or environmental or occupational health and safety matters contained in statutes, regulations, rules, ordinances, orders judgments, approvals, notices, permits or policies, guidelines or directives having the force of law;

"Equity Interest" means, with respect to any Person, any and all shares, interest, participations, rights in, or other equivalents (however designated) of such Person’s capital; including any interest in a partnership, limited partnership or other similar Person and any beneficial interest in a trust, which carry the right to vote on the election of directors or
individuals exercising similar functions in respect of such Person and/or which entitle their
holder to participate in the profits of such Person;

"Financial Instrument" means any Interest Hedging Agreement, Currency Hedging Agreement
or Commodity Agreement;

"Financing Leases" means leases of the Borrower or any Material Subsidiaries which are, in
the opinion of BDC, acting reasonably, in the nature of financing transactions;

"Fixed Charge Coverage Ratio ("FCCR")" means as of the last day of a fiscal quarter, the
ratio of Cash Flow to Fixed Charges;

"Fixed Charges" means the sum of Net Interest Expense plus scheduled principal payments of
Indebtedness during such period plus scheduled dividend payments plus taxes on or measured
by income paid or payable in cash during such period;

"GAAP" means generally accepted accounting principles in Canada applied consistently;

"GAAP for Private Enterprises" means generally accepted accounting principles approved by
the Accounting Standards Board for financial reporting for private companies in Canada who
have elected not to adopt IFRS;

"Governmental Authority" means any federal, provincial, state, regional, municipal or local
government or any department, agency, board, tribunal or authority thereof or other political
subdivision thereof and any entity or Person exercising executive, legislative, judicial, regulatory
or administrative functions of, or pertaining to, government or the operation thereof;

"Hazardous Materials" means any substance or mixture of substances which, if released into
the environment, would likely cause, immediately or at some future time, harm or degradation to
the environment or to human health or safety and includes any substance determined to be a
pollutant, contaminant, waste, hazardous waste, hazardous chemical, hazardous substance,
toxic substance or dangerous good under any Environmental Law;

"Hydrocarbon Properties" means rights and interests in Hydrocarbons, produced
Hydrocarbons or the proceeds from the sale of Hydrocarbons or any of them and includes all
profits à prendre, leasehold interests, working interests, royalty interests, lands, geological
horizons and reserves pertaining thereto; all plants, facilities, wells, pipelines, transmission and
processing facilities and equipment used or useful in connection with any and all developments
and operations in connection therewith; and all agreements and documents in any way affecting
or pertaining to those rights and interests;

"Hydrocarbons" means any crude oil, crude bitumen or products derived therefrom, synthetic
crude oil, natural gas, natural gas liquids, other liquid or gaseous hydrocarbons and products
and substances derived therefrom or produced in association therewith, including, but not
limited to, sulphur and sulphur compounds;

"Hydrocarbon Rights" means all of the right, title, estate and interest, whether contingent or
absolute, legal or beneficial, present or future, vested or not, and whether or not an "interest in
land", of the Borrower or a Material Subsidiary in and to any of the following, by whatever name
the same are known:
(a) rights to explore for, drill for and produce, take, save or market Petroleum Substances;

(b) rights to a share of the production of Petroleum Substances;

(c) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances;

(d) rights to acquire any of the rights described in paragraphs (a) through (c) of this definition;

(e) interests in any rights described in paragraphs (a) through (d) of this definition; and

(f) all extensions, renewals, replacements or amendments of or to the foregoing items described in paragraphs (a) through (e) of this definition;

and including, without limitation, interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding royalty interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests, economic interests and other interests and fractional or undivided interests in any of the foregoing and freehold, leasehold or other interests;

"IFRS" means, International Financial Reporting Standards approved by the Accounting Standards Board for accounting for publicly accountable enterprises and private enterprises who have voluntarily decided to adopt this set of standards;

"Independent Engineer" means any firm of independent petroleum engineers approved by BDC, acting reasonably;

"Insurance" means insurance of such types, in such amounts and with such deductibles as are customary in the case of businesses of established reputation engaged in the same or similar businesses and in any event as are acceptable to BDC, acting reasonably;

"Interest Adjustment Date" means, in respect of any fixed interest rate plan, the day after the Interest Expiration Date of such fixed interest rate plan;

"Interest Differential Charge" means, in respect of the prepayment of the Loan if, on the date of the prepayment, BDC's Base Rate for four year fixed term loans is lower than the BDC's Base Rate in effect when the Borrower entered or renewed the four year fixed term, whichever is most recent, the amount calculated as follows:

(a) the difference between the two rates;

(b) such interest differential is multiplied by the principal that would have been outstanding at each future Payment Date until the Maturity Date; and

(c) the Interest Differential Charge is the present value of those monthly amounts calculated using BDC's Base Rate for four year fixed term loans as the discount rate. In the case of partial prepayment, the Interest Differential Charge will be reduced in the same proportion as the amount prepaid bears to the principal outstanding on the Loan at the time prepayment is received;
"Interest Hedging Agreement" means any interest swap agreement, forward rate agreement, floor, cap or collar agreement, futures or options, insurance or other similar agreement or arrangement, or any combination thereof, entered into by the Borrower or a Material Subsidiary where the subject matter of the same is interest rates or the price, value or amount payable thereunder is dependent or based upon the interest rates or fluctuations in interest rates in effect from time to time (but, for certainty, shall exclude conventional floating rate debt);

"Loan" shall have the meaning set forth in the Letter of Offer;

"Loan Documents" means, collectively, the application for financing, the Letter of Offer, the Security contemplated by the Letter of Offer and all other documents, instruments and agreements delivered in connection with the foregoing;

"Loan Party" means either the Borrower or the Guarantor and "Loan Parties" means collectively each of the Borrower and the Guarantor;

"LTM EBITDA" means the EBITDA calculated over the most recent rolling twelve month period;

"Management Discussion and Analysis" means a written overview of the operations over the current reporting period and how the company fared in that time period. Management will also include discussion on the upcoming year, outlining future goals and approaches to new projects;

"Material Adverse Change" means:

(a) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of any Loan Party;

(b) a material impairment of the ability of any Loan Party to perform any of its obligations under any Loan Document; or

(c) a material adverse effect upon any substantial portion of the assets subject to security in favour of BDC or upon the legality, validity, binding effect, rank or enforceability of any Loan Document;

"Material Subsidiary" means, (a) each Subsidiary that executes and delivers Subsidiary Security to BDC, (b) any other Subsidiary of the Borrower that BDC determines is material to the business, affairs or condition, financial or otherwise, of the Borrower (such determination to be made in the sole discretion of BDC, acting reasonably), provided BDC has given written notice of such determination to the Borrower, (c) any Subsidiary of the Borrower the total assets of which (determined in accordance with GAAP or IFRS, as applicable) exceeds 5.0% of the Borrower's assets determined on a Consolidated Basis, (d) any Subsidiary of the Borrower the total revenue of which, on a Consolidated Basis, exceeds 5.0% of the total revenue of the Borrower on a Consolidated Basis, (e) any Subsidiary that carries on the business of petroleum and natural gas exploration and development, or (f) any Subsidiary whose Subsidiary Assets have been included in the Engineering Reports, it being acknowledged that as of the date hereof the Borrower has no Subsidiaries; and the Person referred to subclauses (a) to (f) above has executed and delivered Subsidiary Security to BDC over all of its assets that ranks as a first charge over such assets;

"Operating Account" means, a transactional deposit account held at a Canadian financial institution that allows for withdrawals and deposits;
"Permitted Dispositions" means, in respect of the Borrower or any of its Subsidiaries, any of the following:

(a) a sale or disposition by such Person of any of its Hydrocarbon Properties (and related tangibles) resulting from any pooling, unit or farmout agreement entered into in the ordinary course of business and in accordance with industry practice when, in the reasonable judgment of such Person, it is necessary or desirable to do so in order to facilitate the orderly exploration, development or operation of such Hydrocarbon Properties;

(b) a sale or disposition by such Person in the ordinary course of business and in accordance with industry practice of tangible personal property which forms part of its Hydrocarbon Properties, which is obsolete, no longer used or useful for its intended purpose or being replaced in the ordinary course of business;

(c) a sale or disposition by such Person of current or future production from Hydrocarbon Properties made in the ordinary course of business;

"Permitted Encumbrances" means, as of any time, any of the following:

(a) a lien for taxes, assessments or governmental charges (including Taxes):

   (i) which are not due or delinquent at that time; or

   (ii) the validity of which the Borrower or any of its Material Subsidiaries is contesting in good faith at that time and which at such time would not reasonably be expected to result in a Material Adverse Change;

(b) the lien of any judgment rendered, or order filed, against assets of the Borrower or any of its Material Subsidiaries which the Borrower or such Material Subsidiary is contesting in good faith at that time:

   (i) in respect of which the Borrower or such Material Subsidiary has set aside a reserve sufficient to pay such judgment or claim in accordance with GAAP, or

   (ii) which could not reasonably be expected to result in a Material Adverse Change;

(c) a lien, privilege or other charge imposed or permitted by law (such as, without limitation, a carrier's lien, builder's lien or materialmen's lien) which either:

   (i) relates to obligations not due or delinquent at that time; or

   (ii) at such time, the lien, privilege or charge could not reasonably be expected to result in a Material Adverse Change;

(d) an undetermined or inchoate lien, privilege or charge arising in the ordinary course of and incidental to construction or current operations:

   (i) which has not been filed pursuant to law against the Borrower or any of its Material Subsidiaries or the assets of the Borrower or any of its Material Subsidiaries at that time;
(ii) in respect of which no steps or proceedings to enforce such lien, privilege or charge have been initiated at that time;

(iii) which relates to obligations which are not due or delinquent at that time; or

(iv) if, at such time, such lien, privilege or charge would not reasonably be expected to result in a Material Adverse Change;

(e) a Security Interest on any of the Borrower’s Hydrocarbon Properties arising in the ordinary course of the oil and gas business pursuant to a processing or transmission arrangement securing the payment of the fees, costs and expenses of the processing or transmission (as the case may be) of Hydrocarbons under such processing or transmission arrangement, but only insofar as such Security Interest relates to obligations which are not due or delinquent at that time or if due or delinquent which the Borrower or any of its Material Subsidiaries is contesting in good faith, provided such contest could not reasonably be expected to result in a Material Adverse Change;

(f) to the extent a Security Interest is constituted or created thereby, a pooling or unitization of the Borrower’s Hydrocarbon Properties in the ordinary course of business which, in the reasonable judgment of the Borrower, is necessary or advisable to facilitate the orderly exploration, development or operation of such Hydrocarbon Properties;

(g) a farmout or overriding royalty interest created in respect of Borrower’s Hydrocarbon Properties that:

(i) is granted or entered into with arm’s length third parties, in the ordinary course of business and in accordance with sound industry practice; and

(ii) in the reasonable judgment of the Borrower, is necessary or advisable to grant or enter into in order to facilitate the orderly exploration or development of such Hydrocarbon Properties;

(h) a penalty arising under non-participation or independent operations provisions of an operating agreement in respect of the Borrower’s Hydrocarbon Properties as a result of an election made by the Borrower or any of its Material Subsidiaries not to participate in a drilling or other operation, where the election not to participate has been made in accordance with the terms of the operating agreement and sound industry practices;

(i) easements, rights-of-way, servitudes or other similar rights or restrictions in respect of land in which the Borrower or any of its Material Subsidiaries has an interest (including, without limitation, rights-of-way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light and power and telephone, and cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons which either alone or in the aggregate could not reasonably be expected to result in a Material Adverse Change;

(j) a Security Interest given to a public utility or any municipality or governmental or other public authority when and to the extent required by such utility or municipality or other authority where such Security Interest could not, either alone or in the aggregate, reasonably be expected to result in a Material Adverse Change;
(k) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit, or by any statutory provision, to terminate any such lease, license, franchise, grant or permit, or to require annual or other periodic payments as a condition of the continuance thereof;

(l) any Security Interest for money borrowed by the Borrower or any of its Material Subsidiaries, complete satisfaction of which has been provided for by deposit with BDC of cash or, if required by BDC, a surety bond satisfactory to BDC in an amount sufficient to pay the liability in respect thereof in full;

(m) the reservation in any original grant from the Crown of any land or interests therein and statutory exceptions to title;

(n) any right of first refusal or requirement to obtain consent of a third party to a disposition created in the ordinary course of the oil and gas business to the extent that it is not in default at the time;

(o) lessors' royalties, rights to convert, take-or-pay obligations, freehold royalties, gross royalty certificates and other similar interests not otherwise provided for in this definition: if such interests and obligations are granted or created in the ordinary course of business and in accordance with sound industry practice and are taken into account by the most recent Engineering Report;

(p) Security Interests, farmouts, royalty interests, independent operating penalties and other interests, rights, privileges and encumbrances which encumber or charge the assets of a Material Subsidiary and which are in favour of the Borrower or another Material Subsidiary, and

(q) the Security;

"Person" includes any natural, corporation, company, limited liability company, trust, joint venture, association, incorporated organization, partnership, governmental authority or other entity;

"Petroleum Substances" means crude oil, crude bitumen, synthetic crude oil, petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur;

"Public Issuer" means any Loan party whose Equity Interest are listed or posted for trading on the Toronto Stock Exchange or the TSX Venture Exchange or any other stock exchange or over-the-counter market acceptable to BDC;

"Purchase Money Obligation" means:

(a) any indebtedness incurred or assumed by the Borrower or any Material Subsidiary as all or part of, or incurred or assumed by the Borrower or any Material Subsidiary to provide funds to pay all or part of, the purchase price of any property or assets acquired by the Borrower or the relevant Material Subsidiary provided that neither of the Borrower nor any Affiliates of the Borrower immediately prior to entering into an agreement for the acquisition of such property or assets, owns or has any interest in, or any entitlement to
own, or have any interest in, the property or assets or portion thereof being so acquired unless such prior ownership, interest or entitlement is in the nature of an undivided co-ownership interest in Hydrocarbon Properties; and

(b) any extension, renewal, refinancing or replacement (or successive extensions, renewals, refinancings or replacements), whether from the same or another lender, in whole or in part, of any indebtedness referred to in subsection (a) immediately above, provided that the principal amount of indebtedness secured by such extension, renewal, refinancing or replacement shall not exceed the principal amount of such indebtedness immediately prior to such extension, renewal, refinancing or replacement, and the Security. Interests granted in respect of such indebtedness shall be limited to all or a part of the property or assets which secured such indebtedness immediately prior to such extension, renewal, refinancing or replacement;

“Release” means any release, spill, emission, leak, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the environment of Hazardous Materials including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or sub-surface strata;

“Risk Management Transactions” means any foreign exchange or interest rate risk management transactions or hydrocarbon price risk management transactions to which the Borrower or any of its Material Subsidiaries is a party;

“Schedule” means a schedule to the Letter of Offer;

“Security” means collectively, all security and documents granted or required pursuant to the Letter of Offer, including without limitation, any security taken in replacement of the Security;

“Security Interest” means mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retentions, security created under the Bank Act (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event, (a) rights of set-off created for the purpose of securing (directly or indirectly) any indebtedness, (b) the rights of lessors under capital leases and any other lease financing, and (c) absolute assignments of accounts receivable;

“Subsidiary” means:

(a) any corporation of which at least a majority of the outstanding shares having by the terms thereof ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time shares of any other class or classes of such corporation might have voting power by reason of the happening of any contingency, unless the contingency has occurred and then only for as long as it continues) is at the time directly, indirectly or beneficially owned or controlled by the Borrower, or one or more of its Subsidiaries, or any combination thereof;

(b) any partnership of which, at the time, the Borrower or one or more of its Subsidiaries, or any combination thereof:
(i) directly, indirectly or beneficially own or control at least 50% of the income, capital, beneficial or ownership interest (however designated) thereof; and

(ii) is a general partner, in the case of limited partnerships, or is a partner or has authority to bind the partnership, in all other cases; or

(c) any other Person of which at least a majority of the income, capital, beneficial or ownership interests (however designated) are at the time directly, indirectly or beneficially owned or controlled by the Borrower or one or more of its Subsidiaries, or any combination thereof;

"Subsidiary Assets" means collectively, all of the real and personal property, assets, undertakings, title, interests, rights, benefits owned by the Material Subsidiaries;

"Unfinanced Capital Expenditures" means the aggregate of all expenditures and obligations, for the relevant period, which are capitalized under GAAP, GAAP for Private Enterprises or IFRS, as applicable, less the portion of these capitalized expenditures and obligations financed under capital leases or with proceeds of other long term Debt incurred substantially concurrently with such expenditure;

"Voting Shares" means:

(a) in respect of a corporation or limited liability company, shares of any class or equity ownership interests of such entity;

(i) carrying voting rights in all circumstances; or

(ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;

provided that subparagraph (ii) above shall not include voting rights created solely by statute, such as those rights created pursuant to section 183(4) of the Business Corporations Act (Alberta) as in effect on the date hereof;

(b) in respect to a trust, trust units of the trust:

(i) carrying voting rights in all circumstances; or

(ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;

(c) in respect to a partnership, the partnership interests or partnership units:

(i) carrying voting rights in all circumstances; or

(ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;

"Working Capital Ratio" means the ratio of the total Current Assets to the total Current Liabilities; and
"Year" means a 12 month period from any date.

SECTION II - REPRESENTATIONS AND WARRANTIES

Each Loan Party hereby represents and warrants to BDC that:

1. It is a partnership, trust or corporation, as the case may be, duly constituted, validly existing and duly registered or qualified to carry on business in each jurisdiction where it is required by applicable laws to be so registered or qualified.

2. The execution, delivery and performance of its obligations under the Letter of Offer and the other Loan Documents to which it is a party have been duly authorized and constitute legal, valid and binding obligations enforceable in accordance with their respective terms.

3. It is not in violation of any applicable law, which violation could lead to a Material Adverse Change.

4. No Material Adverse Change exists and there are no circumstances or events that constitute or would constitute, with the lapse of time, the giving of notice or otherwise, a Material Adverse Change.

5. No Default or Event of Default exists.

6. All information provided by it to BDC is complete and accurate and does not omit any material fact and, without limiting the generality of the foregoing, all financial statements delivered by it to BDC fairly present its financial condition as of the date of such financial statements and the results of its operations for the period covered by such financial statements, all in accordance with GAAP.

7. There is no pending or threatened claim, action, prosecution or proceeding of any kind including but not limited to non-compliance with environmental law or arising from the presence or release of any contaminant against it or its assets before any court or administrative agency which, if adversely determined, could lead to a Material Adverse Change.

8. In respect of properties and assets charged to BDC, it has good and marketable title, free and clear of any encumbrances, except those encumbrances which BDC has accepted in writing.

The foregoing representations and warranties shall remain in force and true until the Loan is repaid in full.

SECTION III - GENERAL TERMS AND CONDITIONS

Each Loan Party agrees to the following additional provisions:

Pre-Authorized Payment System

All payments provided for in the Letter of Offer must be made by pre-authorized debits from the Borrower's bank account. The Borrower shall sign all documentation required to that effect and provide a sample cheque marked void.
Application of Payments

All payments shall be applied in the following order:

1. any prepayment indemnity (including the monthly interest and Interest Differential Charge);
2. protective disbursements;
3. standby fees (arrears and current);
4. arrears, in the following order: transaction fees, administration fees, management fees, interest and principal;
5. current balances, in the following order: transaction fees, management fees, interest and principal;
6. cancellation fees;
7. credits to the tax reserve account and asset maintenance and upgrade account, if applicable; and
8. other amounts due and payable.

Other than regular payments of principal and interest, BDC may apply any other monies received by it, before or after Default, to any debt the Borrower may owe BDC under or pursuant to the Letter of Offer or any other agreement and BDC may change those applications from time to time.

Consent to Obtaining Information

Each Loan Party authorizes BDC, from time to time, to obtain financial, compliance, account status and any other information about a Loan Party and its respective business from its accountants, its auditors, any financial institution creditor, credit reporting or rating agency, credit bureau, governmental department, body or utility.

Notices

Notices must be in writing and may be given in person, or by letter sent by fax, mail, courier or electronically; if to the Borrower, at the Borrower’s address above or such other addresses as the Borrower may advise BDC in writing, or if to BDC, at BDC’s address above.

Joint and Several Liability

Where in the Loan Documents, any covenant, agreement, warranty, representation or obligation is made or imposed upon two or more Persons or a party comprised of more than one Person, each such covenant, agreement, warranty, representation or obligation shall be deemed to be and be read and construed as a joint and several (solidary in Quebec) covenant, agreement, warranty, representation or obligation of each such Person or party, as the case may be. Without limiting the generality of the foregoing, each Loan Party shall be jointly and severally (solidarily) liable with each other to BDC for the full performance of all obligations under the Loan Documents.
Anti-Money Laundering/Know Your Client

Each Loan Party acknowledge that, pursuant to prudent banking practices in respect of "knowing your client", BDC, in compliance with its internal policies, is required to verify and record information regarding the Loan Parties, their directors, authorized signing officers, shareholders and other Persons in control of each Loan Party. Each Loan Party shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by BDC or any prospective assignee or other financial institution participating in the Loan with BDC, in order to comply with internal policies and applicable laws on anti-money laundering and anti-terrorist financing.

Ineligible Activities

The Loan Parties shall not engage in, or permit its premises to be used by a tenant or other Person, for any activity which BDC, from time to time, deems ineligible, including without limitation any of the following ineligible activities:

(a) businesses that are sexually exploitive or that are inconsistent with generally accepted community standards of conduct and propriety, including those that feature sexually explicit entertainment, products or services; businesses that are engaged in or associated with illegal activities; businesses trading in countries that are proscribed by the Federal Government;
(b) businesses that operate as stand-alone nightclubs, bars, lounges, cabarets, casinos, discotheques, video arcades, pool and billiard halls, and similar operations; or
(c) businesses that promote nudism and naturism.

BDC's finding that there is an ineligible activity shall be final and binding between the parties and will not be subject to review. The prohibitions set out in this paragraph shall also apply to any entity that controls, is controlled by, or that is under the common control with, any Loan Party.

Confidentiality

The Loan Parties shall not disclose the contents of this Letter of Offer to anyone except their professional advisors.

Changes in Accounting Standards

In the event that a Loan Party adopts any changes in accounting standards, including but not limited to GAAP for Private Enterprises and International Financial Reporting Standards (IFRS), which have an effect on any provision in the Letter of Offer relying on financial statement calculations, BDC may amend such provision to reflect the original intent of the provision.
QUATTRO EXPLORATION AND PRODUCTION LTD.

Per: ____________________________
Name: Leonard Van Betuw
Title: President and Chief Executive Officer
SCHEDULE "C" to the Letter of Offer dated September __, 2015 between Quattro Exploration and Production Ltd., Quattro Guatemala S.A. and Business Development Bank, as amended from time to time.

PREPAYMENT NOTICE

TO: Business Development Bank of Canada

DATE: ____________________

1. This Prepayment Notice is delivered to you pursuant to the terms and conditions of the Letter of Offer dated September __, 2015 between Quattro Exploration and Production Ltd., Quattro Guatemala S.A. and BDC therein named relating to the establishment of a Term Loan in favour of the Borrower (as amended, modified, supplemented or restated, the "Letter of Offer"). Unless otherwise expressly defined herein, capitalized terms set forth in this Prepayment Notice shall have the respective meanings set forth in the Letter of Offer.

2. The Borrower hereby gives notice of a repayment as follows:
   (a) Date of prepayment: ____________________
   (b) Credit Facility: ____________________
   (c) Borrowing: ____________________
   (d) Interest Period maturity: ____________________
   (e) Amount Being Prepaid: Cdn. $ ____________________

Quattro Exploration and Production Ltd.

Per: ____________________

Name: Leonard Van Betuw
Title: President
This is Exhibit "J" referred to in the Affidavit of Leonard B. Van Betuw sworn before me this 2nd day of September A.D. 2016

A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

James W. Reid
Barrister & Solicitor
March 28, 2016

Quattro Exploration and Production Ltd.
4110, 825 – 8th Avenue SW
Calgary, AB T2P 2T3

Attention: Leonard Van Betuw, President and Chief Executive Officer

Dear Sir:

Re: Amendment No. 1 to Letter of Offer dated September 14, 2015 (073911-04)

Business Development Bank of Canada (“Lender”) has advanced Quattro Exploration and Production Ltd. a fixed rate term loan (“Credit Facility”) on the terms and conditions set out in a Letter of Offer dated September 14, 2015 (“Existing Letter of Offer”) between the Lender, the Borrower and Quattro Guatemala S.A.

This Letter Amending Agreement amends the Existing Letter of Offer only to the extent of the amended or additional clauses detailed below and the Existing Letter of Offer, as hereby amended, shall continue in full force and effect.

1. Unless otherwise defined herein, the capitalized terms used herein shall have the meanings ascribed to them in the Existing Letter of Offer.

2. Page 1 of the Existing Letter of Offer is amended by deleting the following:

"GUARANTOR
Quattro Guatemala S.A. ("Guarantor")"

and replacing it with the following:

"GUARANTORS
Quattro Guatemala S.A. and Quattro Innovations Inc. ("Guarantors")"

3. The terms under the heading “Repayment” in the Existing Letter of Offer are deleted in their entirety and replaced with the following:

"REPAYMENT

Regular

Commencing November 14, 2015, the principal amount of the Loan will be repaid by consecutive monthly instalments as set forth below, with the final payment due and payable on October 14, 2019 ("Maturity Date").
This is Exhibit "K" referred to in the Affidavit of Leonard B. Van Betuw sworn before me this 2nd day of September A.D. 2016

A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

James W. Reid
Barrieter & Solicitor
DEBENTURE
(Including Negative Pledge)

THIS DEBENTURE is issued as of October 31, 2013 by Quattro Exploration and Production Ltd., a corporation subsisting under the laws of Alberta ("Debtor").

ARTICLE 1
PROMISE TO PAY: PRINCIPAL AND INTEREST

1.1  Principal

The Debtor, for value received, hereby acknowledges itself indebted and promises to pay to or to the order of BUSINESS DEVELOPMENT BANK OF CANADA (who and whose successors and assigns as holders of this Debenture are herein called the "Holder"), on the Maturity Date (or on such earlier date as the Obligations hereby secured may become payable in accordance with Section 9.2) the principal amount of Ten Million Canadian Dollars (CAD $10,000,000) at the office of the Holder, 444 – 7th Avenue SW, Calgary, Alberta, T2P 0X8, or at such other place as the Holder may designate from time to time by notice in writing to the Debtor.

1.2  Interest

The Debtor shall pay to the Holder at the same place interest on the Principal Amount at the rate of nine and fifteen one hundredths per cent (9.150%) per annum. Such interest shall accrue on a daily basis and shall be calculated and payable monthly in arrears on the 14th day of each month, (or, if the 14th day of the month is not a Business Day, on the Business Day next following such day), based on the actual number of days elapsed. If payment of the Principal Amount becomes payable on the Maturity Date or otherwise becomes payable in accordance with Section 9.2, all accrued and unpaid interest shall also be payable on the date for payment of the Principal Amount.

ARTICLE 2
DEFINITIONS AND INTERPRETATION

2.1  Definitions

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

"Business Day" means a day, excluding Saturday and Sunday, on which National Bank of Canada is open for business in Calgary, Alberta;

"Credit Agreement" means the Letter of Offer dated October 30, 2013 between the Debtor, Quattro Guatemala S.A. and the Holder, as amended, restated, supplemented, substituted or otherwise modified from time to time;

"Event of Default" means any event or circumstance enumerated in Section 9.1 of this Agreement;

"Lands" means the lands described in Schedule "A" hereto (including all stratigraphic formations from surface to basement unless otherwise specified), and includes all Petroleum Substances from time to time;
situated within or forming part of such lands, and any other lands with which the same may from time to time be pooled or unitized;

"Leases" means collectively the various leases, reservations, permits, licenses and similar documents of title by virtue of which the holder thereof is entitled to explore for, test for, drill for, recover, remove or dispose of Petroleum Substances from time to time situated within or forming part of the Lands or otherwise, including, without limitation, any leases, licenses and other documents of title described in Schedule "A" hereto, and all renewals, replacements and extensions thereof;

"lien hereof" means the liens, mortgages, pledges, security interests, assignments, encumbrances and charges created or expressed to be created or required to be created by the Debtor pursuant to this Debenture;

"Maturity Date" means September 14, 2017 or such other date as agreed to by the Debtor and Holder;

"Miscellaneous Interests" means all of the interests of the Debtor (other than P&NG Interests and Tangibles Interests), whether now owned or hereafter acquired, in all existing and future property, assets and rights now or hereafter relating to any of the P&NG Interests or Tangible Interests, including, without limitation, all of the interests of the Debtor, whether now owned or hereafter acquired, in all existing and future:

(a) contracts, agreements, arrangements and documents (including, without limitation, production sales contracts, pooling agreements, unit agreements, unit operating agreements, agreements for construction, ownership or operation of facilities and contracts, processing agreements, transportation agreements and arrangements for the transportation of Petroleum Substances) now or hereafter relating to any of the P&NG Interests, Tangible Interests or rights in relation thereto;

(b) rights to enter upon, use or occupy the surface of any of the Lands, of any lands upon which any of the Tangibles are now or hereafter situate, or of any lands now or hereafter to be traversed in order to gain access to any of the Lands or Tangible Interests including, without limitation, any surface lease, mineral surface lease or license of occupation;

(c) well, pipeline and other permits, licences and authorizations now or hereafter relating to any of the P&NG Interests or Tangible Interests including, without limitation, any pipeline agreements or pipeline installation leases;

(d) Petroleum Substances from time to time produced from any of the Lands and allocable to any of the P&NG Interests (but not beyond the point of delivery to the purchaser thereof);

(e) books, records, documents, maps and files, and engineering and other reports, studies and data, now or hereafter relating to any of the P&NG Interests; and

(f) all extensions, renewals, replacements or amendments of or to the foregoing items described in paragraphs (a) to (e) above;

"Mortgaged Property" means the property, assets and undertakings of the Debtor which are subject to the lien hereof; such term shall be deemed to refer to such property, assets and undertakings or any part thereof;

"
"Obligations" means all of the indebtedness, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or not, extended or renewed, now or hereafter owing by the Debtor to the Holder and any Person for whom the Holder acts as agent hereunder and whether pursuant to this Debenture, the Credit Agreement or otherwise, including payment by the Debtor of the Principal Amount, interest thereon and interest on overdue interest, payment by the Debtor of all other amounts required to be paid under this Debenture and the Credit Agreement and observance and performance by the Debtor of all other covenants, indemnities, terms, conditions, agreements and other requirements contained in this Debenture and the Credit Agreement, both monetary and non-monetary;

"P&NG Interests" means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an interest in land, of the Debtor, in and to any of the following:

(a) the interest of the Debtor in respect of the Leases and the Lands;
(b) rights to explore for, test for, drill for and produce, take, save or market Petroleum Substances from, within, upon, under or in relation to the Leases or the Lands;
(c) rights to a share of the production of Petroleum Substances from the Leases or the Lands;
(d) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances from the Leases or Lands, other than rights under agreements for the sale of Petroleum Substances from the Leases or the Lands;
(e) rights to acquire any of the rights described in paragraphs (a) through (d) above; and
(f) all extensions, renewals, replacements or amendments of or to the foregoing items;

and includes interests and rights known as a working interest, royalty interest, overriding royalty interest, gross overriding royalty interest, production payments, profits interest, net profits interest, revenue interest, net revenue interest and other interests in and to the Leases and the Lands and fractional or undivided interests in any of the foregoing;

"Permitted Encumbrances" means as at any particular time any of the following encumbrances on the property or any part of the property of the Debtor:

(a) all agreements pursuant to which the Debtor has agreed to (or is committed to) sell, for fair market value, petroleum, natural gas and/or related hydrocarbons from any petroleum, natural gas or related hydrocarbon property to an arm's length purchaser and in the ordinary course of its business;
(b) all reservations in the original grant or patent from the Crown of any lands or interests therein and all statutory exceptions, qualifications and reservations in respect of title;
(c) undetermined or inchoate liens or charges incidental to current operations which have not at the time been duly registered in accordance with applicable law against the Debtor or its property and of which no notice has been served upon the Debtor and which are not due or delinquent;
any right of first refusal or preferential right of purchase contained in any instrument affecting the Assets that is customary in the oil and gas industry in Canada;

any security interests created by this Debenture, and any security interests now or at any time hereafter made or granted by the Debtor to the Holder to secure any of the present or future debts, liabilities or obligations of the Debtor to the Holder;

those encumbrances listed in Schedule "A" hereto;

liens for taxes, assessments or governmental charges not at the time due or delinquent;

easements, rights of way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights of way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power and telecommunication, telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of the Debtor;

security given by the Debtor to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of the Debtor, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or materially impair its use in the operation of the business of the Debtor;

liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the exploration, development or operation of petroleum and natural gas rights, related production or processing facilities in which such Person has an interest or the transmission of hydrocarbons as security in favour of any other Person conducting the exploration, development, operation or transmission of the property to which such liens relate, for the Debtor's portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent;

liens for penalties arising under non participation or independent operations provisions of operating or similar agreements in respect of the Debtor's petroleum and natural gas rights, provided that such liens do not materially detract from the value of any of the property of the Debtor;

any encumbrance or agreement entered into in the ordinary course of business relating to pooling or a plan of unitization affecting the property of the Debtor, or any part thereof;

the right reserved or vested in any municipality or governmental or other public authority by the terms of any petroleum and natural gas leases in which the Debtor has any interest or by any statutory provision to terminate any petroleum and natural gas leases in which the Debtor has any interest, or to require annual or other periodic payments as a condition of the continuance thereof; and

all such other claims and encumbrances that the Holder agrees in writing to accept as Permitted Encumbrances;
"Person" means and includes an individual, a partnership, limited partnership, a corporation, a trust, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof;

"Petroleum Substances" means any one or more of crude oil, crude bitumen, synthetic crude oil, petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances, whether liquid, solid or gaseous, whether hydrocarbons or not, produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur;

"PPSA" shall mean the Personal Property Security Act (Alberta) and equivalent laws in other jurisdictions;

"Principal Amount" shall mean the principal amount payable pursuant to Section 1.1 (or, subject to Section 3.2, so much thereof as remains from time to time unpaid);

"Receiver" shall mean any receiver or receivers of the Mortgaged Property appointed by the Holder pursuant to this Debenture or by a court at the request of the Holder; such term shall be deemed to include reference to a receiver or receiver-manager;

"Secured Equity" means all investment property (as defined in the PPSA) of the Debtor;

"Tangibles" means all existing and future:

   (o) producing, shut-in, injection, disposal and other wells now or hereafter used, or expected or intended to be used, in connection with the production of Petroleum Substances from any of the Lands; and

   (p) separators, dehydrators, tanks, flow-lines, gathering systems, batteries, meter stations, gas plants, pipelines, compressors, enhanced recovery systems and similar facilities and structures used in connection with production, gathering, treatment, storage, processing, compression, transportation, injection, removal or other operations related to any of the P&NG Interests, Leases or Lands, or to any Petroleum Substances produced therefrom or allocable thereto;

   together with all existing and future equipment, machinery, apparatus, materials and other tangible property, assets and goods which may now or hereafter be located at the site of any such wells, facilities or structures and form part of, be appurtenant to or otherwise be used in connection with such wells, facilities or structures;

"Tangible Interests" means all of the interests of the Debtor, whether now owned or hereafter acquired, in all existing and future Tangibles;

"ULC" means a Person that is an unlimited company or unlimited liability company;

"ULC Laws" means all present or future laws governing ULCs;

"ULC Shares" means shares or other equity interests of a ULC.

Except where the context clearly indicates a different meaning, all terms defined in the PPSA, as in effect on the date of this Debenture, are used herein with the meanings therein ascribed to them in the PPSA;
such terms include "account", "chattel paper", "documents of title", "equipment", "goods", "instrument", "intangible", "inventory", "money", "proceeds" and "investment property".

Other capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement. Derivations of any of the foregoing defined terms shall have a corresponding meaning.

2.2 **Headings and References**

(a) The division of this Debenture into Articles and Sections and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

(b) The terms "this Debenture", "hereof", "hereunder" and similar expressions refer to this Debenture and not to any particular Article, Section or other portion hereof and include any amendments or supplements hereto. Unless otherwise stated, references herein to Articles, Sections and Schedules are to Articles, Sections and Schedules of this Debenture.

2.3 **Number and Gender**

Words importing the singular number shall include the plural and vice versa, and words importing gender shall include the masculine, feminine and neuter genders.

2.4 **Per Annum Calculations; Currency; Time; "Including"**

(a) Unless otherwise stated, interest specified as a rate "per annum" shall be computed on the basis of a calendar year of 365 days or 366 days, as the case may be.

(b) The theory of "deemed reinvestment" shall not apply to the computation of interest hereunder and no allowance, reduction or deduction shall be made for the deemed reinvestment of interest in respect of any payments hereunder. Calculation of interest hereunder shall be made using the nominal rate method, and not the effective rate method, of calculation.

(c) Unless otherwise stated, references herein to dollar amounts or $ shall be deemed to be references to Canadian dollars.

(d) Unless otherwise stated, references herein to time shall mean local time in Calgary, Alberta.

(e) The word "including" shall not be construed to limit or restrict the generality of the matter that precedes it.

2.5 **Statute References**

References herein to a statute include, unless otherwise stated, regulations passed or in force pursuant thereto and any amendments to such statute or to such regulations from time to time, and any legislation or regulations substantially replacing the same or substantially replacing any specific provision to which such reference is made.
2.6 Schedules

Schedule A (Lands, Leases and P&NG Interests) is attached hereto and form an integral part of this Debenture.

ARTICLE 3
DEPOSIT OF DEBENTURE

3.1 Deposit of Debenture as Collateral Security

This Debenture may be issued, pledged, hypothecated or deposited by the Debtor as collateral security for any indebtedness, liabilities or obligations (direct or indirect, present or future, absolute or contingent, matured or not, extended or renewed), and may only be cancelled by the Debtor when physically redelivered by the Holder to the Debtor upon satisfaction of all such liabilities, indebtedness or obligations. While this Debenture is so issued, pledged, hypothecated or deposited it shall not be redeemed by reason of the account of the Debtor having ceased to be in debit, or by reason of the liabilities, indebtedness or obligations in respect of which this Debenture is issued, pledged, hypothecated or deposited being repaid or satisfied from time to time, and this Debenture shall only be cancelled as aforesaid.

3.2 Debenture is Outstanding for Full Face Amount

Notwithstanding anything in Section 3.1, Section 3.3 or elsewhere contained, this Debenture shall constitute a secured promise of the Debtor to pay the full face principal amount referred to in Section 1.1 irrespective of whether any liabilities, indebtedness or obligations in respect of which this Debenture may have been issued, pledged, hypothecated or deposited as collateral security are less than such amount. The Debtor agrees and confirms that no payment by the Debtor to the Holder or any Person for whom the Holder acts as agent hereunder on account of any such liabilities, indebtedness or obligations shall reduce the principal amount owing under this Debenture unless such payment is specifically and expressly in writing appropriated by the Debtor to this Debenture and recorded as such in writing by the Holder on this Debenture.

3.3 Debenture Secures Advances

This Debenture secures, among other things, all advances under the Credit Agreement and other amounts owing from the Debtor to the Holder and any Person for whom the Holder acts as agent hereunder and both present and future advances, and accordingly the Holder and any Person for whom the Holder acts as agent hereunder shall be entitled to all priorities and advantages conferred pursuant to section 104 of the Land Titles Act (Alberta) and the PPSA and pursuant to equivalent sections of applicable laws in other jurisdictions.

ARTICLE 4
SECURITY

4.1 Security for Obligations

As continuing security for the due payment, observance and performance of all Obligations of the Debtor, but subject to the exception as to leaseholds hereinafter contained, the Debtor hereby:
(a) **real property (fixed charge):** grants, assigns, conveys, transfers, mortgages and charges as and by way of a first fixed and specific mortgage and charge to and in favour of the Holder, all of the Debtor's present and after-acquired right, title, estate and interest (whether freehold, leasehold, profit à prendre or otherwise, and whether legal or equitable, corporeal or incorporeal) in and to all present and after-acquired P&NG Interests, the Tangible Interests and the Miscellaneous Interests;

(b) **real property (floating charge):** grants, assigns, conveys, transfers, mortgages and charges as and by way of a first floating charge to and in favour of the Holder, all of the Debtor's present and after-acquired right, title, estate and interest (whether freehold, leasehold, profit à prendre or otherwise, and whether legal or equitable, corporeal or incorporeal) in and to all present and after-acquired real property, buildings, structures, improvements, expansions, erections, works and fixtures, wherever located, other than such property and assets of the Debtor as are validly and effectively subject to the first fixed and specific mortgage and charge under clause (a) above;

(c) **personal property (security interest):** grants, assigns, conveys, transfers, mortgages and charges as and by way of a first fixed and specific mortgage and charge to and in favour of the Holder, and the Holder hereby takes a continuing security interest in, all of the Debtor's present and after-acquired personal property, all present and after-acquired intellectual property and rights thereto and therein, all present and after-acquired electronic information and electronic information storage and computer systems, all present and after-acquired franchises, privileges, permits, grants, licences, authorizations, contracts and agreements, and all present and after-acquired goods, chattel paper, investment property, documents of title, instruments, money and intangibles (as such terms are defined in the PPSA), wherever located, including all present and after acquired P&NG Interests, Tangible Interests and Miscellaneous Interests of the Debtor that are personal property;

(d) **increases and additions:** for certainty, grants, assigns, conveys, transfers, mortgages and charges as and by way of a first fixed and specific mortgage and charge (in the case of property of the nature described in clauses (a) and (c) above) and a first floating charge (in the case of property of the nature described in clause (b) above), and to and in favour of the Holder, and the Holder hereby takes a continuing security interest in, all increases, additions, accretions, attachments, parts, profits and accessions to any of the foregoing property, together with all substitutions for and replacements and renewals of any of the foregoing property; and

(e) **proceeds:** grants, assigns, conveys, transfers, mortgages and charges and by way of a first fixed and specific mortgage and charge (in the case of property of the nature described in clauses (a) and (c) above) and a first floating charge (in the case of property of the nature described in clause (b) above), and to and in favour of the Holder, and the Holder hereby takes a continuing security interest in, all proceeds derived directly or indirectly from any dealing with any of the foregoing property (or any dealing with such proceeds), whether or not of the same type, class or kind as the original property, including any right to an insurance payment or any other payment as indemnity or compensation for loss or damage, and payments made in the total or partial discharge of an intangible, chattel paper, an instrument, a security, or a mortgage or charge in respect of an interest in land;
it being the intent hereof that the entire property, assets and undertaking of the Debtor, real and personal, present and future, tangible and intangible, of every nature and kind, and wheresoever located, shall be subject to the lien hereof, subject only to Section 7.1.

The lien hereof shall be a continuous charge notwithstanding that Schedule "A" hereto may be amended from time to time and further notwithstanding that Schedule "A" may not set forth or describe any properties from time to time.

4.2 Habendum

The Holder shall have and hold the Mortgaged Property and the rights hereby conferred on the Holder for the use and purpose and with the powers and authorities herein expressed, for its benefit and the benefit of any other Person on whose behalf it may be acting from time to time.

4.3 Holder Not Liable on Debtor's Agreements

Nothing contained in this Debenture shall be construed as rendering the Holder or any Person for whom the Holder acts as agent hereunder liable, directly or indirectly, for any obligations of the Debtor in respect of the Mortgaged Property including any obligations under any agreement, instrument, permit, lease, license or other document subject to the lien hereof, or any judgment, decree or order of any governmental authority.

4.4 Charge Valid Irrespective of Advance of Moneys

The liens hereof shall be and be deemed to be effective whether or not the moneys hereby secured or any part thereof shall be advanced before, upon or after the date of execution and issuance of this Debenture.

4.5 Amalgamation

The Debtor acknowledges and agrees that in the event that it amalgamates or merges with any other corporation, partnership or limited partnership, it is the intention of the Debtor and the Holder that the term "Debtor" when used herein shall apply to each of the merging or amalgamating corporations, partnerships or limited partnership and to the resulting amalgamated or merged corporation, partnership or limited partnership, such that the lien hereof will attach to all of the Mortgaged Property owned by each corporation, partnership or limited partnership merging or amalgamating with the Debtor and by the amalgamated or merged corporation, partnership or limited partnership at the time of the merger or amalgamation, and shall attach to any Mortgaged Property thereafter owned or acquired by the amalgamated or merged corporation, partnership or limited partnership when such becomes owned or acquired.

4.6 Acknowledgement

The Debtor, by executing this Debenture, hereby acknowledges and agrees that:

(a) value has been given by the Holder;

(b) the Debtor has rights in the Mortgaged Property;

(c) there is no agreement to postpone the attachment of the lien hereof, and
notwithstanding that the mortgage, charge and security interest created pursuant to Section 4.1(b) is stated to be a floating charge, the time for attachment of the mortgage, charge and security interest created pursuant to this Deedenture has not been postponed and is intended to attach when this Deedenture is signed by the Debtor, and attaches at that time to property in which the Debtor then has any right, title or interest and attaches to property in which the Debtor subsequently acquires any right, title or interest at the time when the Debtor first acquires such right, title or interest.

4.7 Representations and Warranties

The Debtor hereby represents and warrants to the Holder that:

(a) the Debtor has good and valid title to the Mortgaged Property, subject to Permitted Encumbrances;

(b) the Debtor has the full right and power to grant the liens hereof;

(c) this Deedenture has been duly executed and delivered, and constitutes a valid and binding obligation of the Debtor enforceable according to its terms, subject only to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights, and to general principals of equity, including the fact that specific performance is an equitable remedy, available only in the discretion of the court;

(d) the Debtor's place of business, or if it has more than one place of business, its chief executive office, is located at the address designated in Section 15.1; and

(e) the Mortgaged Property is located in the Provinces of Alberta, Saskatchewan and British Columbia.

4.8 Updates to Schedule A

The Debtor hereby covenants and agrees that, upon request of the Holder, it shall from time to time provide to the Holder an updated Schedule A reflecting the Debtor's Lands, Leases and P&NG Interests.

4.9 Equity

(a) Prior to an Event of Default occurring but subject to subclause (f) below:

(i) the Debtor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Secured Equity for any purpose provided that the Debtor will not exercise and will refrain from exercising any such right if such action would have a material adverse effect on the value of the Secured Equity or any part thereof;

(ii) the Debtor shall be entitled to receive and retain any and all dividends, interest and other distributions paid in respect of the Secured Equity if and to the extent that the payment thereof is not otherwise prohibited by the terms of the Credit Agreement provided that any and all:
(A) dividends, interest and other distributions paid or payable, other than in
cash or promissory notes, in respect of, and instruments and other
property received, receivable or otherwise distributed in respect of, or in
exchange for, any Secured Equity;

(B) dividends and other distributions paid or payable in cash in respect of
any Secured Equity in connection with a partial or total liquidation or
dissolution or in connection with a reduction of capital, capital surplus or
paid-in-surplus; and

(C) cash paid, payable or otherwise distributed in respect of principal of, or
in redemption of, or in exchange for, any Secured Equity,

shall be, and shall be forthwith delivered to the Holder to hold as, Secured Equity
and shall, if received by the Debtor, be received in trust for the benefit of the
Holder and be forthwith delivered to the Holder as Secured Equity in the same
form as so received (with any necessary endorsement).

(b) Upon the occurrence of an Event or Default and thereafter but subject to sub-clause (f)
below:

(i) all rights of the Debtor (A) to exercise or refrain from exercising the voting and
other consensual rights that it would otherwise be entitled to exercise pursuant to
subclause (a) above shall cease and (B) to receive the dividends, interest and
other distributions that it would otherwise be authorized to receive and retain
pursuant to subclause (a) above shall cease, and all such rights shall thereupon
become vested in the Holder, which shall thereupon have the sole right to
exercise or refrain from exercising such voting and other consensual rights and to
receive and hold as Secured Equity such dividends, interest and other
distributions;

(ii) all dividends, interest and other distributions that are received by the Debtor
contrary to the provisions of subsection (i) of this sub-clause (b) shall be received
in trust for the benefit of the Holder and shall be forthwith paid over to the
Holder as Secured Equity in the same form as so received (with any necessary
endorsement).

(c) Subject to subclause (f) below, the Debtor, upon request of a Holder, shall deliver to
the Holder originals of the Secured Equity requested duly endorsed in blank or
accompanied by a stock power duly executed in blank or other instruments of transfer
satisfactory to the Holder, and the Debtor authorizes the Holder to transfer the same or
any part thereof into its own name or that of its nominee(s) so that the Holder or its
nominee(s) may appear of record as the sole owner thereof; provided that, until the
occurrence of an Event of Default, the Holder shall deliver promptly to the Debtor all
notices or other communications received by it or its nominee(s) as such registered
owner and, upon demand and receipt of payment of any necessary expenses thereof,
shall issue to the Debtor or its order a proxy to vote and take all action with respect to
such Secured Equity. After the occurrence of an Event of Default, the Debtor waives all
rights to receive any notices or communications received by the Holder or its nominee(s)
as such registered owner and agrees that no proxy issued by the Holder to the Debtor or
its order as aforesaid shall thereafter be effective. The Debtor waives any provision of
the organizational documents applicable to the Secured Equity prohibiting or otherwise restricting the grant of the security interest hereunder.

(d) Subject to sub-clause (f) below, if (i) any stock dividend, reclassification, readjustment, or other change is declared or made in the capital structure of any of the issuers of the Secured Equity, or any option included with the Mortgaged Property is exercised, or both, or (ii) any subscription warrants or any other rights or options shall be issued in connection with the Mortgaged Property, then all new, substituted, and additional partnership or membership interests, certificates, shares, warrants, rights, options or other securities, issued to the Debtor by reason of any of the foregoing, shall be immediately delivered to and held by the Holder and shall constitute Secured Equity hereunder.

(e) If the Secured Equity is or is to be credited to a securities account established by the Debtor with a securities intermediary, the Debtor shall, at the request of the Holder ensure that each relevant securities intermediary shall enter into an agreement with the Holder which includes such terms as may be reasonably required by the Holder confirming that the Holder has exclusive control over all Secured Equity held in the relevant securities account following a Demand or an Event of Default including, but not limited to, an agreement of the securities intermediary that it will comply with entitlement orders that are originated by the Holder without the further consent of the Debtor.

(f) The Debtor acknowledges that certain of the Secured Equity may now or in the future consist of ULC Shares, and that it is the intention of the Holder and the Debtor that the Holder should not under any circumstances, prior to realization and notice being given by the Holder to the Debtor and further steps are taken pursuant hereto or thereto so as to register the Holder or such other Person, as specified in such notice, as the holder of the ULC Shares, be held to be a “member” or a “shareholder”, as applicable, of a ULC for the purposes of any ULC Laws. Therefore, notwithstanding any provisions to the contrary contained in the Credit Agreement or this Debenture, where the Debtor is the registered owner of ULC Shares which are Secured Equity, the Debtor will remain the sole registered owner of such ULC Shares until such time as such ULC Shares are, at the request of the Holder, effectively transferred into the name of the Holder or any other Person on the books and records of the applicable ULC. Nothing in this Debenture or the Credit Agreement, is intended to, and nothing in this Debenture or the Credit Agreement shall, constitute the Holder or any other Person other than the Debtor, a member or shareholder of a ULC for the purposes of any ULC Laws (whether listed or unlisted, registered or beneficial), until such time as notice is given to the Debtor and further steps are taken pursuant hereto or thereto so as to register the Holder or such other Person, as specified in such notice, as the holder of the ULC Shares. To the extent any provision hereof would have the effect of constituting the Holder as a member or a shareholder, as applicable, of any ULC prior to such time, such provision shall be severed herefrom and shall be ineffective with respect to ULC Shares which are Secured Equity without otherwise invalidating or rendering unenforceable this Debenture or invalidating or rendering unenforceable such provision insofar as it relates to Secured Equity which is not ULC Shares.
4.10 **Registration**

The Holder may, at any time and from time to time, register, file and record this Debenture or notices, caveats, financing statements or other registrations thereof (including serial number registrations), at all proper offices where such registration, filing or recording may be necessary or advantageous to perfect or protect the lien hereof, and may maintain all such registrations in full force and effect to perfect and protect the lien hereof. The Debtor, upon request of the Holder, shall do all acts and execute all documents in respect of the registrations, filings and recordings described above.

4.11 **Permitted Encumbrances**

Any reference to Permitted Encumbrances contained in this Debenture shall not expressly or by implication result in any Permitted Encumbrance ranking ahead of the lien hereof.

**ARTICLE 5**

**PROVISIONS APPLICABLE TO ASSIGNED ACCOUNTS**

5.1 **Assigned Accounts**

The following provisions shall apply to all debts, accounts, claims, monies, receivables and other similar items of personal property assigned and transferred to the Holder hereunder (in this Section called the "assigned accounts"):  

(a) **collection:** during the existence of an Event of Default the Holder may collect, realize, sell or otherwise deal with the assigned accounts or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to it advisable and without notice to the Debtor (except as otherwise required by applicable law);

(b) **not bound to collect:** the Holder shall not be liable or accountable for any failure to collect, realize, sell or otherwise deal with or obtain payment of the assigned accounts or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing, selling or otherwise dealing with or obtaining payment of the same or for the purpose of preserving any rights of the Holder, the Debtor or any other Person in respect of the same;

(c) **application:** all monies collected or received by the Holder in respect of the assigned accounts may be applied on account of such parts of the Obligations as the Holder in its discretion determines or, in the discretion of the Holder, may be held in a separate collateral account for such time as the Holder sees fit, or released to the Debtor;

(d) **trustee:** during the existence of an Event of Default, all moneys collected or received by the Debtor in respect of the assigned accounts shall be held in trust by the Debtor for the benefit of the Holder, and shall be paid over to the Holder forthwith on demand;

(e) **information:** the Debtor shall from time to time forthwith on request of the Holder furnish to the Holder any information relating to the assigned accounts, and the Holder shall be entitled from time to time to inspect any documents pertaining thereto and take temporary custody thereof;
(f) **notifications**: the Holder may at any time during the existence of an Event of Default notify any account debtor to make payment of the assigned accounts to or to the order of the Holder; and

(g) **control of proceeds**: the Holder may during the existence an Event of Default take control of any proceeds of the assigned accounts.

**ARTICLE 6**

**POSESSION AND USE UNTIL DEFAULT**

**6.1 Possession**

Unless an Event of Default exists, the Debtor may, in the ordinary course of business, subject to the express terms hereof:

(a) possess, operate, manage and use the Mortgaged Property and control the conduct of its business, and take and use the incomes and profits thereof; and

(b) exercise and enforce all of its rights and remedies under any agreement subject to the lien hereof;

but nothing in this Debenture shall be construed as subordinating the lien hereof to any other present or future creditor of the Debtor, or any other Person who may have an interest in connection with the Mortgaged Property, whether secured or unsecured.

**ARTICLE 7**

**LEASES: RESTRICTIONS ON ASSIGNMENT**

**7.1 Last Day of Term Excluded**

The last day of the term of any lease, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor shall be excepted from the lien hereof and shall not form part of the Mortgaged Property, but the Debtor shall stand possessed of such one day upon trust for the Holder, and shall assign and dispose of the same as the Holder or any assignee from the Holder of such lease or agreement shall direct. The Holder may at any time after the occurrence and during the continuance of an Event of Default remove the Debtor as trustee and appoint another Person in its place.

**7.2 Prohibitions on Assignment**

If any lease, agreement, license or permit (each a "**Contractual Right**") contains a clause which provides in legal effect that it can not be encumbered in the manner herein provided without the consent or approval of the other party thereto or the issuer thereof, then the effectiveness of the lien hereof (vis-à-vis such party or issuer only and in respect of such Contractual Right only) shall be conditional upon such consent or approval having been obtained; provided that, prior to such consent or approval being obtained, the Debtor will hold its interest in such Contractual Right in trust for the Holder and, upon such consent or approval being obtained, the Debtor will forthwith assign such Contractual Right to the Holder. The Debtor shall use its best efforts to obtain such consent or approval forthwith, and the lien hereof, while effective as against the Debtor and all other Persons immediately, shall be effective against such other party as soon as the required consent or approval is given, or is deemed or required to be given, whichever shall first occur.
7.3 **Realization on Agreements**

Nothing in Section 7.2 or elsewhere in this Debenture shall be construed as limiting the rights of the Holder or any Receiver to rely upon provisions in any agreement or instrument subject to the lien hereof where such provisions are more favourable to the Holder or a Receiver than those contained herein (notwithstanding any inconsistency herewith), nor as requiring the Holder or any Receiver to comply with any restrictions of the nature referred to in Section 7.2 in connection with any realization on the Mortgaged Property where such compliance is not otherwise required by the applicable law relating to realization of security.

**ARTICLE 8**

**COVENANTS OF THE DEBTOR**

8.1 **General Covenants**

The Debtor covenants and agrees with the Holder that it shall:

(a) **relocation of business:** not move its place of business, or any material assets comprised in the Mortgaged Property, from the jurisdictions in which the same are now located to any other jurisdiction, unless and until (i) it has first given 15 days' prior written notice to the Holder of its intention to do so together with full particulars of such move, and (ii) thereafter the Holder has notified it that the registrations necessary or advisable to protect and perfect the lien hereof in the jurisdiction where such business or assets will be located have been effected;

(b) **name change:** not change its name unless it has first given 15 days' prior written notice to the Holder of its intention to do so, and within 2 Business Days after such name change it shall provide certified copies of the certificate and supporting documents effecting such name change sufficient to allow the Holder to effect such amendments to registrations made in connection with the lien hereof as the Holder deems necessary or advisable;

(c) **negative pledge:** maintain good and defensible title to its Mortgaged Property and shall not create, assume, suffer to exist or otherwise have outstanding any liens, mortgages, pledges, security interests, encumbrances or charges other than Permitted Encumbrances;

(d) **dispositions of assets:** not sell, lease, assign, exchange, transfer or otherwise dispose of, including by way of a sale-leaseback, any Mortgaged Property except as expressly permitted by the Credit Agreement; and

(e) **credit agreement:** comply with all provisions of the Credit Agreement.

8.2 **Undertaking to Grant Fixed Charge Security**

The Debtor, at the request of the Holder from time to time, will forthwith grant, or cause to be granted, to the Holder, additional first fixed and specific mortgages and charges over the Debtor's real property, as the Holder in its sole and absolute discretion deems necessary, as security for all then present and future Obligations. In this connection, the Debtor will:

(a) provide the Holder with such information as reasonably required by the Holder to identify the additional property to be charged pursuant to this Section 8.2;
(b) do all such things as are reasonably required to grant in favour of the Holder a fixed lien in respect of such additional property to be so charged pursuant to this Section 8.2;

(c) provide the Holder with all corporate resolutions and other action, as reasonably required, for the Debtor to grant to the Holder a fixed lien in the property identified by the Holder to be so charged;

(d) provide the Holder with such security instruments, legal opinions and other documents which the Holder, acting reasonably, deems are necessary in connection with this Section 8.2 or to give full force and effect hereto;

(e) assist the Holder in the registration or recording of such agreements and instruments in such public registry offices in Canada or any province thereof (or in any other jurisdiction) as the Holder, acting reasonably, deems necessary to give full force and effect to this Section 8.2; and

(f) pay all reasonable costs and expenses incurred by the Holder in connection with the preparation, execution and registration of all agreements, documents and instruments, including any amendments to loan and credit agreements, made in connection with this Section 8.2, or in connection with any legal opinions related to any of the foregoing.

In addition, the Holder is hereby granted the right to attach to this Debenture, as part of the fixed charge over lands provided by this Debenture, from time to time a land schedule setting forth those of the Debtor's properties and assets as the Holder may determine in its sole and absolute discretion, and the Debtor hereby authorizes the Holder to do so as its duly appointed attorney. This power of attorney is a power coupled with an interest and shall be irrevocable. The Debtor hereby ratifies and confirms any and all such actions so taken by the Holder from time to time.

Further the Debtor hereby irrevocably constitutes and appoints any officer of the Holder at its address herein set out, or any Receiver appointed by the court or the Holder as herein set out, the true and lawful attorney of the Debtor with full power of substitution to do, make and execute all such assignments, documents, acts, matters or things with the right to sue in the name of the Debtor whenever and wherever it may be deemed necessary or expedient in connection with this Section 8.2. This power of attorney is a power coupled with an interest and shall be irrevocable. The Debtor hereby ratifies and confirms any and all such actions so taken by the Holder from time to time.

ARTICLE 9
EVENTS OF DEFAULT

9.1 Events of Defaults

The happening of any of the events or circumstances under the heading "Events of Default" in the Credit Agreement shall be an "Event of Default".

9.2 Automatic Acceleration

Upon the occurrence of an Event of Default, all of the Obligations for the payment of any money hereunder (including the Principal Amount and interest thereon) shall automatically be and become immediately due and payable without presentment, demand or notice of any kind, all of which are hereby waived by the Debtor.
9.3 **No Waiver**

No delay by or omission of the Holder or any Person for whom the Holder acts as agent hereunder in exercising any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and no act or omission of the Holder or any Person for whom the Holder acts as agent hereunder shall extend to or be taken in any manner whatsoever to affect any subsequent default hereunder or the rights resulting therefrom.

9.4 **Other Rights on Default**

Nothing in this Article shall be construed as limiting any other rights or remedies that the Holder or any Person for whom the Holder acts as agent hereunder may have against the Debtor for breach of any covenant, representation or warranty contained in this Debenture.

**ARTICLE 10**

**REMEDIES**

10.1 **Remedies**

Upon the occurrence of an Event of Default, the lien hereof shall immediately become enforceable without further notice or demand. If the lien hereof becomes enforceable and the Holder has determined to enforce the same, the Holder may itself (or through an agent) to the fullest extent permitted by applicable law, and a Receiver appointed by the Holder pursuant to Section 10.2 hereof may:

(a) **possession of Mortgaged Property and power of entry**: take possession of the Mortgaged Property at such place or places where it may be situate to the exclusion of the Debtor and to that end the Debtor agrees that the Holder or Receiver may at any time enter upon lands and premises comprising the Mortgaged Property or where the Mortgaged Property may be found for the purpose of taking possession of and/or removing the Mortgaged Property, without being liable to the Debtor by reason of such entry. In the event that the Holder or Receiver takes possession of the Mortgaged Property, it shall have the right to seize, repossess and maintain the same upon the premises on which the Mortgaged Property may then be situate without removal to other premises, and may dispose of the same from such premises;

(b) **power of disposition**: sell, lease or otherwise dispose of the Mortgaged Property either as a whole or in separate parcels, units or parts, by public sale (including public auction) or private or closed tender or by private contract, with only those notices, if any, as are required by applicable law, and with or without advertising and without any other formality (except as otherwise required by applicable law), and such sale, lease or disposition shall be on such terms and conditions as to title, credit or deferred payment and otherwise and as to upset or reserve bid or price as may seem advantageous to the Holder or Receiver, and the Holder or Receiver, acting reasonably, shall not be required to accept the highest or any bid or tender at any public sale. If such sale, lease or disposition is made in whole or in part on credit or deferred payment, there need only be applied against the Obligations the actual cash received from time to time. The Holder or any Person for whom the Holder acts as agent hereunder may itself purchase or lease the Mortgaged Property free from any right of redemption on the part of the Debtor, unless prohibited from doing so by applicable law. The Holder or Receiver, acting reasonably, may rescind or vary any contract for the sale, lease or other disposition of the Mortgaged
Property and may resell or re-lease without being answerable for any loss occasioned thereby, and may delay any disposition of the Mortgaged Property in whole or in part;

carrying on business: carry on or concur in the carrying on, or cease the carrying on, of all or any part of the business or undertaking of the Debtor and receive all proceeds, rents, revenues, profits and any other income thereof, and enter into any contract it deems reasonable, and may to the exclusion of the Debtor enter upon, occupy and use all or any of the premises, buildings, plants and undertakings of or occupied or used by the Debtor and may use any or all of the machinery, equipment, tools and other assets of the Debtor for such time as the Holder or Receiver sees fit, free of charge from the Debtor, to carry on the business of the Debtor and, if applicable, to produce or manufacture or complete the production or manufacture of any resources or products, to pack and ship or transport the resources or products, to employ and discharge any Persons upon such terms and remuneration as it deems appropriate, and generally to have the same rights and powers as the Debtor would have in carrying on such business were it not in default hereunder;

pay encumbrances: pay all or any part of any indebtedness of the Debtor, whether prior to or subordinate to the lien hereof, with any such payment being included in the expenses of realization of the Holder in paragraph (i) below;

foreclosure: foreclose (by either an order for foreclosure or an order for judicial sale) upon the Mortgaged Property pursuant to applicable law;

deal with Mortgaged Property: obtain, hold, maintain, release to third parties, repair, replace, substitute, protect, preserve, process, prepare, or otherwise deal with the Mortgaged Property in such manner, upon such terms and conditions and at such time or times as may seem advisable to the Holder or Receiver without notice to the Debtor (except as otherwise required by applicable law);

file proofs of claim: file such proofs of claim and other documents as may be necessary or advisable in order to prove the claim of the Holder in any bankruptcy, proposal, reorganization, arrangement, winding-up or other proceeding relating to the Debtor or its property;

commence actions: commence and proceed with any actions or judicial proceedings seeking such legal and/or equitable remedies as the Holder or Receiver deems advisable to protect and enforce its rights hereunder and the Mortgaged Property;

expenses of realization: charge on its own behalf and pay to others amounts incurred (including reasonable legal fees on a solicitor and his own client basis, and Receivers' and accounting fees) in or in connection with any dealing with the Mortgaged Property or acts in respect thereof referred to in the preceding paragraphs, and in connection with the protection and enforcement of its rights hereunder (including in connection with advice with regard to any of the foregoing). The Holder or Receiver may deduct such amounts from the proceeds of realization or may add such amounts to the Obligations, whereupon the same shall be payable by the Debtor to the Holder on demand and shall bear interest at the rate set forth herein in respect of the Principal Amount calculated from the date incurred by the Holder or Receiver to the date paid by the Debtor and such amounts and such interest shall be secured by the lien hereof;
(j) **credit:** purchase on credit, borrow money in the Debtor's name or advance its own money on such terms and at such rates as it may deem reasonable; and

(k) **enforcement:** otherwise enforce this Debenture by any method permitted by applicable law.

To enable the Holder to exercise the powers granted to it hereunder, the Debtor hereby irrevocably appoints the Holder as its attorney and on its behalf to effect any sale, lease or other disposition of the Mortgaged Property (including any real property subject to the lien hereof), and to execute all instruments and deeds, and do all acts, matters and things that may be necessary or advisable in the name of or on behalf of the Debtor or otherwise. The power of attorney hereby granted shall be effective upon the lien hereof becoming enforceable and the Holder having determined to enforce the same. Any deed, lease, agreement or other instrument required to be signed under seal and signed by the Holder under its seal pursuant hereto shall have the same effect as if it were signed under the corporate seal of the Debtor. The Holder shall have full power of substitution, and may provide the Receiver with the power to exercise such rights as attorney hereunder, and may at any time revoke any such substitution.

In exercising any of its powers under this Debenture, the Holder, and any Receiver appointed pursuant to Section 10.2, may act through its officers, employees, agents, solicitors, or substitute attorneys.

10.2 **Private or Court Appointed Receiver**

(a) **Private appointment:** The Holder may, at any time after the lien hereof has become enforceable and whether or not the Holder shall itself or through its officers, employees, agents or solicitors have taken possession of the Mortgaged Property or taken any other actions or steps with regard thereto, appoint by instrument in writing a Receiver over all or any portion of the Mortgaged Property. Any such Receiver shall have all of the powers, remedies and rights set forth in Section 10.1, and the powers, remedies and rights of the Holder hereunder, in addition to those possessed by a receiver or receiver-manager, as applicable, at law or in equity, unless any of such powers, remedies and rights are expressly limited in the instrument appointing the Receiver or in amendments thereto. The Holder may appoint one or more Receivers hereunder and may remove any such Receiver or Receivers and appoint another or others in his or their stead from time to time. Any Receiver so appointed may be an officer or employee of the Holder. Any Receiver appointed by the Holder need not be appointed or supervised in any way by a court, and may be appointed with or without bond or security. The Holder may from time to time fix the remuneration of every such Receiver, and direct the payment thereof out of the Mortgaged Property or the proceeds thereof in priority to payment of the Obligations.

(b) **Receiver's certificates:** A Receiver appointed pursuant to paragraph (a) may, with the consent in writing of the Holder, borrow money for the maintenance, protection or preservation of the Mortgaged Property or for the carrying on of the business or undertaking of the Debtor, and any Receiver may issue certificates (in this paragraph called "Receiver's Certificates"), for such amounts as will in the opinion of the Holder be sufficient for obtaining upon the security of the Mortgaged Property the amounts from time to time required, and such Receiver's Certificates may be payable either to order or bearer and may be payable at such time or times as the Holder may consider expedient, and shall bear such interest as shall therein be provided and the Receiver may sell, deposit, pledge or otherwise dispose of the same in such manner as the Holder may
consider advisable and may pay such commission on the sale thereof as the Receiver may consider reasonable, and the amounts from time to time payable by virtue of such Receiver's Certificates shall at the option of the Holder be entitled to the security of the lien hereof in priority to the Obligations.

(c) **Indemnity:** Any Receiver appointed pursuant to paragraph (a) shall so far as concerns responsibility for its acts be deemed to be the agent of the Debtor, and neither the Holder nor any Person for whom the Holder acts as agent hereunder shall be responsible for any misconduct or negligence on the part of any such Receiver. The Debtor shall indemnify and save harmless the Holder and any Person for whom the Holder acts as agent hereunder from and against any and all costs, charges, demands, damages, liabilities, claims and actions whatsoever and howsoever suffered or incurred by the Holder or any Person for whom the Holder acts as agent hereunder as a result of the acts of any such Receiver, save and except those costs, charges, demands, damages, liabilities, claims and actions arising out of the willful misconduct or gross negligence on the part of any such Receiver.

(d) **Court appointment:** The Holder may, in its sole discretion, either before or after the private appointment of a Receiver hereunder, institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Mortgaged Property, and in such case the Receiver shall have the powers expressed in the order appointing it, as such order may be varied from time to time.

(e) **Power of directors:** Upon the appointment of any Receiver, all powers, functions, rights and privileges of the directors of the Debtor with respect to the Mortgaged Property shall cease unless specifically continued by the written consent of the Holder.

10.3 **Appointment of Consultant**

If an Event of Default exists, the Holder may (without prejudice to any other remedies it may have from time to time), on 2 Business Days' notice to the Debtor, engage a consultant or monitor for the purposes of reviewing the Debtor's businesses, affairs and prospects, and reporting to the Holder on any matter relating thereto. The Debtor hereby authorizes any such consultant or monitor so appointed to enter onto the business premises of the Debtor and any other premises in which the Debtor is entitled to enter onto, and to inspect any of the Debtor's books, records, information systems or property for such purpose, and the Debtor shall make available its senior officers and employees to assist such consultant or monitor in performing its duties. The reasonable costs and expenses of such consultant shall be for the account of the Debtor and shall be payable by the Debtor to the Holder on demand and shall bear interest at nine and fifteen one hundredths per cent (9.150%) per annum, calculated from the date incurred by the Holder to the date paid by the Debtor and such amounts and such interest shall be secured by the lien hereof.

10.4 **Dealing with Security**

(a) The Holder may grant renewals, extensions of time and other indulgences, take, release and give up securities, accept compositions, grant releases and discharges, perfect or fail to perfect any securities, release the Mortgaged Property to third parties and otherwise deal or fail to deal with the Debtor, debtors of the Debtor, guarantors, sureties and others and with the Mortgaged Property and other securities as the Holder may see fit, all without prejudice to the liability of the Debtor to the Holder or any Person for whom the Holder acts as agent hereunder or the Holder's rights and powers under this Debenture.
(b) Nothing in this Debenture shall be construed as requiring the Holder to exercise all or any of its possession or realization rights hereunder in respect of all or any particular part of the Debtor's property as the Holder may determine in its sole discretion, and the Holder may specifically elect not to take possession or control over, or appoint a Receiver in respect of, any such assets while exercising any or all remedies available to it in respect of any other Mortgaged Property. Without limiting the generality of the foregoing, the Holder may elect to exercise its possession and realization rights against the Debtor's personal property and not its real property, or any particular portion of such real property, without prejudice to its ability to subsequently assert such rights. The Holder may also, of its own volition, release or discharge from the lien hereof any Mortgaged Property that it desires to release to the Debtor, and the Debtor covenants to accept such release and execute any acknowledgements as the Holder may require in respect thereof.

10.5 Cash Collateral Account

The Holder may, in the course of enforcing the lien hereof, when in its sole discretion it considers doing so to be advantageous to it, retain any money in a cash collateral account or deposit maintained by it or an agent acting on its behalf; such cash collateral account or deposit to be subject to the lien hereof, and amounts so retained ultimately to be applied (with any accrued interest) to the Obligations.

10.6 Validity of Sale

No Person dealing with the Holder or any Receiver shall be concerned to inquire whether the lien hereof has become enforceable or whether the powers which the Holder, any Person for whom the Holder acts as agent hereunder or any Receiver is purporting to exercise have become exercisable or whether any money remains due on the security of the Mortgaged Property or as to the necessity or expediency of the stipulations and conditions subject to which any sale, lease or other disposition shall be made or otherwise as to the propriety or regularity of any sale or any other dealing by the Holder with the Mortgaged Property or to see to the application of any moneys paid to the Holder or Receiver.

10.7 Rights and Remedies in Addition

Each and every right, remedy and power conferred by this Article is in supplement of and in addition to and not in substitution for any other right, remedy or power the Holder, any Person for whom the Holder acts as agent hereunder or any Receiver may have from time to time under this Article or elsewhere in this Debenture, or in any other agreement or under applicable law at the time of the exercise of such right, remedy or power. The Holder, any Person for whom the Holder acts as agent hereunder or Receiver may proceed by way of any action, suit, remedy or other proceeding at law or in equity (including specific performance of any covenant and injunctions against violations of any covenant) and no such remedy for the enforcement of the rights of the Holder, any Person for whom the Holder acts as agent hereunder or Receiver shall be exclusive of or dependent on any other such remedy. Any one or more of such remedies may from time to time be exercised separately or in combination and in particular the power of sale and other realization remedies contained herein may be exercised without the Holder or any Person for whom the Holder acts as agent hereunder entering into possession of or exercising control over the Mortgaged Property. Notwithstanding the foregoing, neither the Holder nor any Person for whom the Holder acts as agent hereunder shall be bound to deal with the Mortgaged Property, to exercise any right or remedy as aforesaid, or to preserve rights against other Persons.
10.8 **Automatic Crystallization; Restoration**

(a) At any time after the floating charge security created by Section 4.1(b) becomes enforceable, the Holder may, by notice in writing to the Debtor, to the extent permitted by applicable law, crystallize and fix such floating charge (i) on all of the property subject thereto, or (ii) if the notice so stipulates, on any part thereof described in the said notice, without any requirement for further intervention by the Holder (whether by the taking of possession, the appointment of a Receiver or otherwise), but without in any way limiting the powers, rights and remedies of the Holder hereunder in respect of the Mortgaged Property.

(b) To the extent permitted by applicable law, but not in limitation of any occurrences that at law cause a floating charge security to crystallize or become fixed, the Debtor agrees that the floating charge security created by Section 4.1(b) shall crystallize and become fixed immediately and without any requirement for any notice or intervention on the part of the Holder, if any Event of Default occurs.

(c) At any time after the floating charge security created by Section 4.1(b) is crystallized (whether by operation of law, by notice pursuant to paragraph (a), automatically pursuant to paragraph (b), by the intervention of the Holder or a Receiver or otherwise), the Holder may, by notice to the Debtor in writing, to the extent permitted by applicable law, restore (or, if a Receiver has been privately appointed by the Holder, cause such Receiver to restore) to the Debtor the Mortgaged Property which shall have become subject to a fixed charge by reason of the crystallization of the floating charge freed from such crystallized charge, whereupon such Mortgaged Property shall again be subject to the floating charge security created by Section 4.1(b) as fully and to the same extent as though no crystallization had occurred, without prejudice to the right of the Holder to exercise any further or subsequent remedies in respect thereof, including the crystallization of such floating charge to which such property again became subject by virtue of this provision.

10.9 **BIA Notice**

Upon the occurrence of an event or circumstance that could with the giving of notice or lapse of time constitute an Event of Default, the Holder may give the Debtor the Notice of Intention to Enforce Security required by the Bankruptcy and Insolvency Act (Canada), as amended, it being the intention of the parties that, at the Holder's option, the period to cure defaults, and then the 10 day period of the Notice of Intention to Enforce Security, may run concurrently.

10.10 **Trust During Stay**

The Debtor acknowledges that if a stay of proceedings is issued against the Debtor pursuant to the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangements Act (Canada) or any other similar law, the Holder and any Person for whom the Holder acts as agent hereunder would be irreparably harmed and materially prejudiced if any proceeds of the Mortgaged Property were used for any purpose other than the repayment of the debts secured hereby, and the Debtor hereby acknowledges and agrees that any proceeds of the Mortgaged Property received by the Debtor while such stay is in effect shall be received and held by the Debtor in trust for the Holder.
ARTICLE 11
LIMITATION OF LIABILITY

11.1 Limitation of Liability

(a) Subject to paragraph (c), neither the Holder, any Person for whom the Holder acts as agent hereunder nor any Receiver shall be liable, accountable or responsible for any loss or damage suffered or incurred by the Debtor as a result of:

(i) the failure by the Holder, any Person for whom the Holder acts as agent hereunder or a Receiver to exercise any rights or remedies provided for herein, or to exercise any right or remedy in lieu of any other right or remedy; or

(ii) the taking and maintaining of possession by the Holder, any Person for whom the Holder acts as agent hereunder or a Receiver of the Mortgaged Property pursuant to the terms of this Debenture, or the carrying on of the business of the Debtor as herein provided.

(b) Subject to paragraph (c), neither the Holder, any Person for whom the Holder acts as agent hereunder nor any Receiver shall be liable, accountable or responsible:

(i) to account as mortgagee in possession or otherwise upon entry into possession hereunder, other than for actual receipts;

(ii) to observe or perform, or to see to the observance or performance by the Debtor of any agreements or obligations to which the Debtor is a party or by which it is bound, whether before or during any period when the Holder, any Person for whom the Holder acts as agent hereunder or a Receiver has entered into possession hereunder;

(iii) for loss or damage to the Mortgaged Property while in the possession of the Holder, any Person for whom the Holder acts as agent hereunder or a Receiver, the risk of which is hereby expressly agreed to be on the Debtor;

(iv) to keep the Mortgaged Property identifiable or separate from other property which it owns or holds, whether fungible or not, while in the possession of the Holder, any Person for whom the Holder acts as agent hereunder or a Receiver, or

(v) in the case of chattel paper, a security or an instrument in the possession of the Holder, any Person for whom the Holder acts as agent hereunder or Receiver, to take any steps to preserve rights against other Persons.

(c) Notwithstanding any exclusion or limitation herein contained, to the extent that the provisions of any statute impose a duty or onus upon a Person or restrict his rights or remedies in relation hereto, and such provisions are under applicable law incapable of waiver or variance by the Debtor, the provisions of such applicable law shall govern and the affected provisions hereof shall be deemed to be amended to the extent necessary to give effect to such applicable law without in any way affecting any other provision hereof.
Attention: Mr. Leonard Van Betuw
Facsimile: (403) 984-3972

To the Holder:

Business Development Bank of Canada
444 – 7th Avenue SW
Calgary, AB T2P 0X8

Attention: Scott Billingsley, Director, Energy Group and/or
Scott Overes, Senior Manager, Specialized Credit
Facsimile: (403) 292-6616

or to such other address or facsimile number as any party may from time to time notify the other in accordance with this Section. Any notice, communication or demand made or given by personal delivery during usual business hours at the place of receipt on a Business Day shall be deemed to have been given on the day of actual delivery thereof. Any notice, communication or demand made or given by personal delivery after usual business hours on a Business Day or by facsimile or other electronic means of communication shall be deemed to have been given on the first Business Day following the transmittal thereof.

ARTICLE 16
MISCELLANEOUS

16.1 No Merger

Neither the taking of any judgment nor the exercise of any power of seizure or sale shall operate to extinguish the liability of the Debtor to make payment of, or to satisfy the Obligations, nor shall the acceptance of any payment or alternate security constitute or create any novation, and the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of such covenants.

16.2 No Discharges Unless Specifically Provided

No postponement or partial release or discharge of the lien hereof in respect of the Mortgaged Property shall in any way operate or be construed to release or discharge the security hereby constituted in respect of the Mortgaged Property except as therein specifically provided, or to release or discharge the Debtor from its liability to the Holder to fully pay and satisfy the Obligations.

16.3 Payments or Deliveries Due on Non-Business Days

(a) If any payment to be made by the Debtor hereunder shall become due and payable on a day which is not a Business Day, such payment shall be made on the immediately following day which is a Business Day, and any extension of time shall in such case be included in computing interest payable hereunder relating to such payment. All payments due hereunder shall be made in immediately available funds before 11:00 a.m. Calgary time on the due date, and if made after 11:00 a.m. Calgary time shall be deemed to have been made on the next Business Day.
(b) If any notice, certificate or other document is required to be delivered by the Debtor hereunder on a day which is not a Business Day, such delivery may be made on the immediately following day which is a Business Day.

16.4 Governing Law

(a) THIS DEBENTURE SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, AND THE RIGHTS OF THE PARTIES SHALL BE GOVERNED BY, THE LAW OF THE PROVINCE OF ALBERTA AND THE LAW OF CANADA APPLICABLE THEREIN.

(b) The Debtor agrees that the courts of Alberta shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any disputes which may arise out of or in connection with this Debenture and it irrevocably submits to the non-exclusive jurisdiction of such courts, without prejudice to the rights of the Holder or any Person for whom the Holder acts as agent hereunder to take proceedings in any other jurisdictions, whether concurrently or not.

(c) The Debtor agrees that final judgment in any such suit, action or proceeding brought in such courts shall be conclusive and binding upon it and may be enforced against it in the courts of Canada (or any other courts to the jurisdiction of which it or its property is subject) by a suit upon such judgment, provided that it does not waive any right to appeal any such judgment, to seek any stay or otherwise to seek reconsideration or review of any such judgment.

16.5 Assignment

The Debtor shall not and cannot assign its Obligations under this Debenture, or take any steps or enter into any transaction of any nature which would have that effect (except as expressly permitted by the Credit Agreement), without the prior written consent of the Holder, which may be arbitrarily withheld. Subject thereto, all Obligations of the Debtor hereunder shall bind the Debtor and its successors and assigns. The Holder may at any time assign this Debenture as provided in the Credit Agreement. This Debenture shall enure to the benefit of the Holder and for those for whom the Holder acts as agent hereunder, and each of their successors and assigns.

16.6 Time of Essence

Time is of the essence of this Debenture.

16.7 Copy Received

The Debtor acknowledges having received and retained a copy of this Debenture.

16.8 Waiver of Right to Receive Copy of Statements

The Debtor waives any right it now has or hereafter may have to receive from the Holder a copy of any financing statement in which the Debtor is named as a debtor, or a copy of statements used by a personal property security registry to confirm registration of financing statements.
16.9 **Waiver of Presentment**

Except as provided herein, the Debtor waives presentment of this Debenture for payment, diligence, notice of non-payment, protest and notice of protest.

16.10 **Severability**

If one or more of the provisions of this Debenture is, or is adjudged to be, invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, and such invalid, illegal or unenforceable provision shall, to the extent permitted by applicable law, be severable.

16.11 **Security in Addition**

The security hereby constituted is not in substitution for any other security for the Obligations, or for any other agreement between the Debtor, the Holder or any Person for whom the Holder acts as agent hereunder whether or not creating any lien, mortgage, pledge, security interest, encumbrance or charge in the Mortgaged Property whether heretofore or hereafter made, and such security and such agreement shall be deemed to be continued and not affected hereby unless expressly provided to the contrary in a writing signed by the Debtor and the Holder. The taking of any action or proceedings or refraining from so doing, or any other dealing with any other security for the Obligations or any part thereof shall not release or affect the lien hereof and none of the creation of this Debenture nor the taking of any proceedings hereunder or thereunder for the realization of the security hereby constituted shall release or affect any other security held by the Holder or any Person for whom the Holder acts as agent hereunder for the payment or performance of the Obligations.

16.12 **Waivers and Consents**

No waiver of any provision hereof, or consent to any action or inaction shall be effective unless the same is in writing and signed by the party granting the same. Such waivers and consents shall not extend to any matters other than those in respect of which the same were given, and the same may be subject to such conditions as the party giving the same may stipulate.

16.13 **Further Assurances**

(a) The Debtor shall promptly cure any defect by it in the execution and delivery of this Debenture.

(b) The Debtor, at its expense, shall promptly deliver to the Holder, upon request by the Holder in writing, all such other and further documents, agreements, opinions, certificates and instruments (executed, as necessary) in order to give effect to the covenants and agreements of the Debtor in this Debenture, and shall make any recording, file any notice or obtain any consent in connection therewith, all as may be reasonably necessary or appropriate in connection therewith.

(c) In the event of a disposition of assets in accordance with Section 8.1(d), the Holder, at the Debtor's expense and upon the reasonable written request of the Debtor, shall promptly deliver a no interest letter to the holder of such disposed assets, which no interest letter shall be in a form satisfactory to the Holder's counsel acting reasonably.
located in such separate jurisdictions, this Debenture shall be a separate mortgage and security agreement enforceable against the Debtor without regard to the application of this Debenture to portions of the Mortgaged Property located in other jurisdictions. All provisions hereof shall be applicable separately to the portions of the property located in each separate jurisdiction with the same effect as if a separate mortgage and security agreement with respect thereto had been executed and delivered. Upon request of the Holder, the Debtor shall prepare at its expense a separate mortgage and security agreement covering the portion of the property located in any such jurisdiction or jurisdictions, such separate mortgage and security agreement to be substantially in the form of this Debenture except for such modifications as shall be required by the fact that such mortgage and security agreement relates only to the property of the Debtor located in such jurisdiction or jurisdictions or as may be required by the Holder in connection therewith. The Debtor hereby agrees to execute and deliver to the Holder all such separate mortgage and security agreements which may be so requested in form and substance satisfactory to the Holder, and at the request of the Holder, but at the expense of the Debtor, the Debtor shall record, register and file, and keep recorded, registered and filed, such separate mortgage and security agreements to the extent required hereby, so as to make the same valid, binding and enforceable obligations of the Debtor and to make effective the lien created hereby and thereby.

16.17 **Not Bound To Advance**

Neither the execution and delivery nor the registration of this Debenture shall for any reason whatsoever obligate or bind the Holder or any Person for whom the Holder acts as agent hereunder to advance any monies or, having advanced a portion, obligate the Holder or any Person for whom the Holder acts as agent hereunder in any way to advance the balance or any portion thereof, but nevertheless the lien hereof shall take effect forthwith upon execution of this Debenture and shall operate as security for the Obligations.

16.18 **Exclusively Entitled**

The Holder and those for whom the Holder acts as agent hereunder from time to time, will be regarded as exclusively entitled to the benefit of this Debenture, and all Persons may act accordingly.

16.19 **Credit Agreement**

The provisions of the Credit Agreement are not superseded by or merged in the execution or registration of this Debenture, and the provisions of the Credit Agreement shall remain in full force and effect until all of the conditions thereof to be observed and performed by the Debtor have been fully paid and satisfied, provided however that in the event of a conflict between the terms of the Credit Agreement and the terms of this Debenture, the terms of the Credit Agreement shall prevail. Notwithstanding the foregoing, if there is any right or remedy of the Holder set forth in this Debenture which is not set forth in the Credit Agreement, such right or remedy shall not constitute a conflict.

16.20 **Discharge**

Once the Debtor has permanently and indefeasibly satisfied all of the Obligations, the Holder shall, at the written request and expense of the Debtor, discharge the lien hereof and execute and deliver to the Debtor such deeds or other instruments as shall be required to give effect to such discharge, other than those Obligations which by the terms hereof survive such discharge and any termination.
16.21 **Debenture Lost Or Stolen**

If this Debenture is mutilated, lost, stolen or destroyed, the Debtor shall, upon being furnished with evidence satisfactory to it (acting reasonably) of such mutilation, loss, theft or destruction, issue and deliver a new Debenture of like date and tenor as the one mutilated, lost, stolen or destroyed, in exchange for, in place of and upon cancellation of the mutilated Debenture, or in lieu of or in substitution for the lost, stolen or destroyed Debenture.

16.22 **Land Titles Act (Alberta) and Equivalent Provisions of Other Applicable Law**

Without limiting the provisions of this Debenture and for the better securing to the Holder of this Debenture the repayment and performance in the manner aforesaid of the Obligations secured by this Debenture, the Debtor does hereby mortgage to the Holder all of its estate and interest in the Mortgaged Property.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF the Debtor has executed this Debenture.

QUATTRO EXPLORATION AND PRODUCTION LTD.

Per: [Signature]

Name: Leonard Van Betuw
Title: President and Chief Executive Officer
SCHEDULE "A" TO THE DEBENTURE

Lands, Leases and P&NG Interests

See Attached Land Schedules/Mineral Property Reports or Land Schedules/Mineral Property Reports on Attached Computer Disk
SECOND SUPPLEMENTAL DEBENTURE
QUATTRO EXPLORATION AND PRODUCTION LTD.

WHEREAS QUATTRO EXPLORATION AND PRODUCTION LTD. ("Debtor") created a debenture dated October 31, 2013 ("Debenture") to secure the sum of TEN MILLION ($10,000,000) DOLLARS together with interest at the rate specified in the Debenture, and the Debtor did issue and deliver the Debenture in favour of BUSINESS DEVELOPMENT BANK OF CANADA (who and whose successors and assigns as holders of this Second Supplemental Debenture are herein called the "Holder");

WHEREAS the Debtor made, issued and delivered to the Holder a First Supplemental Debenture dated June 26, 2014 ("First Supplemental Debenture") to amend certain terms of the Debenture (the Debenture, as amended by the First Supplemental Debenture, "Amended Debenture");

WHEREAS the Debtor agrees to make, issue and deliver this Second Supplemental Debenture to amend certain terms of the Amended Debenture.

THEREFORE in consideration of the premises, this Second Supplemental Debenture witnesses:

1. Except as defined herein, the capitalized terms used herein shall have the same meaning as set forth in the Amended Debenture.

2. The Principal Amount of the Amended Debenture is increased to TWENTY MILLION ($20,000,000) DOLLARS and the Amended Debenture is amended accordingly.

3. The Amended Debenture is further amended as follows:

   (a) the definition of "Credit Agreement" is deleted in its entirety and replaced with the following:

      "'Credit Agreement' means either or both, as the context may require, of the Letter of Offer dated June 24, 2014 between the Debtor, Quattro Guatemala S.A. and the Holder, as amended, restated, supplemented, substituted or otherwise modified from time to time and the Letter of Offer dated September 14, 2015 between the Debtor, Quattro Guatemala S.A. and the Holder as amended, restated, supplemented, substituted or otherwise modified from time to time;"

   (b) the definition of "Maturity Date" is deleted in its entirety and replaced with the following:

      "'Maturity Date' means October 14, 2019 or such other date as agreed to be the Debtor and the Holder;"

   (c) Section 15.1 is amended by deleting those provisions relating to notice given to the Holder and replaced with the following:
"Business Development Bank of Canada
444 - 7th Avenue SW
Calgary, AB T2P 0X8

Attention: Scott Overes, Director, Specialized Credit Group and/or
            Michelle Lo, Manager, Specialized Credit Group
Facsimile: (403) 292-6951

4. As continuing security for due payment, observance and performance of all Obligations (as amended herein) of the Debtor, but subject to the exception as to leaseholds referred to in the Amended Debenture, the Debtor hereby reconfirms and ratifies the liens, mortgages, pledges, security interests, encumbrances and charges created or expressed to be created or required to be created by the Debtor pursuant to the Amended Debenture in and to the assets described in Section 4.1 of the Amended Debenture, as amended by Clause 3 of the First Supplemental Debenture, and, for certainty, hereby grants, assigns, conveys, transfers, mortgages and charges to and in favour of the Holder as and by way of a first fixed and specific mortgage and charge and grants to and in favour of the Holder a security interest in, all of the Debtor's present and after-acquired right, title, estate and interest (whether freehold, leasehold, profit à prendre or otherwise, and whether legal or equitable, corporeal or incorporeal) in and to all present and after-acquired P&NG Interests, the Tangible Interests and the Miscellaneous Interests as amended pursuant to the First Supplemental Debenture.

5. The Debtor ratifies and confirms the Amended Debenture as modified, supplemented or amended pursuant to the provisions hereof and all of the covenants, terms, conditions and provisions contained in the Amended Debenture.

6. The Debtor ratifies and confirms the Deposit Instrument dated October 31, 2013 as an effective deposit and delivery of the Amended Debenture as modified, supplemented or amended pursuant to the provisions hereof.

IN WITNESS WHEREOF, the Debtor has duly executed this Second Supplemental Debenture on this 7th day of September, 2015.

QUATTRO EXPLORATION AND PRODUCTION LTD.

Per: [Signature]

Name: Leonard Van Betuw
Title: President and Chief Executive Officer
This is Exhibit "L" referred to in the Affidavit of Leonard B. Van Betuwen sworn before me this 2nd day of September A.D. 2016

[Signature]

A COMMISSIONER FOR OATHS IN AND FOR ALBERTA

James W. Reid
Barrister & Solicitor
GENERAL SECURITY AGREEMENT

THIS AGREEMENT dated APRIL 19, 2016.

FROM:

QUATTRO INNOVATIONS INC., an Alberta corporation having an office located at 4110, 825 – 8TH Avenue, Calgary, Alberta T2P 2T3

(the "Corporation")

TO:

BUSINESS DEVELOPMENT BANK OF CANADA, incorporated by Special Act of the Parliament of Canada, and having its head office in Montreal, Quebec, with a branch at 110 Barclay Centre, 444 – 7TH Avenue S.W. Calgary, Alberta T2P 0X8

("BDC")

1. SECURITY INTEREST

(You will grant to BDC a charge, referred to as a security interest, over all personal property now held or in the future held or acquired by you. You will also grant a charge, referred to as a floating charge, over your complete undertaking and real property interests. These charges are the security BDC will hold in consideration of lending funds or providing credit facilities to Quattro Exploration and Production Ltd.)

1.1 For consideration the Corporation:

(a) mortgages and charges as a fixed and specific charge, and assigns and transfers to BDC, and grants to BDC a general and continuing security interest in all of the Corporation’s present and after-acquired personal property including, without limitation:

(i) all office, trade, manufacturing and all other equipment and all goods, including, without limitation, machinery, tools, fixtures, computers, furniture, furnishings, chattels, motor vehicles and other tangible personal property that is not inventory, and all parts, components, attachments, accessories, accessions, replacements, substitutions, additions and improvements to any of the above (all of which is collectively called the "Equipment");

(ii) all inventory, including, without limitation, goods acquired or held for sale or lease or furnished or to be furnished under contracts of rental or service, all raw materials, work in process, finished goods, returned goods, repossessed goods, all livestock and their young after conception, all crops and timber, and all packaging materials, supplies and containers relating to or used or consumed in connection with any of the foregoing (all of which is collectively called the "Inventory");

(iii) all debts, accounts, claims, demands, monies and choses in action which now are, or which may at any time be, due or owing to or owned by the Corporation and all books, records, documents, papers and electronically recorded data recording, evidencing or relating to the debts, accounts, claims, demands, monies and choses in action (all of which is collectively called the "Accounts");

(iv) all documents of title, chattel paper, instruments, securities and money, and all other personal property, of the Corporation that is not Equipment, Inventory or Accounts;

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(v) all patents, trade-marks, copyrights, industrial designs, plant breeder’s rights, integrated circuit topographies, trade-names, goodwill, confidential information, trade secrets and know-how, including without limitation, environmental technology and bio-technology, software and any registrations and applications for registration of the foregoing and all other intellectual and industrial property of the Corporation (all of which is hereinafter collectively called the “Intellectual Property”);

(vi) all the Corporation’s contractual rights, licenses and all other choses in action of every kind which now are, or which may at any time be due or owing to or owned by the Corporation, and all other intangible property of the Corporation, that is not Accounts, chattel paper, instruments, documents of title, Intellectual Property, securities or money;

(vii) the personal property described in Schedule A attached to this Security Agreement;

(viii) all proceeds of every nature and kind arising from the personal property referred to in this Security Agreement;

(b) grants to BDC a general and continuing security interest and charges by way of a floating charge:

(i) all of the Corporation’s right, title and interest in all its present and after acquired real, immovable and leasehold property, and all easements, rights-of-way, privileges, benefits, licences, improvements and rights whether connected with or appurtenant to this property or separately owned or held, including all structures, plant and other fixtures and including all mineral claims, mineral rights and leases, all oil, gas and hydrocarbon rights and interests (all of which is collectively called the “Real Property”) and excluding the personal property described in Clause 1.1(a); and

(ii) all of the undertaking and assets of the Corporation, of every nature or kind and wherever situate, whether presently owned or hereafter acquired, and all their proceeds, other than its assets and undertakings that are otherwise validly and effectively subject to the charges and security interests in favour of BDC created pursuant to this Clause 1.1.

1.2 The security interests, mortgages, transfers, assignments, charges, grants and conveyances created pursuant to Clause 1.1 shall be collectively called the “Security Interests”, and the property subject to the Security Interests and all property, assets and undertaking charged, assigned or transferred or secured by any instruments supplemental to or in implementation of this Security Agreement are collectively called the “Collateral”.

1.3 The schedules, including definitions, form part of this Security Agreement.

2. EXCEPTIONS
(With few exceptions, all of your personal property and real property interests are subject to the security interests and charges described in Clause 1.1. Only the last day of any lease term and possibly your consumer goods are excepted. Corporations do not hold consumer goods.)

2.1 The last day of the term created by any lease or agreement is excepted out of any charge or the Security Interests but the Corporation shall stand possessed of the reversion and shall remain upon trust to assign and dispose of it to any third party as BDC shall direct.

2.2 All the Corporation’s consumer goods are excepted out of the Security Interests; provided that for the purposes of Collateral in the Yukon the Security Interests shall include Special Consumer Goods as that term is defined in the Personal Property Security Act (Yukon); provided further that for the purposes of Collateral in Saskatchewan the Security Interests shall include consumer goods of the Corporation.

3. ATTACHMENT
(Value or consideration has flowed between you and BDC and the Security interests in your personal property are complete once you sign this Security Agreement.)
The Corporation agrees that the Security Interests attach upon the signing of this Security Agreement (or in the case of after acquired property, upon the date of acquisition), that value has been given, and that the Corporation has (or in the case of after acquired property, will have upon the date of acquisition) rights in the Collateral and the Corporation confirms that there has been no agreement between the Corporation and BDC to postpone the time for attachment of the Security Interests and that it is the Corporation’s understanding that BDC intends the Security Interests to attach at the same time.

4. PURCHASE MONEY SECURITY INTEREST
   (To the extent that BDC helps you acquire an interest in any personal property, you grant a special security interest to BDC over that personal property. The special security interest is known as a “Purchase Money Security Interest”.)

   The Corporation acknowledges and agrees that the Security Interests constitute and are intended to create Purchase Money Security Interests in Collateral to the extent that monies advanced by BDC, including all future advances and re-advances, are used or are to be used, in whole or in part, to purchase or otherwise to acquire rights in Collateral.

5. OBLIGATIONS SECURED
   (The Security Interests and charges you have granted to BDC secure all indebtedness and all obligations to BDC.)

   This Security Agreement is in addition to and not in substitution for any other security interest or charge now or in the future held by BDC from the Corporation or from any other person and shall be general and continuing security for the payment and performance of all indebtedness, liabilities and obligations of the Corporation to BDC (including interest thereon), whether incurred prior to, at the time of or after the signing of this Security Agreement including extensions and renewals, and all other liabilities of the Corporation to BDC, present and future, absolute or contingent, joint or several, direct or indirect, matured or not, extended or renewed, wherever and however incurred, including all advances on current or running account, future advances and re-advances of any loans or credit by BDC and the Corporation’s obligation and liability under any contract or guarantee now or in the future in existence whereby the Corporation guarantees payment of the debts, liabilities and/or obligations of a third party to BDC, and for the performance of all obligations of the Corporation to BDC, whether or not contained in this Security Agreement (all of which indebtedness, liabilities and obligations are collectively called the “Obligations”).

6. REPRESENTATIONS AND WARRANTIES
   (You state that you are able to legally grant this Security Agreement to BDC, it will be binding and the Collateral is not subject to any encumbrances that have not been approved by BDC. You own the Collateral and nothing prevents you from granting the Security Interests and charges in favour of BDC. BDC will rely on all of the following representations and warranties.)

6.1 The Corporation represents and warrants to BDC that:

   (a) if a corporation, it is a corporation incorporated and organized and validly existing and in good standing under the laws of the jurisdiction of its incorporation; it has the corporate power to own or lease its property and to carry on the business conducted by it; it is qualified as a corporation to carry on the business conducted by it and to own or lease its property and is in good standing under the laws of each jurisdiction in which the nature of its business or the property owned or leased by it makes such qualification necessary; and the execution, delivery and performance of this Security Agreement are within its corporate powers, have been authorized and do not contravene, violate or conflict with any law or the terms and provisions of its constating documents or its by-laws or any shareholders agreement or any other agreement, indenture or undertaking to which the Corporation is a party or by which it is bound;

   (b) if it is a corporation, its name as set forth on page 1 of this Security Agreement is its full, true and correct name as stated in its constating documents and if such name is in English, it does not have or use a French language form of its name or a combined English language and French language form of its name and vice versa, and the Corporation has provided a written memorandum to BDC accurately setting forth all prior names under which the Corporation has operated;

   (c) if it is a partnership, its name as set forth on page 1 is its full, true and correct, and where required or voluntarily registered its registered, name; it is a partnership validly created and organized and validly existing under the laws of the jurisdiction of its creation; it has the power to carry on the business
conducted by it; it is qualified as a partnership to carry on the business conducted by it and is in good standing under the laws of each jurisdiction in which the nature of its business makes such qualification necessary, and the execution, delivery and performance of this Security Agreement are within its powers, have been authorized, and do not contravene, violate or conflict with any law or the terms of its partnership agreement or any other agreement, indenture or undertaking to which the Corporation is a party or by which it is bound, and a complete list of the names, addresses and (if individuals) the dates of birth of the partners of the partnership are set forth on a Schedule attached to this Security Agreement;

(d) if the Corporation is an individual, that individual's full name and address as set forth on page 1 of this Security Agreement are the individual's full and correct name and address and the individual's date of birth as described on the individual's birth certificate a true copy of which has been provided to BDC or, if no birth certificate issued from any jurisdiction in Canada exists, as described on the documents provided to BDC is the individual's correct birth date;

(e) there is no litigation or governmental proceedings commenced or pending against or affecting the Collateral or the Corporation, in which a decision adverse to the Corporation would constitute or result in a material adverse change in the business, operations, properties or assets or in the condition, financial or otherwise, of the Corporation; and the Corporation agrees to promptly notify BDC of any such future litigation or governmental proceeding;

(f) it does not have any information or knowledge of any facts relating to its business, operations, property or assets or to its condition, financial or otherwise, which it has not disclosed to BDC in writing and which, if known to BDC, might reasonably be expected to deter BDC from extending credit or advancing funds to the Corporation;

(g) it has good title and lawfully owns and possesses all presently held Collateral, free from all security interests, charges, encumbrances, liens and claims, save only the Security Interests and the charges or security interests consented to in writing by BDC, and it has not granted any licenses in or of its Intellectual Property other than as disclosed and consented to by BDC;

(h) to the extent that any of the Collateral includes serial numbered goods and motor vehicles which require serial number registration by virtue of the Act and its regulations including motor vehicles, trailers, manufactured homes, mobile homes, boats, outboard motors for boats or aircraft, the Corporation has given the full and correct serial numbers and any Ministry of Transport designation marks or other relevant licensing authority marks of all such Collateral to BDC;

(i) the Collateral is and/or will be located at the place(s) described in Schedule A and will not be removed from such location(s) without the prior written consent of BDC;

(j) this Security Agreement is granted in accordance with resolutions of the directors (and of the shareholders as applicable) of the Corporation, if the Corporation is a corporation, or, if the Corporation is a partnership, of the partners of the Corporation, and all other requirements have been fulfilled to authorize and make the execution and delivery of this Security Agreement, and the performance of the Corporation's obligations valid and there is no restriction contained in the constating documents of the Corporation or in any shareholders agreement or partnership agreement which restricts the powers of the authorized signatories of the Corporation to borrow money or give security; and

(k) the Corporation's place(s) of business and chief executive office are correctly described in Schedule A.

7. COVENANTS OF THE CORPORATION
(The Security Interests and the Collateral must be protected while the Security Agreement remains in effect. These covenants are your promises to BDC describing how BDC's Security Interests will be attended to. You will also covenant to maintain accurate books and records and allow BDC's inspection. Your promises are found in the Security Agreement and Schedules.)

7.1 The Corporation covenants with BDC that while this Security Agreement remains in effect the Corporation will:

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(a) promptly pay and satisfy the Obligations as they become due or are demanded;

(b) defend the title to the Collateral for BDC’s benefit, against the claims and demands of all persons;

(c) fully and effectually maintain and ensure that the Security Interests are and continue to be valid and effective;

(d) maintain the Collateral in good condition and repair and provide adequate storage facilities to protect the Collateral and not permit the value of the Collateral to be impaired;

(e) observe and conform to all valid requirements of any governmental authority relative to any of the Collateral and all covenants, terms and conditions upon or under which the Collateral is held;

(f) promptly pay and satisfy:

(i) all taxes, assessments, rates, duties, levies, government fees, claims and dues lawfully levied, assessed or imposed upon it or the Collateral when due, unless the Corporation shall in good faith contest its obligations so to pay and shall furnish to BDC such security as BDC may require;

(ii) all security interests, charges, encumbrances, liens and claims which rank or could rank in priority to, or on an equal basis with, any of the Security Interests; and

(iii) all fees from time to time chargeable by BDC arising out of any term of the commitment letter or the Loan Agreement between BDC and the Corporation including, without limitation, inspection, administration and returned cheque handling fees;

(g) promptly pay and satisfy all costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) which may be incurred by BDC in connection with granting loans or credit to the Corporation, including for:

(i) inspecting the Collateral;

(ii) negotiating, preparing, perfecting, registering or renewing the registration of this Security Agreement and the Security Interests, any Financing or Financing Change Statement, any modification or amending agreement and other documents relating to the Corporation’s obligations, whether or not relating to this Security Agreement;

(iii) complying with any disclosure requirements under the Act;

(iv) investigating title to the Collateral;

(v) taking, recovering, keeping possession and disposing of the Collateral;

(vi) maintaining the Collateral in good repair, storing the Collateral and preparing the Collateral for disposition;

(vii) any inspection, appraisal, investigation or environmental audit of the Collateral and the cost of any environmental rehabilitation, treatment, removal or repair necessary to protect, preserve or remedy the Collateral including any fine or penalty BDC becomes obligated to pay by reason of any statute, order or direction of competent authority;

(viii) any sums BDC pays as fines, clean up costs because of contamination of or from your assets. Further you will indemnify BDC and its employees and agents from any liability or costs incurred including legal defence costs. Your obligation under this paragraph continues even after the Obligations are repaid and this Security Agreement is terminated;

(ix) all other actions and proceedings taken to preserve the Collateral, enforce this Security Agreement and of any other security interest held by BDC as security for the Obligations, protect
BDC from liability in connection with the Security Interests or assist BDC in its loan and credit
granting or realization of the Security Interest, including any actions under the Bankruptcy and
Insolvency Act (Canada) and all remuneration of any Receiver (as defined in Article 15 hereof)
or appointed pursuant to the Bankruptcy and Insolvency Act (Canada);

(h) at BDC's request, execute and deliver further documents and instruments and do all acts as BDC in its
absolute discretion requires to confirm, register and perfect, and maintain the registration and
perfection of, the Security Interests;

(i) notify BDC promptly of:

(i) any change in the information contained in this Security Agreement relating to the Corporation,
its business or the Collateral, including, without limitation, any change of name or address
(including any change of trade name, proprietor or partner) and any change in the present
location of any Collateral;

(ii) the details of any material acquisition of Collateral, including the acquisition of any motor
vehicles, trailers, manufactured homes, boats or aircraft;

(iii) any material loss or damage to the Collateral;

(iv) any material default by any account debtor in the payment or other performance of its obligations
to the Corporation respecting any Accounts;

(v) any claims against the Corporation including claims in respect of the Intellectual Property or of
any actions taken by the Corporation to defend the registration of or the validity of or any
infringement of the Intellectual Property;

(vi) the return to or repossession by the Corporation of Collateral that was disposed of by the
Corporation; and

(vii) all additional places of business and any changes in its place(s) of business or chief executive
office;

(j) prevent the Collateral, other than Inventory sold, leased, or otherwise disposed of as permitted by this
Security Agreement, from being or becoming an accession to property not covered by this Security
Agreement;

(k) carry on and conduct its business and undertaking in a proper and businesslike manner so as to
preserve and protect the Collateral and the earnings, income, rents, issues and profits of the Collateral,
including maintenance of proper and accurate books of account and records;

(l) permit BDC and its representatives, at all reasonable times, access to the Collateral including all of the
Corporation's property, assets and undertakings and to all its books of account and records, whether at
your premises or at your financial advisors, for the purpose of inspection and the taking of extracts, and
the Corporation will render all assistance necessary;

(m) permit and does consent to BDC contacting and making enquiries of the Corporation's lessors as well
as assessors, municipal authorities and any taxing body;

(n) observe and perform all its obligations under:

(i) leases, licences, undertakings, and any other agreements to which it is a party;

(ii) any statute or regulation, federal, provincial, territorial, or municipal, to which it is subject;

(o) deliver to BDC from time to time promptly upon request:
(i) any documents of title, instruments, securities and chattel paper constituting, representing or relating to the Collateral;

(ii) all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral to allow BDC to inspect, audit or copy them;

(iii) all financial statements prepared by or for the Corporation regarding the Corporation's business;

(iv) such information concerning the Collateral, the Corporation and the Corporation's business and affairs as BDC may reasonably require;

(p) with respect to the Intellectual Property, take all necessary steps and initiate all necessary proceedings, to maintain the registration or recording of the Intellectual Property, to defend the Intellectual Property from infringement and to prevent any licensed or permitted user from doing anything that may invalidate or otherwise impair the Intellectual Property;

(q) with respect to copyright forming part of the Intellectual Property, provide to BDC waivers of the moral rights thereto executed by all contributors or authors of the copyrighted work;

(r) receive and hold in trust on behalf of and for the benefit of BDC all proceeds from the sale or other disposition of any Collateral; and

(s) observe and perform the additional covenants and agreements set out in any schedules to this Security Agreement, including Schedule B, if any.

7.2 Any amounts required to be paid to BDC by the Corporation under this Clause 7 shall be immediately payable with interest at the highest rate borne by any of the Obligations until all amounts have been paid.

7.3 This Security Agreement shall remain in effect until it has been terminated by BDC by notice of termination to the Corporation and all registrations relating to the Security Agreement have been discharged.

8. INSURANCE

(It is your obligation to thoroughly insure the Collateral in order to protect your interests and those of BDC. You will follow the specific requirements of the insurance coverage described in this Clause.)

8.1 The Corporation covenants that while this Security Agreement is in effect the Corporation shall:

(a) maintain or cause to be maintained insurance on the Collateral with a reputable insurer, of kinds, for amounts and payable to such person or persons, all as BDC may require, and in particular maintain insurance on the Collateral to its full insurable value against loss or damage by fire and all other risks of damage, including an extended coverage endorsement and in the case of motor vehicles, insurance against theft;

(b) cause the insurance policy or policies required by this Security Agreement to be assigned to BDC, including a standard mortgage clause or a mortgage endorsement, as BDC may require;

(c) pay all premiums respecting such insurance, and deliver all policies to BDC, if required.

8.2 If proceeds of any required insurance becomes payable, BDC may, in its absolute discretion, apply these proceeds to the Obligations as BDC sees fit or release any insurance proceeds to the Corporation to repair, replace or rebuild, but any release of insurance proceeds to the Corporation shall not operate as a payment on account of the Obligations or in any way affect this Security Agreement or the Security Interests.

8.3 The Corporation will promptly, on the happening of loss or damage to the Collateral, notify BDC and furnish to BDC at the Corporation's expense any necessary proof and do any necessary act to enable BDC to obtain payment of the insurance proceeds, but nothing shall limit BDC's right to submit to the insurer a proof of loss on its own behalf.
8.4 The Corporation authorizes and directs the insurer under any required policy of insurance to include the name of BDC as loss payee on any policy of insurance and on any cheque or draft which may be issued respecting a claim settlement under and by virtue of such insurance, and the production by BDC to any insurer of a notarial or certified copy of this Security Agreement (notarized or certified by a notary public or solicitor) shall be the insurer’s complete authority for so doing.

8.5 If the Corporation fails to maintain insurance as required, BDC may, but shall not be obliged to, maintain or effect such insurance coverage, or so much insurance coverage as BDC may wish to maintain.

9. OTHER PROHIBITIONS
(You agree to not encumber your property so as to interfere with the security interests or charges granted to BDC and you will not dispose of any of the Collateral except inventory disposed of in the ordinary course of your business.)

Without the prior written consent of BDC the Corporation will not:

(a) create or permit to exist any security interest in, charge, encumbrance or lien over, or claim against any of its property, assets, undertakings including without limitation the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests created by this Security Agreement;

(b) grant, sell, or otherwise assign any of its chattel paper or any of the Collateral except only Inventory that is disposed of in accordance with Clause 10.2;

(c) where the Corporation is a corporation:
   (i) issue, purchase or redeem its shares;
   (ii) change its voting control;
   (iii) permit any of its shareholders to sell, transfer or dispose of its shares;
   (iv) declare or pay any dividends on any of its shares; or
   (v) repay or reduce any shareholders loans or other debts due to its shareholders;

(d) change its name, merge with or amalgamate with any other entity.

10. RESTRICTIONS ON SALE OR DISPOSAL OF COLLATERAL
(You will preserve and protect all of the Collateral and not dispose of it without the consent of BDC. Any sales or other disposition will result in you holding the proceeds in trust for BDC. Your responsibilities towards the Collateral and any trust proceeds are important to BDC.)

10.1 Except as provided by this Security Agreement, without BDC’s prior written consent the Corporation will not:

(a) sell, lease, license or otherwise dispose of the Collateral;

(b) release, surrender or abandon possession of the Collateral; or

(c) move or transfer the Collateral from the jurisdictions in which the Security Interests have been perfected.

10.2 So long as the Corporation is not in default under this Security Agreement the Corporation may lease, sell, license, consign or otherwise deal with items of Inventory only in the ordinary course of its business and for the purposes of carrying on its business.

10.3 Any disposition of any Collateral, excepting sales of Inventory in the ordinary course, shall result in the Corporation holding the proceeds in trust for and on behalf of BDC and subject to BDC’s exclusive direction and control. Nothing restricts BDC’s rights to attach, seize or otherwise enforce its Security Interests in any
Collateral sold or disposed, unless it is sold or disposed with BDC's prior written consent.

11. PERFORMANCE OF OBLIGATIONS
(If you do not strictly do all those things that you have agreed to do in this Security Agreement, BDC may perform those obligations but you will be required to pay for them.)

If the Corporation fails to perform its covenants and agreements under this Security Agreement, BDC may, but shall not be obliged to, perform any or all of such covenants and agreements without prejudice to any other rights and remedies of BDC, and any payments made and any costs, charges, expenses and legal fees and disbursements (on a solicitor and its own client basis) incurred by BDC shall be immediately payable by the Corporation to BDC with interest at the highest rate borne by any of the Obligations and shall be secured by the Security Interests, until all such amounts have been paid.

12. ACCOUNTS
(Any dealing with the Collateral that results in an account being created, or proceeds arising, is of particular importance to BDC. The account, or proceeds, acts in substitution for the Collateral that has been sold, usually inventory. You will protect the account or proceeds in favour of BDC.)

Notwithstanding any other provision of this Security Agreement, BDC may collect, realize, sell or otherwise deal with all or a portion of the Accounts in such manner, upon such terms and conditions and at any time, whether before or after default, as may seem to it advisable, and without notice to the Corporation, except in the case of disposition after default and then subject to the applicable provisions of the Act, if any. All forms of payment received by the Corporation in payment of any Account, or as proceeds, shall be subject to the Security Interests and shall be received and held in trust for BDC.

13. APPROPRIATION OF PAYMENTS
(BDC has the right to determine how funds it receives will be applied in relation to your loan facility.)

Any and all payments made respecting the Obligations and monies realized from any Security Interests (including monies collected in accordance with or realized on any enforcement of this Security Agreement) may be applied to such part or parts of the Obligations as BDC sees fit, and BDC may at any time change any appropriation as BDC sees fit.

14. DEFAULT
(You must comply with the payment and other obligations that you have made in favour of BDC. You must also strictly satisfy the covenants and agreements that you have made in this Security Agreement. Failure to do so will be considered a default and BDC will consider its legal remedies and possibly pursue them. This Clause defines the defaults and outlines your obligations.)

14.1 Unless waived by BDC, the Corporation shall be in default under this Security Agreement and shall be deemed to be in default under all other agreements between the Corporation and BDC in any of the following events:

(a) the Corporation defaults, or threatens to default, in payments when due of any of the Obligations; or

(b) the Corporation is in breach of, or threatens to breach, any term, condition, obligation or covenant made by it to or with BDC, or any representation or warranty of the Corporation to BDC is untrue or ceases to be accurate, whether or not contained in this Security Agreement; or

(c) the Corporation or a guarantor of the Corporation declares itself to be insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of its creditors, is declared Bankrupt, makes a proposal or otherwise takes advantage of any provisions for relief under the Bankruptcy and Insolvency Act (Canada), the Companies Creditors' Arrangement Act (Canada) or similar legislation in any jurisdiction, or makes an authorized assignment; or

(d) a receiver, manager, receiver and manager or receiver-manager of all or a part of the Collateral is appointed; or

(e) an order is made or a resolution is passed for the winding up of the Corporation or a guarantor of the Corporation; or
the Corporation or a guarantor of the Corporation ceases or threatens to cease to carry on all or a substantial part of its business or makes or threatens to make a sale of all or substantially all of its assets; or

distress or execution is levied or issued against all or a part of the Collateral; or

if the Corporation is a corporation and any member or shareholder:

(i) commences an action against the Corporation; or

(ii) gives a notice of dissent to the Corporation in accordance with the provisions of any governing legislation; or

if the Corporation is a corporation and its voting control changes without BDC's prior written consent; or

the Corporation uses any monies advanced to it by BDC for any purpose other than as agreed upon by BDC; or

without BDC's prior written consent, the Corporation creates or permits to exist any security interest, charge, encumbrance, lien or claim against any of the Collateral which ranks or could in any event rank in priority to or on an equal basis with any of the Security Interests; or

the holder of any other security interest, charge, encumbrance, lien or claim against any of the Collateral does anything to enforce or realize on such security interest, charge, encumbrance, lien or claim; or

the Corporation enters into an amalgamation, a merger or other similar arrangement with any other person without BDC's prior written consent or, if the Corporation is a corporation, it is continued or registered in a different jurisdiction without BDC's prior written consent; or

BDC in good faith and on commercially reasonable grounds believes that the prospect of payment or performance of any of the Obligations is impaired or that any of the Collateral is or is about to be placed in jeopardy or removed from the jurisdiction in which this Security Agreement has been registered; or

the lessor under any lease to the Corporation of any real or personal property takes any steps to or threatens to terminate such lease or otherwise exercise any of its remedies under such lease as a result of any default by the Corporation; or

the Corporation causes or allows hazardous materials to be brought upon any lands or premises occupied by the Corporation or to be incorporated into any of its assets, or the Corporation causes, permits, or fails to remedy any environmental contamination upon, in or under any of its lands or assets, or fails to comply with any abatement or remediation order given by a responsible authority; or

any permit, license, certification, quota or order granted to or held by the Corporation is cancelled, revoked or reduced, as the case may be, or any order against the Corporation is enforced, preventing the business of the Corporation from being carried on for more than 5 days or materially adversely changing the condition (financial or otherwise) of the Corporation's business; or

if an individual, the Corporation dies or is declared incompetent by a court of competent jurisdiction.

14.2 The floating charge created by this Security Agreement over Real Property shall become a fixed charge upon the earliest of:

(a) the occurrence of an event described in Clause 14.1(a), (b), (c), (d), (e) or (f), or

(b) BDC taking any action pursuant to Clause 15 to enforce and realize on the Security Interests;
as BDC, in its absolute discretion and to the full extent permitted by law, may direct as follows:

(a) in payment of all costs, charges and expenses (including legal fees and disbursements on a solicitor and its own client basis) incurred by BDC respecting or incidental to:

(i) the exercise by BDC of the rights and powers granted to it by this Security Agreement; and

(ii) the appointment of the Receiver and the exercise by the Receiver of the powers granted to it by this Security Agreement, including the Receiver’s reasonable remuneration and all outgoings properly payable by the Receiver;

(b) in or toward payment to BDC of all principal and other monies (except interest) due in respect of the Obligations;

(c) in or toward payment to BDC of all interest remaining unpaid respecting the Obligations; and

(d) in payment to those parties entitled thereto under the Act.

16. GENERAL PROVISIONS PROTECTING BDC

(You have granted this Security Agreement to BDC in consideration by BDC advancing funds or providing credit or credit facilities to Quatro Exploration and Production Ltd. BDC will not be responsible for debts or liabilities that may arise except to the extent that it agrees to be responsible or liable in this Security Agreement. If enforcement becomes necessary, BDC will act in good faith and in a commercially reasonable manner.)

16.1 To the full extent permitted by law, BDC shall not be liable for any debts contracted by it during enforcement of this Security Agreement, for damages to persons or property or for salaries or non-fulfilment of contracts during any period when BDC shall manage the Collateral upon entry or seizure, nor shall BDC be liable to account as a mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable. BDC shall not be bound to do, observe or perform or to see to the observance or performance by the Corporation of any obligations or covenants imposed upon the Corporation nor shall BDC, in the case of securities, instruments or chattel paper, be obliged to preserve rights against other persons, nor shall BDC be obliged to keep any of the Collateral identifiable. To the full extent permitted by law, the Corporation waives any provision of law permitted to be waived by it which imposes greater obligations upon BDC than described above.

16.2 Neither BDC nor any Receiver appointed by it shall be liable or accountable for any failure to seize, collect, realize, sell or obtain payments for the Collateral nor shall they be bound to institute proceedings for the purposes of seizing, collecting, realizing or obtaining payment or possession of the Collateral or the preserving of any right of BDC, the Corporation or any other party respecting the Collateral. BDC shall also not be liable for any misconduct, negligence, misfeasance by BDC, the Receiver or any employee or agent of BDC or the Receiver, or for the exercise of the rights and remedies conferred upon BDC or the Receiver by this Security Agreement.

16.3 BDC or any Receiver appointed by it may grant extensions of time and other indulgences, take and give securities, accept compromises, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the debtors of the Corporation, co-obligants, guarantors and others and with the Collateral and other securities as BDC may see fit without liability to the Corporation and without prejudice to BDC’s rights respecting the Obligations or BDC’s right to hold and realize the Collateral. The Corporation shall not be released nor shall its liability be in any way reduced because BDC has done or concurred in the doing of anything whereby a guarantor would be released in whole or in part.

16.4 Notwithstanding anything to the contrary in any security held by BDC for the Obligations, each part is given as additional, concurrent and collateral security to the remainder of the security. BDC in its sole discretion may realize upon or abstain from realizing on any security for the Obligations in any order or concurrently with the realization under this Security Agreement whether such security is held by it at the date of this Security Agreement or is provided at any time in the future. No realization or exercise or abstaining from exercising of any power or right under this Security Agreement or under any other security shall prejudice any further realization or exercise until all Obligations have been fully paid and satisfied.
16.5 Any right of BDC and any obligation of the Corporation arising under any other agreements between BDC and the Corporation shall survive the signing, registration and advancement of any money under this Security Agreement, and no merger respecting any such right or obligation shall occur by reason of this Security Agreement. The obligation, if any, of the Corporation to pay legal fees, a commitment fee, a standby fee or administration fees, under the terms of BDC's commitment letter or Loan Agreement with the Corporation shall survive the signing and registration of this Security Agreement and BDC's advancement of any money to the Corporation and any legal fees, commitment fees, standby fees or administration fees owing by the Corporation shall be secured by the Collateral.

16.6 In the event that BDC registers a notice of assignment of Intellectual Property the Corporation shall be responsible for and shall indemnify BDC against all maintenance and renewal costs in respect thereof, and any costs of initiating or defending litigation, together with all costs, liabilities and damages related thereto.

16.7 Notwithstanding any taking of possession of the Collateral, or any other action which BDC or the Receiver may take, the Corporation now covenants and agrees with BDC that if the money realized upon any disposition of the Collateral is insufficient to pay and satisfy the whole of the Obligations due to BDC at the time of such disposition, the Corporation shall immediately pay to BDC an amount equal to the deficiency between the amount of the Obligations and the sum of money realized upon the disposition of the Collateral, and the Corporation agrees that BDC may bring action against the Corporation for payment of the deficiency, notwithstanding any defects or irregularities of BDC or the Receiver in enforcing its rights under this Security Agreement.

17. APPOINTMENT OF ATTORNEY
(You appoint BDC your attorney for specific matters.)

The Corporation irrevocably appoints BDC or the Receiver, as the case may be, with full power of substitution, as the attorney of the Corporation for and in the name of the Corporation to do, make, sign, endorse or execute under seal or otherwise all deeds, documents, transfers, cheques, instruments, demands, assignments, assurances or consents that the Corporation is obliged to sign, endorse or execute and generally to use the name of the Corporation and to do everything necessary or incidental to the exercise of all or any of the powers conferred on BDC, or the Receiver, as the case may be, pursuant to this Security Agreement. This grant and authority shall survive any mental infirmity of the Corporation subsequent to the execution hereof.

18. CONSOLIDATION
(Should you wish to redeem the Security Interest, BDC may require you to also pay other obligations to it before discharging its Security Interests.)

For the purposes of the laws of all jurisdictions in Canada, the doctrine of consolidation applies to this Security Agreement.

19. NO OBLIGATION TO ADVANCE
(BDC determines, in the end, whether any advances or further advances under credit facilities to Quattro Exploration and Production Ltd. will be made.)

Neither the preparation and execution of this Security Agreement nor the perfection of the Security Interests or the advance of any monies by BDC shall bind BDC to make any advance or loan or further advance or loan, or extend any time for payment of any indebtedness or liability of the Corporation to BDC.

20. WAIVER
(Indulgences granted by BDC should not be taken for granted.)

BDC may permit the Corporation to remedy any default without waiving the default so remedied. BDC may at any time partially or completely waive any right, benefit or default under this Security Agreement but such waiver shall not be a bar to or a waiver of any such right, benefit or default thereafter, or of any other right, benefit or default under this Security Agreement. No waiver shall be effective unless it is in writing and signed by BDC. No delay or omission on the part of BDC in exercising any right shall operate as a waiver of such right or any other right.
21. NOTICE
(This Clause describes how the various notices referred to in this Security Agreement may be given.)

Notice may be given to either party by prepaid mail or delivered to the party for whom it is intended, at the principal address of such party provided in this Security Agreement or at such other address as may be given in writing by one party to the other, and any notice if posted shall be deemed to have been given at the expiration of three business days after posting and if delivered, on delivery.

22. EXTENSIONS
(Your duties and responsibilities to BDC remain in place regardless of any concerns you may have about the credit facilities to Quattro Exploration and Production Ltd. or BDC’s actions.)

BDC may grant extensions of time and other indulgences, take and give up security, accept compositions, compound, compromise, settle, grant releases and discharges, refrain from perfecting or maintaining perfection of security interests, and otherwise deal with the Corporation, the Corporation’s account debtors, sureties and others and with the Collateral and other security interests as BDC may see fit without prejudice to the Corporation’s liability or BDC’s right to hold and realize on the Security Interests.

23. NO MERGER
(Except as agreed upon in the Security Agreement or another contract specifically discussing this point, this Security Agreement is an independent obligation on your part.)

This Security Agreement shall not create any merger or discharge of any of the Obligations, or any assignment, transfer, guarantee, lien, contract, promissory note, bill of exchange or security interest of any form held or which may be held by BDC now or in the future from the Corporation or from any other person. The taking of a judgment respecting any of the Obligations will not operate as a merger of any of the covenants contained in this Security Agreement.

24. RIGHTS CUMULATIVE
(This Security Agreement describes some rights and remedies of BDC. BDC also is entitled to rely on all other rights and remedies available to it in law and in any other agreements it has entered into with you.)

BDC’s rights and remedies set out in this Security Agreement, and in any other security agreement held by BDC from the Corporation or any other person to secure payment and performance of the Obligations, are cumulative and no right or remedy contained in this Security Agreement or any other security agreements is intended to be exclusive but each will be in addition to every other right or remedy now or hereafter existing at law, in equity or by statute, or pursuant to any other agreement between the Corporation and BDC that may be in effect from time to time.

25. ASSIGNMENT
(Should BDC assign or transfer or otherwise deal with this Security Agreement on its own behalf, you agree that the Security Agreement shall remain binding and effective upon you.)

BDC may, without notice to the Corporation, at any time assign or transfer, or grant a security interest in, all or any of the Obligations, this Security Agreement and the Security Interests. The Corporation agrees that the assignee, transferee or secured party, as the case may be, shall have all of BDC’s rights and remedies under this Security Agreement and the Corporation will not assert as a defense, counterclaim, right of set-off or otherwise any claim which it now has or may acquire in the future against BDC in respect of any claim made or any action commenced by such assignee, transferee or secured party, as the case may be, and will pay the assigned Obligations to the assignee, transferee or secured party, as the case may be, as the said Obligations become due.

26. SATISFACTION AND DISCHARGE
(Until this Security Agreement is terminated and any registrations relating to it are discharged, the Security Agreement will remain effective even though the indebtedness to BDC may have been paid.)

Any partial payment or satisfaction of the Obligations, or any ceasing by the Corporation to be indebted to BDC shall not be a redemption or discharge of this Security Agreement. The Corporation shall be entitled to a release and discharge of this Security Agreement upon full payment and satisfaction of all Obligations, and upon written request by the Corporation and, subject to applicable law, payment to BDC of an administrative
fee to be fixed by BDC and payment of all costs, charges, expenses and legal fees and disbursements (on a solicitor and his own client basis) incurred by BDC in connection with the Obligations and such release and discharge. The Corporation shall, subject to applicable law, pay an administrative fee, to be fixed by BDC, for the preparation or execution of any full or partial release or discharge by BDC of any security it holds, of the Corporation, or of any guarantor or coventator with respect to any Obligations.

27. ENVIRONMENT

The Corporation represents and agrees that:

(a) it operates and will continue to operate in conformity with all applicable environmental laws, regulations, standards, codes, ordinances and other requirements of any jurisdiction in which it carries on business and will ensure its staff is trained as required for that purpose;

(b) it has an environmental emergency response plan and all officers and employees are familiar with that plan and their duties under it;

(c) it possesses and will maintain all environmental licences, permits and other governmental approvals as may be necessary to conduct its business and maintain the Collateral;

(d) the Collateral and Real Property are and will remain free of environmental damage or contamination;

(e) there has been no complaint, prosecution, investigation or proceeding, environmental or otherwise, respecting the Corporation's business or assets including without limitation the Collateral;

(f) it will advise BDC immediately upon becoming aware of any environmental problems relating to its business or the Collateral;

(g) it will provide BDC with copies of all communications with environmental officials and all environmental studies or assessments prepared for the Corporation and it consents to BDC contacting and making enquiries of environmental officials or assessors;

(h) it will not install on or under any land mortgaged to BDC storage tanks for petroleum products or any hazardous substance without BDC's prior written consent and only upon full compliance with BDC's requirements and local ordinances or regulations;

(i) it will from time to time when requested by BDC provide to BDC evidence of its full compliance with the Corporation's obligations in this Clause 27.

28. ENUREMENT

This Security Agreement shall enure to the benefit of BDC and its successors and assigns, and shall be binding upon the Corporations and its heirs, executors, administrators, successors and any assigns permitted by BDC, as the case may be.

29. INTERPRETATION

29.1 In this Security Agreement:

(a) "Collateral" has the meaning set out in Clause 1 and any reference to the Collateral shall, unless the context otherwise requires, be deemed to be a reference to the Collateral in whole or in part;

(b) "the Act" means the Personal Property Security Act of the jurisdiction in which the business centre of BDC is located, as described on page 1 of this Security Agreement, and all regulations under the Act, as amended from time to time.
SCHEDULE A

Subclause 1.1 (a) (vii):

the following specific items, even though they may be included within the descriptions of Collateral (insert description by item or kind):

N/A

the following serial numbered goods: N/A

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Subclause 6.1 (c):

Date of Birth: N/A

Subclause 6.1 (f):

4110, 825 – 8TH Avenue, Calgary, Alberta T2P 2T3

Subclause 6.1 (k):

The Corporation's place(s) of business ("POB") and chief executive office ("CEO")

<table>
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<th>Chief Executive Office:</th>
<th>4110, 825 – 8TH Avenue, Calgary, Alberta T2P 2T3</th>
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</thead>
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<tr>
<td>Place of Business:</td>
<td>4110, 825 – 8TH Avenue, Calgary, Alberta T2P 2T3</td>
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General Security Agreement - Western
SCHEDULE B

[The provisions of this Schedule B apply in those jurisdictions where the Act or its regulations defines "Licenses"]

Additional Covenants (licenses)

7.1 (t) so long as the Collateral includes any licence as defined in the Act, and more particularly described in Clause 1 (the "Licences"), the Corporation shall:

(i) pay all costs of its logging operations including, without limitation, all related stumpage, royalties and all other charges, and all fees, rentals, taxes permits, leases or other rights requisite for the purposes of logging operations;

(ii) pay all assessments, damages, penalties or other liabilities arising by reason of default in compliance with the provisions of the Licences or of the Forest Act (British Columbia), the Forests Act (Alberta), the Public Lands Act (Alberta) [or other legislation in other jurisdictions] or of any regulation thereunder;

(iii) observe and perform all the requirements of the Licences, of the Forest Act [or other legislation in other jurisdictions], and any government regulations relating to logging and fire protection and will dispose of slash to the satisfaction of the responsible ministry;

(iv) conduct all logging and related operations in a manner to preserve and maintain in good standing the Licenses, and all of the rights and privileges attached to the Licenses and, without limitation, so as to enable the licensee to recover any refundable deposit paid under the Licenses; and

(v) should the Licenses involve products not falling within the forestry industry, comply with all applicable laws and regulations, pay all costs and assessments required by the responsible ministry and take all steps necessary to preserve and maintain in good standing the Licenses.
This is Exhibit "M" referred to in the Affidavit of Leonard B. Van Betuw sworn before me this 2nd day of September A.D. 2016

James W. Reid
Bamister & Solicitor
Transmitting Party
BLAKE CASSELS & GRAYDON LLP
3500 -855-2ND STREET S.W.
CALGARY, AB T2P4J8

Search ID #: Z08259936
Date of Search: 2016-Aug-17
Time of Search: 15:50:04

Business Debtor Search For:
QUATTRO EXPLORATION AND PRODUCTION LTD.

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.
Government of Alberta

Personal Property Registry
Search Results Report

Business Debtor Search For:
QUATTRO EXPLORATION AND PRODUCTION LTD.
Search ID #: Z08259936 Date of Search: 2016-Aug-17 Time of Search: 15:50:04

Registration Number: 13091011766 Registration Type: SECURITY AGREEMENT
Registration Date: 2013-Sep-10 Registration Status: Current
Expiry Date: 2018-Sep-10 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block
1 QUATTRO EXPLORATION AND PRODUCTION LTD.
   1250, 639 - 5 Avenue SW
   Calgary, AB T2P 0M9

Status
Current

Secured Party / Parties

Block
1 NEXEN INC.
   2100, 801 - 7 Avenue SW
   Calgary, AB T2P 3P7

Status
Current

Collateral: General

Block Description
1 All of the Debtor’s present and after-acquired personal property, including without limitation
   all wells and production facilities, located within the lands legally described as: Twp 44, Rge
   22 W4M; Twp 44 Rge 23 W4M; Twp 44 Rge 24 W4M; Twp 45 Rge 22 W4M; Twp 45 Rge 23
   W4M; Twp 45 Rge 24 W4M; Twp 46 Rge 22 W4M; Twp 46 Rge 23 W4M; Twp 46 Rge 24
   W4M; Twp 47 Rge 22 W4M; Twp 47 Rge 23 W4M; Twp 47 Rge 24 W4M (collectively, the
   “Facility Lands”), and all petroleum substances derived from the Facility Lands.

Status
Current
All natural gas, solution gas and any other gas, together with associated substances, which may include but is not limited to sulphur and all fluid hydrocarbons not defined as crude oil under the provisions of the Oil and Gas Conservation Act and regulations thereto (collectively, referred to as the "Inlet Substances"), delivered to the gas gathering facilities owned or controlled by the Secured Party within, on or under the Facility Lands (collectively, referred to as the "Gathering Facilities") and all substances that are recovered from the Inlet Substances and are available for delivery from any point or points of delivery from the Gathering Facilities.

Proceeds: all goods, documents of title, chattel paper, instruments, money, investment property and intangibles.
Business Debtor Search For:
QUATTRO EXPLORATION AND PRODUCTION LTD.
Search ID #: Z08259236  Date of Search: 2016-Aug-17  Time of Search: 15:50:04

Registration Number: 13091011858  Registration Type: LAND CHARGE
Registration Date: 2013-Sep-10  Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor  No: 1

Debtor(s)

Block
1  QUATTRO EXPLORATION AND PRODUCTION LTD.
   1250, 639 - 5 Avenue SW
   Calgary, AB T2P 0M9

Secured Party / Parties

Block
1  NEXEN INC.
   2100, 801 - 7 Avenue SW
   Calgary, AB T2P 3P7
**Debtor(s)**

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**Secured Party / Parties**

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<td>444 - 7th Avenue SW, Calgary, AB T2P 0X8</td>
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**Collateral: General**

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<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Current</td>
<td>ALL OF THE DEBTOR'S PRESENT AND AFTER-ACQUIRED PERSONAL PROPERTY AND PROCEEDS: GOODS, CHATTEL PAPER, INVESTMENT PROPERTY, DOCUMENTS OF TITLE, INSTRUMENTS, MONEY AND INTANGIBLES.</td>
</tr>
</tbody>
</table>
Business Debtor Search For:
QUATTRO EXPLORATION AND PRODUCTION LTD.
Search ID #: Z08259936 Date of Search: 2016-Aug-17 Time of Search: 15:50:04

Registration Number: 13101829555 Registration Type: LAND CHARGE
Registration Date: 2013-Oct-18 Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)
Block
1 QUATTRO EXPLORATION AND PRODUCTION LTD.
   4110, 825 - 8th Avenue SW
   Calgary, AB T2P 2T3

Secured Party / Parties
Block
1 BUSINESS DEVELOPMENT BANK OF CANADA
   444 - 7th Avenue SW
   Calgary, AB T2P 0X8

Status
Current
Business Debtor Search For: 
QUATTRO EXPLORATION AND PRODUCTION LTD.

Search ID #: Z08259936  Date of Search: 2016-Aug-17  Time of Search: 15:50:04

<table>
<thead>
<tr>
<th>Registration Number: 15100640025</th>
<th>Registration Type: SECURITY AGREEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration Date: 2015-Oct-06</td>
<td>Registration Status: Current</td>
</tr>
<tr>
<td>Registration Term: Infinity</td>
<td></td>
</tr>
</tbody>
</table>

Exact Match on: Debtor No: 1

**Debtor(s)**

<table>
<thead>
<tr>
<th>Block</th>
<th>Debtor Name</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>QUATTRO EXPLORATION AND PRODUCTION LTD.</td>
<td>Current</td>
</tr>
<tr>
<td></td>
<td>1250, 639 - 5th Avenue SW</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Calgary, AB T2P 0M9</td>
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**Secured Party / Parties**

<table>
<thead>
<tr>
<th>Block</th>
<th>Secured Party Name</th>
<th>Status</th>
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<tbody>
<tr>
<td>1</td>
<td>ARSENAL ENERGY LTD.</td>
<td>Current</td>
</tr>
<tr>
<td></td>
<td>1900, 639 - 5th Street SW</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Calgary, AB T2P 0M9</td>
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**Collateral: General**

<table>
<thead>
<tr>
<th>Block</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>All right, title and interest in the debtor to the lands located at Section 19-037-04 W4M and Section 30-037-04 W4M, the wells and equipment thereon, the petroleum substances produced therefor, and any other tangible and intangible property related thereto; and All right, title and interest in the debtor to the lands located at Section 18-041-24 W4M, the wells and equipment thereon, the petroleum substances produced therefor, and any other tangible and intangible property related thereto.</td>
</tr>
</tbody>
</table>
Business Debtor Search For:
QUATTRO EXPLORATION AND PRODUCTION LTD.

Search ID #: Z08259936
Date of Search: 2016-Aug-17
Time of Search: 15:50:04

Registration Number: 15100640126
Registration Date: 2015-Oct-06
Registration Type: LAND CHARGE
Registration Status: Current
Registration Term: Infinity

Exact Match on: Debtor No: 1

Debtor(s)

Block
1 QUATTRO EXPLORATION AND PRODUCTION LTD.
   125, 639 - 5th Avenue SW
   Calgary, AB T2P 0M9

Status
Current

Secured Party / Parties

Block
1 ARSENAL ENERGY INC.
   1900, 639 - 5th Avenue SW
   Calgary, AB T2P 0M9

Status
Current
Business Debtor Search For:  
QUATTRO EXPLORATION AND PRODUCTION LTD.

Search ID #: Z08259936  
Date of Search: 2016-Aug-17  
Time of Search: 15:50:04

Registration Number: 16012118455  
Registration Date: 2016-Jan-21  
Registration Type: WRIT OF ENFORCEMENT  
Registration Status: Current  
Expiry Date: 2018-Jan-21 23:59:59

Issued in Calgary Judicial Centre  
Court File Number is 1501-14711  
Judgment Date is 2016-Jan-20  
This Writ was issued on 2016-Jan-20  
Type of Judgment is Other

Original Judgment Amount: $72,603.83  
Costs Are: $1,825.00  
Post Judgment Interest: $0.00  
Current Amount Owing: $55.80

Exact Match on: Debtor  
No: 1

Amendments to Registration

16051113825  
Amendment  
2016-May-11

16060742756  
Distribution  
2016-Jun-07

Solicitor / Agent

Blake, Cassels & Graydon LLP  
Suite 3500, 855 - 2 Street SW  
Calgary, AB T2P 4J8

Phone #: 403 260 9600  
Fax #: 403 260 9700  
Reference #: 88807/4

Debtor(s)

Block  
1

Status

Current
QUATTRO EXPLORATION AND PRODUCTION LTD.
4110 825 - 8 Avenue SW
Calgary, AB T2P 2T3

<table>
<thead>
<tr>
<th>Creditor(s)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>SB NAVITAS TUBULAR INC.</td>
<td>Current</td>
</tr>
<tr>
<td>Suite 480, 435 - 4th Avenue SW</td>
<td></td>
</tr>
<tr>
<td>Calgary, AB T2P 3A8</td>
<td></td>
</tr>
</tbody>
</table>
**Business Debtor Search For:**
QUATTRO EXPLORATION AND PRODUCTION LTD.

**Search ID #:** Z08259936  
**Date of Search:** 2016-Aug-17  
**Time of Search:** 15:50:04

| Registration Number: 16032100677 | Registration Type: SECURITY AGREEMENT |
| Registration Date: 2016-Mar-21 | Registration Status: Current |
| Expiry Date: 2022-Mar-21 23:59:59 |

**Inexact Match on:**  
Debtor No: 1

### Debtor(s)

<table>
<thead>
<tr>
<th>Block</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Current</td>
</tr>
</tbody>
</table>

**Address:**
QUATTRO EXPLORATION AND PRODUCTIO
4110 8 AV SW
CALGARY, AB T2P2T3

### Secured Party / Parties

<table>
<thead>
<tr>
<th>Block</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Current</td>
</tr>
</tbody>
</table>

**Address:**
BANK OF NOVA SCOTIA - CALGARY CAU
P.O. Box 1833, Strn. M
Calgary, AB T2P2L8

### Collateral: Serial Number Goods

<table>
<thead>
<tr>
<th>Block</th>
<th>Serial Number</th>
<th>Year</th>
<th>Make and Model</th>
<th>Category</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1G6RR7LG0GS253422</td>
<td>2016</td>
<td>Ram 1500</td>
<td>MV - Motor Vehicle</td>
<td>Current</td>
</tr>
</tbody>
</table>

### Collateral: General

<table>
<thead>
<tr>
<th>Block</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>OUR SECURITY INTEREST IS LIMITED TO THE MOTOR VEHICLES LISTED ABOVE AND THE PROCEEDS OF THOSE VEHICLES</td>
</tr>
</tbody>
</table>
Business Debtor Search For: QUATTRO EXPLORATION AND PRODUCTION LTD.
Search ID #: Z08259936 Date of Search: 2016-Aug-17 Time of Search: 15:50:04

Registration Number: 16033040023 Registration Type: WRIT OF ENFORCEMENT
Registration Date: 2016-Mar-30 Registration Status: Current
Expiry Date: 2018-Mar-30 23:59:59

Issued in Calgary Judicial Centre
Court File Number is 1601-02961
Judgment Date is 2016-Mar-29
This Writ was issued on 2016-Mar-29
Type of Judgment is Other
Original Judgment Amount: $92,740.66 Costs Are: $1,644.00
Post Judgment Interest: $0.00 Current Amount Owing: $5,770.82

Exact Match on: Debtor No: 1

Amendments to Registration
16042933038 Amendment 2016-Apr-29
16060742766 Distribution 2016-Jun-07

Solicitor / Agent
Robb & Evenson Professional Corporation Barristers & Solicitors
506, 933 17th Avenue SW
Calgary, AB T2T 5R6
Phone #: 403 541 1600 Fax #: 403 541 1604 Reference #: 33-11998

Debtor(s)
Block 1

Status
Current
<table>
<thead>
<tr>
<th>Creditor(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Block</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>CASCADE SERVICES</td>
</tr>
<tr>
<td>c/o 506, 933 17th Avenue SW</td>
</tr>
<tr>
<td>Calgary, AB T2T 5R6</td>
</tr>
<tr>
<td><strong>Status</strong></td>
</tr>
<tr>
<td>Current</td>
</tr>
<tr>
<td><strong>Block</strong></td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>CASCADE ENERGY SERVICES L.P.</td>
</tr>
<tr>
<td>c/o 506, 933 17th Avenue SW</td>
</tr>
<tr>
<td>Calgary, AB T2T 5R6</td>
</tr>
<tr>
<td><strong>Status</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Particulars</th>
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</thead>
<tbody>
<tr>
<td><strong>Block</strong></td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>CREDITOR TO READ: CASCADE SERVICES, a division of CASCADE ENERGY SERVICES L.P.</td>
</tr>
<tr>
<td><strong>Status</strong></td>
</tr>
<tr>
<td>Current</td>
</tr>
</tbody>
</table>
Business Debtor Search For:
QUATTRO EXPLORATION AND PRODUCTION LTD.
Search ID #: Z08259936
Date of Search: 2016-Aug-17
Time of Search: 15:50:04

Registration Number: 16051141224
Registration Date: 2016-May-11
Registration Type: SECURITY AGREEMENT
Registration Status: Current
Expiry Date: 2041-May-11 23:59:59

Debtor(s)
Block
1

1 QUATTRO EXPLORATION AND PRODUCTION LTD.
SUITE 4110, 825 - 8TH AVENUE SW
CALGARY, AB T2P 2T3

Status: Current

Secured Party / Parties
Block
1

1 ENHANCE ENERGY INC.
1500, 850 2ND STREET SW
CALGARY, AB T2P 0R8

Status: Current

Collateral: General
Block
1

1 All of the Debtor's Well Effluent and Oil processed through the Facilities, pursuant to the Agreement titled Agreement for the Processing of Well Effluent Through the Haynes Facilities (10-15-38-24 W4M), as amended, and any identifiable proceeds of the foregoing. For purposes hereof:
"Well Effluent" means the total of liquids and associated substances produced from the well(s).
"Oil" means that portion of Well Effluent that is comprised of crude oil and hydrocarbons heavier than pentanes.
"Facilities" refers to the Haynes Treating Facilities located at 10-15-38-24 W4M.

Status: Current
Business Debtor Search For:
QUATTRO EXPLORATION AND PRODUCTION LTD.

<table>
<thead>
<tr>
<th>Search ID #</th>
<th>Z08259936</th>
<th>Date of Search</th>
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<th>Time of Search</th>
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<table>
<thead>
<tr>
<th>Registration Number</th>
<th>16051819777</th>
<th>Registration Type</th>
<th>WRIT OF ENFORCEMENT</th>
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</thead>
<tbody>
<tr>
<td>Registration Date</td>
<td>2016-May-18</td>
<td>Registration Status</td>
<td>Current</td>
</tr>
<tr>
<td>Expiry Date</td>
<td>2018-May-18 23:59:59</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Issued in: Red Deer Judicial Centre
Court File Number is: 1610000748
Judgment Date is: 2016-May-04
This Writ was issued on: 2016-May-18
Type of Judgment is: Other

Original Judgment Amount: $30,741.43
Post Judgment Interest: $0.00
Costs Are: $200.00
Current Amount Owing: $30,941.43

Exact Match on: Debtor No: 1

Solicitor / Agent
GARRY M. BORIS PROFESSIONAL CORPORATION
202, 4921-49TH STREET
RED DEER, AB T4N 1V2
Phone #: 403 340 2222 Fax #: 403 346 8661 Reference #: 40-2002

Debtor(s)

<table>
<thead>
<tr>
<th>Block</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Current</td>
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<table>
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<tr>
<th>Block</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Current</td>
</tr>
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</table>

Creditor(s)
Business Debtor Search For: QUATTRO EXPLORATION AND PRODUCTION LTD.
Search ID #: Z08259936 Date of Search: 2016-Aug-17 Time of Search: 15:50:04

Registration Number: 16052633023
Registration Date: 2016-May-26
Registration Type: REPORT OF SEIZURE
Registration Status: Current
Registration Term: Infinity

Service Area 3
Property has been seized under Municipal Government Act.
Amount being seized for is $480,467.98.
Property was seized on 2016-May-22

<table>
<thead>
<tr>
<th>Registration Type</th>
<th>Date</th>
<th>Registration #</th>
<th>Value</th>
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</thead>
<tbody>
<tr>
<td>Report of Seizure</td>
<td>2016-May-22</td>
<td>16052633023</td>
<td>$480,467.98</td>
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</table>

Exact Match on: Debtor No: 1

Solicitor / Agent

COUNTY OF STETTLER NO. 6
BOX 1270, 6602 44 AVENUE
STETTLER, AB

Civil Enforcement Agent

STEWART BELLAND & ASSOC. INC.
12540 - 126 Avenue
EDMONTON, AB T5L 3C7
Phone #: 780 465 9725 Fax #: 780 469 6815

Debtor(s)

<table>
<thead>
<tr>
<th>Block</th>
<th>Status</th>
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<tbody>
<tr>
<td>1</td>
<td>Current</td>
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</table>
**Creditor(s)**

<table>
<thead>
<tr>
<th>Block</th>
<th>Description</th>
</tr>
</thead>
</table>
| 1     | COUNTY OF STETTLER NO. 6  
BOX 1270, 6602 44 AVENUE  
STETTLER, AB  
Phone #: 403 742 4441  
Fax #: 403 742 1277 |
|       |             |

**Collateral: General**

<table>
<thead>
<tr>
<th>Block</th>
<th>Description</th>
</tr>
</thead>
</table>
| 1     | All buildings and oilfield equipment located at:  
4-20-40-17 W4th;  
15-19-41-18 W4th;  
10-21-41-18 W4th;  
11-25-41-19 W4th;  
5-2-42-18 W4th;  
16-23-40-17 W4th;  |
|       |             |

**Status**

<table>
<thead>
<tr>
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<th>Current</th>
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<tbody>
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</tbody>
</table>
Business Debtor Search For:
QUATTRO EXPLORATION AND PRODUCTION LTD.

Search ID #: Z08259936  Date of Search: 2016-Aug-17  Time of Search: 15:50:04

Registration Number: 16060621392
Registration Date: 2016-Jun-06
Registration Type: WRIT OF ENFORCEMENT
Registration Status: Current
Expired Date: 2018-Jun-06 23:59:59

Issued in Edmonton Judicial Centre
Court File Number is 1603 07965
Judgment Date is 2016-Jun-06
This Writ was issued on 2016-Jun-06
Type of Judgment is Other

Original Judgment Amount: $140,534.27
Post Judgment Interest: $0.00
Costs Are: $1,055.14
Current Amount Owing: $141,589.41

Exact Match on: Debtor No: 1

Solicitor / Agent
MILLER THOMSON LLP
2700, 10155 102 STREET
EDMONTON, AB T5J 4G8
Phone #: 780 429 1751  Fax #: 780 424 5866  Reference #: 43129.07

Debtor(s)
Block
1 QUATTRO EXPLORATION AND PRODUCTION LTD.
   #1250, 639-5th Avenue SW
   Calgary, AB T2P 0M9

Creditor(s)
Block
1

Status
Current

Status
Current
Business Debtor Search For:
QUATTRO EXPLORATION AND PRODUCTION LTD.
Search ID #: Z08259936  Date of Search: 2016-Aug-17  Time of Search: 15:50:04

Registration Number: 16062129569  Registration Type: WRIT OF ENFORCEMENT
Registration Date: 2016-Jun-21  Registration Status: Current
Expiry Date: 2018-Jun-21 23:59:59

Issued in Calgary Judicial Centre
Court File Number is 1501 - 09228
Judgment Date is 2016-Jun-17
This Writ was issued on 2016-Jun-21
Type of Judgment is Other
Original Judgment Amount: $182,271.09  Costs Are: $59,308.54
Post Judgment Interest: $0.00  Current Amount Owing: $241,579.63.

Exact Match on: Debtor  No: 1

Solicitor / Agent
Amy Cooper c/o Benettt Jones LLP
4500 Bankers Hall East, 855 - 2 Street S
Calgary, AB T2P 4K7
Phone #: 403 298 3263  Fax #: 403 265 7219  Reference #: 69851.11

Debtor(s)
Block
1. QUATTRO EXPLORATION AND PRODUCTION LTD.
   1250, 639 - 5th Avenue S.W.
   Calgary, AB T2P 0M9

Creditor(s)
Block
1