


EXHIBIT “O”

This is Exhibit "O" referred to in the
Affidavit of John Stevens
Sworn before me this 14 day
of May 2020


A Commissioner for Oaths, in and for
the Province of Alberta

Spencer D. Norris
Barrister and Solicitor

CONVERTIBLE DEBENTURE INDENTURE

between

ENTREC CORPORATION

- and -

OLYMPIA TRUST COMPANY

**Providing for the Issue of
7.00% Convertible Unsecured Subordinated Debentures**

Dated as of October 30, 2012

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CONVERTIBLE DEBENTURE INDENTURE

THIS CONVERTIBLE DEBENTURE INDENTURE is made as of the 30th day of October, 2012.

BETWEEN:

ENTREC CORPORATION, a corporation existing under the laws of Alberta and having its head office in the City of Calgary, in the Province of Alberta

- and -

OLYMPIA TRUST COMPANY, a trust company incorporated under the laws of Alberta and having an office in the City of Calgary, in the Province of Alberta

WHEREAS the Corporation wishes to create and issue the Debentures in the manner and subject to the terms and conditions of this Indenture;

NOW THEREFORE THIS INDENTURE WITNESSES that for good and valuable consideration mutually given and received, the receipt and sufficiency of which is hereby acknowledged, it is hereby agreed and declared as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Indenture and in the Debentures and the recitals, unless there is something in the subject matter or context inconsistent therewith or unless otherwise expressly provided, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

"**1933 Act**" means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;

"**1934 Act**" means the *United States Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder;

"**90% Redemption Right**" has the meaning ascribed thereto in Section 2.4(j)(viii);

"**90% Redemption Right Notice**" has the meaning ascribed thereto in Section 2.4(j)(viii);

"**ABCA**" means the Alberta Business Corporations Act, R.S.A. 2000, c.B-9, as amended, including the regulations promulgated thereunder;

"**Additional Debentures**" means Debentures of any one or more series, other than the first series of Debentures, being the Initial Debentures, issued under this Indenture;

"**Affiliate**" and "**Associate**" when used to indicate a relationship with a Person or company, shall have their respective meanings as set forth in the *Securities Act* (Alberta);

"**Applicable Securities Legislation**" means applicable securities laws (including published rules, regulations, policies, blanket orders, rulings and instruments) in each of the applicable provinces of Canada;

"**Authorized Officer**" means a duly authorized officer of the Corporation;

"Beneficial Holder" means any Person who holds a beneficial interest in a Global Debenture as shown on the books of the Depository or a Depository Participant;

"Business Day" means any day which is not Saturday or Sunday or a statutory holiday in Calgary, Alberta or any other day on which businesses of the Debenture Trustee and Canadian chartered banks are generally closed;

"Cash Conversion Option" has the meaning ascribed thereto in Section 6.12;

"CDS" means CDS Clearing and Depository Services Inc.;

"Change of Control" means (i) any transaction resulting in the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction over more than 66 2/3% of the outstanding voting securities of the Corporation; (ii) the amalgamation, consolidation or merger of the Corporation with or into any other person or any merger of another person into the Corporation, unless the holders of voting securities of the Corporation immediately prior to such amalgamation, consolidation or merger hold securities representing 66 2/3% or more of the voting control or direction of the Corporation or the successor entity upon completion of the amalgamation, consolidation or merger; or (iii) any conveyance, transfer, lease, sale or other disposition of all or substantially all of the Corporation's and the Corporation's subsidiaries' assets and properties, taken as a whole, to another arm's length person;

"Change of Control Conversion Price" means the amount determined as set forth in subsection 2.4(j)(ii)

"Change of Control Purchase Date" has the meaning ascribed thereto to it in Section 2.4(j)(vi);

"Change of Control Purchase Offer" has the meaning ascribed thereto in Section 2.4(j)(i);

"Common Share Bid Request" means a request for bids to purchase Common Shares (to be issued by the Corporation on the Common Share Delivery Date) made by the Debenture Trustee in accordance with the Common Share Interest Payment Election Notice and that shall make the acceptance of any bid conditional upon the acceptance of sufficient bids to result in aggregate proceeds from such issue and sale of Common Shares that, together with the cash payments by the Corporation in lieu of fractional Common Shares, if any, equal to the Interest Obligation or portion thereof that is subject to the Common Share Interest Payment Election;

"Common Share Delivery Date" means a date, not more than 90 days and not less than ten Business Days prior to the applicable Interest Payment Date, upon which Common Shares are issued by the Corporation and delivered to the Debenture Trustee for sale pursuant to Common Share Purchase Agreements (together with the cash payments by the Corporation, if any, required to be made in order to pay in full the applicable Interest Obligation or portion thereof that is subject to the Common Share Interest Payment Election);

"Common Share Interest Payment Election" means an election to satisfy all or any portion of the Interest Obligation on the applicable Interest Payment Date in the manner described in the Common Share Interest Payment Election Notice;

"Common Share Interest Payment Election Amount" means the sum of the amount of the aggregate proceeds to be realized from the sale of Common Shares on the Common Share Delivery Date pursuant to acceptable bids obtained pursuant to the Common Share Bid Requests, together with any amount to be paid by the Corporation in respect of fractional Common Shares pursuant to Section 10.1(g), that is equal to the aggregate amount of the Interest Obligation or portion thereof in respect of which the Common Share Interest Payment Election Notice was delivered;

"Common Share Interest Payment Election Notice" means a written notice made by the Corporation to the Debenture Trustee specifying:

- (a) the amount of the Interest Obligation to which the election relates;
- (b) the Common Share Interest Payment Election Amount;
- (c) the investment banks, brokers or dealers through which the Debenture Trustee shall seek bids to purchase the Common Shares and the conditions of such bids, which may include the minimum number of Common Shares, minimum price per Common Share, timing for closing for bids and such other matters as the Corporation may specify; and
- (d) that the Debenture Trustee shall accept through such investment banks, brokers or dealers selected by the Corporation only those bids which comply with such notice;

"Common Share Proceeds Investment" has the meaning ascribed thereto in Section 10.1(h);

"Common Share Purchase Agreement" means an agreement in customary form among the Corporation, the Debenture Trustee and the Persons making acceptable bids pursuant to a Common Share Bid Request, which complies with all applicable laws, including the Applicable Securities Legislation and the rules and regulations of any stock exchange on which the Debentures or Common Shares are then listed;

"Common Share Redemption Right" has the meaning ascribed thereto in Section 4.6(a);

"Common Share Repayment Right" has the meaning ascribed thereto in Section 4.11(a);

"Common Shares" means common shares of the Corporation, as such common shares are constituted on the date of execution and delivery of this Indenture; provided that in the event of a change or a subdivision, revision, reduction, combination or consolidation thereof, any reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up, or such successive changes, subdivisions, redivisions, reductions, combinations or consolidations, reclassifications, capital reorganizations, consolidations, amalgamations, arrangements, mergers, sales or conveyances or liquidations, dissolutions or windings-up, then, subject to adjustments, if any, having been made in accordance with the provisions of Section 6.5, **"Common Shares"** shall mean the shares or other securities or property resulting from such change, subdivision, redivision, reduction, combination or consolidation, reclassification, capital reorganization, consolidation, amalgamation, arrangement, merger, sale or conveyance or liquidation, dissolution or winding-up;

"Conversion Price" means \$2.60, being the amount for which each Common Share may be issued from time to time upon the conversion of the Debentures, as adjusted in accordance with the provisions of Article 6;

"Corporation" means ENTREC Corporation, a corporation existing under the ABCA, and includes any successor to or of the Corporation that shall have complied with the provisions of Article 11;

"Counsel" means a barrister or solicitor or a firm of barristers or solicitors, who may be counsel for the Corporation, acceptable to the Debenture Trustee, acting reasonably;

"Current Market Price" on any date means the VWAP for the 20 consecutive Trading Days ending on the fifth Trading Day preceding such date (or, if the Common Shares are not listed on the TSX-V, on such stock exchange on which the Common Shares are listed as may be selected by the Directors and approved by the Debenture Trustee or, if the Common Shares are not listed on any stock exchange, then on the over the counter market or, if there is no market, fair value as determined by an independent financial advisor selected by the Directors and approved by the Debenture Trustee, acting reasonably);

"Daily Conversion Value" means, for each of the 10 consecutive trading days during the Observation Period, one-tenth ($1/10^{\text{th}}$) of the product of (i) the Conversion Rate on such day and (ii) the Daily VWAP of the Common Shares on such trading day;

"Daily VWAP" means the per Common Share volume-weighted average price on the TSX-V in respect of the period from the scheduled open of trading until the scheduled close of trading of the primary trading session on such trading day (or, if the Common Shares are not listed on the TSX-V, on such stock exchange on which the Common Shares are listed as may be selected by the Directors and approved by the Debenture Trustee or, if the Common Shares are not listed on any stock exchange, then on the over the counter market or, if there is no market, fair value as determined by an independent financial advisor selected by the Directors and approved by the Debenture Trustee, acting reasonably);

"Date of Conversion" has the meaning ascribed thereto in Section 6.4(b);

"Debenture Liabilities" means the indebtedness, liabilities and obligations of the Corporation under Debentures issued under this Indenture, including on account of principal, premium (if any), interest or otherwise but excluding the issuance of Common Shares upon any conversion pursuant to Article 6, upon any redemption pursuant to Article 4, or at maturity pursuant to Article 4;

"Debenture Offer Price" has the meaning ascribed thereto in Section 2.4(j)(i);

"Debenture Trustee" means Olympia Trust Company or its successor or successors for the time being as trustee hereunder;

"Debentureholders" or **"holders"** means the Persons for the time being entered in the register for Debentures as registered holders of Debentures or any transferees of such Persons by endorsement or delivery;

"Debentures" means the debentures, notes or other evidence of indebtedness of the Corporation issued and certified hereunder, or deemed to be issued and certified hereunder, including, without limitation, the Initial Debentures, and for the time being outstanding;

"Defeased Debentures" has the meaning ascribed thereto in Section 9.6(b);

"Depository" means, with respect to the Debentures for so long as they are issued in the form of one or more Global Debentures, each Person designated as a depository by the Corporation pursuant to Section 3.1, which shall initially be CDS, and any successor depository designated pursuant to the applicable provisions of this Indenture;

"Depository Participant" means a broker, dealer, bank, other financial institution or other Person for whom from time to time, a Depository effects book-entry for a Global Debenture deposited with the Depository;

"Directors" means the directors of the Corporation on the date hereof or such directors as may, from time to time, be appointed or elected directors of the Corporation pursuant to the Corporation's articles and by-laws, and applicable laws, and **"Director"** means any one of them, and reference to action by the Directors means action by the Directors as a board;

"Dissenting Debentureholders" means a Debentureholder who does not accept an Offer referred to in Section 12.1 and includes any assignee of the Debenture of a Debentureholder to whom such an Offer is made, whether or not such assignee is recognized under this Indenture;

"Event of Default" has the meaning ascribed thereto in Section 8.1;

"Ex-Dividend Date" means, with respect to any dividend, distribution or issuance on the Common Shares, the first date on which the Common Shares trade on the applicable exchange or in the applicable market without the right to receive such dividend, distribution or issuance;

"Expiry Date" has the meaning ascribed thereto in Section 2.4(j)(iii);

"Expiry Time" has the meaning ascribed thereto in Section 2.4(j)(iii);

"Extraordinary Resolution" has the meaning ascribed thereto in Section 13.13(a);

"Freely Tradeable" means, in respect of shares of capital of any class of any corporation, shares which: (i) are issuable without necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Legislation and such issue does not constitute a distribution (other than a distribution already qualified by a prospectus or similar offering document) under Applicable Securities Legislation; and (ii) can be traded by the recipient thereof without any restriction under Applicable Securities Legislation, such as hold periods, except in the case of a "control distribution" (as that term is defined in Applicable Securities Legislation), or a transaction or series of transactions incidental to a control distribution;

"Fully Registered Debentures" means Debentures registered as to both principal and interest;

"generally accepted accounting principles" or **"GAAP"** means generally accepted accounting principles in Canada, as amended from time to time, as applicable to the Corporation and for greater certainty includes International Financial Reporting Standards, as and to the extent applicable to the Corporation;

"Global Debenture" means a Debenture that is issued to and registered in the name of the Depository, or its nominee, pursuant to Section 2.6 for purposes of being held by or on behalf of the Depository as custodian for participants in the Depository's book-entry only registration system;

"Government Obligations" means securities issued or guaranteed by the Government of Canada or any province thereof;

"Guarantees" means any guarantee, undertaking to assume, endorse, contingently agree to purchase, or to provide funds for the payment of, or otherwise become liable in respect of, any indebtedness, liability or obligation of any Person;

"IFRS" means International Financial Reporting Standards;

"Initial Debentures" means the Debentures designated as "7.00% Convertible Unsecured Subordinated Debentures" and described in Section 2.4;

"Interest Obligation" means the obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due;

"Interest Payment Date" means a date specified in a Debenture as the date on which interest on such Debenture shall become due and payable;

"Maturity Account" means an account or accounts required to be established by the Corporation (and which shall be maintained by and subject to the control of the Debenture Trustee) for the Debentures pursuant to and in accordance with this Indenture;

"Maturity Date" has means the date specified for maturity of any Debentures;

"Maturity Notice" has the meaning ascribed thereto in Section 2.4(g);

"MI 62-104" means Multilateral Instrument 62-104 — *Take-Over Bids and Issuer Bids*;

"Observation Period" means, in respect of any Debentures to which a Cash Conversion Option applies: (i) for conversions that occur on or after the 12th trading day prior to the Maturity Date, the 10 consecutive trading day period beginning on, and including, the 12th trading day prior to the Maturity Date; and (ii) in all other cases, the 10 consecutive trading day period beginning on, and including, the third trading day after the related Date of Conversion.

"Offer" means an offer to acquire outstanding Debentures which is a take-over bid for Debentures within the meaning of MI 62-104 and in Ontario, the *Securities Act* (Ontario) and OSC Rule 62-504 if the Debentures were considered equity securities, where, as of the date of the offer to acquire, the Debentures that are subject to the offer to acquire, together with the Offeror's Debentures, constitute in the aggregate 20% or more of the outstanding principal amount of the Debentures;

"offer to acquire" includes an acceptance of an offer to sell;

"Offeror" means a Person, or two or more Persons acting jointly or in concert (as that term is used in the *Securities Act* (Alberta)), who make an Offer to acquire Debentures;

"Offeror's Debentures" means Debentures beneficially owned, or over which control or direction is exercised, on the date of an Offer by the Offeror, any Affiliate or Associate of the Offeror or any Person or company acting jointly or in concert (as that term is used in the *Securities Act* (Alberta)) with the Offeror;

"Offeror's Notice" means the notice described in Section 12.2.

"Offering" means the public offering of the Initial Debentures as described in the Prospectus;

"Officer's Certificate" means a certificate of the Corporation signed by any one of the Directors or any one authorized officer of the Corporation, on behalf of the Corporation, in such capacity, and not in his personal capacity;

"Original Purchaser" has the meaning ascribed thereto in Section 2.16;

"OSC Rule 62-504" means Ontario Securities Commission Rule 62-504 – *Take-Over Bids and Issuer Bids*;

"Over-Allotment Option" means the option of the underwriters under the Offering to purchase up to an additional \$3,300,000 aggregate principal amount of Initial Debentures;

"Periodic Offering" means an offering of Debentures of a series from time to time, the specific terms of which Debentures, including, without limitation, the rate or rates of interest, if any, thereon, the stated maturity or maturities thereof and the redemption provisions, if any, with respect thereto, are to be determined by the Corporation upon the issuance of such Debentures from time to time;

"Person" means and includes individuals, corporations, limited partnerships, general partnerships, joint stock companies, limited liability companies, joint ventures, associations, companies, trusts, banks, trust companies, pension funds, business trusts or other organizations, whether or not legal entities and governments, governmental agencies and political subdivisions thereof;

"Prospectus" means the (final) short form prospectus of the Corporation dated October [23], 2012 relating to the distribution of the \$22,000,000 aggregate principal amount of Debentures (up to \$25,300,000 aggregate principal

amount of Debentures with the exercise of the Over-Allotment Option) and, unless the context otherwise requires, includes all documents incorporated therein by reference and any amendments thereto;

"Redemption Date" has the meaning ascribed thereto in Section 4.3;

"Redemption Notice" has the meaning ascribed thereto in Section 2.4(g);

"Redemption Price" means, in respect of a Debenture, the amount payable on the Redemption Date fixed for such Debenture, the principal portion of which amount may be payable by the issuance of Freely Tradeable Common Shares as provided for in Section 4.6, and where applicable, includes accrued and unpaid interest thereon up to (but not including) the Redemption Date;

"Regulation S" means Regulation S adopted by the SEC under the 1933 Act;

"Restricted Physical Debenture" means a definitive certificate representing Debentures, including without limitation, a definitive certificate issued in accordance with Section 2.6(c) or Section 3.1(b) that bears a U.S. Legend;

"SEC" means the United States Securities and Exchange Commission;

"Senior Creditor" means a holder or holders of Senior Indebtedness and includes any agent or agents, representative or representatives or trustee or trustees of any such holder or holders;

"Senior Indebtedness" means all obligations, liabilities and indebtedness of the Corporation which would, in accordance with IFRS, be classified upon a consolidated balance sheet of the Corporation as liabilities of the Corporation and its Subsidiaries and, whether or not so classified, shall include (without duplication): (a) indebtedness of the Corporation and its Subsidiaries for borrowed money; (b) obligations of the Corporation and its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments; (c) obligations of the Corporation and its Subsidiaries arising pursuant or in relation to bankers' acceptances, letters of credit, letters of guarantee, performance bonds and surety bonds (including payment and reimbursement obligations in respect thereof) or indemnities issued in connection therewith; (d) obligations of the Corporation and its Subsidiaries under any swap, hedging or other similar contracts or arrangements; (e) obligations of the Corporation and its Subsidiaries under Guarantees, indemnities, assurances, legally binding comfort letters or other contingent obligations relating to the Senior Indebtedness or other obligations of any other Person which would otherwise constitute Senior Indebtedness within the meaning of this definition; (f) all indebtedness of the Corporation and its Subsidiaries representing the deferred purchase price of any property including, without limitation, purchase money mortgages; (g) accounts payable to trade creditors; (h) all renewals, extensions and refinancing of any of the foregoing; (i) all declared but unpaid dividends or distributions; and (j) all costs and expenses incurred by or on behalf of any Senior Creditor in enforcing payment or collection of any such Senior Indebtedness, including enforcing any security interest securing the same. **"Senior Indebtedness"** shall not include any indebtedness that would otherwise be Senior Indebtedness if it is expressly stated to be subordinate to or rank *pari passu* with the Debentures;

"Senior Security" means all mortgages, hypothecs, liens, pledges, charges (whether fixed or floating), security interests or other encumbrances of any kind, contingent or absolute, held by or on behalf of any Senior Creditor and in any manner securing any Senior Indebtedness;

"Subsidiary" has the meaning ascribed thereto in the ABCA;

"Successor" has the meaning ascribed thereto in Section 11.1;

"Tax Act" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended, including the regulations promulgated thereunder, each as amended from time to time;

"**this Indenture**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Convertible Debenture Indenture and not to any particular Article, Section, subsection, clause, subdivision or other portion hereof and include any and every instrument supplemental or ancillary hereto;

"**Time of Expiry**" means the time of expiry of certain rights with respect to the conversion of Debentures as defined in Section 2.4(f);

"**Trading Day**" means, with respect to the TSX-V (or such other recognized stock exchange) or other market for securities, any day on which such exchange or market is open for trading or quotation;

"**TSX-V**" means the TSX Venture Exchange or its successor or successors;

"**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**U.S. Legend**" has the meaning ascribed thereto in Section 2.15;

"**U.S. Purchaser**" means a purchaser of Debentures that (i) received an offer to purchase Debentures in the United States or (ii) placed its order to purchase Debentures from within the United States; provided, however, that the term "U.S. Purchaser" does not include a purchaser of Debentures that purchases such Debentures in an "offshore transaction" pursuant to Rule 902(h)(3) of the 1933 Act;

"**VWAP**" means the volume-weighted average trading price of the Common Shares for the applicable period (which must be calculated utilizing days in which the Common Shares actually trade) on the TSX-V (or if the Common Shares are no longer traded on the TSX-V, on such other exchange on which the Common Shares are traded). The VWAP shall be determined by dividing the aggregate sale price of all Common Shares sold on the applicable exchange or market, as the case may be, over the applicable period by the total number of Common Shares so sold; and

"**Written Direction of the Corporation**" means an instrument in writing signed by any one Director or any one Authorized Officer on behalf of the Corporation.

1.2 Meaning of "Outstanding"

Every Debenture certified and delivered by the Debenture Trustee hereunder shall be deemed to be outstanding until it is cancelled, converted, redeemed or delivered to the Debenture Trustee for cancellation, conversion or redemption and monies and/or Common Shares, as the case may be, for the payment thereof shall have been set aside under Article 9, provided that:

- (a) Debentures which have been partially redeemed, purchased or converted shall be deemed to be outstanding only to the extent of the unredeemed, unpurchased or unconverted part of the principal amount thereof;
- (b) when a new Debenture has been issued in substitution for a Debenture which has been lost, stolen or destroyed, only one of such Debenture shall be counted for the purpose of determining the aggregate principal amount of Debentures outstanding; and
- (c) for the purposes of any provision of this Indenture entitling holders of outstanding Debentures to vote, sign consents, requisitions or other instruments or take any other action under this Indenture, or to constitute a quorum of any meeting of Debentureholders, Debentures owned directly or indirectly, legally or equitably, by the Corporation or a Subsidiary of the Corporation shall be disregarded except that:

- (i) for the purpose of determining whether the Debenture Trustee shall be protected in relying on any such vote, consent, requisition or other instrument or action, or on the holders of Debentures present or represented at any meeting of Debentureholders, only the Debentures which the Debenture Trustee knows are so owned shall be so disregarded;
- (ii) Debentures so owned which have been pledged in good faith other than to the Corporation or a Subsidiary of the Corporation shall not be so disregarded if the pledgee shall establish to the satisfaction of the Debenture Trustee the pledgee's right to vote such Debentures, sign consents, requisitions or other instruments or take such other actions in his discretion free from the control of the Corporation or a Subsidiary of the Corporation; and
- (iii) Debentures so owned shall not be disregarded if they are the only Debentures outstanding.

1.3 Headings

The headings, the table of contents and the division of this Indenture into Articles and Sections are for convenience of reference only and shall not affect the interpretation of this Indenture.

1.4 References

Unless otherwise specified in this Indenture references to Articles, Sections, and Schedules are to Articles, Sections, and Schedules in this Indenture.

1.5 Certain Rules of Interpretation

Unless otherwise specified in this Indenture:

- (a) the singular includes the plural and vice versa;
- (b) references to any gender shall include references to all genders;
- (c) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (d) unless otherwise indicated, reference to a statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time; and
- (e) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated by including the day on which the period commences and not including the day on which the period ends.

1.6 Time of Essence

Time shall be of the essence of this Indenture.

1.7 Day Not a Business Day

Whenever any payment to be made hereunder shall be due, any period of time would begin or end, any calculation is to be made or any other action is to be taken on, or as of, or from a period beginning or ending on, a

day other than a Business Day, such payment shall be made, such period of time shall begin or end, such calculation shall be made and such other action shall be taken, as the case may be, unless otherwise specifically provided herein, on or as of the next succeeding Business Day without any additional interest, cost or charge to the Corporation.

1.8 Applicable Law and Attornment

This Indenture and the Debentures shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. For the purpose of all legal proceedings, this Indenture will be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta will have jurisdiction to entertain any action arising under this Indenture. The Corporation attorns to the non-exclusive jurisdiction of the courts of Province of Alberta.

1.9 Conflict

In the event of a conflict or inconsistency between a provision in the body of this Indenture and in the Debentures issued hereunder, the provision in the body of this Indenture shall prevail to the extent of the inconsistency.

1.10 Currency

All dollar amounts expressed in this Indenture and in the Debentures are in lawful money of Canada and all payments required to be made hereunder and thereunder shall be made in Canadian dollars.

1.11 Accounting Terms

Except as hereinafter provided or as otherwise indicated in this Indenture, all calculations required or permitted to be made hereunder pursuant to the terms of this Indenture shall be made in accordance with GAAP. For greater certainty, GAAP shall include any accounting standards, including IFRS, that may from time to time be approved for general application by the Canadian Institute of Chartered Accountants.

1.12 Calculations

The Corporation shall be responsible for making all calculations called for hereunder including, without limitation, calculations of Current Market Price and calculations made pursuant to Section 2.4(j). The Corporation shall make such calculations in good faith exercising reasonable care, diligence and skill and, absent manifest error, the Corporation's calculations shall be final and binding on holders and the Debenture Trustee. The Corporation will provide a schedule of its calculations to the Debenture Trustee and the Debenture Trustee shall be entitled to rely conclusively on the accuracy of such calculations without independent verification.

1.13 Language

Each of the parties hereto hereby acknowledges that it has consented to and requested that this Indenture and all documents relating thereto, including, without limiting the generality of the foregoing, the form of Debenture attached hereto as Schedule "A", be drawn up in the English language only. Les parties aux présentes reconnaissent avoir accepté et demandé que le présent acte de fiducie et tous les documents s'y rapportant, y compris, sans restreindre la portée générale de ce qui précède, le formulaire de debenture joint aux présentes a titre d'annexe A, soient rédigés en langue anglaise seulement.

1.14 Severability

Each of the provisions in this Indenture is distinct and severable and a declaration of invalidity or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any of the other provisions hereof.

1.15 Schedules

The following Schedules form part of this Indenture:

Schedule "A" – Form of Debenture

Schedule "B" – Form of Redemption Notice

Schedule "C" – Form of Maturity Notice

Schedule "D" – Form of Notice of Conversion

Schedule "E" – Form of Declaration for Removal of U.S. Legend

In the event of any inconsistency between the provisions of any Section of this Indenture and the provisions of the Schedules which form a part hereof, the provisions of this Indenture shall prevail to the extent of the inconsistency.

1.16 Successors and Assigns

All covenants and agreements in this Indenture by the Corporation shall bind its successors and assigns, whether expressed or not.

1.17 Entire Agreement

This Indenture and all supplemental indentures and Schedules hereto and thereto, and the Debentures issued hereunder and thereunder, together constitute the entire agreement between the parties hereto with respect to the indebtedness created hereunder and thereunder and under the Debentures and supersedes as of the date hereof all prior memoranda, agreements, negotiations, discussions and term sheets, whether oral or written, with respect to the indebtedness created hereunder or thereunder and under the Debentures.

1.18 Benefits of Indenture

Nothing in this Indenture or in the Debentures, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any paying agent, the holders of Debentures, the Senior Creditors (to the extent provided in Article 5), the Directors and (to the extent provided in Sections 8.11) the holders of Common Shares, any benefit or any legal or equitable right, remedy or claim under this Indenture.

ARTICLE 2 THE DEBENTURES

2.1 Limit of Debentures

Subject to the limitation in respect of the Initial Debentures set out in Section 2.4(a), the aggregate principal amount of Debentures authorized to be issued under this Indenture is unlimited, but Debentures may be issued only upon and subject to the conditions and limitations herein set forth.

2.2 Terms of Debentures of any Series

The Debentures may be issued in one or more series. There shall be established herein or in or pursuant to one or more indentures supplemental hereto, prior to the initial issuance of Debentures of any particular series:

- (a) the designation of the Debentures of the series (which need not include the term "**Debentures**"), which shall distinguish the Debentures of the series from the Debentures of all other series;

- (b) any limit upon the aggregate principal amount of the Debentures of the series that may be certified and delivered under this Indenture (except for Debentures certified and delivered upon registration of, transfer of, amendment of, or in exchange for, or in lieu of, other Debentures of the series pursuant to Sections 2.10, 3.1, 3.2 and 3.6 and Article 4 and Article 6);
- (c) the date or dates on which the principal of the Debentures of the series is payable;
- (d) the rate or rates at which the Debentures of the series shall bear interest, if any, the date or dates from which such interest shall accrue, on which such interest shall be payable and on which record date, if any, shall be taken for the determination of holders to whom such interest shall be payable and/or the method or methods by which such rate or rates or date or dates shall be determined;
- (e) the place or places where the principal of and any interest on Debentures of the series shall be payable or where any Debentures of the series may be surrendered for registration of transfer or exchange;
- (f) the right, if any, of the Corporation to redeem Debentures of the series, in whole or in part, at its option and the period or periods within which, the price or prices at which and any terms and conditions upon which, Debentures of the series may be so redeemed;
- (g) the obligation, if any, of the Corporation to redeem, purchase or repay Debentures of the series pursuant to any mandatory redemption, sinking fund or analogous provisions or at the option of a holder thereof and the price or prices at which, the period or periods within which, the date or dates on which, and any terms and conditions upon which, Debentures of the series shall be redeemed, purchased or repaid, in whole or in part, pursuant to such obligations;
- (h) if other than denominations of \$1,000 and any integral multiple thereof, the denominations in which Debentures of the series shall be issuable;
- (i) subject to the provisions of this Indenture, any trustee, Depositories, authenticating or paying agents, transfer agents or registrars or any other agents with respect to the Debentures of the series;
- (j) any other events of default or covenants with respect to the Debentures of the series;
- (k) whether and under what circumstances the Debentures of the series will be convertible into or exchangeable for securities of any Person;
- (l) the form and terms of the Debentures of the series;
- (m) if applicable, that the Debentures of the series shall be issuable in whole or in part as one or more Global Debentures and, in such case, the Depository or Depositories for such Global Debentures in whose name the Global Debentures will be registered, and any circumstances other than or in addition to those set forth in Section 3.1 or those applicable with respect to any specific series of Debentures, as the case may be, in which any such Global Debenture may be exchanged for Fully Registered Debentures, or transferred to and registered in the name of a person other than the Depository for such Global Debentures or a nominee thereof;
- (n) if other than Canadian currency, the currency in which the Debentures of the series are issuable; and

- (o) any other terms of the Debentures of the series (which terms shall not be inconsistent with the provisions of this Indenture).

All Debentures of any one series shall be substantially identical, except as may otherwise be established herein or by or pursuant to a resolution of the Directors, Officer's Certificate or in an indenture supplemental hereto. All Debentures of any one series need not be issued at the same time and may be issued from time to time, including pursuant to a Periodic Offering, consistent with the terms of this Indenture, if so provided herein, by or pursuant to such resolution of the Directors, Officer's Certificate or in an indenture supplemental hereto.

2.3 Form of Debentures

Except in respect of the Initial Debentures, the form of which is provided for herein, the Debentures of each series shall be substantially in such form or forms (not inconsistent with this Indenture) as shall be established herein or by or pursuant to one or more resolutions of the Directors (or to the extent established pursuant to, rather than set forth in, a resolution of the Directors, in an Officer's Certificate detailing such establishment) or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform to general usage, all as may be determined by the Directors or officers of the Corporation executing such Debentures on behalf of the Corporation, as conclusively evidenced by their execution of such Debentures.

2.4 Form and Terms of the Initial Debentures

- (a) The first series of Debentures (the "**Initial Debentures**") authorized for issue immediately is limited to an aggregate principal amount of up to \$25,300,000 and shall be designated as "7.00% Convertible Unsecured Subordinated Debentures".
- (b) The Initial Debentures will be dated as of the date of issue or the date of issuance pursuant to the Over-Allotment Option, and shall, subject to the terms hereof, mature on October 31, 2017 (the "**Maturity Date**" for the Initial Debentures).
- (c) The Initial Debentures shall bear interest from the date of issue at the rate of 7.00% per annum, payable in equal semi-annual installments in arrears on April 30 and October 31 in each year computed on the basis of a 365-day year or 366-day year, as the case may be (each an "**Interest Payment Date**"). The first such payment will fall due on April 30, 2013, which payment will include interest from and including October 30, 2012 up to, but not including, April 30, 2013, and the last such payment (representing interest payable from and including the last Interest Payment Date) will fall due on the Maturity Date or the earlier date of redemption or repayment. Interest is payable after as well as before maturity and after as well as before default, with interest on amounts after maturity or in default at the same rate, compounded semi-annually. For certainty, the first interest payment will be equal to \$34.90 for each \$1,000 principal amount of Initial Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record dates for the payment of interest on the Initial Debentures will be the eighth Business Day preceding the Interest Payment Date in each year.
- (d) The Initial Debentures are redeemable in accordance with the terms of Article 4 hereof, provided that the Initial Debentures will not be redeemable before October 31, 2015 (except in limited circumstances following a Change of Control as provided in Section 2.4(j)). On or after October 31, 2015 and prior to October 31, 2016, the Initial Debentures may be redeemed by the Corporation, in whole or in part from time to time, at the option of the Corporation on notice as

provided for in Section 4.3 at the Redemption Price on the Redemption Date, provided that the Current Market Price on the date on which such notice of redemption is given exceeds 125% of the Conversion Price and the Corporation shall have provided to the Debenture Trustee an Officer's Certificate confirming such Current Market Price. On or after October 31, 2016, the Debentures may be redeemed by the Corporation, in whole or in part from time to time, at the option of the Corporation on notice as provided for in Section 4.3 at the Redemption Price on the Redemption Date. The Redemption Notice for the Initial Debentures shall be in the form of Schedule "B" to this Indenture. In connection with the redemption of the Initial Debentures, the Corporation may, at its option and subject to the provisions of Section 4.6 and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate principal portion of the Redemption Price of the Initial Debentures to be redeemed by issuing and delivering to the holders of such Initial Debentures, such number of Freely Tradeable Common Shares as is obtained by dividing the aggregate principal portion of the Redemption Price by 95% of the Current Market Price in effect on the Redemption Date. If the Corporation elects to exercise such option, it shall so specify and provide details in the Redemption Notice. Any accrued and unpaid interest will be paid in cash.

- (e) The Initial Debentures will be direct, unsecured obligations of the Corporation and will be fully subordinated to Senior Indebtedness in accordance with the provisions of Article 5 hereof. In accordance with Section 2.11, the Initial Debentures will rank *pari passu* with one another and with each other series of Debentures issued under this Indenture or under indentures supplemental to this Indenture (regardless of their actual date or terms of issue) and, except as prescribed by law, with all other existing and future unsecured subordinated indebtedness of the Corporation to the extent subordinated on the same terms.
- (f) Upon and subject to the provisions and conditions of Article 6 hereof and Section 3.7, the holder of each Initial Debenture shall have the right at such holder's option, at any time prior to 4:30 p.m. (Calgary time) on the earliest of (i) the last Business Day immediately preceding the Maturity Date, (ii) the last Business Day immediately preceding any Redemption Date specified by the Corporation for redemption of such Initial Debentures by notice to the holders of Initial Debentures in accordance with Sections 2.4(d) and 4.3 of this Indenture (the earliest of which will be the "**Time of Expiry**" for the purposes of Article 6 hereof), or (iii) if called for repurchase pursuant to a Change of Control on the Business Day immediately preceding the payment date, subject to the satisfaction of certain conditions, to convert the whole or, in the case of a Initial Debenture of a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal amount of such Initial Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion. To the extent a redemption is a redemption in part only of the Initial Debentures, such right to convert, if not exercised prior to the applicable Time of Expiry, shall survive as to any Initial Debentures not redeemed or converted and be applicable to the next succeeding Time of Expiry.

The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Initial Debentures shall be equal to \$2.60 such that approximately 384.6154 Common Shares shall be issued for each \$1,000 principal amount of Initial Debentures so converted, subject to the terms of Section 6.6. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 6, or for interest accrued on Initial Debentures surrendered. No fractional Common Shares will be issued, and holders will receive a cash payment in satisfaction of any fractional interest based on the Current Market Price as of the Date of Conversion. The Conversion Price applicable to, and the Common Shares, securities or other property receivable

on the conversion of, the Initial Debentures is subject to adjustment pursuant to the provisions of Section 2.4(j) and Section 6.5.

Holders converting their Initial Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Initial Debentures surrendered for conversion from the last Interest Payment Date up to, but not including the date that is one day prior to the Date of Conversion in accordance with Section 6.4(e).

Holders of Initial Debentures surrendered for conversion during the period from the close of business on any regular record date for the payment of interest on the Initial Debentures to the opening of business on the next succeeding Interest Payment Date will receive the semi-annual interest payable on such Initial Debentures on the corresponding Interest Payment Date notwithstanding the conversion. In the event that a holder of Initial Debentures exercises their conversion right following a Redemption Notice by the Corporation, such holder will be entitled to receive accrued and unpaid interest, in addition to the applicable number of Common Shares to be received on conversion, for the period from the last Interest Payment Date to (but not including) the Date of Conversion.

The Conversion Price will not be adjusted for accrued interest.

Notwithstanding any other provisions of this Indenture, if any Debentures are surrendered for conversion on an Interest Payment Date, the Person or Persons entitled to receive Common Shares in respect of the Initial Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date.

- (g) On the Redemption Date or on the Maturity Date of the Initial Debentures, as applicable, the Corporation may, at its option and subject to the provisions of Sections 4.6 and 4.11 hereof as applicable, and provided no Event of Default has occurred and is continuing, and subject to any required regulatory approvals, elect to satisfy its obligation to pay all or a portion of the principal amount of the Initial Debentures by issuing and delivering Freely Tradeable Common Shares to the holders of Initial Debentures. If the Corporation elects to exercise such option, it shall deliver to the holders of Initial Debentures, as applicable, a notice (the "**Redemption Notice**") in the form of Schedule "B" including such election, or a notice (the "**Maturity Notice**") in the form of Schedule "C". Any accrued and unpaid interest will be paid in cash.
- (h) The Initial Debentures shall be issued in denominations of \$1,000 and integral multiples of \$1,000. The Debenture Trustee is hereby appointed as registrar and transfer agent for the Initial Debentures. Each Initial Debenture and the certificate of the Debenture Trustee endorsed thereon shall be issued in substantially the form set out in Schedule "A-1" to this Indenture, and may have imprinted or otherwise reproduced thereon such legend or legends or endorsements, not inconsistent with the provisions of this Indenture, as may be required to comply with any law or with any rules or regulations pursuant thereto or with any rules or regulations of any securities exchange or securities regulatory authority or to conform with general usage, all as may be determined by the Directors or an Authorized Officer executing such Initial Debenture in accordance with Section 2.7 hereof, as conclusively evidenced by his or her execution of an Initial Debenture. Each Initial Debenture shall additionally bear such distinguishing letters and numbers as the Debenture Trustee shall approve. The Initial Debentures may be engraved, lithographed, printed, mimeographed or typewritten or partly in one form and partly in another.

The Initial Debentures shall be initially issued as one or more Global Debentures and the Depository for the Initial Debentures shall be CDS. The Global Debentures shall be registered in

the name of the Depository (or any nominee of the Depository). No Beneficial Holder will receive definitive certificates representing their interest in Initial Debentures except as provided in Section 3.1 hereof. A Global Debenture may be exchanged for Initial Debentures in registered form that are not Global Debentures, or transferred to and registered in the name of a Person other than the Depository for such Global Debentures or a nominee thereof as provided in Section 3.1.

- (i) Upon and subject to the provisions and conditions of Article 10 and provided no Event of Default has occurred and is continuing, the Corporation may elect, from time to time, to raise funds to satisfy all or part of the Interest Obligation on the Initial Debentures on any Interest Payment Date (including, for greater certainty, following conversion or upon maturity or redemption) by delivering Freely Tradeable Common Shares to the Debenture Trustee for sale pursuant to the Common Share Interest Payment Election.
- (j) Within 30 days following the occurrence of a Change of Control, the Corporation shall be obligated to offer to make an offer to purchase all Initial Debentures then outstanding. The terms and conditions of such obligation are set forth below:
 - (i) Within 30 days following the occurrence of a Change of Control, and subject to the provisions and conditions of this Section 2.4(j), the Corporation shall deliver to the Debenture Trustee a notice in writing stating that there has been a Change of Control and specifying the date on which such Change of Control occurred and the circumstances or events giving rise to such Change of Control together with an offer in writing (the "**Change of Control Purchase Offer**") to holders of Debentures to, at the Debenture holder's election, either: (i) purchase, on the Change of Control Purchase Date (as defined below) all (or any portion actually tendered to such offer) of the Initial Debentures then outstanding from the holders thereof at a price per Initial Debenture equal to 101% of the principal amount thereof together with accrued and unpaid interest thereon up to but not including the Change of Control Purchase Date (the "**Debenture Offer Price**"); or (ii) convert the Initial Debentures at the Change of Control Conversion Price. The Debenture Trustee will promptly thereafter deliver, by prepaid courier or mail, the Change of Control Purchase Offer to the holders of all Initial Debentures then outstanding, at their addresses appearing in the registers of holders of Initial Debentures maintained by the Debenture Trustee.
 - (ii) The Change of Control Conversion Price will be calculated as follows:

COCCP = $ECP / (1 + (CP \times (c/t)))$ where:

COCCP is the Change of Control Conversion Price;

ECP = is the Conversion Price in effect on the date of the Change of Control;

CP = 65%

c = the number of days from and including the date of the Change of Control to but excluding the Maturity Date; and

t = the number of days from and including the issuance date to but excluding the Maturity Date.
 - (iii) The Change of Control Purchase Offer shall specify the date (the "**Expiry Date**") and time (the "**Expiry Time**") on which the Change of Control Purchase Offer shall expire which date and time shall not, unless otherwise required by Applicable Securities Legislation, be earlier than the close of business on the 30th day and not later than the close of business on the 60th day following the date on which such Change of Control Purchase Offer is delivered or mailed by or on behalf of the Debenture Trustee as provided above.

- (iv) The Change of Control Purchase Offer shall specify that the Change of Control Purchase Offer may be accepted by the holders of Initial Debentures by tendering the Initial Debentures so held by them to the Debenture Trustee at its offices in Calgary, Alberta at or before the Expiry Time together with an acceptance notice in form and substance acceptable to the Debenture Trustee.
- (v) The Change of Control Purchase Offer shall state that holders of Initial Debentures may accept the Change of Control Purchase Offer in respect of all or a portion (in a minimum amount of \$1,000 principal amount and multiples thereof) of their Initial Debentures.
- (vi) The Change of Control Purchase Offer shall specify a date (the "**Change of Control Purchase Date**") no later than the third Business Day following the Expiry Date on which the Corporation shall take up and pay for all Initial Debentures duly tendered in acceptance of the Change of Control Purchase Offer. If such Change of Control Purchase Date is after a record date for the payment of interest on the Initial Debentures but on or prior to an Interest Payment Date, then the interest payable on such date will be paid to the holder of record of the Initial Debentures on the relevant record date.
- (vii) The Corporation shall, on or before 1:00 p.m. (Calgary time), on the Business Day immediately prior to the Change of Control Purchase Date, pay to the Debenture Trustee by wire transfer or such other means as may be acceptable to the Debenture Trustee an amount of money sufficient to pay the aggregate Debenture Offer Price in respect of all Initial Debentures duly tendered to the Change of Control Purchase Offer (less any tax required by law to be deducted). The Debenture Trustee, on behalf of the Corporation, will pay the Debenture Offer Price to the holders of Initial Debentures in the respective amounts to which they are entitled in accordance with the Change of Control Purchase Offer as aforesaid.
- (viii) If holders of 90% or more of the aggregate principal amount of Initial Debentures outstanding on the date the Corporation delivers the Change of Control Purchase Offer to the Debenture Trustee, accept the Change of Control Purchase Offer, the Corporation shall have the right (the "**90% Redemption Right**"), upon written notice (the "**90% Redemption Right Notice**") provided to the Debenture Trustee within 10 days following the Expiry Date, to elect to redeem all the Initial Debentures remaining outstanding at the Debenture Offer Price and on the other terms and conditions provided herein. Upon receipt of such notice by the Debenture Trustee, the Debenture Trustee shall promptly provide written notice to each holder of outstanding Initial Debentures (other than those that have accepted the Change of Control Purchase Offer) that:
 - (A) the Corporation has exercised the 90% Redemption Right and is purchasing all outstanding Initial Debentures effective as at the Change of Control Purchase Date at the Debenture Offer Price;
 - (B) each holder must surrender its Initial Debentures to the Debenture Trustee on the same terms as those holders that accepted the Change of Control Purchase Offer within 10 days after the sending of such notice; provided that with respect to a Global Debenture, the obligation to surrender an Initial Debenture to the Debenture Trustee shall be satisfied if the Debenture Trustee makes a notation on the Global Debenture of the principal amount thereof so transferred; and
 - (C) the rights of such holder under the terms of the Initial Debentures and this Indenture shall cease to be effective as of the Change of Control Purchase Date

provided the Corporation has, on or before the date on which the Corporation delivers the 90% Redemption Notice to the Debenture Trustee, paid the aggregate Debenture Offer Price to, or to the order of, the Debenture Trustee and thereafter such holder's Initial Debentures shall not be considered to be outstanding and such holder shall not have any rights hereunder except to receive such Debenture Offer Price to which such holder is entitled upon surrender and delivery of such holder's Initial Debentures in accordance with the Indenture.

- (ix) The Corporation shall, on or before 1:00 p.m. (Calgary time), on the Business Day immediately prior to the date the Corporation delivers the 90% Redemption Right Notice, pay to the Debenture Trustee by wire transfer or such other means as may be acceptable to the Debenture Trustee, an amount of money sufficient to pay the aggregate Debenture Offer Price in respect of all Initial Debentures to be redeemed pursuant to the 90% Redemption Right (less any tax required by law to be deducted). The Debenture Trustee, on behalf of the Corporation, will pay the Debenture Offer Price to the holders of Initial Debentures in the respective amounts to which they are entitled in accordance with the exercise of the 90% Redemption Right as aforesaid upon surrender and delivery of such holders' Initial Debentures.
- (x) The Initial Debentures in respect of which the Corporation has made payment to the Debenture Trustee in accordance with the terms of this Section 2.4(j) (or the portion thereof tendered in acceptance of the Change of Control Purchase Offer) shall thereafter no longer be considered to be outstanding under this Indenture. The Corporation shall also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with the Change of Control Purchase Offer and the exercise of the 90% Redemption Right, if applicable. All Initial Debentures in respect of which payment of the Debenture Offer Price has been so made shall be cancelled by the Debenture Trustee.
- (xi) In the event a portion of the principal amount only of an Initial Debenture is tendered by a holder thereof in acceptance of the Change of Control Purchase Offer, the Corporation shall execute and deliver to the Debenture Trustee and the Debenture Trustee shall certify and deliver to the holder, without charge to such holder, a certificate representing the principal amount of the Initial Debenture not so tendered in acceptance of the Change of Control Purchase Offer.
- (xii) Initial Debentures for which holders have accepted the Change of Control Purchase Offer and Initial Debentures which the Corporation has elected to redeem in accordance with this Section 2.4(j) shall become due and payable at the Debenture Offer Price on the Change of Control Purchase Date, in the same manner and with the same effect as if it were the date of maturity specified in such Initial Debentures, anything therein or herein to the contrary notwithstanding, and from and after the Change of Control Purchase Date, if the money necessary to purchase or redeem, or the Common Shares necessary to purchase or redeem, the Initial Debentures shall have been deposited as provided in this Section 2.4(j) and affidavits or other proofs satisfactory to the Debenture Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest on the Initial Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Debenture Trustee whose decision shall be final and binding upon all parties in interest.

- (xiii) In case the holder of any Initial Debenture to be purchased or redeemed in accordance with this Section 2.4(j) shall fail on or before the Change of Control Purchase Date to so surrender such holder's Initial Debenture or shall not within such time accept payment of the monies payable, to take delivery of certificates representing such Common Shares issuable in respect thereof, or give such receipt therefor, if any, as the Debenture Trustee may require, such monies may be set aside in trust, or such certificates may be held in trust, without interest, either in the deposit department of the Debenture Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum so set aside and the Debentureholder shall have no other right except to receive payment of the monies so paid and deposited, or take delivery of the certificates so deposited, or both, upon surrender and delivery of such holder's Initial Debenture. In the event that any money required to be deposited hereunder with the Debenture Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on Initial Debentures issued hereunder shall remain so deposited for a period of four years from the Change of Control Purchase Date (the "**Unclaimed Funds Return Date**"), then such monies, without interest, or certificates representing Common Shares, , or any distributions paid thereon, shall at the end of such period be paid over or delivered over by the Debenture Trustee or such depository or paying agent to the Corporation and the Debenture Trustee shall not be responsible to Debentureholders for any amounts owing to them.
- (xiv) Subject to the provisions above related to Initial Debentures purchased in part, all Initial Debentures redeemed and paid under this Section 2.4(j) shall forthwith be delivered to the Debenture Trustee and cancelled and no Initial Debentures shall be issued in substitution therefor.

2.5 Certification and Delivery of Additional Debentures

The Corporation may from time to time request the Debenture Trustee to certify and deliver Additional Debentures of any series by delivering to the Debenture Trustee the documents referred to below in this Section 2.5 whereupon the Debenture Trustee shall certify such Debentures and cause the same to be delivered in accordance with the Written Direction of the Corporation referred to below or pursuant to such procedures acceptable to the Debenture Trustee as may be specified from time to time by a Written Direction of the Corporation. The maturity date, issue date, interest rate (if any) and any other terms of the Debentures of such series shall be set forth in or determined by or pursuant to such Written Direction of the Corporation and procedures. In certifying such Debentures, the Debenture Trustee shall be entitled to receive and shall be fully protected in relying upon, unless and until such documents have been superseded or revoked:

- (a) an Officer's Certificate and an executed supplemental indenture by or pursuant to which the form and terms of such Additional Debentures were established;
- (b) a Written Direction of the Corporation requesting certification and delivery of such Additional Debentures and setting forth delivery instructions, provided that, with respect to Debentures of a series subject to a Periodic Offering:
 - (i) such Written Direction of the Corporation must be delivered by the Corporation to the Debenture Trustee prior to the delivery to the Debenture Trustee of such Additional Debentures of such series for certification and delivery;
 - (ii) the Debenture Trustee shall certify and deliver Additional Debentures of such series for original issue from time to time, in an aggregate principal amount not exceeding the aggregate principal amount, if any, established for such series, pursuant to a Written

Direction of the Corporation or pursuant to procedures acceptable to the Debenture Trustee as may be specified from time to time by a Written Direction of the Corporation;

- (iii) the maturity date or dates, issue date or dates, interest rate or rates (if any) and any other terms of Additional Debentures of such series shall be determined by an executed supplemental indenture or by Written Direction of the Corporation or pursuant to such procedures; and
- (iv) if provided for in such procedures, such Written Direction of the Corporation may authorize certification and delivery pursuant to instructions from the Corporation which shall be promptly confirmed in writing;
- (c) an opinion of Counsel addressed to the Debenture Trustee, in form and substance satisfactory to the Debenture Trustee, acting reasonably, to the effect that all requirements imposed by this Indenture and by law in connection with the proposed issue of Additional Debentures have been complied with, subject to the delivery of certain documents or instruments specified in such opinion; and
- (d) an Officer's Certificate addressed to the Debenture Trustee (which Officer's Certificate shall be in such form that satisfies all applicable laws) certifying that the Corporation is not in default under this Indenture, that the terms and conditions for the certification and delivery of Additional Debentures have been complied with subject to the delivery of any documents or instruments specified in such Officer's Certificate and that no Event of Default exists or will exist upon such certification and delivery.

2.6 Issue of Global Debentures

- (a) Upon issuance of the Debentures, the Corporation shall execute and the Debenture Trustee shall deliver one or more Global Debentures that shall:
 - (i) represent the aggregate amount equal to the principal amount of the outstanding Debentures to be represented by one or more Global Debentures;
 - (ii) be delivered by the Debenture Trustee to such Depository or pursuant to such Depository's instructions; and
 - (iii) if certificated, bear a legend substantially to the following effect:

"This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to ENTREC CORPORATION (the "Issuer") or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & Co., or in such other name as is requested by an authorized representative of

CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & Co., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate."

- (iv) with respect to the Global Debenture attached in the form of Schedule "A-2", bear the U.S. Legend.
- (b) The Depository designated for a Global Debenture must, at the time of its designation and at all times while it serves as such Depository, be a clearing agency registered or designated under the securities legislation of the jurisdiction where the Depository has its principal offices.
- (c) Notwithstanding anything to the contrary herein, Debentures required to bear the U.S. Legend, and Common Shares issuable upon conversion, redemption or at maturity thereof, may be issued as a Global Debenture or, in the case of such Common Shares, as a global certificate, only if such Debentures are initially issued pursuant to the exemption from the registration requirements of the 1933 Act provided by Rule 144A thereunder. Other Debentures, including the Common Shares issuable upon conversion, redemption or at maturity thereof, that are required to bear the U.S. Legend shall be issued as Restricted Physical Debentures.

2.7 Execution of Debentures

All Debentures shall be signed (either manually or by facsimile signature) by any one Director or Authorized Officer, on behalf of the Corporation, holding office at the time of signing. A facsimile signature upon a Debenture shall for all purposes of this Indenture be deemed to be the signature of the Person whose signature it purports to be. Notwithstanding that any Person whose signature, either manual or in facsimile, appears on a Debenture as Director or Authorized Officer, on behalf of the Corporation, may no longer hold such office at the date of the Debenture or at the date of the certification and delivery thereof, such Debenture shall be valid and binding upon the Corporation and entitled to the benefits of this Indenture.

2.8 Certification

No Debenture shall be issued or, if issued, shall be obligatory or shall entitle the holder to the benefits of this Indenture, until it has been manually certified by or on behalf of the Debenture Trustee substantially in the form set out in this Indenture, the relevant supplemental indenture, or in some other form approved by the Debenture Trustee. Such certification on any Debenture shall be conclusive evidence that such Debenture is duly issued, is a valid obligation of the Corporation and the holder is entitled to the benefits hereof.

The certificate of the Debenture Trustee signed on the Debentures, shall not be construed as a representation or warranty by the Debenture Trustee as to the validity of this Indenture or of the Debentures or as to the issuance of the Debentures and the Debenture Trustee shall in no respect be liable or answerable for the use made of the Debentures or the proceeds thereof. The certificate of the Debenture Trustee signed on the Debentures shall, however, be a representation and warranty by the Debenture Trustee that the Debentures have been duly certified by or on behalf of the Debenture Trustee pursuant to the provisions of this Indenture.

2.9 Mutilation, Loss, Theft or Destruction

In case any of the Debentures issued hereunder shall become mutilated or be lost, stolen or destroyed, the Corporation, in its discretion, may issue, and thereupon the Debenture Trustee shall certify and deliver, a new Debenture upon surrender and cancellation of the mutilated Debenture, or in the case of a lost, stolen or

destroyed Debenture, in lieu of and in substitution for the same, and the substituted Debenture shall be in a form approved by the Debenture Trustee and shall be entitled to the benefits of this Indenture and rank equally in accordance with its terms with all other Debentures issued or to be issued hereunder. The new or substituted Debenture may have endorsed upon it the fact that it is in replacement of a previous Debenture. In case of loss, theft or destruction the applicant for a substituted Debenture shall furnish to the Corporation and to the Debenture Trustee such evidence of the loss, theft or destruction of the Debenture and such other documents as shall be satisfactory to them in their discretion and shall also furnish a surety bond and an indemnity satisfactory to them in their discretion. The applicant shall pay all reasonable expenses incidental to the issuance of any substituted Debenture.

2.10 Concerning Interest

- (a) Except as may otherwise be provided in this Indenture and subject to Section 2.4(c), the Debentures, whether originally or upon exchange or in substitution for previously issued Debentures which are interest bearing, shall bear interest (i) from and including their issue date, or (ii) from and including the last Interest Payment Date in respect of which interest shall have been paid or made available for payment on the outstanding Debentures of that series, whichever shall be the later, or, in respect of Debentures subject to a Periodic Offering, from and including their issue date or from and including the last Interest Payment Date to which interest shall have been paid or made available for payment on such Debentures, in all cases, to but not including the next Interest Payment Date. Subject to Section 2.4(c), all interest shall accrue from day to day and shall be payable in equal semi-annual instalments in arrears on each Interest Payment Date. Interest on all Debentures issued hereunder shall cease to accrue on, but not including, the Maturity Date, Redemption Date or Date of Conversion, as applicable, for such Debentures, unless, upon due presentation, payment of principal or delivery of amounts, securities or other property payable or deliverable hereunder and payment of any accrued and unpaid interest or other amounts payable hereunder is improperly withheld or refused.
- (b) Subject to Section 2.10(c), unless otherwise specifically provided in the terms of the Debentures of any series, interest shall be computed on the basis of a year of 365 days or 366 days, as the case may be. With respect to any series of Debentures, whenever interest is computed on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the Interest Act (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.
- (c) For the purposes solely of disclosure under the Interest Act (Canada), whenever interest to be paid on the Debentures is to be calculated on the basis of a year of 360 days consisting of twelve 30 day months, the yearly rate of interest to which the rate used in such calculation is equivalent during any particular period is the rate so used multiplied by a fraction of which:
 - (i) the numerator is the product of:
 - (A) the actual number of days in the calendar year in which such period ends, and
 - (B) the sum of (A) the product of (x) 30 and (y) the number of complete months elapsed in the relevant period and (B) the number of days elapsed in any incomplete month in the relevant period, and
 - (ii) the denominator is the product of (i) 360 and (ii) the actual number of days in the relevant period.

2.11 Debentures to Rank *Pari Passu*

The Debentures will be direct unsecured subordinated obligations of the Corporation. Each Debenture of the same series of Debentures will rank *pari passu* with each other Debenture of the same series (regardless of their actual date or terms of issue) and, subject to statutory preferred exceptions, with all other present and future subordinated and unsecured indebtedness of the Corporation (other than, for certainty, Senior Indebtedness) to the extent subordinated on the same terms.

2.12 Payments of Amounts Due on Maturity

Except as may otherwise be provided herein or in any supplemental indenture in respect of any series of Debentures and subject to Section 4.11, payments of amounts due upon maturity of the Debentures will be made in the following manner. The Corporation will establish and maintain with the Debenture Trustee a Maturity Account for each series of Debentures. Each such Maturity Account shall be maintained by and be subject to the control of the Debenture Trustee for the purposes of this Indenture. On or before 1:00 p.m. (Calgary time) on the Business Day immediately prior to the Maturity Date for Debentures outstanding from time to time under this Indenture, the Corporation will deliver to the Debenture Trustee a certified cheque, bank draft or wire transfer for deposit in the applicable Maturity Account an amount sufficient to pay the cash amount payable in respect of such Debentures (including the principal amount together with any accrued and unpaid interest thereon less any tax required by law to be deducted or withheld), provided the Corporation may elect to satisfy this requirement by providing the Debenture Trustee with one or more certified cheques, or with funds by electronic transfer, for such amounts required under this Section 2.12. The Debenture Trustee, on behalf of the Corporation, will pay to each holder entitled to receive payment the principal amount of and premium (if any) and accrued and unpaid interest on the Debenture, upon surrender of the Debenture at any branch of the Debenture Trustee designated for such purpose from time to time by the Corporation and the Debenture Trustee. The delivery of such funds to the Debenture Trustee for deposit to the applicable Maturity Account will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of funds relates to the extent of the amount delivered (plus the amount of any tax deducted as aforesaid) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the money so deposited or made available the amount to which such holder is entitled.

2.13 Payment of Interest

The following provisions shall apply to Debentures, except as otherwise provided in Section 2.4(c) or specified in a resolution of the Directors, an Officer's Certificate or a supplemental indenture relating to a particular series of Additional Debentures:

- (a) As interest becomes due on each Debenture (except at maturity, on conversion or on redemption, when interest may at the option of the Corporation be paid upon surrender of such Debenture) the Corporation shall, on or before 11:00 a.m., Calgary time, on the fourth (4th) Business Day immediately prior to the applicable Interest Payment Date, deliver to the Debenture Trustee a certified cheque, bank draft or wire transfer in an amount sufficient to pay such interest as is payable in respect of such Debentures. Upon receipt of such interest payment from the Corporation, the Debenture Trustee, on behalf of the Corporation, shall then send or forward by prepaid ordinary mail, electronic transfer of funds or such other means as may be agreed to by the Debenture Trustee, payment of such interest (less any tax required to be withheld therefrom) to the order of the registered holder of such Debenture appearing on the registers maintained by the Debenture Trustee and addressed to the holder at the holder's last address appearing on the register, unless such holder otherwise directs. If payment is made to the holder by cheque, such cheque shall be forwarded at least three (3) Business Days prior to each applicable Interest Payment Date and if payment is made by other means (such as electronic transfer of funds, provided the Debenture Trustee must receive confirmation of receipt of funds prior to being able to wire funds to holders), such payment shall be made in a

manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due. The mailing of such cheque or the making of such payment by other means shall, to the extent of the sum represented thereby, plus the amount of any tax withheld as aforesaid, satisfy and discharge all liability for interest on such Debenture, unless in the case of payment by cheque, such cheque is not paid at par on presentation. In the event of non-receipt of any cheque for or other payment of interest by the Person to whom it is so sent as aforesaid, the Debenture Trustee will issue to such Person a replacement cheque or other payment for a like amount upon being furnished with such evidence of non-receipt as it shall reasonably require and upon being indemnified to its satisfaction. Notwithstanding the foregoing, if the Corporation or the Debenture Trustee is prevented by circumstances beyond its control (including, without limitation, any interruption in mail service) from making payment of any interest due on each Debenture in the manner provided above, the Corporation or the Debenture Trustee may make payment of such interest or make such interest available for payment in any other manner acceptable to the Debenture Trustee with the same effect as though payment had been made in the manner provided above.

- (b) Notwithstanding Section 2.13(a), if the Debentures are represented by a Global Debenture, then all payments of interest on the Global Debenture shall be made by electronic funds transfer or certified cheque made payable to the Depository or its nominee on the day interest is payable for subsequent payment to Beneficial Holders of interests in the applicable Global Debenture, unless the Corporation and the Depository otherwise agree. None of the Corporation, the Debenture Trustee or any agent of the Debenture Trustee for any Debenture issued as a Global Debenture will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Global Debenture or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

2.14 Withholding Tax

The Corporation will be entitled to deduct and withhold or cause to deduct and withhold any applicable taxes or similar charges (including interest, penalties or similar amounts in respect thereof) imposed or levied by or on behalf of the Canadian government or of any Province or territory thereof or any authority or agency therein or thereof having power to tax, including pursuant to the Tax Act, from any payment to be made on or in connection with the Debentures and, provided that the Corporation forthwith remits such withheld amount to such government, authority or agency and files all required forms in respect thereof and, at the same time, provides copies of such remittance and filing to the Debenture Trustee and the relevant Debentureholder, the amount of any such deduction or withholding will be considered an amount paid in satisfaction of the Corporation's obligations under the Debentures and there is no obligation on the Corporation to gross-up amounts paid to a holder in respect of such deductions or withholdings. The Corporation shall provide the Debenture Trustee and the relevant Debentureholder with copies of receipts or other communications relating to the remittance of such withheld amount or the filing of such forms received from such government, authority or agency promptly after receipt thereof.

The Debenture Trustee shall have no obligation to verify any payments under the Tax Act or any provision of provincial, state, local or foreign tax law. The Debenture Trustee shall at all times be indemnified and held harmless by the Corporation from and against any liabilities of the Debenture Trustee incurred in connection with the failure of the Corporation or its agents, to report, remit or withhold taxes as required by the Tax Act or otherwise failing to comply with the Tax Act. This indemnification shall survive the resignation or removal of the Debenture Trustee and the termination of this Indenture solely to the extent that such liabilities have been incurred in connection with taxation years occurring during the term of this Indenture.

2.15 U.S. Legend on the Debentures and Common Shares

- (a) All Debentures and the Common Shares issuable upon conversion, redemption or maturity thereof (collectively, the "**Securities**") have not been and will not be registered under the 1933 Act or any state securities laws. Certificates, including both Global Certificates and Fully Registered Debentures, representing Debentures originally issued and sold to U.S. Purchasers, and certificates representing Common Shares issuable upon conversion, redemption or at maturity thereof shall, for so long as required by applicable requirements of the 1933 Act or applicable state securities laws, bear the following legend (the "**U.S. Legend**"):

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF ENTREC CORPORATION (THE "**CORPORATION**") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("**REGULATION S**") UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH (1) RULE 144A UNDER THE SECURITIES ACT, IF AVAILABLE, OR (2) RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES."

provided, that if Securities are being sold in compliance with Rule 904 of Regulation S, and provided further that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a duly completed and signed declaration to the Debenture Trustee or the transfer agent for the Common Shares, as applicable, substantially as set forth in Schedule "E" hereto (or as the Corporation may prescribe from time to time), together with any additional documentation as may be required by the Corporation or the Debenture Trustee or transfer agent, which evidence may include an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that such U.S. Legend is no longer required pursuant to the requirements of the 1933 Act; and provided further that, if any Securities are being sold in accordance with Rule 144 under the 1933 Act, the U.S. Legend may be removed by delivery to the Debenture Trustee or transfer agent, for the Common Shares, as applicable, of an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or applicable state securities laws. Provided that the Debenture Trustee obtains confirmation from the Corporation that such counsel is satisfactory to it, the Debenture Trustee shall be entitled to rely on such opinion of counsel without further inquiry.

- (b) Prior to the issuance of the Debentures, the Corporation shall notify the Debenture Trustee, in writing, concerning which Debentures are represented by certificates that bear the U.S. Legend. The Debenture Trustee will thereafter maintain a list of all registered holders from time to time of such legended Debentures.

2.16 Right of Rescission

- (a) Upon the conversion of the principal amount of a Debenture into Common Shares pursuant to Article 6 hereof, original purchasers of Initial Debentures under the Offering (the "**Original Purchasers**") shall have a right of action against the Corporation for rescission to receive the purchase price of the Debentures, exercisable on notice given to the Corporation not more than 180 days subsequent to the date hereof, if the Prospectus, together with any amendment thereto, contains a misrepresentation (as such term is defined in the Securities Act (Alberta)) and it was a misrepresentation on the date hereof or the Prospectus, or any amendment thereof, was not delivered to the Original Purchaser. The foregoing right of action for rescission is only available to an Original Purchaser while he or she is a holder of the Common Shares issued upon the conversion of Debentures pursuant to Article 6 hereof.
- (b) In no event shall the Corporation be liable under this Section 2.16 if the Original Purchaser purchased the Debentures with knowledge of the misrepresentation.

ARTICLE 3 REGISTRATION, TRANSFER, EXCHANGE AND OWNERSHIP

3.1 Global Debentures

- (a) With respect to each series of Debentures issuable in whole or in part as one or more Global Debentures, the Corporation shall cause to be kept by and at the principal offices of the Debenture Trustee in Calgary, Alberta and by the Debenture Trustee or such other registrar as the Corporation, with the approval of the Debenture Trustee, may appoint at such other place or places, if any, as the Corporation may designate with the approval of the Debenture Trustee, a register in which shall be entered the name and address of the holder of each such Global Debenture (being the Depository, or its nominee, for such Global Debenture) as holder thereof and particulars of the Global Debenture held by it, and of all transfers thereof. If any Debentures are at any time not Global Debentures, the provisions of Section 3.2 shall govern with respect to registrations and transfers of such Debentures.
- (b) Notwithstanding any other provision of this Indenture, a Global Debenture may not be transferred by the registered holder thereof and accordingly, except to the extent contemplated by Section 2.6(c), no definitive certificates shall be issued to Beneficial Holders except in the following circumstances or as otherwise specified in a resolution of the Debenture Trustee, a resolution of the Directors, Officer's Certificate or supplemental indenture relating to a particular series of Additional Debentures:
 - (i) Global Debentures may be transferred by a Depository to a nominee of such Depository or by a nominee of a Depository to such Depository or to another nominee of such Depository or by a Depository or its nominee to a successor Depository or its nominee;
 - (ii) Global Debentures may be transferred at any time after (i) the Depository for such Global Debentures or the Corporation has notified the Debenture Trustee that the Depository is unwilling or unable to continue as Depository for such Global Debentures, or (ii) the Depository ceases to be a clearing agency or otherwise ceases to be eligible to be a Depository under Section 2.6(b), provided in each case that at the time of such transfer the Corporation has not appointed a successor Depository for such Global Debentures;
 - (iii) Global Debentures may be transferred at any time after the Corporation has determined, in its sole discretion, to terminate the book-entry only registration system

in respect of such Global Debentures and has communicated such determination to the Debenture Trustee in writing;

- (iv) Global Debentures may be transferred at any time after the Debenture Trustee has determined that an Event of Default has occurred and is continuing with respect to the Debentures of the series issued as a Global Debenture, provided that Beneficial Holders of the Debentures representing, in the aggregate, not less than 25% of the aggregate principal amount of the Debentures of such series advise the Depository in writing, through the Depository Participants, that the continuation of the book-entry only registration system for such series of Debentures is no longer in their best interest and also provided that at the time of such transfer the Debenture Trustee has not waived the Event of Default pursuant to Section 8.3;
 - (v) Global Debentures may be transferred if required by applicable law including where a Debenture certificate requires the addition of a legend under applicable securities laws in the United States; or
 - (vi) Global Debentures may be transferred if the book-entry only registration system ceases to exist.
- (c) With respect to the Global Debentures, unless and until definitive certificates have been issued to Beneficial Holders of the Debentures pursuant to subsection 3.1(b):
 - (i) the Corporation and the Debenture Trustee may deal with the Depository for all purposes (including paying interest on the Debentures) as the sole holder of the Debentures and the authorized representative of the Beneficial Holders;
 - (ii) the rights of the Beneficial Holders of the Debentures shall be exercised only through the Depository and shall be limited to those established by law and agreements between such Beneficial Holders and the Depository or the Depository Participants;
 - (iii) the Depository will make book-entry transfers among the Depository Participants; and
 - (iv) whenever this Indenture requires or permits actions to be taken based upon instructions or directions of Debentureholders evidencing a specified percentage of the outstanding Debentures, the Depository shall be deemed to be counted in that percentage only to the extent that it has received instructions to such effect from the Beneficial Holders of the Debentures or the Depository Participants, and has delivered such instructions to the Debenture Trustee.
- (d) Whenever a notice or other communication is required to be provided to Debentureholders, unless and until definitive certificate(s) have been issued to Beneficial Holders of the Debentures pursuant to this Section 3.1, the Debenture Trustee shall provide all such notices and communications to the Depository and the Depository shall deliver such notices and communications to such Beneficial Holders in accordance with Applicable Securities Legislation. Upon the termination of the book-entry only registration system on the occurrence of one of the conditions specified in Section 3.1(b) with respect to the Debentures issued hereunder, the Debenture Trustee shall notify all applicable Depository Participants and Beneficial Holders, through the Depository, of the availability of definitive Debenture certificates. Upon surrender by the Depository of the certificate(s) representing the Global Debentures and receipt of new registration instructions from the Depository, the Debenture Trustee shall deliver the definitive Debenture certificates for such Debentures to the holders thereof in accordance with the new

registration instructions and thereafter, the registration and transfer of such Debentures will be governed by Section 3.2 and the remaining Sections of this Article 3.

3.2 Fully Registered Debentures

- (a) If any Debentures are at any time not Global Debentures, then such Debentures shall be Fully Registered Debentures and the Corporation shall cause to be kept by and at the principal offices of the Debenture Trustee in Calgary, Alberta and by the Debenture Trustee or such other registrar as the Corporation, with the approval of the Debenture Trustee, may appoint at such other place or places, if any, as the Corporation may designate with the approval of the Debenture Trustee, a register in which shall be entered the names and addresses of the holders of Fully Registered Debentures and particulars of such Debentures held by them respectively and of all transfers of Fully Registered Debentures. Such registration shall be noted on the Debentures by the Debenture Trustee or other registrar unless a new Debenture shall be issued upon such transfer.
- (b) No transfer of a Fully Registered Debenture shall be valid unless made on such register referred to in Section 3.2(a) by the registered holder or such holder's executors, administrators or other legal representatives or a mandatory duly appointed by an instrument in writing in form and execution satisfactory to the Debenture Trustee or other registrar upon surrender of the Debentures together with a duly executed form of transfer acceptable to the Debenture Trustee and upon compliance with such other reasonable requirements as the Debenture Trustee or other registrar may prescribe.

3.3 Transferee Entitled to Registration

The transferee of a Debenture shall be entitled, after the appropriate form of transfer is lodged with the Debenture Trustee or other registrar and upon compliance with all other conditions in that behalf required by this Indenture or by law, to be entered on the register as the owner of such Debenture free from all equities or rights of set-off or counterclaim between the Corporation and the transferor or any previous holder of such Debenture, save in respect of equities of which the Corporation is required to take notice by statute or by order of a court of competent jurisdiction.

3.4 No Notice of Trusts

Neither the Corporation nor the Debenture Trustee nor any registrar shall be bound to take notice of or see to the execution of any trust (other than that created by this Indenture) whether express, implied or constructive, in respect of any Debenture, and may transfer the same on the direction of the Person registered as the holder thereof, whether named as trustee or otherwise, as though that Person were the beneficial owner thereof.

3.5 Registers Open for Inspection

The registers referred to in Sections 3.1 and 3.2 shall, during regular business hours of the Debenture Trustee, be open for inspection by the Corporation, the Debenture Trustee or any Debentureholder. Every registrar, including the Debenture Trustee, shall from time to time when requested so to do by the Corporation or by the Debenture Trustee, in writing, furnish the Corporation or the Debenture Trustee, as the case may be, with a list of names and addresses of holders of registered Debentures entered on the register kept by them and showing the principal amount of the Debentures held by each such holder, provided the Debenture Trustee shall be entitled to charge a reasonable fee to provide such a list.

3.6 Exchanges of Debentures

- (a) Subject to Section 3.2 and Section 3.7, Debentures in any authorized form or denomination, other than Global Debentures, may be exchanged by the holder for Debentures in any other authorized form or denomination, of the same series and date of maturity, bearing the same interest rate and of the same aggregate principal amount as the Debentures so exchanged.
- (b) In respect of exchanges of Debentures permitted by Section 3.6(a), Debentures of any series may be exchanged only at the principal offices of the Debenture Trustee in Calgary, Alberta or at such other place or places, if any, as may be specified in the Debentures of such series and at such other place or places as may from time to time be designated by the Corporation with the approval of the Debenture Trustee. Any Debentures tendered for exchange shall be surrendered to the Debenture Trustee. The Corporation shall execute and the Debenture Trustee shall certify all Debentures necessary to carry out exchanges as aforesaid. All Debentures surrendered for exchange shall be cancelled.
- (c) Debentures issued in exchange for Debentures which at the time of such issue have been selected or called for redemption at a later date shall be deemed to have been selected or called for redemption in the same manner and shall have noted thereon a statement to that effect.

3.7 Closing of Registers

- (a) Neither the Corporation nor the Debenture Trustee nor any registrar shall be required to:
 - (i) make transfers or exchanges or conversion of Fully Registered Debentures on any Interest Payment Date or Maturity Date for such Debentures or during the 8 preceding Business Days;
 - (ii) make transfers or exchanges of any Debentures on the day of any selection by the Debenture Trustee of Debentures to be redeemed or during the 8 preceding Business Days;
 - (iii) make transfers or exchanges of any Debentures which will have been selected or called for redemption unless upon due presentation thereof for redemption such Debentures shall not be redeemed; or
 - (iv) issue additional Debentures hereunder (i) on any Interest Payment Date, or (ii) on the day of any selection by the Debenture Trustee of any Debentures to be redeemed or purchased.
- (b) Subject to any restriction herein provided, the Corporation with the approval of the Debenture Trustee may at any time close any register for the Debentures, other than those kept at the principal offices of the Debenture Trustee in Calgary, Alberta and transfer the registration of any Debentures registered thereon to another register (which may be an existing register) and thereafter such Debentures shall be deemed to be registered on such other register. Notice of such transfer shall be given to the holders of such Debentures.

3.8 Charges for Registration, Transfer and Exchange

For each Debenture exchanged, registered, transferred or discharged from registration, the Debenture Trustee or other registrar, except as otherwise herein provided, may make a reasonable charge for its services and in addition may charge a reasonable sum for each new Debenture issued and payment of such charges and reimbursement of the Debenture Trustee or other registrar for any stamp taxes or governmental or other charges required to be paid

shall be made by the party requesting such exchange, registration, transfer or discharge from registration as a condition precedent thereto. Notwithstanding the foregoing provisions, no charge shall be made to a Debentureholder hereunder:

- (a) for any exchange of a Global Debenture as contemplated in Section 3.1;
- (b) for any exchange of any Debenture resulting from a partial redemption under Section 4.2;
- (c) for any exchange of any Debenture resulting from a partial conversion under Section 6.4(d); or
- (d) for any exchange of any Debenture resulting from a partial purchase under Section 2.4(j).

3.9 Ownership of Debentures

- (a) Unless otherwise required by law, the Person in whose name any registered Debenture is registered shall for all purposes of this Indenture be and be deemed to be the owner thereof and payment of or on account of the principal of and premium, if any, on such Debenture and interest thereon shall be made to such registered holder.
- (b) Neither the Corporation nor the Debenture Trustee shall have any liability for:
 - (i) any aspect of the records relating to the beneficial ownership of the Debentures held by a Depository or of the payments relating thereto; or
 - (ii) maintaining, supervising or reviewing any such records relating to the Debentures.

The rules governing Depositories provide that they act as the agent and depository for Depository Participants. As a result, such Depository Participants must look solely to the Depository and Beneficial Holders of Debentures must look solely to the Depository Participants for the payment of principal and interest on the Debentures paid by or on behalf of the Corporation to the Depository.

- (c) Beneficial Holders of Debentures:
 - (i) may not have Debenture certificates registered in their name; and
 - (ii) may not have physical certificates representing their interest in the Debentures.
- (d) The registered holder for the time being of any registered Debenture shall be entitled to the principal, premium, if any, and/or interest evidenced by such instruments, respectively, free from all equities or rights of set-off or counterclaim between the Corporation and the original or any intermediate holder thereof and all Persons may act accordingly and the receipt of any such registered holder for any such principal, premium or interest shall be a good discharge to the Corporation and/or the Debenture Trustee for the same and neither the Corporation nor the Debenture Trustee shall be bound to inquire into the title of any such registered holder.
- (e) Where Debentures are registered in more than one name, the principal, premium, if any, and interest from time to time payable in respect thereof may be paid to the order of all such holders, failing written instructions from them to the contrary, and the receipt of any one of such holders therefore shall be a valid discharge, to the Debenture Trustee, any registrar and to the Corporation.

- (f) In the case of the death of one or more joint holders of any Debenture the principal, premium, if any, and interest from time to time payable thereon may be paid to the order of the survivor or survivors of such registered holders and the receipt of any such survivor or survivors therefor shall be a valid discharge to the Debenture Trustee and any registrar and to the Corporation.

ARTICLE 4

REDEMPTION AND PURCHASE OF DEBENTURES AND CERTAIN PAYMENTS ON MATURITY

4.1 Applicability of Article

Subject to regulatory approval and Section 2.4(d), the Corporation shall have the right at its option to redeem, either in whole at any time or in part from time to time before the Maturity Date of such Debentures, either by payment of money, by issuance of Freely Tradeable Common Shares as provided in Section 4.6 or any combination thereof, any Debentures issued hereunder of any series which by their terms are made so redeemable (subject, however, to any applicable restriction on the redemption of Debentures of such series) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been expressed in this Indenture, the Debentures, in an Officer's Certificate or in a supplemental indenture authorizing or providing for the issue thereof, or in the case of Additional Debentures issued pursuant to a Periodic Offering, in the Written Direction of the Corporation, requesting the certification and delivery thereof.

Subject to regulatory approval, Section 2.4(d) and Article 5 hereof, the Corporation shall also have the right at its option to repay, either in whole or in part, on maturity, either, by payment of money in accordance with Sections 2.12 and 4.10, by issuance of Freely Tradeable Common Shares as provided in Section 4.11 or any combination thereof, the principal amount of any Debentures issued hereunder of any series which by their terms are made so repayable on maturity (subject however, to any applicable restriction on the repayment of the principal amount of the Debentures of such series) at such rate or rates of premium, if any, and on such date or dates and in accordance with such other provisions as shall have been expressed in this Indenture, the Debentures, in an Officer's Certificate or in a supplemental indenture authorizing or providing for the issue thereof, or in the case of Additional Debentures issued pursuant to a Periodic Offering, in the Written Direction of the Corporation, requesting the certification and delivery thereof.

4.2 Partial Redemption

If less than all the Debentures of any series for the time being outstanding are at any time to be redeemed, or if a portion of the Debentures being redeemed are being redeemed for cash and a portion of such Debentures are being redeemed by the payment of Freely Tradeable Common Shares pursuant to Section 4.6, the Debentures to be so redeemed shall be selected by the Debenture Trustee on a pro rata basis to the nearest multiple of \$1,000 in accordance with the principal amount of the Debentures registered in the name of each holder or in such other manner as the Debenture Trustee deems equitable, subject to the approval of the TSX-V or such other exchange on which the Debentures are then listed, as may be required from time to time. Unless otherwise specifically provided in the terms of any series of Debentures, no Debenture shall be redeemed in part unless the principal amount redeemed is \$1,000 or a multiple thereof. For this purpose, the Debenture Trustee may make, and from time to time vary, regulations with respect to the manner in which such Debentures may be drawn for redemption in part or for redemption in cash and regulations so made shall be valid and binding upon all holders of such Debentures notwithstanding the fact that as a result thereof one or more of such Debentures may become subject to redemption in part only or for cash only. In the event that one or more of such Debentures becomes subject to redemption in part only, upon surrender of any such Debentures for payment of the Redemption Price, together with interest accrued to but not including the Redemption Date, the Corporation shall execute and the Debenture Trustee shall certify and deliver without charge to the holder thereof or upon the holder's order one or more new Debentures for the unredeemed part of the principal amount of the Debenture or Debentures so surrendered or, with respect to a Global Debenture, the Depository shall make notations on the Global Debenture of the principal amount thereof so redeemed. Unless the context otherwise requires, the terms "Debenture" or "Debentures" as

used in this Article 4 shall be deemed to mean or include any part of the principal amount of any Debenture which in accordance with the foregoing provisions has become subject to redemption.

4.3 Notice of Redemption

A Redemption Notice in respect of any series of Debentures to be redeemed shall be given to the holders of the Debentures so to be redeemed not more than 60 days nor less than 30 days prior to the date fixed for redemption (the "**Redemption Date**") in the manner provided in Section 14.2. Every such notice shall specify the aggregate principal amount of Debentures called for redemption, the Redemption Date, the Redemption Price and the portion to be redeemed for cash and the portion to be redeemed by issuing Common Shares and the places of payment and shall state that interest upon the principal amount of Debentures called for redemption shall cease to accrue and be payable from and after the Redemption Date. In addition, unless all the outstanding Debentures are to be redeemed, the Redemption Notice shall specify:

- (a) the distinguishing letters and numbers of the registered Debentures which are to be redeemed (or of such thereof as are registered in the name of such Debentureholder);
- (b) in the case of a published notice, the distinguishing letters and numbers of the Debentures which are to be redeemed or, if such Debentures are selected pro rata or by other similar system, such particulars as may be sufficient to identify the Debentures so selected;
- (c) in the case of a Global Debenture, that the redemption will take place in such manner as may be agreed upon by the Depository, the Debenture Trustee and the Corporation; and
- (d) in all cases, the principal amounts of such Debentures or, if any such Debenture is to be redeemed in part only, the principal amount of such part.

In the event that all Debentures to be redeemed are registered Debentures, publication shall not be required.

4.4 Debentures Due on Redemption Dates

Notice having been given as aforesaid, all the Debentures so called for redemption shall thereupon be and become due and payable at the Redemption Price on the Redemption Date specified in such notice, in the same manner and with the same effect as if it were the Maturity Date specified in such Debentures, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the monies necessary to redeem, or the Common Shares to be issued to redeem, such Debentures shall have been deposited as provided in Section 4.5 and affidavits or other proof satisfactory to the Debenture Trustee as to the publication and/or mailing of such notices shall have been lodged with it, interest upon the Debentures shall cease. If any question shall arise as to whether any notice has been given as above provided and such deposit made, such question shall be decided by the Debenture Trustee whose decision shall be final and binding upon all parties in interest.

4.5 Deposit of Redemption Monies or Common Shares

Redemption of Debentures shall be provided for by the Corporation depositing with the Debenture Trustee or any paying agent to the order of the Debenture Trustee, on or before 1:00 p.m. (Calgary time) on the Business Day immediately prior to the Redemption Date specified in such notice, such sums of money, or certificates representing such Common Shares, or both, as the case may be, as may be sufficient to pay the Redemption Price of the Debentures so called for redemption, together with accrued and unpaid interest thereon, provided the Corporation may elect to satisfy this requirement by providing the Debenture Trustee with one or more certified cheques or a wire transfer for such amounts required under this Section 4.5 or by providing the Debenture Trustee with such funds through electronic transfer of funds on the Business Day immediately prior to the Redemption Date. The Corporation shall also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection with such redemption.

Every such deposit shall be irrevocable. From the sums so deposited, or certificates so deposited, or both, the Debenture Trustee shall pay or cause to be paid, or issue or cause to be issued, to the holders of such Debentures so called for redemption, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on redemption, less applicable withholding taxes, if any.

4.6 Right to Repay Principal Portion of Redemption Price in Common Shares

- (a) Subject to the receipt of any required regulatory approvals, the provisions governing any series of Debentures, Section 2.4(d) and the other provisions of this Section 4.6, the Corporation may, at its option, in exchange for or in lieu of paying the principal portion of the Redemption Price in money, elect to satisfy its obligation to pay all or any portion of the principal amount of Debentures due upon redemption by issuing and delivering to holders on the Redemption Date that number of Freely Tradeable Common Shares obtained by dividing the principal portion of the Debentures (or applicable portion thereof to be satisfied by the issuance and delivery of Freely Tradeable Common Shares), by 95% of the Current Market Price on the Redemption Date (the "**Common Share Redemption Right**").
- (b) The Corporation shall exercise the Common Share Redemption Right by so specifying in the Redemption Notice which shall be delivered to the Debenture Trustee and the holders of Debentures to be so redeemed not more than 60 days and not less than 40 days prior to the Redemption Date in the manner provided in Section 14.2 and 14.3. The Redemption Notice shall also specify the aggregate principal amount of Debentures in respect of which it is exercising the Common Share Redemption Right.
- (c) The Corporation's right to exercise the Common Share Redemption Right shall be conditional upon the following conditions being met on the Business Day preceding the Redemption Date:
 - (i) the issuance of the Common Shares on the exercise of the Common Share Redemption Right shall be made in accordance with Applicable Securities Legislation and such Common Shares shall be issued as Freely Tradeable Common Shares;
 - (ii) such additional Freely Tradeable Common Shares shall be listed on each stock exchange on which the Common Shares are then listed;
 - (iii) the Corporation shall be a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Freely Tradeable Common Shares occurs;
 - (iv) no Event of Default shall have occurred and be continuing;
 - (v) satisfaction of the conditions set forth in Section 2.4(d);
 - (vi) the receipt by the Debenture Trustee of an Officer's Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of the Common Shares on the Redemption Date; and
 - (vii) the receipt by the Debenture Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the Redemption Price, will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on a list of issuers in default maintained by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect

of condition (iii) need not be expressed with respect to those provinces where such lists are not maintained.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the Redemption Date, the Corporation shall pay the Redemption Price in cash in accordance with Section 4.5 unless the Debentureholders waive the conditions which are not satisfied by way of Extraordinary Resolution. The Corporation may not change the form of components or percentage of consideration to be paid for the Debentures except as described in the preceding sentence. When the Corporation determines the actual number of the Common Shares to be issued pursuant to the Corporation's exercise of its Common Share Redemption Right, it will issue a press release on a national newswire disclosing the Current Market Price and such actual number of Common Shares.

- (d) In the event that the Corporation duly exercises its Common Share Redemption Right, the Corporation shall on or before 1:00 p.m. (Calgary time) on the Business Day immediately prior to the Redemption Date, deliver to the Debenture Trustee, for delivery to and on account of the holders of the Debentures, upon the due presentation and surrender of the Debentures, certificates representing the Freely Tradeable Common Shares to which such holders are entitled. From the certificates so deposited in addition to amounts payable by the Debenture Trustee pursuant to Section 4.5, the Debenture Trustee must pay or cause to be paid, to the holders of such Debentures the Redemption Price of the Debentures called for redemption in the amounts to which they are respectively entitled on the Redemption Date and deliver to such holders the certificates to which such holders are entitled.
- (e) No fractional Common Shares shall be delivered upon the exercise of the Common Share Redemption Right but, in lieu thereof, the Corporation shall pay to the Debenture Trustee for the account of the holders, at the time contemplated in Section 4.6(d), the cash equivalent thereof determined on the basis of the Current Market Price of the Common Shares on the Redemption Date (less any tax required to be deducted).
- (f) A holder of Debentures shall be treated as the shareholder of record of the Freely Tradeable Common Shares issued on due exercise by the Corporation of its Common Share Redemption Right effective immediately after the close of business on the Redemption Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including dividends or distributions in kind) thereon and arising thereafter, and in the event that the Debenture Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (g) The Corporation shall at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Corporation's Common Share Redemption Right as provided herein, and shall issue to Debentureholders to whom Freely Tradeable Common Shares will be issued pursuant to exercise of the Common Share Redemption Right, such number of Freely Tradeable Common Shares as shall be issuable in such event. All Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.
- (h) The Corporation shall comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradeable Common Shares upon exercise of the Common Share Redemption Right and shall cause to be listed and posted for trading such Common Shares on each stock exchange on which the Common Shares are then listed.
- (i) The Corporation shall from time to time promptly pay, or make provision satisfactory to the Debenture Trustee for the payment of, all taxes and charges which may be imposed by the laws

of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Freely Tradeable Common Shares to holders upon exercise of the Common Share Redemption Right pursuant to the terms of the Debentures and of this Indenture.

- (j) If the Corporation elects to satisfy its obligation to pay all or any portion of the Redemption Price by issuing Freely Tradeable Common Shares in accordance with this Section 4.6 and if the Redemption Price (or any portion thereof) to which a holder is entitled is subject to withholding taxes and the amount of the cash payment of the Redemption Price, if any, is insufficient to satisfy such withholding taxes, the Debenture Trustee, on Written Direction of the Corporation but for the account of the holder, shall sell, or cause to be sold through such investment banks, brokers or dealers selected by the Corporation, out of the Freely Tradeable Common Shares issued by the Corporation for this purpose, such number of Freely Tradeable Common Shares that together with the cash payment of the Redemption Price, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and shall remit same on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws. Any amount of net proceeds (after payment of all costs) in excess of the amount required to cover applicable tax required by applicable law to be withheld will be remitted to the Debentureholder.
- (k) Each certificate representing Freely Tradeable Common Shares issued in payment of the Redemption Price of Debentures bearing the U.S. Legend, as well as all certificates issued in exchange for or in substitution of the foregoing securities, shall bear the U.S. Legend; provided that if the Common Shares are being sold in compliance with the requirements of Rule 904 of Regulation S and in compliance with local laws and regulations, and provided further that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a declaration to the Debenture Trustee as the registrar and transfer agent for the Common Shares, substantially as set forth in Schedule "E" hereto (or as the Corporation may prescribe from time to time), together with any additional documentation as may be required by the Corporation or the transfer agent, which evidence may include a written opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the U.S. Legend is no longer required pursuant to the requirements of the 1933 Act; and provided further that, if any such securities are being sold within the United States in accordance with Rule 144 under the 1933 Act, the U.S. Legend may be removed by delivery to the transfer agent for the Common Shares, of an opinion of counsel of recognized standing, in form and substance, reasonably satisfactory to the Corporation, to the effect that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or applicable state securities laws.

4.7 Failure to Surrender Debentures Called for Redemption

In case the holder of any Debenture so called for redemption shall fail on or before the Redemption Date to so surrender such holder's Debenture, or shall not within such time accept payment of the Redemption Price payable, or take delivery of certificates representing such Common Shares issuable in respect thereof, or give such receipt therefor, if any, as the Debenture Trustee may require, such redemption monies may be set aside in trust, without interest, or such certificates may be held in trust, either in the deposit department of the Debenture Trustee or in a chartered bank, and such setting aside shall for all purposes be deemed a payment to the Debentureholder of the sum or Common Shares so set aside and, to that extent, the Debenture shall thereafter not be considered as outstanding hereunder and the Debentureholder shall have no other right except to receive payment out of the monies so paid and deposited, or take delivery of the certificates so deposited, or both, upon surrender and delivery up of such holder's Debenture of the Redemption Price, as the case may be, of such Debenture. In the event that any money, or certificates for Common Shares, required to be deposited hereunder with the Debenture Trustee or any depository or paying agent on account of principal, premium, if any, or interest, if any, on

Debentures issued hereunder shall remain so deposited until the Business Day immediately preceding the fourth anniversary of the Redemption Date, then such monies, without interest, or certificates for Common Shares, or any distribution paid thereon, shall at the end of such period be paid over or delivered over by the Debenture Trustee or such depository or paying agent to the Corporation and thereupon the Debenture Trustee shall not be responsible to Debentureholders for any amounts owing to them and subject to applicable law, thereafter the holder of a Debenture in respect of which such money was so repaid to the Corporation shall have no rights in respect thereof except to obtain payment of the money or certificates due from the Corporation, subject to any prescription period provided by the laws of the Province of Alberta.

4.8 Cancellation of Debentures Redeemed

Subject to the provisions of Sections 4.2 and 4.9 as to Debentures redeemed or purchased in part, all Debentures redeemed and paid under this Article 4 shall forthwith be delivered to the Debenture Trustee and cancelled and no Debentures shall be issued in substitution therefor.

4.9 Purchase of Debentures by the Corporation

Subject to Applicable Securities Legislation and unless otherwise specifically provided with respect to a particular series of Debentures, the Corporation or an Affiliate may at any time and from time to time, purchase Debentures in the market (which shall include purchases from or through an investment dealer or a firm holding membership on a recognized stock exchange) or by tender or by private contract, at any price. All Debentures so purchased may, at the option of the Corporation or such Affiliate, be delivered to the Debenture Trustee and shall be cancelled and no Debentures shall be issued in substitution therefor.

If, upon an invitation for tenders, more Debentures are tendered at the same lowest price that the Corporation or an Affiliate is prepared to accept, the Debentures to be purchased by the Corporation or by such Affiliate shall be selected by the Debenture Trustee on a pro rata basis or in such other manner consented to by the TSX-V or such other exchange on which the Debentures are then listed which the Debenture Trustee considers appropriate, from the Debentures tendered by each tendering Debentureholder who tendered at such lowest price. For this purpose the Debenture Trustee may make, and from time to time amend, regulations with respect to the manner in which Debentures may be so selected, and regulations so made shall be valid and binding upon all Debentureholders, notwithstanding the fact that as a result thereof one or more of such Debentures become subject to purchase in part only.

The holder of a Debenture of which a part only is purchased, upon surrender of such Debenture for payment, shall be entitled to receive, without expense to such holder, one or more new Debentures for the unpurchased part so surrendered, and the Debenture Trustee shall certify and deliver such new Debenture or Debentures upon receipt of the Debenture so surrendered or, with respect to a Global Debenture, the Debenture Trustee shall make notations on the Global Debenture of the principal amount thereof so purchased.

4.10 Deposit of Maturity Monies or Common Shares

Subject to Section 4.11, payment on maturity of Debentures shall be provided for by the Corporation depositing with the Debenture Trustee or any paying agent to the order of the Debenture Trustee, on or before 1:00 p.m. (Calgary time) on the Business Day immediately prior to the Maturity Date such sums of money, or certificates representing such Common Shares, or both as the case may be, as may be sufficient to pay the principal amount of the Debentures, together with a sum of money sufficient to pay all accrued and unpaid interest thereon up to but not including the Maturity Date, provided the Corporation may elect to satisfy this requirement by providing the Debenture Trustee with one or more certified cheques or with funds by electronic transfer, for such amounts required under this Section 4.10. The Corporation shall also deposit with the Debenture Trustee a sum of money sufficient to pay any charges or expenses which may be incurred by the Debenture Trustee in connection therewith. Every such deposit shall be irrevocable.

From the sums so deposited, or certificates so deposited, or both, the Debenture Trustee shall pay or cause to be paid to the holders of such Debentures, upon surrender of such Debentures, the principal, premium (if any) and interest (if any) to which they are respectively entitled on maturity, less applicable withholding taxes, if any.

4.11 Right to Repay Principal Amount in Common Shares

- (a) Subject to receipt of any required regulatory approvals, the provisions governing any series of Debentures and the other provisions of this Section 4.11, the Corporation may, at its option, in exchange for or in lieu of paying in cash all or any portion of the principal amount of the Debentures outstanding, elect to satisfy its obligation to repay all or any portion of the principal amount of the Debentures outstanding, by issuing and delivering to holders on the Maturity Date that number of Freely Tradeable Common Shares obtained by dividing the principal amount of the Debentures (or applicable portion thereof to be satisfied by the issuance and delivery of Common Shares) by 95% of the Current Market Price of the Common Shares on the Maturity Date (the "**Common Share Repayment Right**").
- (b) The Corporation shall exercise the Common Share Repayment Right by so specifying in the Maturity Notice, which shall be delivered to the Debenture Trustee and the holders of Debentures not more than 60 days and not less than 40 days prior to the Maturity Date, and which shall also specify the aggregate principal amount of Debentures in respect of which it is exercising the Common Share Repayment Right on the Maturity Date.
- (c) The Corporation's right to exercise the Common Share Repayment Right shall be conditional upon the following conditions being met on the Business Day preceding the Maturity Date:
 - (i) the issuance of the Common Shares on the exercise of the Common Share Repayment Right shall be made in accordance with Applicable Securities Legislation and such Common Shares shall be issued as Freely Tradeable Common Shares;
 - (ii) such additional Freely Tradeable Common Shares shall be listed on each stock exchange on which the Common Shares are then listed;
 - (iii) the Corporation shall be a reporting issuer in good standing under Applicable Securities Legislation where the distribution of such Common Shares occurs;
 - (iv) no Event of Default shall have occurred and be continuing;
 - (v) the receipt by the Debenture Trustee of an Officer's Certificate stating that conditions (i), (ii), (iii) and (iv) above have been satisfied and setting forth the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of the Common Shares on the Maturity Date; and
 - (vi) the receipt by the Debenture Trustee of an opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Indenture in payment of the principal amount of the Debentures outstanding will be validly issued as fully paid and non-assessable, that conditions (i) and (ii) above have been satisfied and that, relying exclusively on lists of issuers in default maintained by the relevant securities authorities, condition (iii) above is satisfied, except that the opinion in respect of condition (iii) need not be expressed with respect to those provinces where such lists are not maintained.

If the foregoing conditions are not satisfied prior to the close of business on the Business Day preceding the Maturity Date, the Corporation shall pay the principal amount of the Debentures

outstanding in cash in accordance with Sections 2.12 and 4.10, unless the Debentureholders waive the conditions which are not satisfied by way of Extraordinary Resolution. The Corporation may not change the form of components or percentage of consideration to be paid for the Debentures once it has given the notice required to be given to Debentureholders hereunder, except as described in the preceding sentence. When the Corporation determines the actual number of the Common Shares to be issued pursuant to the Corporation's exercise of its Common Share Repayment Right, it will issue a press release on a national newswire disclosing the Current Market Price and such actual number of Common Shares.

- (d) In the event that the Corporation duly exercises its Common Share Repayment Right, the Corporation shall on or before 1:00 p.m. (Calgary time) on the Business Day immediately prior to the Maturity Date, deliver to the Debenture Trustee, for delivery to and on account of the holders of the Debentures, upon the due presentation and surrender of the Debentures certificates representing the Freely Tradeable Common Shares to which such holders are entitled. The Corporation shall also deposit with the Debenture Trustee a sum of money sufficient to pay all accrued and unpaid interest on the Debentures and any charges or expenses which may be incurred by the Debenture Trustee in connection with the Common Share Repayment Right. Every such deposit shall be irrevocable. From the certificates so deposited in addition to amounts payable by the Debenture Trustee pursuant to Sections 2.12 and 4.10, the Debenture Trustee shall pay or cause to be paid, to the holders of such Debentures, upon surrender of such Debentures, the principal amount of and premium (if any) and interest on the Debentures to which they are respectively entitled on maturity and deliver to such holders the certificates to which such holders are entitled. The delivery of such certificates to the Debenture Trustee will satisfy and discharge the liability of the Corporation for the Debentures to which the delivery of certificates relates to the extent of the amount delivered (plus the amount of any Common Shares sold to pay applicable taxes in accordance with this Section 4.11) and such Debentures will thereafter to that extent not be considered as outstanding under this Indenture and such holder will have no other right in regard thereto other than to receive out of the certificates so delivered, the certificate(s) to which it is entitled.
- (e) No fractional Common Shares shall be delivered upon the exercise of the Common Share Repayment Right but, in lieu thereof, the Corporation shall pay to the Debenture Trustee for the account of the holders, at the time contemplated in Section 4.11(d)), the cash equivalent thereof determined on the basis of the Current Market Price of the Common Shares on the Maturity Date (less any tax required to be deducted, if any).
- (f) A holder shall be treated as the shareholder of record of the Freely Tradeable Common Shares issued on due exercise by the Corporation of its Common Share Repayment Right effective immediately after the close of business on the Maturity Date, and shall be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including dividends or distributions in kind) thereon and arising thereafter, and in the event that the Debenture Trustee receives the same, it shall hold the same in trust for the benefit of such holder.
- (g) The Corporation shall at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited), solely for the purpose of issue and delivery upon the exercise of the Common Share Repayment Right as provided herein, and shall issue to Debentureholders to whom Freely Tradeable Common Shares will be issued pursuant to exercise of the Common Share Repayment Right, such number of Freely Tradeable Common Shares as shall be issuable in such event. All Common Shares which shall be so issuable shall be duly and validly issued as fully paid and non-assessable.

- (h) The Corporation shall comply with all Applicable Securities Legislation regulating the issue and delivery of Freely Tradeable Common Shares upon exercise of the Common Share Repayment Right and shall cause to be listed and posted for trading such Common Shares on each stock exchange on which the Common Shares are then listed.
- (i) The Corporation shall from time to time promptly pay, or make provision satisfactory to the Debenture Trustee for the payment of, all taxes and charges which may be imposed by the laws of Canada or any province thereof (except income tax, withholding tax or security transfer tax, if any) which shall be payable with respect to the issuance or delivery of Freely Tradeable Common Shares to holders upon exercise of the Common Share Repayment Right pursuant to the terms of the Debentures and of this Indenture.
- (j) If the Corporation elects to satisfy its obligation to pay all or any portion of the principal amount of Debentures due on maturity by issuing Freely Tradeable Common Shares in accordance with this Section 4.11 and if the principal amount (or any portion thereof) to which a holder is entitled is subject to withholding taxes and the amount of the cash payment of the principal amount due on maturity, if any, is insufficient to satisfy such withholding taxes, the Debenture Trustee, on a Written Direction of the Corporation but for the account of the holder, shall sell, or cause to be sold, through such investment banks, brokers or dealers selected by the Corporation, out of the Common Shares issued by the Corporation for this purpose, such number of Common Shares that together with the cash component of the principal amount due on maturity, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and shall remit same on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws. Any amount of net proceeds (after payment of all costs) in excess of the amount required to cover applicable tax required by applicable law to be withheld will be remitted to the Debentureholder.
- (k) Each certificate representing Freely Tradeable Common Shares issued in payment of the Debentures bearing the U.S. Legend, as well as all certificates issued in exchange for or in substitution of such Common Shares, shall bear the U.S. Legend; provided that if the Common Shares are being sold in compliance with the requirements of Rule 904 of Regulation S and in compliance with local laws and regulations, and provided further that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a duly completed and signed declaration to the Debenture Trustee as the registrar transfer agent for the Common Shares, substantially as set forth in Schedule "E" hereto (or as the Corporation may prescribe from time to time), together with any additional documentation as may be required by the Corporation or the transfer agent, which evidence may include a written opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the U.S. Legend is no longer required pursuant to the requirements of the 1933 Act; and provided further that, if any such securities are being sold in accordance with Rule 144 under the 1933 Act, the U.S. Legend may be removed by delivery to the transfer agent for the Common Shares, of an opinion of counsel of recognized standing, in form and substance, reasonably satisfactory to the Corporation, to the effect that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or applicable state securities laws.

ARTICLE 5

SUBORDINATION OF DEBENTURES

5.1 Applicability of Article

The Debenture Liabilities shall be subordinated and postponed and subject in right of payment, to the extent and in the manner hereinafter set forth in this Article 5 and in Section 2.4(e), to the prior full and final payment of all

existing and future Senior Indebtedness of the Corporation and any Subsidiary of the Corporation, and each holder of any such Debenture by his acceptance thereof, whether directly or on his behalf, agrees to and shall be bound by the provisions of this Article 5.

5.2 Order of Payment

Upon any distribution of the assets of the Corporation upon any dissolution, winding up, total liquidation or reorganization of the Corporation (whether in bankruptcy, insolvency or receivership proceedings, or upon an "assignment for the benefit of creditors" or any other marshalling of the assets and liabilities of the Corporation, or otherwise):

- (a) all Senior Indebtedness shall first be paid indefeasibly in full, or provision made for such payment, in cash before any payment is made on account of the Debenture Liabilities;
- (b) any payment or distribution of assets of the Corporation, whether in cash, property or securities, to which the holders of the Debentures or the Debenture Trustee on behalf of such holders would be entitled except for the provisions of this Article 5 shall be paid or delivered by the trustee in bankruptcy, receiver, assignee for the benefit of creditors, or other liquidating agent making such payment or distribution, directly to the Senior Creditors to the extent necessary to pay all Senior Indebtedness in full after giving effect to any concurrent payment or distribution, or provision therefor, to the holders of such Senior Indebtedness; and
- (c) the Senior Creditors or a receiver or a receiver-manager of the Corporation or of all or part of its assets or any other enforcement agent may sell, mortgage, or otherwise dispose of the Corporation's assets in whole or in part, free and clear of all Debenture Liabilities and without the approval of the Debentureholders or the Debenture Trustee or any requirement to account to the Debenture Trustee or the Debentureholders.

The rights and priority of the Senior Indebtedness and the subordination pursuant hereto shall not be affected by:

- (i) whether or not the Senior Indebtedness is secured;
- (ii) the time, sequence or order of creating, granting, executing, delivering of, or registering, perfecting or failing to register or perfect any security notice, caveat, financing statement or other notice in respect of any Senior Security;
- (iii) the time or order of the attachment, perfection or crystallization of any security constituted by any Senior Security;
- (iv) the taking of any collection, enforcement or realization proceedings pursuant to any Senior Security;
- (v) the date of obtaining of any judgment or order of any bankruptcy court or any court administering bankruptcy, insolvency or similar proceedings as to the entitlement of the Senior Creditors or any of them or the Debentureholders or any of them to any money or property of the Corporation;
- (vi) the failure to exercise any power or remedy reserved to the Senior Creditors under any Senior Security or to insist upon a strict compliance with any terms thereof;

- (vii) whether any Senior Security is now perfected, hereafter ceases to be perfected, is avoidable by any trustee in bankruptcy or like official or is otherwise set aside, invalidated or lapses;
- (viii) the date of giving or failing to give notice to or making demand upon the Corporation;
- (ix) any amendment, modification, increase, extension, renewal, replacement of any Senior Indebtedness or Senior Security; or
- (x) any other matter whatsoever.

5.3 Subrogation to Rights of Holders of Senior Indebtedness

Subject to the payment in full of all Senior Indebtedness, the holders of the Debentures shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Corporation to the extent of the application thereto of such payments or other assets which would have been received by the holders of the Debentures but for the provisions hereof until the principal of, premium, if any, on and interest on the Debentures shall be paid in full, and no such payments or distributions to the holders of the Debentures of cash, property or securities, which otherwise would be payable or distributable to the holders of the Senior Indebtedness, shall, as between the Corporation, its creditors (other than holders of Senior Indebtedness) and the holders of Debentures, be deemed to be a payment by the Corporation to the former holders of the Senior Indebtedness or on account of the repaid Senior Indebtedness. It being understood that the provisions of this Article 5 are and are intended solely for the purpose of defining the relative rights of the holders of the Debentures, on the one hand, and the holders of Senior Indebtedness, on the other hand.

The Debenture Trustee, for itself and on behalf of each of the Debentureholders, hereby waives any and all rights to require a Senior Creditor to pursue or exhaust any rights or remedies with respect to the Corporation or any property and assets subject to any Senior Security or in any other manner to require the marshalling or other orderly disposition of property, assets or security in connection with the exercise by the Senior Creditors of any rights, remedies or recourses available to them.

5.4 Obligation to Pay Not Impaired

Nothing contained in this Article 5 or elsewhere in this Indenture or in the Debentures is intended to or shall impair, as between the Corporation, its creditors other than the holders of Senior Indebtedness, and the holders of the Debentures, the obligation of the Corporation, which is absolute and unconditional, to pay to the holders of the Debentures the principal of, premium, if any, on and interest on the Debentures, as and when the same shall become due and payable in accordance with their terms, or affect the relative rights of the holders of the Debentures and creditors of the Corporation other than the holders of the Senior Indebtedness, nor shall anything herein or therein prevent the Debenture Trustee or the holder of any Debenture from exercising all remedies otherwise permitted by applicable law upon default under this Indenture, subject to the rights, if any, under this Article 5 of the holders of Senior Indebtedness in respect of cash, property or securities of the Corporation received upon the exercise of any such remedy.

5.5 No Payment if Senior Indebtedness in Default

Upon the maturity of any Senior Indebtedness by lapse of time, acceleration or otherwise, or any enforcement of any Senior Indebtedness, then, except as provided in Section 5.8, all such Senior Indebtedness shall first be paid in full, or shall first have been duly provided for, before any payment is made on account of the Debenture Liabilities.

In case of a circumstance constituting a default or event of default with respect to any Senior Indebtedness permitting (either at that time or upon notice, lapse of time or satisfaction of other condition precedent) the holders thereof to demand payment or accelerate the maturity thereof where the notice of such default or event

of default has been given by or on behalf of the holders of Senior Indebtedness to the Corporation or the Corporation otherwise has knowledge thereof, unless and until such default or event of default shall have been cured or waived or ceased to exist, no payment (by purchase of Debentures or otherwise) shall be made by the Corporation with respect to the Debenture Liabilities and neither the Debenture Trustee nor the holders of Debentures shall be entitled to demand, accelerate, institute proceedings for the collection of (which shall, for certainty include proceedings related to an adjudication or declaration as to the insolvency or bankruptcy of the Corporation and other similar creditor proceedings), or receive any payment or benefit (including without limitation by set-off, combination of accounts or otherwise in any manner whatsoever) on account of the Debentures after the happening of such a default or event of default (except as provided in Section 5.8), and unless and until such default or event of default shall have been cured or waived or ceased to exist, such payments shall be held in trust for the benefit of, and, if and when such Senior Indebtedness shall have become due and payable, shall be paid over to, the Senior Creditor holding such Senior Indebtedness until all such Senior Indebtedness shall have been paid in full, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; provided, however, that the foregoing shall in no way prohibit, restrict or prevent the Debenture Trustee from taking such actions as may be necessary to preserve claims of the Debenture Trustee and/or the holders of the Debentures under this Indenture in any bankruptcy, reorganization or insolvency proceeding (including, without limitation, the filing of proofs of claim in any such bankruptcy, reorganization or insolvency proceedings by or against the Corporation or its Subsidiaries and exercising its rights to vote as an unsecured creditor under any such bankruptcy, reorganization or insolvency proceedings commenced by or against the Corporation or its Subsidiaries). The fact that any payment hereunder is prohibited by this Section 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder.

5.6 Payment on Debentures Permitted

Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall affect the obligation of the Corporation to make, or prevent the Corporation from making, at any time except as prohibited by Section 5.2 or Section 5.5, any payment of principal of, premium, if any, on or interest on the Debentures as the same may become due. The fact that any such payment is prohibited by Section 5.2 or Section 5.5 shall not prevent the failure to make such payment from being an Event of Default hereunder. Nothing contained in this Article 5 or elsewhere in this Indenture, or in any of the Debentures, shall prevent the conversion of the Debentures or, except as prohibited by Section 5.2 or Section 5.5, the application by the Debenture Trustee of any moneys deposited with the Debenture Trustee hereunder for such purpose, to the payment of or on account of the Debenture Liabilities.

5.7 Confirmation of Subordination

Each holder of Debentures by his acceptance thereof authorizes and directs the Debenture Trustee on his behalf to take such action as may be necessary or appropriate to effect the subordination as provided in this Article 5 and appoints the Debenture Trustee his attorney-in-fact for any and all such purposes. This power of attorney, being coupled with an interest and rights, shall be irrevocable. Upon request of the Corporation, and upon being furnished with an Officer's Certificate stating that one or more named Persons are Senior Creditors, and specifying the maximum amount and nature of the Senior Indebtedness of such Senior Creditors, the Debenture Trustee shall enter into a written agreement or agreements with the Corporation and the Person or Persons named in such Officer's Certificate providing that such Person or Persons are entitled to all the rights and benefits of this Article 5 as a Senior Creditor specified in such Officer's Certificate and in such agreement, which may include, among other things, an agreement not to amend the provisions of this Article 5 and the definitions herein without the consent of such Senior Creditor. Such agreement shall be conclusive evidence that the indebtedness specified therein is Senior Indebtedness. However, nothing herein shall impair the rights of any Senior Creditor who has not entered into such an agreement.

5.8 Knowledge of Debenture Trustee

Notwithstanding the provisions of this Article 5, the Debenture Trustee will not be charged with knowledge of the existence of any fact that would prohibit the making of any payment of monies to or by the Debenture Trustee, or the taking of any other action by the Debenture Trustee, unless and until the Debenture Trustee has received written notice thereof from the Corporation, any Debentureholder, any Senior Creditor or a trustee on behalf of any one or more Senior Creditors.

5.9 Debenture Trustee May Hold Senior Indebtedness

The Debenture Trustee is entitled to all the rights set forth in this Article 5 with respect to any Senior Indebtedness at the time held by it, to the same extent as any other holder of Senior Indebtedness, and nothing in this Indenture deprives the Debenture Trustee of any of its rights as such holder.

5.10 Rights of Holders of Senior Indebtedness Not Impaired

No right of any present or future holder of any Senior Indebtedness to enforce the subordination herein will at any time or in any way be prejudiced or impaired by any act or failure to act on the part of the Corporation or by any non-compliance by the Corporation with the terms, provisions and covenants of this Indenture, regardless of any knowledge thereof which any such holder may have or be otherwise charged with.

5.11 Altering the Senior Indebtedness

The holders of the Senior Indebtedness have the right to extend, renew, revise, restate, modify or amend the terms of the Senior Indebtedness (including increasing the principal amount of the Senior Indebtedness) or such Senior Security therefor and to release, sell or exchange such security and otherwise to deal freely with the Corporation and its Subsidiaries, all without notice to or consent of the Debentureholders or the Debenture Trustee and without affecting the liabilities and obligations of the parties to this Indenture or the Debentureholders or the Debenture Trustee.

5.12 Additional Indebtedness

This Indenture does not restrict the Corporation or any Subsidiary of the Corporation from incurring additional indebtedness including Senior Indebtedness for borrowed money or otherwise or mortgaging, pledging or charging its real (immoveable) or personal (moveable) property or properties to secure any indebtedness, liabilities or other financing.

5.13 Right of Debentureholder to Convert Not Impaired

The subordination of the Debenture Liabilities to the Senior Indebtedness and the provisions of this Article 5 do not impair in any way the right of a Debentureholder to convert its Debentures pursuant to Article 6.

5.14 Invalidated Payments

In the event that any of the Senior Indebtedness shall be paid in full and subsequently, for whatever reason, such formerly paid or satisfied Senior Indebtedness becomes unpaid or unsatisfied, the terms and conditions of this Article 5 shall be reinstated and the provisions of this Article 5 shall again be operative until all Senior Indebtedness is repaid in full, provided that such reinstatement shall not give the Senior Creditors any rights or recourses against the Debenture Trustee or the Debentureholders for amounts paid to the Debentureholders subsequent to such payment or satisfaction in full and prior to such reinstatement.

5.15 Contesting Security

The Debenture Trustee, for itself and on behalf of the Debentureholders, agrees that it shall not contest or bring into question the validity, perfection or enforceability of any of the Senior Indebtedness, the Senior Security or the relative priority of the Senior Security.

5.16 Obligations Created by Article 5

The Corporation and the Debenture Trustee, in its capacity as trustee hereunder and not in its corporate personal capacity, agree, and each holder by its acceptance of a Debenture likewise agrees, that:

- (a) the provisions of this Article 5 are an inducement and consideration to each holder of Senior Indebtedness to give or continue credit to the Corporation, the Corporation's Subsidiaries or others or to acquire Senior Indebtedness; and
- (b) each holder of Senior Indebtedness may accept the benefit of this Article 5 on the terms and conditions set forth in this Article 5 by giving or continuing credit to the Corporation, the Corporation's Subsidiaries or others or by having outstanding or acquiring Senior Indebtedness, in each case without notice to the Debenture Trustee and without establishing actual reliance on this Article 5.

ARTICLE 6 CONVERSION OF DEBENTURES

6.1 Applicability of Article

Subject to Section 2.4(f) , any Debentures issued hereunder of any series which by their terms are convertible (subject, however, to any applicable restriction of the conversion of Debentures of such series) will be convertible into Common Shares or, if applicable, other securities or property, at such conversion rate or rates, and on such date or dates and in accordance with such other provisions as shall have been determined at the time of issue of such Debentures and shall have been expressed in this Indenture (including Section 2.4(f)), in such Debentures, in an Officer's Certificate, or in a supplemental indenture authorizing or providing for the issue thereof.

Such right of conversion shall extend only to the maximum number of whole Common Shares into which the aggregate principal amount of the Debenture or Debentures surrendered for conversion at any one time by the holder thereof may be converted. Fractional interests in Common Shares shall be adjusted for in the manner provided in Section 6.6.

6.2 Notice of Expiry of Conversion Privilege

Other than in the event of a Change of Control, notice of the expiry of the conversion privileges of the Debentures, shall be given by or on behalf of the Corporation not more than 60 days and not less than 30 days prior to the date fixed for the Time of Expiry, in the manner provided in Section 14.2.

6.3 Revival of Right to Convert

If the redemption of any Debenture called for redemption by the Corporation is not made or the payment of the purchase price of any Debenture which has been tendered in acceptance of an offer by the Corporation to purchase Debentures for cancellation is not made, in the case of a redemption upon due surrender of such Debenture or in the case of a purchase on the date on which such purchase is required to be made, as the case may be, then, provided the Time of Expiry has not passed, the right to convert such Debentures shall revive and continue as if such Debenture had not been called for redemption or tendered in acceptance of the Corporation's offer, respectively.

6.4 Manner of Exercise of Right to Convert

- (a) The holder of a Debenture desiring to convert such Debenture in whole or in part into Common Shares shall surrender such Debenture to the Debenture Trustee at its principal offices in Calgary, Alberta together with the conversion notice in the form attached hereto as Schedule "D" or any other written notice in a form satisfactory to the Debenture Trustee, in either case, duly executed by the holder or his executors or administrators or other legal representatives or his or their attorney duly appointed by an instrument in writing in form and executed in a manner satisfactory to the Debenture Trustee, exercising his right to convert such Debenture in accordance with the provisions of this Article 6; provided that with respect to a Global Debenture, the obligation to surrender a Debenture to the Debenture Trustee shall be satisfied if the Debenture Trustee makes notation on the Global Debenture of the principal amount thereof so converted and the Debenture Trustee is provided with all other documentation which it may reasonably request. Thereupon such Debentureholder or, subject to payment of all applicable stamp or security transfer taxes or other governmental charges and compliance with all reasonable requirements of the Debenture Trustee, his nominee(s) or assignee(s) shall be entitled to be entered in the books of the Corporation as at the Date of Conversion (or such later date as is specified in Section 6.4(b)) as the holder of the number of Common Shares into which such Debenture is convertible in accordance with the provisions of this Article 6 and, within three (3) Business Days thereafter, the Debenture Trustee shall (i) deliver to such Debentureholder or, subject as aforesaid, his nominee(s) or assignee(s), a certificate or certificates for such Common Shares and (ii) make or cause to be made any payment of interest to which such holder is entitled in accordance with Section 6.4(e) hereof or in respect of fractional Common Shares as provided in Section 6.6.
- (b) For the purposes of this Article, a Debenture shall be deemed to be surrendered for conversion on the date on which it is so surrendered when the register of the Debenture Trustee is open and in accordance with the provisions of this Article 6 or, in the case of a Global Debenture, on the date which the Debenture Trustee received notice of and all necessary documentation in respect of the exercise of the conversion rights and, in the case of a Debenture so surrendered by post or other means of transmission, on the date on which it is received by the Debenture Trustee at one of its offices specified in Section 6.4(a); provided that if a Debenture is surrendered for conversion on a day on which the register of Common Shares is closed the Person or Persons entitled to receive Common Shares shall become the holder or holders of record of such Common Shares as at the date on which such register is next reopened (in each case, the "**Date of Conversion**").
- (c) Any part, being \$1,000 or an integral multiple thereof, of a Debenture in a denomination in excess of \$1,000 may be converted as provided in this Article and all references in this Indenture to conversion of Debentures shall be deemed to include conversion of such part.
- (d) Upon a holder of any Debenture exercising the right of conversion in respect of only a part of the Debenture and surrendering such Debenture to the Debenture Trustee, in accordance with Section 6.4(a) the Debenture Trustee shall cancel the same and shall without charge forthwith certify and deliver to the holder a new Debenture or Debentures in an aggregate principal amount equal to the unconverted part of the principal amount of the Debenture so surrendered or, with respect to a Global Debenture, the Debenture Trustee shall make notations on the Global Debenture of the principal amount thereof so converted.
- (e) The holder of a Debenture surrendered for conversion in accordance with this Section 6.4 shall be entitled to receive accrued and unpaid interest from the last Interest Payment Date up to, but not including the date that is one day prior to the Date of Conversion. The Common Shares issued upon such conversion shall rank only in respect of distributions or dividends declared in

favour of shareholders of record on and after the Date of Conversion or such later date as such holder shall become the holder of record of such Common Shares pursuant to Section 6.4(b), from which applicable date such Common Shares will for all purposes be and be deemed to be issued and outstanding as fully paid and non-assessable Common Shares.

- (f) In the event of a conversion of Debentures into Common Shares where the holder is subject to withholding taxes, the Debenture Trustee, on a Written Direction of the Corporation but for the account of the holder, shall sell, or cause to be sold through such investment banks, brokers or dealers selected by the Corporation and approved by the Debenture Trustee, out of the Common Shares issued by the Corporation for this purpose, such number of Common Shares that together with any cash payment in lieu of fractional Common Shares, if any, is sufficient to yield net proceeds (after payment of all costs) to cover the amount of taxes required to be withheld, and shall remit same on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under applicable laws. Any amount of net proceeds (after payment of all costs) in excess of the amount required by applicable law to be withheld will be remitted to the Debentureholder.

6.5 Adjustment of Conversion Price

Subject to the requirements of the TSX-V (or such other recognized exchange on which the Debentures are then listed), the Conversion Price in effect at any date shall be subject to adjustment from time to time as set forth below.

- (a) If and whenever at any time prior to the Time of Expiry the Corporation shall (i) subdivide or redivide the outstanding Common Shares into a greater number of shares, (ii) reduce, combine or consolidate the outstanding Common Shares into a smaller number of shares, or (iii) issue Common Shares or securities convertible into Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a dividend or distribution (other than the issue of Common Shares to holders of Common Shares who have elected to receive dividends or distributions in the form of Common Shares in lieu of cash dividends or cash distributions paid in the ordinary course on the Common Shares), the Conversion Price in effect on the effective date of such subdivision, redivision, reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a dividend or distribution, as the case may be, shall in the case of any of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, redivision, dividend or distribution, or shall, in the case of any of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this Section 6.5(a) shall occur. Any such issue of Common Shares by way of a dividend or distribution shall be deemed to have been made on the record date for the dividend or distribution for the purpose of calculating the number of outstanding Common Shares under subsections (b) and (c) of this Section 6.5.
- (b) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the issuance of options, rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than 45 days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 95% of the Current Market Price of a Common Share on such record date (other than pursuant to a dividend reinvestment plan of the Corporation), the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the

total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the quotient obtained by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price per Common Share, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible). Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such options, rights or warrants are not so issued or any such options, rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be readjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect if only the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such options, rights or warrants were included in such fraction, as the case may be.

- (c) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) shares of any class other than Common Shares, (ii) rights, options, warrants or other securities (excluding the issuance of rights, options or warrants for which any adjustment was made pursuant to Section 6.5(b) and other than shares distributed to holders of Common Shares who have elected to receive dividends or distributions in the form of such shares in lieu of dividends or distributions paid in the ordinary course), (iii) evidences of its indebtedness, or (iv) assets then, in each such case, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the fair market value (as determined by the Directors, with the approval of the Debenture Trustee and subject to TSX-V approval, which determination shall be conclusive) of such shares, equity interests or rights, options, warrants or other securities or evidences of indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that such distribution is not so made, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon such shares or rights, options, warrants or other securities or evidences of indebtedness or assets actually distributed, as the case may be.

Notwithstanding the foregoing, if the securities distributed by the Corporation to all holders of its Common Shares consist of capital stock of, or similar equity interests in, a Subsidiary or other business of the Corporation (the "**Spinoff Securities**"), the Conversion Price shall be adjusted, unless the Corporation makes an equivalent distribution to the holders of Debentures, so that the same shall be equal to the rate determined by multiplying the Conversion Price in effect on the record date fixed for the determination of shareholders entitled to receive such distribution by a fraction, the denominator of which shall be the sum of (A) the weighted average trading price of one Common Share over the 20 consecutive Trading Day period (the "**Spinoff Valuation Period**") commencing on and including the fifth Trading Day after the Ex-Dividend Date and (B) the product of (i) the weighted average trading price (calculated in substantially the same way as the Current Market Price is calculated for the Common Shares) over the Spinoff Valuation Period of one Spinoff Security or, if no such prices are available, the fair market value of one Spinoff Security as reasonably determined by the Board of Directors (which determination shall be conclusive and shall be evidenced by an Officers' Certificate delivered to the Debenture Trustee) multiplied by (ii) the number of Spinoff Securities distributed in respect of one Common Share

and the numerator of which shall be the weighted average trading price of one Common Share over the Spinoff Valuation Period, such adjustment to become effective immediately preceding the opening of business on the 25th Trading Day after the date on which ex-dividend trading commences; provided, however, that the Corporation may in lieu of the foregoing adjustment elect to make adequate provision so that each holder of Debentures shall have the right to receive upon conversion thereof the amount of such Spinoff Securities that such holder of Debentures would have received if such Debentures had been converted on the record date with respect to such distribution. In respect of any conversion during the Spinoff Valuation Period, references to 20 consecutive Trading Days shall be deemed to be replaced with such lesser number of Trading Days as have elapsed between the Commencement of the Spinoff Valuation Period and the relevant conversion date.

- (d) If and whenever at any time prior to the Time of Expiry, there is a reclassification of the Common Shares or a capital reorganization or change of the Corporation other than as described in Section 6.5(a) or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other Person or other entity; or a sale, transfer or other disposition of the property and assets of the Corporation as an entirety or substantially as an entirety to any other Person or other entity or a liquidation, dissolution or winding-up of the Corporation, any holder of a Debenture who has not exercised its right of conversion prior to the effective date of such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, sale, transfer, disposition or liquidation, dissolution or winding-up, upon the exercise of such right thereafter, shall be entitled to receive and shall accept, in lieu of the number of Common Shares then sought to be acquired by it, the number of shares or other securities or property of the Corporation or of the Person or other entity resulting from such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, or to which such sale, transfer, disposition may be made or which holders of Common Shares receive pursuant to such liquidation, dissolution or winding-up, as the case may be, that such holder of a Debenture would have been entitled to receive on such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement or merger, sale, transfer, dispositions or liquidation, dissolution or winding-up, if, on the record date or the effective date thereof, as the case may be, the holder had been the registered holder of the number of Common Shares sought to be acquired by it and to which it was entitled to acquire upon the exercise of the conversion right. If determined appropriate by the Directors to give effect to or to evidence the provisions of this Section 6.5(d), the Corporation, its successor, or such purchasing Person or other entity, as the case may be, shall, prior to or contemporaneously with any such reclassification, capital reorganization, change, consolidation, amalgamation, arrangement, merger, sale, transfer, dispositions or liquidation, dissolution or winding-up or other similar transaction, enter into an indenture which shall provide, to the extent possible, for the application of the provisions set forth in this Indenture with respect to the rights and interests thereafter of the holder of Debentures to the end that the provisions set forth in this Indenture shall thereafter correspondingly be made applicable, as nearly as may reasonably be, with respect to any shares or other securities or property to which a holder of Debentures is entitled on the exercise of its conversion rights thereafter. Any indenture entered into between the Corporation and the Debenture Trustee pursuant to the provisions of this Section 6.5(d) shall be a supplemental indenture entered into pursuant to the provisions of Article 16. Any indenture entered into between the Corporation, any successor to the Corporation or such purchasing Person or other entity and the Debenture Trustee shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided in this Section 6.5(d) and which shall apply to successive reclassifications, capital reorganizations, changes, consolidations, amalgamations, mergers, sales, transfers, dispositions and to any successive liquidation, dissolution or winding up or other similar transaction.

For greater certainty, nothing in this Section 6.5(d) shall affect or reduce the requirement for any person to make a Change of Control Purchase Offer in accordance with Section 2.4(j).

- (e) If and whenever at any time prior to the Time of Expiry the Corporation shall fix a record date for the payment of a cash dividend or distribution to the holders of all or substantially all of the outstanding Common Shares, the Conversion Price shall be adjusted immediately after such record date so that it shall be equal to the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the denominator shall be the Current Market Price per Common Share on such record date and of which the numerator shall be the Current Market Price per Common Share on such record date minus the amount in cash per Common Share distributed to holders of Common Shares. Such adjustment shall be made successively whenever such a record date is fixed. To the extent that any such cash dividend or distribution is not paid, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed.
- (f) If any issuer bid (other than a normal course issuer bid made through the facilities of the TSX-V) made by the Corporation or any of its Subsidiaries for all or any portion of Common Shares shall expire, then, if the issuer bid shall require the payment to shareholders of consideration per Common Share having a fair market value (determined as provided below) that exceeds the Current Market Price per Common Share on the last date (the "**Expiration Date**") tenders could have been made pursuant to such issuer bid (as it may be amended) (the last time at which such tenders could have been made on the Expiration Date is hereinafter sometimes called the "**Expiration Time**"), the Conversion Price shall be adjusted so that the same shall equal the rate determined by multiplying the Conversion Price in effect immediately preceding the close of business on the Expiration Date by a fraction of which (i) the denominator shall be the sum of (A) the fair market value of the aggregate consideration (the fair market value as determined by the Board of Directors, subject to TSX-V approval, whose determination shall be conclusive evidence of such fair market value and which shall be evidenced by an Officers' Certificate delivered to the Debenture Trustee) payable to shareholders based on the acceptance (up to any maximum specified in the terms of the issuer bid) of all Common Shares validly tendered and not withdrawn as of the Expiration Time (the Common Shares deemed so accepted, up to any such maximum, being referred to as the "**Purchased Common Shares**") and (B) the product of the number of Common Shares outstanding (less any Purchased Common Shares and excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time and the Current Market Price per Common Share on the Expiration Date and (ii) the numerator of which shall be the product of the number of Common Shares outstanding (including Purchased Common Shares but excluding any Common Shares held in the treasury of the Corporation) at the Expiration Time multiplied by the Current Market Price per Common Share on the Expiration Date, such increase to become effective immediately preceding the opening of business on the day following the Expiration Date. In the event that the Corporation is obligated to purchase Common Shares pursuant to any such issuer bid, but the Corporation is permanently prevented by applicable law from effecting any or all such purchases or any or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would have been in effect based upon the number of Common Shares actually purchased, if any. If the application of this clause (f) of Section 6.5 to any issuer bid would result in a decrease in the Conversion Price, no adjustment shall be made for such issuer bid under this clause (f).

For purposes of this Section 6.5(f), the term "issuer bid" shall mean an issuer bid (other than an issuer bid which is exempt from the requirements of Part 2 of MI 62-104) under Applicable Securities Legislation or a take-over bid (other than a take-over bid which is exempt from the requirements of Part 2 of MI 62-104) under Applicable Securities Legislation by a Subsidiary of the Corporation for the Common Shares and all references to "purchases" of Common Shares in issuer bids (and all similar references) shall mean and include the purchase of Common Shares in

issuer bids and all references to "tendered Common Shares" (and all similar references) shall mean and include Common Shares tendered in issuer bids.

- (g) In any case in which this Section 6.5 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to such holder an appropriate instrument evidencing such holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the Date of Conversion or such later date as such holder would, but for the provisions of this Section 6.5(g), have become the holder of record of such additional Common Shares pursuant to Section 6.4(b).
- (h) The adjustments provided for in this Section 6.5 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidations, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least 1% in the Conversion Price then in effect; provided however, that any adjustments which by reason of this Section 6.5(h) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.
- (i) For the purpose of calculating the number of Common Shares outstanding, Common Shares owned by or for the benefit of the Corporation shall not be counted.
- (j) In the event of any question arising with respect to the adjustments provided in this Section 6.5, such question shall be conclusively determined by a firm of nationally recognized chartered accountants appointed by the Corporation and acceptable to the Debenture Trustee (who may be the auditors of the Corporation); such accountants shall have access to all necessary records of the Corporation and such determination shall be binding upon the Corporation, the Debenture Trustee, and the Debentureholders.
- (k) In case the Corporation shall take any action affecting the Common Shares other than action described in this Section 6.5, which in the opinion of the Directors, would materially affect the rights of Debentureholders, the Conversion Price shall be adjusted in such manner and at such time, by action of the Directors, subject to the prior written consent of the TSX-V (or, if the Debentures are not listed thereon, on such other exchange on which the Debentures are then listed), as the Directors in their sole discretion may determine to be equitable in the circumstances. Failure of the Directors to make such an adjustment shall be conclusive evidence that they have determined that it is equitable to make no adjustment in the circumstances.
- (l) Subject to the prior written consent of the TSX-V or such other exchange on which the Debentures are then listed, no adjustment in the Conversion Price shall be made in respect of any event described in Sections 6.5(a), 6.5(b), 6.5(c) or 6.5(d) other than the events described in 6.5(a)(i) or 6.5(a)(ii) if the holders of the Debentures are entitled to participate in such event on the same terms mutatis mutandis as if they had converted their Debentures prior to the effective date or record date, as the case may be, of such event.

- (m) Except as stated above in this Section 6.5, no adjustment will be made in the Conversion Price for any Debentures as a result of the issuance of Common Shares at less than the Current Market Price for such Common Shares on the date of issuance or the then applicable Conversion Price.

6.6 No Requirement to Issue Fractional Common Shares

The Corporation shall not be required to issue fractional Common Shares upon the conversion of Debentures pursuant to this Article. If more than one Debenture shall be surrendered for conversion at one time by the same holder, the number of whole Common Shares issuable upon conversion thereof shall be computed on the basis of the aggregate principal amount of such Debentures to be converted. If any fractional interest in a Common Share would, except for the provisions of this Section, be deliverable upon the conversion of any principal amount of Debentures, the Corporation shall, in lieu of delivering any certificate representing such fractional interest, make a cash payment to the holder of such Debenture of an amount equal to the fractional interest which would have been issuable multiplied by the Current Market Price on the Date of Conversion of such fractional interest (less applicable withholding taxes, if any).

6.7 Corporation to Reserve Common Shares

The Corporation covenants with the Debenture Trustee that it will at all times reserve and keep available out of its authorized Common Shares, solely for the purpose of issue upon conversion of Debentures as provided in this Article 6, and conditionally allot to Debentureholders who may exercise their conversion rights hereunder, such number of Common Shares as shall then be issuable upon the conversion of all outstanding Debentures. The Corporation covenants with the Debenture Trustee that all Common Shares which shall be so issuable shall be duly and validly issued as fully-paid, non-assessable and Freely Tradeable.

6.8 Cancellation of Converted Debentures

Subject to the provisions of Section 6.4 as to Debentures converted in part, all Debentures converted in whole or in part under the provisions of this Article shall be forthwith delivered to and cancelled by the Debenture Trustee and no Debenture shall be issued in substitution therefor.

6.9 Certificate as to Adjustment

The Corporation shall from time to time immediately after the occurrence of any event which requires an adjustment or readjustment as provided in Section 6.5, deliver an Officer's Certificate to the Debenture Trustee specifying the nature of the event requiring the same and the amount of the adjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, which certificate and the amount of the adjustment specified therein shall be verified by an opinion of a firm of nationally recognized chartered accountants appointed by the Corporation and acceptable to the Debenture Trustee (who may be the auditors of the Corporation) and shall be conclusive and binding on all parties in interest. When so approved, the Corporation shall, except in respect of any subdivision, redivision, reduction, combination or consolidation of the Common Shares, forthwith give notice to the Debentureholders in the manner provided in Section 14.2 specifying the event requiring such adjustment or readjustment and the results thereof, including the resulting Conversion Price.

6.10 Notice of Special Matters

The Corporation covenants with the Debenture Trustee that so long as any Debenture remains outstanding, it will give notice to the Debenture Trustee, and to the Debentureholders in the manner provided in Section 14.2, of its intention to fix a record date for any event referred to in Sections 6.5(a), 6.5(b), 6.5(c), 6.5(d), 6.5(e) or 6.5(f) (other than the subdivision, redivision, reduction, combination or consolidation of its Common Shares) which may give rise to an adjustment in the Conversion Price, and, in each case, such notice shall specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation shall only be

required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given not less than fourteen (14) days in each case prior to such applicable record date.

In addition, the Corporation covenants with the Debenture Trustee that so long as any Debenture remains outstanding, it will give notice to the Debenture Trustee, and to the Debentureholders in the manner provided in Section 14.2 and 14.3, at least 30 days prior to the (i) effective date of any transaction referred to in Section 6.5(d) stating the consideration into which the Debentures will be convertible after the effective date of such transaction, and (ii) Expiration Date of any transaction referred to in Section 6.5(f) stating the consideration paid per Common Share in such transaction.

6.11 Protection of Debenture Trustee

Subject to Section 15.3, the Debenture Trustee:

- (a) shall not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist which may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same;
- (b) shall not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or other securities or property which may at any time be issued or delivered upon the conversion of any Debenture;
- (c) shall not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Common Shares or Common Share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article; and
- (d) shall be entitled to act and rely on any adjustment calculation of the Corporation.

6.12 Payment of Cash in Lieu of Common Shares

Notwithstanding Section 2.4(f) and subject to applicable securities legislation, upon the conversion of the Debentures by a holder thereof in accordance with the provisions and conditions of this Article 6, in lieu of delivering Common Shares, the Corporation may elect, at its option, by written notice delivered to the Debenture Trustee within one Business Day of the Date of Conversion, to pay the holder cash in an amount and at such time as determined under this Section 6.12 (the “**Cash Conversion Option**”). If no election is made by the Corporation, Common Shares will be delivered upon exercise of the conversion right as provided in Section 2.4(f) hereof. If the Corporation elects to use the Cash Conversion Option:

- (a) the Corporation shall pay cash to the converting holder of Debentures in an amount equal to the sum of the Daily Conversion Values for each of the 10 consecutive trading days during the related Observation Period;
- (b) the Corporation shall pay the cash to the Debenture Trustee, on behalf of the converting holder of the Debentures, as soon as practicable after the end of the related Observation Period and, in any event, no later than the third Business Day following the last day of the related Observation Period;
- (c) such election by the Corporation of the Cash Conversion Option in respect of the converting holder of Debentures shall, subject to the terms hereof, be irrevocable; and

- (d) if the notice of the Corporation's election of the Cash Conversion Option has not been delivered in accordance with this section 6.12, the Corporation will no longer have the right to use the Cash Conversion Option in respect of such converted Debentures and the Corporation will satisfy its obligations under Section 2.4(f) and Article 6 hereof through the delivery of the Common Shares in accordance with Section 2.4(f) hereof.

Any payments of cash pursuant to the Cash Conversion Option are subject to the subordination provisions in this agreement as though such payments were payments of principal or interest on the Debentures payable on the date on which such cash is paid under Section 6.12(b) hereof. In addition, notwithstanding any election by the Corporation to use the Cash Conversion Option or any election by a holder of Debentures to convert Debentures into Common Shares, the Cash Conversion Option shall be immediately suspended if any payment pursuant to the Cash Conversion Option would violate the subordination provisions of this agreement, and any holder who converted their Debentures shall receive Common Shares in accordance with Section 2.1(f) hereof.

6.13 U.S. Legend on Common Shares

Each certificate representing Common Shares issued upon conversion of Debentures pursuant to this Article 6 bearing the U.S. Legend, as well as all certificates issued in exchange for or in substitution of such Common Shares, shall bear the U.S. Legend; provided, that if the Common Shares are being sold in compliance with the requirements of Rule 904 of Regulation S, and provided further that the Corporation is a "foreign issuer" within the meaning of Regulation S at the time of sale, the U.S. Legend may be removed by providing a duly completed and signed declaration to the transfer agent for the Common Shares, substantially as set forth in Schedule "E" hereto (or as the Corporation may prescribe from time to time), together with any additional documentation as may be required by the Corporation or the transfer agent, which evidence may include a written opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the U.S. Legend is no longer required pursuant to the requirements of the 1933 Act; and provided further that, if any such securities are being sold in accordance with Rule 144 under the 1933 Act, the U.S. Legend may be removed by delivery to the transfer agent for the Common Shares, of an opinion of counsel of recognized standing, in form and substance reasonably satisfactory to the Corporation, to the effect that the U.S. Legend is no longer required under applicable requirements of the 1933 Act or applicable state securities laws.

ARTICLE 7 COVENANTS OF THE CORPORATION

The Corporation hereby covenants and agrees with the Debenture Trustee for the benefit of the Debenture Trustee and the Debentureholders, that so long as any Debentures remain outstanding:

7.1 To Pay Principal, Premium (if any) and Interest

The Corporation will duly and punctually pay or cause to be paid to every Debentureholder the principal of, premium (if any) and interest accrued on the Debentures of which it is the holder on the dates, at the places and in the manner mentioned herein and in the Debentures.

7.2 To Pay Debenture Trustee's Remuneration

The Corporation will pay the Debenture Trustee reasonable remuneration for its services as Debenture Trustee hereunder and will repay to the Debenture Trustee on demand all monies which shall have been paid by the Debenture Trustee in connection with the execution of the trusts hereby created and such monies including the Debenture Trustee's remuneration, shall be payable out of any funds coming into the possession of the Debenture Trustee in priority to payment of any principal of the Debentures or interest thereon. Such remuneration shall continue to be payable until the trusts hereof be finally wound up and whether or not the trusts of this Indenture shall be in the course of administration by or under the direction of a court of competent jurisdiction.

7.3 To Give Notice of Default

The Corporation shall, as soon as reasonably practicable, notify the Debenture Trustee upon obtaining knowledge of any Event of Default hereunder.

7.4 Preservation of Existence, etc.

Subject to the express provisions hereof, the Corporation will carry on and conduct its activities and business, in a proper, efficient and business-like manner and in accordance with good business practices; and, subject to the express provisions hereof, it will do or cause to be done all things reasonably necessary to preserve and keep in full force and effect the existence and rights of the Corporation.

7.5 Keeping of Books

The Corporation will keep or cause to be kept proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Corporation in accordance with generally accepted accounting principles.

7.6 Annual Certificate of Compliance

The Corporation shall deliver to the Debenture Trustee, within 120 days after the end of each calendar year, an Officer's Certificate as to the knowledge of such Director or an authorized officer of the Corporation who executes the Officer's Certificate, of the Corporation's compliance with all conditions and covenants of this Indenture certifying that after reasonable investigation and inquiry, the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which could, with the giving of notice, lapse of time or otherwise, constitute an Event of Default hereunder, or if such is not the case, setting forth with reasonable particulars any steps taken or proposed to be taken to remedy such Event of Default.

7.7 No Dividend or Distributions on Common Shares if Event of Default

The Corporation shall not declare, make or pay any dividend or distribution to the holders of its issued and outstanding Common Shares after the occurrence of an Event of Default unless and until such default shall have been cured or waived or ceased to exist.

7.8 Performance of Covenants by Debenture Trustee

If the Corporation shall fail to perform any of its covenants contained in this Indenture, the Debenture Trustee may notify the Debentureholders of such failure on the part of the Corporation or may itself perform any of the covenants capable of being performed by it, but (subject to Sections 8.2 and 15.3) shall be under no obligation to do so or to notify the Debentureholders. All sums so expended or advanced by the Debenture Trustee shall be repayable as provided in Section 7.2. No such performance, expenditure or advance by the Debenture Trustee shall be deemed to relieve the Corporation of any default hereunder.

7.9 Maintain Listing

The Corporation shall use reasonable commercial efforts to maintain the listing of the Common Shares and the Debentures on the TSX-V or any other recognized stock exchange and to maintain the Corporation's status as a "reporting issuer" not in default under Applicable Securities Legislation; provided that the foregoing covenant shall not prevent or restrict the Corporation from carrying out a transaction to which Article 11 would apply if carried out in compliance with Article 11 even if as a result of such transaction the Corporation ceases to be a "reporting issuer" in all or any of the provinces of Canada or the Common Shares or Debentures cease to be listed on the TSX-V or any other recognized stock exchange.

7.10 SEC Reporting

The Corporation covenants to the Debenture Trustee that in the event that any class of its securities shall hereafter become registered pursuant to Section 12 of the 1934 Act, the Corporation shall promptly deliver to the Debenture Trustee an Officer's Certificate (in a form provided by the Debenture Trustee, acting reasonably) notifying the Debenture Trustee of such registration and such other information as the Debenture Trustee may reasonably require at such given time.

ARTICLE 8 DEFAULT

8.1 Events of Default

Each of the following events constitutes, and is herein sometimes referred to as, an "**Event of Default**":

- (a) failure for 15 days to pay interest on the Debentures when due;
- (b) failure to pay principal or premium, if any, on the Debentures when due whether at maturity, upon redemption, on a Change of Control, by declaration or otherwise (whether such payment is due in cash, Common Shares or other securities or property or a combination thereof);
- (c) default in the delivery, when due, of all cash and any Common Shares or other consideration, payable on conversion with respect to the Debentures which default continues for 15 days;
- (d) default in the observance or performance of any covenant or condition of this Indenture by the Corporation and the failure to cure (or obtain a waiver for) such default for a period of 30 days after notice in writing has been given to the Corporation by the Debenture Trustee or by holders of not less than 25% in aggregate principal amount of the Debentures specifying such default and requiring the Corporation to rectify such default or obtain a waiver for same;
- (e) if a decree or order of a Court having jurisdiction is entered adjudging the Corporation a bankrupt or insolvent under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or issuing sequestration or process of execution against, or against any substantial part of, the property of the Corporation, or appointing a receiver of, or of any substantial part of, the property of the Corporation or ordering the winding-up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 60 days;
- (f) if the Corporation institutes proceedings to be adjudicated a bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it under the *Bankruptcy and Insolvency Act* (Canada) or any other bankruptcy, insolvency or analogous laws, or consents to the filing of any such petition or to the appointment of a receiver of, or of any substantial part of, the property of the Corporation or makes a general assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due;
- (g) if a resolution is passed for the winding-up or liquidation of the Corporation except in the course of carrying out or pursuant to a transaction in respect of which the conditions of Section 11.1 are duly observed and performed;
- (h) if, after the date of this Indenture, any proceedings with respect to the Corporation are taken with respect to a compromise or arrangement with respect to creditors of the Corporation generally, under the applicable legislation of any jurisdiction; or

- (i) if an event of default occurs or exists under any agreement evidencing indebtedness for borrowed money (other than non-recourse debt) of the Corporation or any Subsidiary and as a result of such event of default (i) indebtedness for borrowed money thereunder in excess of \$10,000,000 (or the equivalent amount in any other currency) has become due and payable before the date it would otherwise have been due and payable, and (ii) the holders of such indebtedness are entitled to commence, and have commenced, the enforcement of security they hold for such indebtedness (if any) or the exercise of any other creditors' remedies to collect such indebtedness.

then: (1) In each and every such event the Debenture Trustee may, in its discretion, but subject to the provisions of this Section, and shall, upon prior funding and indemnity and receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding (or if the Event of Default shall exist only in respect of one or more series of Debentures then outstanding, then upon receipt of a request in writing signed by holders of not less than 25% in principal amount of such series then outstanding), subject to the provisions of Section 8.3, by notice in writing to the Corporation declare the principal of, premium, if any, on and interest on all Debentures then outstanding and all other monies outstanding hereunder to be due and payable and the same shall forthwith become immediately due and payable to the Debenture Trustee (or, if the Event of Default shall exist only in respect of one or more series of the Debentures then outstanding, then the Debenture Trustee may declare the principal of, premium, if any, on and interest on such Debentures due and payable only with respect to such Debentures in which there is an Event of Default) and (2) on the occurrence of an Event of Default under Section 8.1(e), 8.1(f), 8.1(g), 8.1(h) (if such proceedings are initiated by the Corporation) or 8.1(i), the principal of and interest and premium, if any, on all Debentures then outstanding hereunder and all other moneys outstanding hereunder, shall automatically without any declaration or other act on the part of the Debenture Trustee or any Debentureholder become immediately due and payable to the Debenture Trustee and, in either case, upon such amounts becoming due and payable pursuant to either (1) or (2) above, the Corporation shall forthwith pay to the Debenture Trustee for the benefit of the Debentureholders such principal (and premium, if any), accrued and unpaid interest and interest on amounts in default on such Debentures (and, where such a declaration is based upon a voluntary winding-up or liquidation of the Corporation, the premium, if any, on the Debentures then outstanding which would have been payable upon the redemption thereof by the Corporation on the date of such declaration) and all other monies outstanding hereunder, together with subsequent interest at the rate borne by the Debentures on such principal (and premium, if any), interest and such other monies from the date of such declaration until payment is received by the Debenture Trustee, such subsequent interest to be payable at the times and places and in the monies mentioned in and according to the tenor of the Debentures. Such payment when made shall be deemed to have been made in discharge of the Corporation's obligations hereunder and any monies so received by the Debenture Trustee shall be applied in the manner provided in Section 8.6.

For greater certainty, for the purposes of this Section 8.1, a series of Debentures shall be in default in respect of an Event of Default if such Event of Default relates to a default in the payment of principal, premium, if any, or interest on the Debentures of such Series in which case references to Debentures in this Section 8.1 refer to Debentures of that particular series.

For the purposes of this Article 8, where the Event of Default refers to an Event of Default with respect to a particular series of Debenture as described in this Section 8.1, then this Article 8 shall apply mutatis mutandis to the Debentures of such series and references in this Article 8 to the Debentures shall mean Debentures of the particular series, as applicable.

8.2 Notice of Events of Default

If an Event of Default shall occur and be continuing the Debenture Trustee shall, within 30 days after it receives written notice of the occurrence of such Event of Default, give notice of such Event of Default to the Debentureholders in the manner provided in Section 14.2, provided that notwithstanding the foregoing, unless the Debenture Trustee shall have been requested to do so by the holders of at least 25% of the principal amount of

the Debentures then outstanding, the Debenture Trustee shall not be required to give such notice if the Debenture Trustee in good faith shall have determined that the withholding of such notice is in the best interests of the Debentureholders and shall have so advised the Corporation in writing.

When notice of the occurrence of an Event of Default has been given and the Event of Default is thereafter cured, notice that the Event of Default is no longer continuing shall be given by the Debenture Trustee to the Debentureholders within 15 days after the Debenture Trustee becomes aware the Event of Default has been cured.

8.3 Waiver of Default

Upon the happening of any Event of Default hereunder:

- (a) the holders of the Debentures shall have the power (in addition to the powers exercisable by Extraordinary Resolution as hereinafter provided) by requisition in writing by the holders of a majority of the principal amount of Debentures then outstanding, to instruct the Debenture Trustee to waive any Event of Default and to cancel any declaration made by the Debenture Trustee pursuant to Section 8.1 and the Debenture Trustee shall thereupon waive the Event of Default and cancel such declaration, or either, upon such terms and conditions as shall be prescribed in such requisition, provided that notwithstanding the foregoing if the Event of Default has occurred by reason of the non-observance or non-performance by the Corporation of any covenant applicable only to one or more series of Debentures, then the holders of more than 50% of the principal amount of the outstanding Debentures of that series shall be entitled to exercise the foregoing power and the Debenture Trustee shall so act and it shall not be necessary to obtain a waiver from the holders of any other series of Debentures; and
- (b) the Debenture Trustee, so long as it has not become bound to declare the principal of, premium, if any, on and interest on the Debentures then outstanding to be due and payable, or to obtain or enforce payment of the same, shall have power to waive any Event of Default if, in the Debenture Trustee's opinion, the same shall have been cured or adequate satisfaction made therefor, and in such event to cancel any such declaration theretofore made by the Debenture Trustee in the exercise of its discretion, upon such terms and conditions as the Debenture Trustee may deem advisable.

No such act or omission either of the Debenture Trustee or of the Debentureholders shall extend to or be taken in any manner whatsoever to affect any subsequent Event of Default or the rights resulting therefrom.

8.4 Enforcement by the Debenture Trustee

Subject to the provisions of Section 8.3 and to the provisions of any Extraordinary Resolution that may be passed by the Debentureholders and to the provisions of this Section 8.4, if the Corporation shall fail to pay to the Debenture Trustee, forthwith after the same shall have been declared to be due and payable under Section 8.1, the principal of and premium (if any) and interest on all Debentures then outstanding, together with any other amounts due hereunder, the Debenture Trustee may in its discretion and shall upon receipt of a request in writing signed by the holders of not less than 25% in principal amount of the Debentures then outstanding and upon being funded and indemnified to its reasonable satisfaction against all costs, expenses and liabilities to be incurred, proceed in its name as trustee hereunder to obtain or enforce payment of such principal of and premium (if any) and interest on all the Debentures then outstanding together with any other amounts due hereunder by such proceedings authorized by this Indenture or by law or equity as the Debenture Trustee in such request shall have been directed to take, or if such request contains no such direction, or if the Debenture Trustee shall act without such request, then by such proceedings authorized by this Indenture or by suit at law or in equity as the Debenture Trustee shall deem expedient.

The Debenture Trustee shall be entitled and empowered, either in its own name or as trustee of an express trust, or as attorney in fact for the holders of the Debentures, or in any one or more of such capacities, to file such proof of debt, amendment of proof of debt, claim, petition or other document as may be necessary or advisable in order to have the claims of the Debenture Trustee and of the holders of the Debentures allowed in any insolvency, bankruptcy, liquidation or other judicial proceedings relative to the Corporation or its creditors or relative to or affecting its property. The Debenture Trustee is hereby irrevocably appointed (and the successive respective holders of the Debentures by taking and holding the same shall be conclusively deemed to have so appointed the Debenture Trustee) the true and lawful attorney in fact of the respective holders of the Debentures with authority to make and file in the respective names of the holders of the Debentures or on behalf of the holders of the Debentures as a class, subject to deduction from any such claims of the amounts of any claims filed by any of the holders of the Debentures themselves, any proof of debt, amendment of proof of debt, claim, petition or other document in any such proceedings and to receive payment of any sums becoming distributable on account thereof, and to execute any such other papers and documents and to do and perform any and all such acts and things for and on behalf of such holders of the Debentures, as may be necessary or advisable in the opinion of the Debenture Trustee, in order to have the respective claims of the Debenture Trustee and of the holders of the Debentures against the Corporation or its property allowed in any such proceeding, and to receive payment of or on account of such claims; provided, however, that subject to Section 8.3, nothing contained in this Indenture shall be deemed to give to the Debenture Trustee, unless so authorized by Extraordinary Resolution, any right to accept or consent to any plan of reorganization or otherwise by action of any character in such proceeding to waive or change in any way any right of any Debentureholder.

The Debenture Trustee shall also have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised shall be necessary or advisable to preserve and protect its interests and the interests of the Debentureholders.

All rights of action hereunder may be enforced by the Debenture Trustee without the possession of any of the Debentures or the production thereof at trial or other proceedings relating thereto. Any such suit or proceeding instituted by the Debenture Trustee shall be brought in the name of the Debenture Trustee as trustee of an express trust, and any recovery of judgment shall be for the rateable benefit of the holders of the Debentures subject to the provisions of this Indenture. In any proceeding brought by the Debenture Trustee (and also any proceeding in which a declaratory judgment of a court may be sought as to the interpretation or construction of any provision of this Indenture, to which the Debenture Trustee shall be a party) the Debenture Trustee shall be held to represent all the holders of the Debentures, and it shall not be necessary to make any holders of the Debentures parties to any such proceeding.

8.5 No Suits by Debentureholders

No holder of any Debenture shall have any right to institute any action, suit or proceeding at law or in equity for the purpose of enforcing payment of the principal of, or premium (if any) on, or interest on the Debentures or for the execution of any trust or power hereunder or for the appointment of a liquidator or receiver or for a receiving order under the Bankruptcy and Insolvency Act (Canada) or to have the Corporation wound up or to file or prove a claim in any liquidation or bankruptcy proceeding or for any other remedy hereunder, unless: (a) such holder shall previously have given to the Debenture Trustee written notice of the happening of an Event of Default hereunder; and (b) the Debentureholders by Extraordinary Resolution or by written instrument signed by the holders of at least 25% in principal amount of the Debentures then outstanding shall have made a request to the Debenture Trustee and the Debenture Trustee shall have been afforded reasonable opportunity either itself to proceed to exercise the powers hereinbefore granted or to institute an action, suit or proceeding in its name for such purpose; and (c) the Debentureholders or any of them shall have furnished to the Debenture Trustee, when so requested by the Debenture Trustee, sufficient funds and security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (d) the Debenture Trustee shall have failed to act within a reasonable time after such notification, request and offer of indemnity and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Debenture Trustee, to be conditions

precedent to any such proceeding or for any other remedy hereunder by or on behalf of the holder of any Debentures.

8.6 Application of Monies by Debenture Trustee

- (a) Except as herein otherwise expressly provided, any monies received by the Debenture Trustee from the Corporation pursuant to the foregoing provisions of this Article 8, or as a result of legal or other proceedings or from any trustee in bankruptcy or liquidator of the Corporation, shall be applied, together with any other monies in the hands of the Debenture Trustee available for such purpose, as follows:
 - (i) first, in payment or in reimbursement to the Debenture Trustee of its compensation, costs, charges, expenses, borrowings, advances or other monies furnished or provided by or at the instance of the Debenture Trustee in or about the execution of its trusts under, or otherwise in relation to, this Indenture, with interest thereon as herein provided;
 - (ii) second, but subject as hereinafter in this Section 8.6 provided, in payment, rateably and proportionately to (and in the case of applicable withholding taxes, if any, on behalf of) the holders of Debentures, of the principal of and premium (if any) and accrued and unpaid interest and interest on amounts in default on the Debentures which shall then be outstanding in the priority of principal first and then premium and then accrued and unpaid interest and interest on amounts in default unless otherwise directed by Extraordinary Resolution and in that case in such order or priority as between principal, premium (if any) and interest as may be directed by such resolution; and
 - (iii) third, in payment of the surplus, if any, of such monies to the Corporation or its assigns;

provided, however, that no payment shall be made pursuant to clause (ii) above in respect of the principal of, premium on or interest on any Debenture held, directly or indirectly, by or for the benefit of the Corporation or any Subsidiary (other than any Debenture pledged for value and in good faith to a Person other than the Corporation or any Subsidiary but only to the extent of such Person's interest therein) except subject to the prior payment in full of the principal of, premium (if any) on and interest (if any) on all Debentures which are not so held.

- (b) The Debenture Trustee shall not be bound to apply or make any partial or interim payment of any monies coming into its hands if the amount so received by it, after reserving thereout such amount as the Debenture Trustee may think necessary to provide for the payments mentioned in Section 8.6(a), is insufficient to make a distribution of at least 2% of the aggregate principal amount of the outstanding Debentures, but it may retain the money so received by it and invest or deposit the same as provided in Section 15.9 until the money or the investments representing the same, with the income derived therefrom, together with any other monies for the time being under its control shall be sufficient for the said purpose or until it shall consider it advisable to apply the same in the manner hereinbefore set forth. The foregoing shall, however, not apply to a final payment or distribution hereunder.

8.7 Notice of Payment by Debenture Trustee

Not less than 15 days notice shall be given in the manner provided in Section 14.2 by the Debenture Trustee to the Debentureholders of any payment to be made under this Article 8. Such notice shall state the time when and place where such payment is to be made and also the liability under this Indenture to which it is to be applied. After the day so fixed, unless payment shall have been duly demanded and have been refused, the Debentureholders will be entitled to interest only on the balance (if any) of the principal monies, premium (if any) and interest due (if any) to

them, respectively, on the Debentures, after deduction of the respective amounts payable in respect thereof on the day so fixed.

8.8 Debenture Trustee May Demand Production of Debentures

The Debenture Trustee shall have the right to demand production of the Debentures in respect of which any payment of principal, interest or premium required by this Article 8 is made and may cause to be endorsed on the same a memorandum of the amount so paid and the date of payment, but the Debenture Trustee may, in its discretion, dispense with such production and endorsement, upon such indemnity being given to it and to the Corporation as the Debenture Trustee shall deem sufficient.

8.9 Remedies Cumulative

No remedy herein conferred upon or reserved to the Debenture Trustee, or upon or to the holders of Debentures is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or by statute.

8.10 Judgment Against the Corporation

The Corporation covenants and agrees with the Debenture Trustee that, in case of any judicial or other proceedings to enforce the rights of the Debentureholders, judgment may be rendered against it in favour of the Debentureholders or in favour of the Debenture Trustee, as trustee for the Debentureholders, for any amount which may remain due in respect of the Debentures and premium (if any) and the interest thereon and any other monies owing hereunder.

8.11 Immunity of Directors, Officers and Others

The Debentureholders and the Debenture Trustee hereby waive and release any right, cause of action or remedy now or hereafter existing in any jurisdiction against any past, present or future officer, director or employee of the Corporation or any of its Subsidiaries, any Director or any holder of Common Shares or of any successor thereto, for the payment of the principal of or premium or interest on any of the Debentures or on any covenant, agreement, representation or warranty by the Corporation contained herein or in the Debentures.

ARTICLE 9 SATISFACTION AND DISCHARGE

9.1 Cancellation and Destruction

All Debentures shall forthwith after payment thereof be delivered to the Debenture Trustee and cancelled by it. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture shall be destroyed by the Debenture Trustee and, if required by the Corporation, the Debenture Trustee shall furnish to it a destruction certificate setting out the designating numbers of the Debentures so destroyed.

9.2 Non-Presentation of Debentures

Subject to Section 3.1, in case the holder of any Debenture shall fail to present the same for payment on the date on which the principal, premium (if any) or the interest thereon or represented thereby becomes payable either at maturity or otherwise or shall not accept payment on account thereof and give such receipt therefor, if any, as the Debenture Trustee may require:

- (a) the Corporation shall be entitled to pay or deliver to the Debenture Trustee and direct the Debenture Trustee to set aside; or

- (b) in respect of monies or Common Shares in the hands of the Debenture Trustee which may or should be applied to the payment of the Debentures, the Corporation shall be entitled to direct the Debenture Trustee to set aside; or
- (c) if the redemption was pursuant to notice given by the Debenture Trustee, the Debenture Trustee may itself set aside,

the principal, premium (if any) or the interest, as the case may be, in trust to be paid to the holder of such Debenture upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal, premium (if any) or the interest payable on or represented by each Debenture in respect whereof such monies or Common Shares, if applicable, have been set aside shall be deemed to have been paid and the holder thereof shall thereafter have no right in respect thereof except that of receiving delivery and payment of the monies or Common Shares, if applicable, (less applicable withholding taxes, if any) so set aside by the Debenture Trustee upon due presentation and surrender thereof, subject always to the provisions of Section 9.3.

9.3 Repayment of Unclaimed Monies or Common Shares

Subject to applicable law, any monies or Common Shares, if applicable, set aside under Section 9.2 and not claimed by and paid to holders of Debentures as provided in Section 9.2 by the Business Day immediately preceding the fourth anniversary of the date of such setting aside shall be repaid and delivered to the Corporation by the Debenture Trustee and thereupon the Debenture Trustee shall be released from all further liability with respect to such monies or Common Shares, if applicable, and thereafter the holders of the Debentures in respect of which such monies or Common Shares, if applicable, were so repaid to the Corporation shall have no rights in respect thereof except to obtain payment and delivery of the monies or Common Shares, if applicable, from the Corporation subject to any prescription provided by the laws of the Province of Alberta.

9.4 Discharge

The Debenture Trustee shall at the written request of the Corporation release and discharge this Indenture and execute and deliver such instruments as it shall be advised by Counsel are requisite for that purpose and to release the Corporation from its covenants herein contained (other than the provisions relating to the indemnification of the Debenture Trustee), upon proof being given to the reasonable satisfaction of the Debenture Trustee that the principal of and premium (if any) and interest (including interest on amounts in default, if any) on all the Debentures and all other monies payable hereunder have been paid or satisfied, or that all the Debentures have matured or have been duly called for redemption and payment of the principal of and interest (including interest on amounts in default, if any) on such Debentures and of all other monies payable hereunder has been duly and effectually provided for in accordance with the provisions hereof.

9.5 Satisfaction

- (a) The Corporation shall be deemed to have fully paid, satisfied and discharged all of the outstanding Debentures of any series and the Debenture Trustee, at the expense of the Corporation, shall execute and deliver proper instruments acknowledging the full payment, satisfaction and discharge of such Debentures, when, with respect to all of the outstanding Debentures or all of the outstanding Debentures of any series, as applicable:
 - (i) the Corporation has deposited or caused to be deposited with the Debenture Trustee as trust funds or property in trust for the purpose of making payment on such Debentures, an amount in money or Common Shares, if applicable, sufficient to pay, satisfy and discharge the entire amount of principal, premium, if any, and interest, if any, to maturity or any repayment date or Redemption Date, or any Change of Control Purchase Date, or upon conversion or otherwise as the case may be, of such Debentures; or

(ii) the Corporation has deposited or caused to be deposited with the Trustee as trust property in trust for the purpose of making payment on such Debentures:

- (A) if the Debentures are issued in Canadian dollars, such amount in Canadian dollars of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or Common Shares, if applicable; or
- (B) if the Debentures are issued in a currency or currency unit other than Canadian dollars, cash in the currency or currency unit in which the Debentures are payable and/or such amount in currency or currency unit of direct obligations of, or obligations the principal and interest of which are guaranteed by, the Government of Canada or the government that issued the currency or currency unit in which the Debentures are payable or Common Shares, if applicable ;

as will be sufficient to pay and discharge the entire amount of principal of, premium, if any on, and accrued and unpaid interest to maturity or any repayment date, as the case may be, of all such Debentures; or

(iii) all Debentures authenticated and delivered (other than (A) Debentures which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 2.9 and (B) Debentures for whose payment has been deposited in trust and thereafter repaid to the Corporation as provided in Section 9.3) have been delivered to the Trustee for cancellation;

and in either event:

- (iv) the Corporation has paid, caused to be paid or made provision to the satisfaction of the Debenture Trustee for the payment of all other sums payable or which may be payable with respect to all of such Debentures (together with all applicable expenses of the Debenture Trustee in connection with the payment of such Debentures); and
- (v) the Corporation has delivered to the Debenture Trustee an Officer's Certificate stating that all conditions precedent herein provided relating to the payment, satisfaction and discharge of all such Debentures have been complied with.

Any deposits with the Debenture Trustee referred to in this Section 9.5 shall be irrevocable, subject to Section 9.6, and shall be made under the terms of an escrow and/or trust agreement in form and substance satisfactory to the Debenture Trustee and the Corporation and which provides for the due and punctual payment of the principal of, and interest and premium, if any, on the Debentures being satisfied.

- (b) Upon the satisfaction of the conditions set forth in this Section 9.5 with respect to all the outstanding Debentures or all of the outstanding Debentures of any Series, as applicable, the terms and conditions of the Debentures, including the terms and conditions with respect thereto set forth in this Indenture (other than those contained in Article 2, Article 3, Article 4, Article 6 and this Article 9 and the provisions of Article 1 pertaining to the foregoing provisions) shall no longer be binding upon or applicable to the Corporation.
- (c) Any funds or obligations deposited with the Debenture Trustee pursuant to this Section 9.5 shall be denominated in the currency or denomination of the Debentures in respect of which such deposit is made.

- (d) If the Debenture Trustee is unable to apply any money or securities in accordance with this Section 9.5 by reason of any legal proceeding or any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations under this Indenture and the affected Debentures shall be revived and reinstated as though no money or securities had been deposited pursuant to this Section 9.5 until such time as the Debenture Trustee is permitted to apply all such money or securities in accordance with this Section 9.5, provided that if the Corporation has made any payment in respect of principal, premium or interest on Debentures or, as applicable, other amounts because of the reinstatement of its obligations, the Corporation shall be subrogated to the rights of the holders of such Debentures to receive such payment from the money or securities held by the Debenture Trustee.

9.6 Continuance of Rights, Duties and Obligations

- (a) Where trust funds or trust property have been deposited pursuant to Section 9.5, the holders of Debentures and the Corporation shall continue to have and be subject to their respective rights, duties and obligations under Article 2, Article 4 and Article 6 and the provisions of Article 1 pertaining to the foregoing provisions, as may be applicable.
- (b) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5 in respect the Debentures (the "**Defeased Debentures**"), any holder of any of the Defeased Debentures from time to time converts its Debentures to Common Shares or other securities of the Corporation in accordance with Subsection 2.4(f) (in respect of Initial Debentures or the comparable provision of any other series of Debentures), Article 6 or any other provision of this Indenture, the Debenture Trustee shall upon receipt of a Written Direction of the Corporation return to the Corporation from time to time the proportionate amount of the trust funds or other trust property deposited with the Debenture Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures so converted (which amount shall be based on the applicable principal amount of the Defeased Debentures being converted in relation to the aggregate outstanding principal amount of all the Defeased Debentures).
- (c) In the event that, after the deposit of trust funds or trust property pursuant to Section 9.5, the Corporation is required to make a Change of Control Purchase Offer to purchase any outstanding Debentures pursuant to Subsection 2.4(j) (in respect of Initial Debentures or the comparable provision of any other series of Debentures), in relation to Initial Debentures or to make an offer to purchase Debentures pursuant to any other similar provisions relating to any other series of Debentures, the Corporation shall be entitled to use any trust money or trust property deposited with the Debenture Trustee pursuant to Section 9.5 for the purpose of paying to any holders of Defeased Debentures who have accepted any such offer of the Corporation the Debenture Offer Price payable to such holders in respect of such Change of Control Purchase Offer in respect of Initial Debentures (or the total offer price payable in respect of an offer relating to any other series of Debentures). Upon receipt of a Written Direction from the Corporation, the Debenture Trustee shall be entitled to pay to such holder from such trust money or trust property deposited with the Debenture Trustee pursuant to Section 9.5 in respect of the Defeased Debentures which is applicable to the Defeased Debentures held by such holders who have accepted any such offer from the Corporation (which amount shall be based on the applicable principal amount of the Defeased Debentures held by holders that accept any such offer in relation to the aggregate outstanding principal amount of all the Defeased Debentures).

ARTICLE 10
COMMON SHARE INTEREST PAYMENT ELECTION

10.1 Common Share Interest Payment Election

- (a) Provided that no Event of Default has occurred and is continuing under this Indenture and that all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Debentures or Common Shares are then listed), the Corporation shall have the right from time to time to pay the Interest Obligation on an Interest Payment Date, (i) in cash; (ii) by delivering sufficient Common Shares to the Debenture Trustee, for sale in compliance with Applicable Securities Legislation, in which event holders of the Debentures will be entitled to receive a cash payment equal to the interest payable from the proceeds of the sale of such Common Shares; or (iii) any combination of (i) and (ii) above, by delivering a Common Share Interest Payment Election Notice to the Debenture Trustee no later than the earlier of: (i) the date required by applicable law or the rules of any stock exchange on which the Debentures or Common Shares are then listed, and (ii) the day which is 15 Business Days prior to the Interest Payment Date to which the Common Share Interest Payment Election relates. Such Common Share Interest Payment Election Notice shall provide that all or a portion of the Interest Obligation may be paid by the Corporation in Common Shares by the delivery of Common Shares to the Trustee and the subsequent sale of such Common Shares by the Trustee in accordance with this Section 10.1, and if only a portion of the Interest Obligation is to be paid in Common Shares, the Common Share Interest Payment Election shall state such portion to be paid in Common Shares and such portion to be paid in cash.
- (b) Upon receipt of a Common Share Interest Payment Election Notice, the Debenture Trustee shall, in accordance with this Article 10 and such Common Share Interest Payment Election Notice, deliver Common Share Bid Requests to such investment banks, brokers or dealers identified by the Corporation, in its absolute discretion, in the Common Share Interest Payment Election Notice. In connection with the Common Share Interest Payment Election, the Debenture Trustee shall have the power to: (i) accept delivery of the Common Shares from the Corporation and process the Common Shares in accordance with the Common Share Interest Payment Election Notice and this Article 10; (ii) accept bids with respect to, and consummate sales of, such Common Shares in compliance with Applicable Securities Legislation, each as the Corporation shall direct in its absolute discretion through such investment banks, brokers or dealers identified by the Corporation in the Common Share Interest Payment Election Notice; (iii) invest the proceeds of such sales on the direction of the Corporation in Government Obligations which mature prior to the applicable Interest Payment Date and use such proceeds to pay the Interest Obligation in respect of which the Common Share Interest Payment Election was made; (iv) deliver proceeds to holders of Debentures that together with the additional cash payments of the Corporation, if any, will satisfy all of the Corporation's Interest Obligations, as directed by the Corporation in the Common Share Interest Payment Election Notice, and (v) perform any other action necessarily incidental thereto as directed by the Corporation in its absolute discretion. The Common Share Interest Payment Election Notice shall direct the Debenture Trustee to solicit and accept only, and each Common Share Bid Request shall provide that the acceptance of any bid is conditional on the acceptance of, sufficient bids to result in aggregate proceeds from such issue and sale of Common Shares which, together with the cash payments to be made by the Corporation in lieu of fractional Common Shares and other cash payments by the Corporation, if any, equal the Interest Obligation on the Common Share Delivery Date.
- (c) The Common Share Interest Payment Election Notice shall provide for, and all bids shall be subject to, the right of the Corporation, by delivering written notice to the Debenture Trustee at any time prior to the consummation of such delivery and sale of the Common Shares on the Common Share Delivery Date, to withdraw (in whole or in part) the Common Share Interest

Payment Election (which shall have the effect of withdrawing each related Common Share Bid Request), whereupon the Corporation shall be obliged to pay in cash the Interest Obligation in respect of which the Common Share Interest Payment Election Notice has been delivered and subsequently withdrawn.

- (d) Any sale of Common Shares pursuant to this Article 10 may be made to one or more Persons whose bids are solicited, but all such sales with respect to a particular Common Share Interest Payment Election shall take place concurrently on the Common Share Delivery Date.
- (e) The amount received in cash by a holder of a Debenture in respect of the Interest Obligation or the entitlement thereto will not be affected by whether or not, or to what extent, the Corporation elects to satisfy the Interest Obligation pursuant to a Common Share Interest Payment Election.
- (f) The Debenture Trustee shall inform the Corporation promptly following receipt of any bid or bids for Common Shares solicited pursuant to the Common Share Bid Requests. The Debenture Trustee shall accept such bid or bids as the Corporation, in its absolute discretion, shall direct by Written Direction of the Corporation, provided that the aggregate proceeds of all sales of Common Shares resulting from the acceptance of such bids, together with the amount of any cash payment by the Corporation in lieu of any fractional Common Shares and other cash payments by the Corporation, on the Common Share Delivery Date, must be equal to the related Common Share Interest Payment Election Amount in connection with any bids so accepted, the Corporation, the Debenture Trustee (if required by the Corporation in its absolute discretion) and the applicable bidders shall, not later than the Common Share Delivery Date, enter into Common Share Purchase Agreements and shall comply with all Applicable Securities Legislation, including the securities rules and regulations of any stock exchange on which the Debentures or Common Shares are then listed. The Corporation shall pay all fees and expenses in connection with the Common Share Purchase Agreements including the fees and commissions charged by such investment banks, brokers and dealers and the fees of the Debenture Trustee.
- (g) Provided that: (i) all conditions specified in each Common Share Purchase Agreement to the closing of all sales thereunder have been satisfied, other than the delivery of the Common Shares to be sold thereunder against payment of the purchase price thereof; and (ii) the purchasers under each Common Share Purchase Agreement shall be ready, willing and able to perform thereunder, in each case on the Common Share Delivery Date, the Corporation shall, on the Common Share Delivery Date, deliver to the Debenture Trustee the Common Shares to be sold on such date, an amount in cash equal to the value of any fractional Common Shares and an Officer's Certificate to the effect that all conditions precedent to such sales, including those set forth in this Indenture and in each Common Share Purchase Agreement, have been satisfied. Upon such deliveries, the Debenture Trustee shall consummate such sales on such Common Share Delivery Date by the delivery of the Common Shares to such purchasers against payment to the Debenture Trustee in immediately available funds of the purchase price therefore in an aggregate amount equal to the Common Share Interest Payment Election Amount (less any amount attributable to any fractional Common Shares), whereupon the sole right of a holder of Debentures to receive such holder's portion of the Common Share Interest Payment Election Amount will be to receive same from the Debenture Trustee out of the proceeds of such sales of Common Shares plus any amount received by the Debenture Trustee from the Corporation attributable to any fractional Common Shares in full satisfaction of the portion of the Interest Obligation in respect of which the Common Share Interest Payment Election was made and the holder will have no further recourse to the Corporation in respect of that amount of the Interest Obligation.

- (h) The Debenture Trustee shall, on the Common Share Delivery Date, use the sale proceeds of the Common Shares (together with any cash received from the Corporation in lieu of any fractional Common Shares) to purchase, on the direction of the Corporation in writing, Government Obligations which mature prior to the applicable Interest Payment Date and which the Debenture Trustee is required to hold until maturity (the "**Common Share Proceeds Investment**") and shall, on such date, deposit the balance, if any, of such sale proceeds in an account established by the Corporation (and which shall be maintained by and subject to the control of the Debenture Trustee) (the "**Interest Account**") for such Debentures. The Debenture Trustee shall hold such Common Share Proceeds Investment under its exclusive control in an irrevocable trust for the benefit of the holders of the Debentures. At least four Business Days prior to the Interest Payment Date, the Debenture Trustee shall deposit amounts from the proceeds of the Common Share Proceeds Investment in the Interest Account to bring the balance of the Interest Account to the Common Share Interest Payment Election Amount. The Debenture Trustee shall pay the funds held in the Interest Account together with additional cash payments of the Corporation, if any, to the holders of record of the Debentures (less any tax required to be deducted, if any). If payment is made to the holder by cheque, such cheque shall be forwarded at least three (3) Business Days prior to the Interest Payment Date and if payment is made by other means (such as electronic transfer of funds, provided the Debenture Trustee must receive confirmation of receipt of funds prior to being able to wire funds to holders), such payment shall be made in a manner whereby the holder receives credit for such payment on the date such interest on such Debenture becomes due and, provided that there is no Event of Default, shall remit amounts, if any, in respect of income earned on the Common Share Proceeds Investment or otherwise in excess of the Common Share Interest Payment Election Amount to the Corporation.
- (i) Neither the making of a Common Share Payment Election nor the consummation of sales of Common Shares on a Common Share Delivery Date shall (i) result in the holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation payable on such date or (ii) entitle or require such holders to receive any Common Shares in satisfaction of such Interest Obligation.
- (j) No fractional Common Shares will be issued in satisfaction of interest but in lieu thereof the Corporation will satisfy such fractional interest by a cash payment equal to the market price of such fractional interest (less any tax required to be deducted, if any).

ARTICLE 11 SUCCESSORS

11.1 Restrictions on Amalgamation, Merger and Sale of Certain Assets, etc.

Subject to the provisions of Article 12, the Corporation shall not without the consent of the holders of Debentures, enter into any transaction or series of transactions whereby all or substantially all of its undertaking, property or assets would become the property of any other Person (other than the Corporation's direct or indirect wholly-owned Subsidiaries) (herein called a "**Successor**") whether by way of reorganization, consolidation, amalgamation, arrangement, merger, transfer, sale, lease or otherwise, unless:

- (a) prior to or contemporaneously with the consummation of such transaction the Corporation and the Successor shall have executed such instruments and done such things as, in the opinion of Counsel, are necessary or advisable to establish that upon the consummation of such transaction:
 - (i) the Successor will have assumed all the covenants and obligations of the Corporation under this Indenture in respect of the Debentures; and

- (ii) if the Successor is organized otherwise than under the laws of the Province of Alberta, it shall attorn to the jurisdiction of the courts of the Province of Alberta in respect of this Indenture;
- (b) the Debentures will be valid and binding obligations of the Successor entitling the holders thereof, as against the Successor, to all the rights of Debentureholders under this Indenture;
- (c) after giving effect to the transaction, no Event of Default, and no event that, after notice or lapse of time, or both, would become an Event of Default, will occur;
- (d) other conditions described in the Indenture are met; and
- (e) such transaction, in the opinion of Counsel, shall be on such terms as to substantially preserve and not impair any of the rights and powers of the Debenture Trustee or of the Debentureholders hereunder.

For certainty, the sale, conveyance, transfer or lease (in a single transaction or a series of transactions) of the properties or assets of one or more of the Corporation's Subsidiaries (other than to the Corporation or another direct or indirect wholly-owned Subsidiary) which, if such properties or assets were directly owned by the Corporation, would constitute all or substantially all of the Corporation's properties or assets on a consolidated basis, will be deemed to be a sale, conveyance, transfer or lease of all or substantially all of the Corporation's properties or assets.

11.2 Vesting of Powers in Successor

Whenever the conditions of Section 11.1 shall have been duly observed and performed, any Successor formed by or resulting from such transaction shall succeed to, and be substituted for, and may exercise every right and power of the Corporation under this Indenture with the same effect as though the Successor had been named as the Corporation herein and thereafter, the Corporation shall be relieved of all obligations and covenants under this Indenture and the Debentures. The Debenture Trustee will, at the expense of the Successor, execute any documents which it may be advised by Counsel are necessary or advisable for effecting or evidencing such release and discharge.

ARTICLE 12 COMPULSORY ACQUISITION

12.1 Offer for Debentures

If an Offer for all of the outstanding Debentures (other than Offeror's Debentures) is made and:

- (a) within the time provided in the Offer for its acceptance or within 120 days after the date the Offer is made, whichever period is the shorter, the Offer is accepted by Debentureholders representing at least 90% of the outstanding principal amount of the Debentures, other than the Offeror's Debentures;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for the Debentures of the Debentureholders who accepted the Offer; and
- (c) the Offeror complies with Sections 12.2 and 12.4,

the Offeror is entitled to acquire, and the Dissenting Debentureholders are required to sell to the Offeror, the Debentures held by the Dissenting Debentureholders for the same consideration per Debenture payable or paid, as the case may be, under the Offer.

12.2 Offeror's Notice to Dissenting Debentureholders

Where an Offeror is entitled to acquire Debentures held by Dissenting Debentureholders pursuant to Section 12.1 and the Offeror wishes to exercise such right, the Offeror shall send by registered mail within 30 days after the date of termination of the Offer a notice (the "**Offeror's Notice**") to each Dissenting Debentureholder stating that:

- (a) Debentureholders holding at least 90% of the principal amount of all outstanding Debentures, other than Offeror's Debentures, have accepted the Offer;
- (b) the Offeror is bound to take up and pay for, or has taken up and paid for, the Debentures of the Debentureholders who accepted the Offer;
- (c) Dissenting Debentureholders must transfer their respective Debentures to the Offeror on the terms on which the Offeror acquired the Debentures of the Debentureholders who accepted the Offer within 21 days after the date of the sending of the Offeror's Notice; and
- (d) Dissenting Debentureholders must send their respective Debenture certificate(s) to the Debenture Trustee within 21 days after the date of the sending of the Offeror's Notice.

12.3 Delivery of Debenture Certificates

A Dissenting Debentureholder to whom an Offeror's Notice is sent pursuant to Section 12.2 shall, within 21 days after the sending of the Offeror's Notice, send his or her Debenture certificate(s) to the Debenture Trustee duly endorsed for transfer.

12.4 Payment of Consideration to Debenture Trustee

Within 21 days after the Offeror sends an Offeror's Notice pursuant to Section 12.2, the Offeror shall pay or transfer to the Debenture Trustee, or to such other Person as the Debenture Trustee may direct, the cash or other consideration that is payable to Dissenting Debentureholders pursuant to Section 12.1. The acquisition by the Offeror of all Debentures held by all Dissenting Debentureholders shall be effective as of the time of such payment or transfer.

12.5 Consideration to Be Held in Trust

The Debenture Trustee, or the Person directed by the Debenture Trustee, shall hold in trust for the Dissenting Debentureholders the cash or other consideration they or it receives under Section 12.4. The Debenture Trustee, or such Persons, shall deposit cash in a separate account in a Canadian chartered bank, or other body corporate, any of whose deposits are insured by the Canada Deposit Insurance Company, and shall place other consideration in the custody of a Canadian chartered bank or such other body corporate.

12.6 Completion of Transfer of Debentures to Offeror

Within 30 days after the date of the sending of an Offeror's Notice pursuant to Section 12.2, the Debenture Trustee, if the Offeror has complied with Section 12.2 and Section 12.4, shall:

- (a) do all acts and things and execute and cause to be executed all instruments as in the Debenture Trustee's opinion may be necessary or desirable to cause the transfer of the Debentures of the Dissenting Debentureholders to the Offeror;

- (b) send to each Dissenting Debentureholder who has complied with Section 12.3 the consideration to which such Dissenting Debentureholder is entitled under this Article 12 net of applicable withholding taxes, if any; and
- (c) send to each Dissenting Debentureholder who has not complied with Section 12.3 a notice stating that:
 - (i) his or her Debentures have been transferred to the Offeror;
 - (ii) the Debenture Trustee or some other Person designated in such notice are holding in trust the consideration for such Debentures; and
- (d) the Debenture Trustee, or such other Person, will send the consideration to such Dissenting Debentureholder as soon as possible after receiving such Dissenting Debentureholder's Debenture certificate(s) or such other documents as the Debenture Trustee or such other Person may require in lieu thereof,

and the Debenture Trustee is hereby appointed the agent and attorney in fact, and is granted power of attorney with respect to the Debentures, of the Dissenting Debentureholders for the purposes of giving effect to the foregoing provisions including, without limitation, the power and authority to execute such transfers as may be necessary or desirable in respect of the book-entry only registration system of the Depository.

12.7 Communication of Offer to the Corporation

An Offeror cannot make an Offer for Debentures unless, concurrent with the communication of the Offer to any Debentureholder, a copy of the Offer is provided to the Corporation, which will then provide a copy to the Debenture Trustee.

ARTICLE 13 MEETINGS OF DEBENTUREHOLDERS

13.1 Right to Convene Meeting

The Debenture Trustee or the Corporation may at any time and from time to time, and the Debenture Trustee shall, on receipt of a Written Direction of the Corporation or a written request signed by the holders of not less than 25% of the principal amount of the Debentures then outstanding and upon receiving funding and being indemnified to its reasonable satisfaction by the Corporation or by the Debentureholders signing such request against the costs which may be incurred in connection with the calling and holding of such meeting, convene a meeting of the Debentureholders. In the event of the Debenture Trustee failing, within 30 days after receipt of any such request and such funding of indemnity, to give notice convening a meeting, the Corporation or such Debentureholders, as the case may be, may convene such meeting. Every such meeting shall be held in the city of Calgary or at such other place as may be approved or determined by the Corporation and the Debenture Trustee. In connection with any meeting of Debentureholders, the Corporation shall comply with applicable law including, if applicable, National Instrument 54-101 — Communication with Beneficial Owners of Securities of a Reporting Issuer.

13.2 Notice of Meetings

- (a) At least 21 days' notice of any meeting shall be given to the Debentureholders in the manner provided in Section 14.2 and a copy of such notice shall be sent by post to the Debenture Trustee, unless the meeting has been called by it. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be

necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Article. The accidental omission to give notice of a meeting to any holder of Debentures shall not invalidate any resolution passed at any such meeting. A holder may waive notice of a meeting either before or after the meeting.

- (b) If the business to be transacted at any meeting by Extraordinary Resolution or otherwise, or any action to be taken or power exercised by instrument in writing under Section 13.15, especially affects the rights of holders of Debentures of one or more series in a manner or to an extent differing in any material way from that in or to which the rights of holders of Debentures of any other series are affected (determined as provided in Sections 13.2(c) and (d)), then:
 - (i) a reference to such fact, indicating each series of Debentures in the opinion of the Trustee based on the opinion of Counsel so especially affected (hereinafter referred to as the “**especially affected series**”) shall be made in the notice of such meeting, and in any such case the meeting shall be and be deemed to be and is herein referred to as a “**Serial Meeting**”; and
 - (ii) the holders of Debentures of an especially affected series shall not be bound by any action taken at a Serial Meeting or by instrument in writing under Section 13.15 unless in addition to compliance with the other provisions of this Article 13:
 - (A) at such Serial Meeting: (I) there are Debentureholders present in person or by proxy and representing at least 25% in principal amount of the Debentures then outstanding of such series, subject to the provisions of this Article 13 as to quorum at adjourned meetings; and (II) the resolution is passed by the affirmative vote of the holders of more than 50% (or in the case of an Extraordinary Resolution not less than 66 2/3%) of the principal amount of the Debentures of such series then outstanding voted on the resolution; or
 - (B) in the case of action taken or power exercised by instrument in writing under Section 13.15, such instrument is signed in one or more counterparts by the holders of not less than 66 2/3% in principal amount of the Debentures of such series then outstanding.
- (c) Subject to Section 13.2(d), the determination as to whether any business to be transacted at a meeting of Debentureholders, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, especially affects the rights of the Debentureholders of one or more series in a manner or to an extent differing in any material way from that in or to which it affects the rights of Debentureholders of any other series (and is therefore an especially affected series) shall be determined by an opinion of Counsel, which shall be binding on all Debentureholders, the Trustee and the Corporation for all purposes hereof.
- (d) A proposal:
 - (i) to extend the maturity of Debentures of any particular series or to reduce the principal amount thereof, the rate of interest or redemption premium thereon or to impair any conversion right thereof;
 - (ii) to modify or terminate any covenant or agreement which by its terms is effective only so long as Debentures of a particular series are outstanding; or
 - (iii) to reduce with respect to Debentureholders of any particular series any percentage stated in this Section 13.2 or Sections 13.4, 13.12 and 13.15;

shall be deemed to especially affect the rights of the Debentureholders of such series in a manner differing in a material way from that in which it affects the rights of holders of Debentures of any other series, whether or not a similar extension, reduction, modification or termination is proposed with respect to Debentures of any or all other series.

13.3 Chairman

Some Person, who need not be a Debentureholder, nominated in writing by the Corporation (in case it convenes the meeting) or by the Debenture Trustee (in any other case) shall be chairman of the meeting and if no Person is so nominated, or if the Person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Debentureholders present in Person or by proxy shall choose some Person present to be chairman.

13.4 Quorum

Subject to the provisions of Section 13.13, at any meeting of the Debentureholders a quorum shall consist of Debentureholders present in Person or by proxy and representing at least 25% in principal amount of the outstanding Debentures and, if the meeting is a Serial Meeting, at least 25% of the Debentures then outstanding of the especially affected series. If a quorum of the Debentureholders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting, if summoned by the Debentureholders or pursuant to a request of the Debentureholders, shall be dissolved, but in any other case the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Debentureholders present in Person or by proxy shall, subject to the provisions of Section 13.13, constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures or of the Debentures of the especially affected series. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum be present at the commencement of business.

13.5 Power to Adjourn

The chairman of any meeting at which a quorum of the Debentureholders is present may, with the consent of the holders of a majority in principal amount of the Debentures represented thereat, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe.

13.6 Show of Hands

Every question submitted to a meeting shall, subject to Section 13.7, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact.

The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

13.7 Poll

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Debentureholders or proxies for Debentureholders, a poll shall be taken in such

manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures and of each especially affected series, if applicable, represented at the meeting and voted on the poll.

13.8 Voting

On a show of hands every Person who is present and entitled to vote, whether as a Debentureholder or as proxy for one or more Debentureholders or both, shall have one vote. On a poll each Debentureholder present in Person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he shall then be the holder. In the case of any Debenture denominated in a currency or currency unit other than Canadian dollars, the principal amount thereof for these purposes shall be computed in Canadian dollars on the basis of the conversion of the principal amount thereof at the applicable spot buying rate of exchange for such other currency or currency unit as reported by the Bank of Canada at the close of business on the Business Day next preceding the meeting. A proxy need not be a Debentureholder. In the case of joint holders of a Debenture, any one of them present in Person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in Person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

In the case of a Global Debenture, the Depositary may appoint or cause to be appointed a Person or Persons as proxies and shall designate the number of votes entitled to each such Person, and each such Person shall be entitled to be present at any meeting of Debentureholders and shall be the Persons entitled to vote at such meeting in accordance with the number of votes set out in the Depositary's designation.

13.9 Proxies

A Debentureholder may be present and vote at any meeting of Debentureholders by an authorized representative. The Corporation (in case it convenes the meeting) or the Debenture Trustee (in any other case) for the purpose of enabling the Debentureholders to be present and vote at any meeting without producing their Debentures, and of enabling them to be present and vote at any such meeting by proxy and of lodging instruments appointing such proxies at some place other than the place where the meeting is to be held, may from time to time make and vary such regulations as it shall think fit providing for and governing any or all of the following matters:

- (a) the form of the instrument appointing a proxy, which shall be in writing, and the manner in which the same shall be executed and the production of the authority of any Person signing on behalf of a Debentureholder;
- (b) the deposit of instruments appointing proxies at such place as the Debenture Trustee, the Corporation or the Debentureholder convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjournment thereof by which the same must be deposited; and
- (c) the deposit of instruments appointing proxies at some approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxies to be mailed, faxed, or sent by other electronic means before the meeting to the Corporation or to the Debenture Trustee at the place where the same is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting.

13.10 Regulations

The Debenture Trustee, or the Corporation with the approval of the Debenture Trustee, may from time to time make and from time to time vary such regulations as it shall from time to time think fit providing for or governing the following:

- (a) voting by proxy by Debentureholders, the form of the instrument appointing a proxyholder (which shall be in writing) and the manner in which it may be executed, and the authority to be provided by any Person signing a proxy on behalf of a Debentureholder;
- (b) the deposit of instruments appointing proxyholders at such place as the Debenture Trustee, the Corporation or the Debentureholders convening the meeting, as the case may be, may, in the notice convening the meeting, direct and the time, if any, before the holding of the meeting or any adjustment thereof by which the same shall be deposited;
- (c) the deposit of instruments appointing proxyholders at an approved place or places other than the place at which the meeting is to be held and enabling particulars of such instruments appointing proxyholders to be provided before the meeting to the Corporation or to the Debenture Trustee at the place at which the meeting is to be held and for the voting of proxies so deposited as though the instruments themselves were produced at the meeting; and
- (d) generally for the calling of a meeting of Debentureholders and the conduct of business thereat.

Any regulations so made shall be binding and effective and the votes given in accordance therewith shall be valid and shall be counted. Save as such regulations may provide, the only Persons who shall be recognized at any meeting as the holders of any Debentures, or as entitled to vote or be present at the meeting in respect thereof, shall be Debentureholders and Persons whom Debentureholders have by instrument in writing duly appointed as their proxies.

13.11 Persons Entitled to Attend Meetings

The Corporation, each Subsidiary of the Corporation and the Debenture Trustee, by their respective officers, directors, employees and agents (as applicable), the auditors of the Corporation, the legal advisers of the Corporation or any Debentureholder may attend any meeting of the Debentureholders, but shall have no vote as such.

13.12 Powers Exercisable by Extraordinary Resolution

In addition to the powers conferred upon them by any other provisions of this Indenture or by law, a meeting of the Debentureholders shall have the following powers exercisable from time to time by Extraordinary Resolution, subject in the case of the matters in paragraphs (a), (b), (c), (d) and (1) to receipt of the prior approval of the TSX-V (if applicable) or such other exchange on which the Debentures are then listed:

- (a) power to authorize the Debenture Trustee to grant extensions of time for payment of any principal, premium or interest on the Debentures, whether or not the principal, premium, or interest, the payment of which is extended, is at the time due or overdue;
- (b) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Debentureholders or the Debenture Trustee against the Corporation, or against its property, whether such rights arise under this Indenture or the Debentures or otherwise provided that such sanctioned actions are not prejudicial to the Debenture Trustee;

- (c) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Indenture or any Debenture which shall be agreed to by the Corporation and to authorize the Debenture Trustee to concur in and execute any indenture supplemental hereto embodying any modification, change, addition or omission;
- (d) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Corporation or for the consolidation, amalgamation or merger of the Corporation with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Corporation or any part thereof, provided that no such sanction shall be necessary in respect of any such transaction if the provisions of Section 11.1 shall have been complied with;
- (e) power to direct or authorize the Debenture Trustee to exercise any power, right, remedy or authority given to it by this Indenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;
- (f) power to waive, and direct the Debenture Trustee to waive, any default hereunder and/or cancel any declaration made by the Debenture Trustee pursuant to Section 8.1 either unconditionally or upon any condition specified in such Extraordinary Resolution;
- (g) power to restrain any Debentureholder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal, premium or interest on the Debentures, or for the execution of any trust or power hereunder;
- (h) power to direct any Debentureholder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same upon payment, if the taking of such suit, action or proceeding shall have been permitted by Section 8.5, of the costs, charges and expenses reasonably and properly incurred by such Debentureholder in connection therewith;
- (i) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any Common Shares or other securities of the Corporation;
- (j) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise, and to direct the Debenture Trustee to exercise, on behalf of the Debentureholders, such of the powers of the Debentureholders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of Persons as shall be prescribed in the resolution appointing it and the members need not be themselves Debentureholders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Debentureholders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;
- (k) power to remove the Debenture Trustee from office and to appoint a new Debenture Trustee or Debenture Trustees provided that no such removal shall be effective unless and until a new Debenture Trustee or Debenture Trustees shall have become bound by this Indenture;

- (l) power to sanction the exchange of the Debentures for or the conversion thereof into Common Shares, bonds, debentures or other securities or obligations of the Corporation or of any other Person formed or to be formed;
- (m) power to authorize the distribution in specie of securities received pursuant to a transaction authorized under the provisions of Section 13.12(l); and
- (n) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Debentureholders or by any committee appointed pursuant to Section 13.12(j).

13.13 Meaning of "Extraordinary Resolution"

- (a) The expression "**Extraordinary Resolution**" when used in this Indenture means, subject as hereinafter in this Article provided, a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Debentureholders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions of this Article at which the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of the especially affected series, represent in Person or by proxy and passed by the favourable votes of the holders of not less than ~~66~~⁶⁶% of the principal amount of the outstanding Debentures and if the meeting is a Serial Meeting by the affirmative vote of not less than ~~66~~⁶⁶% of each especially affected series present or represented by proxy at the meeting and voted upon on a poll on such resolution.
- (b) If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, at which holders of not less than 25% of the principal amount of the Debentures then outstanding of the especially affected series, are not present in Person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting, if convened by or on the requisition of Debentureholders, shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days notice shall be given of the time and place of such adjourned meeting in the manner provided in Section 14.2. Such notice shall state that at the adjourned meeting the Debentureholders present in Person or by proxy shall form a quorum. At the adjourned meeting the Debentureholders present in Person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than ~~66~~⁶⁶% of the principal amount of the Debentures present and if the meeting is a Serial Meeting by the affirmative vote of not less than ~~66~~⁶⁶% of each especially affected series or represented by proxy at the meeting and voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding are not present in Person or by proxy at such adjourned meeting.
- (c) Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

13.14 Powers Cumulative

Any one or more of the powers in this Indenture stated to be exercisable by the Debentureholders by Extraordinary Resolution or otherwise may be exercised from time to time and the exercise of any one or more of such powers from time to time shall not be deemed to exhaust the rights of the Debentureholders to exercise the same or any other such power or powers thereafter from time to time.

13.15 Minutes

Minutes of all resolutions and proceedings at every meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Debenture Trustee at the expense of the Corporation, and any such minutes as aforesaid, if signed by the chairman of the meeting at which such resolutions were passed or proceedings had, or by the chairman of the next succeeding meeting of the Debentureholders, shall be prima facie evidence of the matters therein stated and, until the contrary is proved, every such meeting, in respect of the proceedings of which minutes shall have been made, shall be deemed to have been duly held and convened, and all resolutions passed thereat or proceedings taken thereat to have been duly passed and taken.

13.16 Instruments in Writing

All actions which may be taken and all powers that may be exercised by the Debentureholders at a meeting held as hereinbefore in this Article provided may also be taken and exercised by the holders ~~of 60%~~ of the principal amount of all the outstanding Debentures by an instrument in writing signed in one or more counterparts and the expression "**Extraordinary Resolution**" when used in this Indenture shall include an instrument so signed.

13.17 Binding Effect of Resolutions

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this Article at a meeting of Debentureholders shall be binding upon all the Debentureholders, whether present at or absent from such meeting, and every instrument in writing signed by Debentureholders in accordance with Section 13.16 shall be binding upon all the Debentureholders, whether signatories thereto or not, and each and every Debentureholder and the Debenture Trustee (subject to the provisions for its indemnity herein contained) shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

13.18 Evidence of Rights of Debentureholders

- (a) Any request, direction, notice, consent or other instrument which this Indenture may require or permit to be signed or executed by the Debentureholders may be in any number of concurrent instruments of similar tenor signed or executed by such Debentureholders.
- (b) The Debenture Trustee may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

13.19 If in the opinion of Counsel any business to be transacted at any meeting, or any action to be taken or power to be exercised by instrument in writing under Section 13.15, does not adversely affect the rights of the holders of Debentures of one or more series, the provisions of this Article 13 shall apply as if the Debentures of such series were not outstanding and no notice of any such meeting need be given to the holders of Debentures of such series. Without limiting the generality of the foregoing, a proposal to modify or terminate any covenant or agreement which is effective only so long as Debentures of a particular series are outstanding shall be deemed not to adversely affect the rights of the holders of Debentures of any other series.

13.20 Record Dates

If the Corporation shall solicit from the holders of Debentures any request, demand, authorization, direction, notice, consent, waiver or other action, the Corporation may, at its option, by or pursuant to a Written Direction of the Corporation, fix in advance a record date for the determination of such holders entitled to provide such request, demand, authorization, direction, notice, consent, waiver or other action, but the Corporation shall have the obligation to do so. Any such record date shall be the record date specified in or pursuant to such Written Direction of the Corporation.

If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other action may be given before or after such record date, but only the holders of record at the close of business on such record date shall be deemed to be holders for the purposes of determining whether holders of the requisite proportion of Debentures then outstanding have authorized or agreed or consented to such request, demand, authorization, notice, consent, waiver or other act, and for this purpose the Debentures then outstanding shall be computed as of such record date.

ARTICLE 14 NOTICES

14.1 Notice to the Corporation

Any notice to the Corporation under the provisions of this Indenture shall be valid and effective if delivered to the Corporation at 100 Diamond Avenue, PO Box 3490, Spruce Grove, Alberta, T7X 3A7, Attention: Chief Financial Officer, Facsimile No.: (780) 962-1722, and copies delivered to Shea Nerland Calnan LLP, 2800, 715 – 5th Avenue S.W., Calgary, Alberta T2P 2X6, Attention: Joe Brennan Facsimile No.: (403) 299-9601 or if given by registered letter, postage prepaid, to such offices and so addressed and if mailed, shall be deemed to have been effectively given three Business Days following the mailing thereof. The Corporation may from time to time notify the Debenture Trustee in writing of a change of address which thereafter, until changed by like notice, shall be the address of the Corporation for all purposes of this Indenture.

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Corporation would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to this Section 14.1, such notice shall be valid and effective only if delivered at the appropriate address in accordance with this Section 14.1.

14.2 Notice to Debentureholders

Subject to Section 3.1, all notices to be given hereunder with respect to the Debentures shall be deemed to be validly given to the holders thereof if sent by first class mail, postage prepaid, by letter or circular addressed to such holders at their post office addresses appearing in any of the registers hereinbefore mentioned and shall be deemed to have been effectively given three Business Days following the day of mailing. Accidental error or omission in giving notice or accidental failure to mail notice to any Debentureholder or the inability of the Corporation to give or mail any notice due to any event beyond the reasonable control of the Corporation shall not invalidate any action or proceeding founded thereon.

If any notice given in accordance with the foregoing paragraph would be unlikely to reach the Debentureholders to whom it is addressed in the ordinary course of post by reason of an interruption in mail service, whether at the place of dispatch or receipt or both, the Corporation shall give such notice by publication at least once in the city of Calgary, Alberta (or in such of those cities as, in the opinion of the Debenture Trustee, is sufficient in the particular circumstances), each such publication to be made in a daily newspaper of general circulation in the designated city.

Any notice given to Debentureholders by publication shall be deemed to have been given on the day on which publication shall have been effected at least once in each of the newspapers in which publication was required.

All notices with respect to any Debenture may be given to whichever one of the holders thereof (if more than one) is named first in the registers hereinbefore mentioned, and any notice so given shall be sufficient notice to all holders of any Persons having an interest in such Debenture.

14.3 Notice to Debenture Trustee

Any notice to the Debenture Trustee under the provisions of this Indenture shall be valid and effective if delivered to the Debenture Trustee at its offices in the city of Calgary at 2300, 125 – 9th Avenue SE, Calgary, Alberta T2G 0P6] Attention: Manager, Corporate and Shareholder Services or if sent by facsimile to facsimile number (403) 265-1455, Attention: Manager, Corporate and Shareholder Services, or if given by registered letter, postage prepaid, to such offices and so addressed and, if mailed, shall be deemed to have been effectively given three Business Days following the mailing thereof.

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Debenture Trustee would reasonably be unlikely to reach its destination by the time notice by mail is deemed to have been given pursuant to this Section 14.3 such notice shall be valid and effective only if delivered at the appropriate address in accordance with this Section 14.3.

ARTICLE 15 CONCERNING THE DEBENTURE TRUSTEE

15.1 No Conflict of Interest

The Debenture Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture there exists no material conflict of interest in the role of the Debenture Trustee as a fiduciary hereunder but if, notwithstanding the provisions of this Section 15.1, such a material conflict of interest exists, or hereafter arises, the validity and enforceability of this Indenture, and the Debentures issued hereunder, shall not be affected in any manner whatsoever by reason only that such material conflict of interest exists or arises but the Debenture Trustee shall, within 30 days after ascertaining that it has a material conflict of interest, either eliminate such material conflict of interest or resign in the manner and with the effect specified in Section 15.2.

15.2 Replacement of Debenture Trustee

The Debenture Trustee may resign its trust and be discharged from all further duties and liabilities hereunder by giving to the Corporation 60 days notice in writing or such shorter notice as the Corporation may accept as sufficient. The Corporation may at any time remove the existing Debenture Trustee and appoint a new Debenture Trustee. The Debentureholders by Extraordinary Resolution shall have the power at any time to remove the existing Debenture Trustee and to appoint a new Debenture Trustee. In the event of the Debenture Trustee resigning or being removed or being dissolved, becoming bankrupt, going into liquidation or otherwise becoming incapable of acting hereunder, the Corporation shall forthwith appoint a new Debenture Trustee unless a new Debenture Trustee has already been appointed by the Debentureholders. Failing such appointment by the Corporation, the retiring Debenture Trustee or any Debentureholder may apply to an Alberta court, on such notice as such Alberta court may direct at the Corporation's expense, for the appointment of a new Debenture Trustee but any new Debenture Trustee so appointed by the Corporation or by the Court shall be subject to removal as aforesaid by the Corporation or the Debentureholders and the appointment of such new Debenture Trustee shall be effective only upon such new Debenture Trustee becoming bound by this Indenture. Any new Debenture Trustee appointed under any provision of this Section 15.2 shall be a corporation authorized to carry on the business of a trust company in the Province of Alberta. On any new appointment the new Debenture Trustee shall be vested with the same powers, rights, duties and responsibilities as if it had been originally named herein as Debenture Trustee.

Any company into which the Debenture Trustee may be merged or, with or to which it may be consolidated, amalgamated or sold, or any company resulting from any merger, consolidation, sale or amalgamation to which the Debenture Trustee shall be a party, or any company succeeding to the corporate trust business of the Debenture Trustee shall be the successor Debenture Trustee under this Indenture without the execution of any instrument or any further act. Nevertheless, upon the written request of the successor Debenture Trustee or of

the Corporation, the Debenture Trustee ceasing to act shall execute and deliver an instrument assigning and transferring to such successor Debenture Trustee, upon the terms herein expressed, all the rights, powers and trusts of the Debenture Trustee so ceasing to act, and shall duly assign, transfer and deliver all property and money held by such Debenture Trustee to the successor Debenture Trustee so appointed in its place. Should any deed, conveyance or instrument in writing from the Corporation be required by any new Debenture Trustee for more fully and certainly vesting in and confirming to it such estates, properties, rights, powers and trusts, then any and all such deeds, conveyances and instruments in writing shall on request of said new Debenture Trustee, be made, executed, acknowledged and delivered by the Corporation.

15.3 Duties of Debenture Trustee

In the exercise of the rights, duties and obligations prescribed or conferred by the terms of this Indenture, the Debenture Trustee shall act honestly and in good faith and exercise that degree of care, diligence and skill that a reasonably prudent trustee would exercise in comparable circumstances.

15.4 Reliance Upon Declarations, Opinions, etc.

In the exercise of its rights, duties and obligations hereunder the Debenture Trustee may, if acting in good faith, act and rely, as to the truth of the statements and accuracy of the opinions expressed therein, upon statutory declarations, opinions, reports or certificates furnished pursuant to any covenant, condition or requirement of this Indenture or required by the Debenture Trustee to be furnished to it in the exercise of its rights and duties hereunder, if the Debenture Trustee examines such statutory declarations, opinions, reports or certificates and determines that they comply with Section 15.5, if applicable, and with any other applicable requirements of this Indenture. The Debenture Trustee may nevertheless, in its discretion, require further proof in cases where it deems further proof desirable. Without restricting the foregoing, the Debenture Trustee may act and rely on an opinion of Counsel satisfactory to the Debenture Trustee notwithstanding that it is delivered by a solicitor or firm which acts as solicitors for the Corporation.

15.5 Evidence and Authority to Debenture Trustee, Opinions, etc.

The Corporation shall furnish to the Debenture Trustee evidence of compliance with the conditions precedent provided for in this Indenture relating to any action or step required or permitted to be taken by the Corporation or the Debenture Trustee under this Indenture or as a result of any obligation imposed under this Indenture, including without limitation, the certification and delivery of Debentures hereunder, the satisfaction and discharge of this Indenture and the taking of any other action to be taken by the Debenture Trustee at the request of or on the application of the Corporation, forthwith if and when (a) such evidence is required by any other Section of this Indenture to be furnished to the Debenture Trustee in accordance with the terms of this Section 15.5, or (b) the Debenture Trustee, in the exercise of its rights and duties under this Indenture, gives the Corporation written notice requiring it to furnish such evidence in relation to any particular action or obligation specified in such notice.

Such evidence shall consist of:

- (a) a certificate made by any one officer or director of the Corporation, stating that any such condition precedent has been complied with in accordance with the terms of this Indenture;
- (b) an opinion of Counsel that such condition precedent has been complied with in accordance with the terms of this Indenture; and
- (c) in the case of any such condition precedent compliance with which is subject to review or examination by auditors or accountants, an opinion or report of the auditors of the Corporation whom the Debenture Trustee for such purposes hereby approves, that such condition precedent has been complied with in accordance with the terms of this Indenture.

Whenever such evidence relates to a matter other than the certificates and delivery of Debentures and the satisfaction and discharge of this Indenture, and except as otherwise specifically provided herein, such evidence may consist of a report or opinion of any solicitor, auditor, accountant, engineer or appraiser or any other Person whose qualifications give authority to a statement made by him, provided that if such report or opinion is furnished by a director or officer or employee of the Corporation, it shall be in the form of a statutory declaration. Such evidence shall be, so far as appropriate, in accordance with the immediately preceding paragraph of this Section 15.5.

Each statutory declaration, certificate, opinion or report with respect to compliance with a condition precedent provided for in the Indenture shall include (a) a statement by the Person giving the evidence that he has read and is familiar with those provisions of this Indenture relating to the condition precedent in question, (b) a brief statement of the nature and scope of the examination or investigation upon which the statements or opinions contained in such evidence are based, (c) a statement that, in the belief of the Person giving such evidence, he has made such examination or investigation as is necessary to enable him to make the statements or give the opinions contained or expressed therein, and (d) a statement whether in the opinion of such Person the conditions precedent in question have been complied with or satisfied.

The Corporation shall furnish to the Debenture Trustee at any time if the Debenture Trustee reasonably so requires, an Officer's Certificate that the Corporation has complied with all covenants, conditions or other requirements contained in this Indenture, the non-compliance with which would, with the giving of notice or the lapse of time, or both, or otherwise, constitute an Event of Default, or if such is not the case, specifying the covenant, condition or other requirement which has not been complied with and giving particulars of such non-compliance. The Corporation shall, whenever the Debenture Trustee so requires, furnish the Debenture Trustee with evidence by way of statutory declaration, opinion, report or certificate as specified by the Debenture Trustee as to any action or step required or permitted to be taken by the Corporation or as a result of any obligation imposed by this Indenture.

15.6 Officer's Certificates Evidence

Except as otherwise specifically provided or prescribed by this Indenture, whenever in the administration of the provisions of this Indenture the Debenture Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Debenture Trustee, if acting in good faith, may act and rely upon an Officer's Certificate.

15.7 Experts, Advisers and Agents

The Debenture Trustee may:

- (a) employ or retain and act and rely on the opinion or advice of or information obtained from any solicitor, auditor, valuator, engineer, surveyor, appraiser or other expert or advisor, whether obtained by the Debenture Trustee or by the Corporation, or otherwise, and shall not be liable for acting, or refusing to act, in good faith on any such opinion or advice and may pay proper and reasonable compensation for all such legal and other advice or assistance as aforesaid; and
- (b) employ such agents and other assistants as it may reasonably require for the proper discharge of its duties hereunder, and may pay reasonable remuneration for all services performed for it (and shall be entitled to receive reasonable remuneration for all services performed by it) in the discharge of the trusts hereof and compensation for all disbursements, costs and expenses made or incurred by it in the discharge of its duties hereunder and in the management of the trusts hereof and any solicitors employed or consulted by the Debenture Trustee may, but need not be, solicitors for the Corporation.

15.8 Debenture Trustee May Deal in Debentures

Subject to Sections 15.1 and 15.3, the Debenture Trustee may, in its personal or other capacity, buy, sell, lend upon and deal in the Debentures and generally contract and enter into financial transactions with the Corporation or otherwise, without being liable to account for any profits made thereby.

15.9 Investment of Monies Held by Debenture Trustee

Unless otherwise provided in this Indenture, any monies held by the Debenture Trustee, which, under the trusts of this Indenture, may or ought to be invested or which may be on deposit with the Debenture Trustee or which may be in the hands of the Debenture Trustee, may be invested and reinvested in the name or under the control of the Debenture Trustee in securities in which, under the laws of the Province of Alberta, trustees are authorized to invest trust monies, provided that such securities are expressed to mature within two years or such shorter period selected to facilitate any payments expected to be made under this Indenture, after their purchase by the Debenture Trustee, and unless and until the Debenture Trustee shall have declared the principal of and interest on the Debentures to be due and payable, the Debenture Trustee shall so invest such monies upon Written Direction of the Corporation given in a reasonably timely manner. Pending the investment of any monies as hereinbefore provided, such monies may be deposited in the name of the Debenture Trustee in any chartered bank of Canada or, with the consent of the Corporation, in the deposit department of the Debenture Trustee or any other loan or trust company authorized to accept deposits under the laws of Canada or any Province or Territory thereof at the rate of interest, if any, then current on similar deposits. The Corporation shall receive the Debenture Trustee's prevailing rate for all monies held by it, as may change from time to time.

15.10 Debenture Trustee Not Ordinarily Bound

Except as provided in Section 8.2 and as otherwise specifically provided herein, the Debenture Trustee shall not, subject to Section 15.3, be bound to give notice to any Person of the execution hereof, nor to do, observe or perform or see to the observance or performance by the Corporation of any of the obligations herein imposed upon the Corporation or of the covenants on the part of the Corporation herein contained, nor in any way to supervise or interfere with the conduct of the Corporation's business, unless the Debenture Trustee shall have been required to do so in writing by the holders of not less than 25% of the aggregate principal amount of the Debentures then outstanding or by any Extraordinary Resolution of the Debentureholders passed in accordance with the provisions contained in Article 13, and then only after it shall have been funded and indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages and expenses which it may incur by so doing.

15.11 Debenture Trustee Not Required to Give Security

The Debenture Trustee shall not be required to give any bond or security in respect of the execution of the trusts and powers of this Indenture or otherwise in respect of the premises.

15.12 Debenture Trustee Not Bound to Act on the Corporation's Request

Except as in this Indenture otherwise specifically provided, the Debenture Trustee shall not be bound to act in accordance with any direction or request of the Corporation until a duly authenticated copy of the instrument or resolution containing such direction or request shall have been delivered to the Debenture Trustee, and the Debenture Trustee shall be empowered to act upon any such copy purporting to be authenticated and believed by the Debenture Trustee to be genuine.

15.13 Debenture Trustee Protected in Acting

The Debenture Trustee may act and rely, and shall be protected in acting and relying absolutely, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, letter, facsimile

transmission, directions or other paper document believed in good faith by it to be genuine and to have been signed, sent or presented by or on behalf of the proper party or parties. The Debenture Trustee shall be protected in acting and relying upon any written notice, request, waiver, consent, certificate, receipt, statutory declaration, affidavit or other paper or document furnished to it, not only as to its due execution and the validity and the effectiveness of its provisions but also as to the truth and acceptability of any information therein contained which it in good faith believes to be genuine and what it purports to be.

15.14 Conditions Precedent to Debenture Trustee's Obligations to Act Hereunder

The obligation of the Debenture Trustee to commence or continue any act, action or proceeding for the purpose of enforcing the rights of the Debenture Trustee and of the Debentureholders hereunder shall be conditional upon the Debentureholders furnishing when required by notice in writing by the Debenture Trustee, sufficient funds to commence or continue such act, action or proceeding and indemnity reasonably satisfactory to the Debenture Trustee to protect and hold harmless the Debenture Trustee against the costs, charges and expenses and liabilities to be incurred thereby and any loss and damage it may suffer by reason thereof.

None of the provisions contained in this Indenture shall require the Debenture Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers unless indemnified as aforesaid.

The Debenture Trustee may, before commencing or at any time during the continuance of any such act, action or proceeding require the Debentureholders at whose instance it is acting to deposit with the Debenture Trustee the Debentures held by them for which Debentures the Debenture Trustee shall issue receipts.

15.15 Authority to Carry on Business

The Debenture Trustee represents to the Corporation that at the date of execution and delivery by it of this Indenture it is authorized to carry on the business of a trust company in the Province of Alberta but if, notwithstanding the provisions of this Section 15.15, it ceases to be so authorized to carry on business, the validity and enforceability of this Indenture and the securities issued hereunder shall not be affected in any manner whatsoever by reason only of such event but the Debenture Trustee shall, within 90 days after ceasing to be authorized to carry on the business of trust company in the Province of Alberta, either become so authorized or resign in the manner and with the effect specified in Section 15.2.

15.16 Compensation and Indemnity

- (a) The Corporation shall pay to the Debenture Trustee from time to time reasonable compensation for its services hereunder as agreed separately by the Corporation and the Debenture Trustee, and shall pay or reimburse the Debenture Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Debenture Trustee in the administration or execution of its duties under this Indenture (including the reasonable and documented compensation and disbursements of its Counsel and all other advisers and assistants not regularly in its employ), both before any default hereunder and thereafter until all duties of the Debenture Trustee under this Indenture shall be finally and fully performed. The Debenture Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.
- (b) The Corporation hereby indemnifies and saves harmless the Debenture Trustee and its directors, officers, employees and agents from and against any and all loss, damages, charges, expenses, claims, demands, actions or liability whatsoever which may be brought against the Debenture Trustee or which it may suffer or incur as a result of or arising out of the performance of its duties and obligations hereunder save only in the event of the gross negligence, wilful misconduct or fraud of the Debenture Trustee. This indemnity will survive the termination or

discharge of this Indenture and the resignation or removal of the Debenture Trustee. The Debenture Trustee shall notify the Corporation promptly of any claim for which it may seek indemnity. The Corporation shall defend the claim and the Debenture Trustee shall cooperate in the defence. The Debenture Trustee may have separate counsel and the Corporation shall pay the reasonable fees and expenses of such Counsel. The Corporation need not pay for any settlement made without its consent, which consent must not be unreasonably withheld. This indemnity shall survive the resignation or removal of the Debenture Trustee or the discharge of this Indenture.

- (c) The Corporation need not reimburse any expense or indemnify against any loss or liability incurred by the Debenture Trustee through its own gross negligence, wilful misconduct or fraud.
- (d) Provisions contained in this Section 15.16 shall survive the resignation or removal of the Debenture Trustee and the discharge of this Debenture.

15.17 Anti-Money Laundering

The Debenture Trustee shall retain the right not to act and shall not be liable for refusing to act if, due to a lack of information or for any other reason whatsoever, the Debenture Trustee, in its sole judgment and acting reasonably, determines that such act might cause it to be in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline. Further, should the Debenture Trustee, in its sole judgment and acting reasonably, determine at any time that its acting under this Indenture has resulted in its being in non-compliance with any applicable anti-money laundering or anti-terrorist legislation, regulation or guideline, then it shall have the right to resign on 10 days' written notice to the Corporation or any shorter period of time as agreed to by the Corporation, provided that:

- (a) the Debenture Trustee's written notice shall describe the circumstances of such non-compliance; and
- (b) if such circumstances are rectified to the Debenture Trustee's satisfaction within such 10 day period, then such resignation shall not be effective.

15.18 Acceptance of Trust

The Debenture Trustee hereby accepts the trusts in this Indenture declared and provided for and agrees to perform the same upon the terms and conditions herein set forth and to hold all rights, privileges and benefits conferred hereby and by law in trust for the various Persons who shall from time to time be Debentureholders, subject to all the terms and conditions herein set forth.

15.19 Privacy Laws

The parties acknowledge that federal and/or provincial legislation that addresses the protection of individuals' personal information (collectively, "**Privacy Laws**") applies to certain obligations and activities under this Indenture. Notwithstanding any other provision of this Indenture, neither party shall take or direct any action that would contravene, or cause the other to contravene, applicable Privacy Laws. The Corporation shall, prior to transferring or causing to be transferred personal information to the Debenture Trustee, obtain and retain required consents of the relevant individuals to the collection, use and disclosure of their personal information, or shall have determined that such consents either have previously been given upon which the parties can rely or are not required under the Privacy Laws. The Debenture Trustee shall use commercially reasonable efforts to ensure that its services hereunder comply with Privacy Laws. Specifically, the Debenture Trustee agrees: (a) to have a designated chief privacy officer; (b) to maintain policies and procedures to protect personal information and to receive and respond to any privacy complaint or inquiry; (c) to use personal information solely for the purposes of providing its services under or ancillary to this Indenture and to comply with applicable laws and not to use it for

any other purpose except with the consent of or direction from the Corporation or the individual involved or as permitted by Privacy Laws; (d) not to sell or otherwise improperly disclose personal information to any third party; and (e) to employ administrative, physical and technological safeguards to reasonably secure and protect personal information against loss, theft, or unauthorized access, use or modification.

15.20 Third Party Interests

The Corporation represents to the Debenture Trustee that any account to be opened by, or interest to be held by, the Debenture Trustee in connection with this Indenture, for or to the credit of the Corporation, either (i) is not intended to be used by or on behalf of any third party; or (ii) is intended to be used by or on behalf of a third party, in which case the Corporation hereto agrees to complete and execute forthwith a declaration in the Debenture Trustee's prescribed form as to the particulars of such third party.

15.21 Force Majeure

Neither party shall be liable to the other, or held in breach of this Indenture, if prevented, hindered, or delayed in the performance or observance of any provision contained herein by reason of act of God, riots, terrorism, acts of war, epidemics, governmental action or judicial order, earthquakes, or any other similar causes (including, but not limited to, general mechanical, electronic or communication interruptions, disruptions or failures). Performance times under this Indenture shall be extended for a period of time equivalent to the time lost because of any delay that is excusable under this Section 15.21.

ARTICLE 16 SUPPLEMENTAL INDENTURES

16.1 Supplemental Indentures

Subject to any approval that may be required pursuant to the requirements of the TSX-V, from time to time the Debenture Trustee and, when authorized by a resolution of the Directors, the Corporation, may, and shall when required by this Indenture, execute, acknowledge and deliver by their proper officers deeds or indentures supplemental hereto which thereafter shall form part hereof, for any one or more of the following purposes:

- (a) providing for the issuance of Additional Debentures under this Indenture;
- (b) adding to the covenants of the Corporation herein contained for the protection of the Debentureholders, or of the Debentures of any series, or providing for events of default, in addition to those herein specified;
- (c) making such provisions not inconsistent with this Indenture as may be necessary or desirable with respect to matters or questions arising hereunder, including the making of any modifications in the form of the Debentures which do not affect the substance thereof and which in the opinion of the Debenture Trustee relying on an opinion of Counsel will not be prejudicial to the interests of the Debentureholders;
- (d) evidencing the succession, or successive successions, of others to the Corporation and the covenants of and obligations assumed by any such successor in accordance with the provisions of this Indenture;
- (e) giving effect to any Extraordinary Resolution passed as provided in Article 13; and
- (f) for any other purpose not inconsistent with the terms of this Indenture.

Unless the supplemental indenture requires the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, by Extraordinary Resolution, the consent or concurrence of Debentureholders or the holders of a particular series of Debentures, as the case may be, shall not be required in connection with the execution, acknowledgement or delivery of a supplemental indenture. The Corporation and the Debenture Trustee may amend any of the provisions of this Indenture related to matters of United States law or the issuance of Debentures into the United States in order to ensure that such issuances can be made in accordance with applicable federal and state law in the United States without the consent or approval of the Debentureholders provided that, in the opinion of the Debenture Trustee (relying on an opinion of Counsel of recognized standing), the rights of the Debentureholders are in no way prejudiced thereby. The Debenture Trustee will have the right to request a legal opinion regarding matters of United States law on the issuance of Debentures in the United States prior to or concurrently with making such amendments. Further, the Corporation and the Debenture Trustee may without the consent or concurrence of the Debentureholders or the holders of a particular series of Debentures, as the case may be, by supplemental indenture or otherwise, make any changes or corrections in this Indenture which it shall have been advised by Counsel are required for the purpose of curing or correcting any ambiguity or defective or inconsistent provisions or clerical omissions or mistakes or manifest errors contained herein or in any indenture supplemental hereto or any Written Direction of the Corporation provided for the issue of Debentures, providing that in the opinion of the Debenture Trustee (relying upon an opinion of Counsel) the rights of the Debentureholders and the Senior Creditors are in no way prejudiced thereby.

ARTICLE 17

EXECUTION AND FORMAL DATE

17.1 Execution

This Indenture may be executed and delivered by facsimile and in counterparts, each of which when so executed and delivered shall be deemed to be an original and such counterparts together shall constitute one and the same instrument and notwithstanding their date of execution they shall be deemed to be dated as of the date hereof.

17.2 Formal Date

For the purpose of convenience this Indenture may be referred to as bearing the formal date of October •, 2012 irrespective of the actual date of execution hereof.

[Signatures on following page]

IN WITNESS WHEREOF the parties hereto have executed this Indenture as of the date first written above.

ENTREC CORPORATION

By: 
Name: Jason Vandenberg
Title: Chief Financial Officer

OLYMPIA TRUST COMPANY

By: _____
Name:
Title:

By: _____
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Indenture as of the date first written above.

ENTREC CORPORATION

By: _____

Name: Jason Vandenberg

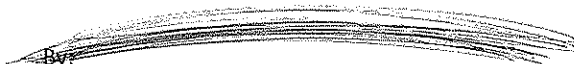
Title: Chief Financial Officer

OLYMPIA TRUST COMPANY

By:  _____

Name: **Sonny Schmidt**

Title: **Account Officer**

By:  _____

Name:

Title: **W. Anne DeWaele**
Senior Trust Officer

SCHEDULE "A"
TO THE DEBENTURE INDENTURE BETWEEN
ENTREC CORPORATION
AND
OLYMPIA TRUST COMPANY
FORMS OF GLOBAL DEBENTURE

SCHEDULE "A-1"
FORM OF GLOBAL DEBENTURE (CANADIAN PURCHASERS)

This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to ENTREC CORPORATION (the "Issuer") or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & Co., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & Co., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

Certificate No. [•]

\$[•]

CUSIP •

ISIN •

ENTREC CORPORATION

(A CORPORATION GOVERNED BY THE ALBERTA BUSINESS CORPORATIONS ACT)

7.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE

ENTREC Corporation (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the convertible debenture indenture (the "**Indenture**") dated as of October [30], 2012 with Olympia Trust Company (the "**Debenture Trustee**"), promises to pay to [INSERT NAME OF REGISTERED HOLDER] on the maturity date of this Debenture, as hereinafter described, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal sum of [•] dollars (\$[•]) in lawful money of Canada on presentation and surrender of this Debenture at the principal offices of the Debenture Trustee in Calgary, Alberta in accordance with the terms of the Indenture.

The Debentures will mature on October 31, 2017.

The Debentures shall bear interest at the rate of 7.00% per annum, payable in equal semi-annual installments, in arrears, on April 30 and October 31 in each year computed on the basis of a 365-day or 366-day year, as the case may be. The first such payment will fall due on April 30, 2013, (representing interest payable from and including October [30], 2012 to but not including April 30, 2013) and the last payment (representing interest payable from the last Interest Payment Date to, but not including, the Maturity Date or, the earlier date of redemption, repayment or conversion) will fall due on the Maturity Date or the earlier date of redemption, repayment or conversion. Interest is payable after as well as before maturity and after as well as before default, with interest on amounts after maturity or in default at the same rate, compounded semi-annually. The first interest payment will be equal to \$34.90 for each \$1,000 principal amount of the Debentures.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the sending of such electronic transfer

of funds shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Debenture.

This Debenture is one of the 7.00% Convertible Unsecured Subordinated Debentures (referred to herein as the "**Debentures**") of the Corporation issued or issuable under the provisions of the Indenture. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures authorized for issue are limited to an aggregate principal amount of twenty-five million, three hundred thousand dollars in lawful money of Canada (\$25,300,000).

The Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The whole, or if this Debenture is a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal of this Debenture is convertible into Common Shares, at the option of the holder hereof, upon surrender of this Debenture at the principal offices of the Debenture Trustee in Calgary, Alberta at any time prior to 4:30 p.m. (Calgary time) on the earliest of: (i) the last Business Day immediately preceding the Maturity Date, (ii) the last Business Day immediately preceding the date specified for redemption of this Debenture and (iii) the last Business Day immediately preceding the Change of Control Purchase Date (as defined in the Indenture), in each case, at a conversion price of \$2.60 (the "**Conversion Price**") per Common Share, being a conversion rate of approximately 384.6154 Common Shares for each \$1,000 principal amount of Debentures so converted, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the fractional interest multiplied by the volume-weighted average price per share for Common Shares for the 20 consecutive Trading Days ending on the fifth Trading Day preceding the date of determination on the TSX Venture Exchange (or, if the Common Shares are not listed thereon, on such stock exchange on which the Common Shares are listed as may be selected for such purpose by or on behalf of the Directors of the Corporation and approved by the Debenture Trustee, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market) determined in accordance with the Indenture (the "**Current Market Price**"). Holders converting their Debentures will receive any interest which has accrued in respect thereof from the most recent Interest Payment Date, but not including, the date that is one day prior to the Date of Conversion.

This Debenture may be redeemed at the option of the Corporation on the terms and conditions set out in the Indenture at the Redemption Price therein and herein set out provided that this Debenture is not redeemable before October 31, 2015 except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On or after October 31, 2015 and prior to the October 31, 2016, the Debentures may be redeemed at the option of the Corporation at the redemption price equal to the principal amount of the Debentures (the "**Redemption Price**") provided, among other things, the Current Market Price exceeds 125% of the Conversion Price, and otherwise on the terms and conditions described in the Indenture. On or after October 31, 2016, the Debentures may be redeemed by the Corporation, in whole or in part from time to time, at the Redemption Price on the Redemption Date. Any accrued and unpaid interest thereon, if any, up to but not including the Redemption Date will be paid in cash.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make a cash offer to purchase all of the Debentures at a price equal to the principal amount of such Debentures plus accrued and unpaid interest up to, but not including, the date the Debentures are so repurchased (the "**Change of Control Purchase Offer**"). If 90% or more of the principal amount of the Debentures outstanding on the date the

Corporation provides the Change of Control Purchase Offer to the Debenture Trustee have been tendered for purchase pursuant to the Offer, the Corporation has the right to redeem all the remaining outstanding Debentures at the same price.

If an Offer for all of the outstanding Debentures is made and 90% or more of the principal amount of all the Debentures (other than Debentures held at the date of the takeover bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Debentures of those holders who did not accept the Offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Debentures.

The Corporation may, on notice as provided in the Indenture, at its option and subject to any required regulatory approvals, elect to satisfy the obligation to repay all or any portion of the principal amount of this Debenture due on the Redemption Date or the Maturity Date, as applicable, up to but not including the Redemption Date or the Maturity Date, as applicable, by the issue of that number of Common Shares obtained by dividing the principal amount of this Debenture to be paid for in Common Shares pursuant to the exercise by the Corporation of the Common Share Repayment Right by 95% of the Current Market Price on the Redemption Date or Maturity Date, as applicable. Any accrued and unpaid interest thereon, up to but not including the Redemption Date or the Maturity Date, as applicable, will be paid in cash.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding, which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal offices of the Debenture Trustee in Calgary, Alberta and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Debenture Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their mandatory duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

If any of the provisions of this Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern. Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

The Indenture and this Debenture shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF ENTREC CORPORATION has caused this Debenture to be signed by its authorized representatives as of the • day of October, 2012.

ENTREC CORPORATION

Per: _____
Name:
Title:

(FORM OF DEBENTURE TRUSTEE'S CERTIFICATE)

Certification Date:

OLYMPIA TRUST COMPANY

Per: _____
(Authorized Officer)

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ principal amount hereof) of ENTREC CORPORATION standing in the name(s) of the undersigned in the register maintained by the Debenture Trustee with respect to such Debenture and does hereby irrevocably authorize and direct _____ to transfer such Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____

(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable:

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold a Debenture in a non-integral multiple of 1,000, in which case such Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor

Authorized Officer

Signature of transferring registered holder

Name of Institution

SCHEDULE "A-2"
FORM OF GLOBAL DEBENTURE (U.S. PURCHASERS)

This Debenture is a Global Debenture within the meaning of the Indenture herein referred to and is registered in the name of a Depository or a nominee thereof. This Debenture may not be transferred to or exchanged for Debentures registered in the name of any person other than the Depository or a nominee thereof and no such transfer may be registered except in the limited circumstances described in the Indenture. Every Debenture authenticated and delivered upon registration of, transfer of, or in exchange for, or in lieu of, this Debenture shall be a Global Debenture subject to the foregoing, except in such limited circumstances described in the Indenture.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING THESE SECURITIES, AGREES FOR THE BENEFIT OF ENTREC CORPORATION (THE "CORPORATION") THAT THESE SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION, (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE CANADIAN LOCAL LAWS AND REGULATIONS, (C) IN ACCORDANCE WITH (1) RULE 144A UNDER THE SECURITIES ACT, IF AVAILABLE, OR (2) RULE 144 UNDER THE SECURITIES ACT, IF AVAILABLE, AND IN EACH CASE IN COMPLIANCE WITH APPLICABLE STATE SECURITIES LAWS, OR (D) IN ANOTHER TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(2) OR (D) ABOVE, A LEGAL OPINION REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON CANADIAN STOCK EXCHANGES.

Unless this certificate is presented by an authorized representative of CDS Clearing and Depository Services Inc. ("CDS") to ENTREC CORPORATION (the "Issuer") or its agent for registration of transfer, exchange or payment, and any certificate issued in respect thereof is registered in the name of CDS & Co., or in such other name as is requested by an authorized representative of CDS (and any payment is made to CDS & Co. or to such other entity as is requested by an authorized representative of CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered holder hereof, CDS & Co., has a property interest in the securities represented by this certificate herein and it is a violation of its rights for another person to hold, transfer or deal with this certificate.

Certificate No. [•]
CUSIP •
ISIN •

\$[•]

ENTREC CORPORATION

(A CORPORATION GOVERNED BY THE CANADA BUSINESS CORPORATIONS ACT)

7.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE

ENTREC CORPORATION (the "**Corporation**") for value received hereby acknowledges itself indebted and, subject to the provisions of the convertible debenture indenture (the "**Indenture**") dated as of October [30], 2012 with OLYMPIA TRUST COMPANY (the "**Debenture Trustee**"), promises to pay to [INSERT NAME OF REGISTERED HOLDER] hereof on the maturity date of this Debenture, as hereinafter described, or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture, the principal sum of [•] dollars (\$[•]) in lawful money of Canada on presentation and surrender of this Debenture at the principal offices of the Debenture Trustee in Calgary, Alberta in accordance with the terms of the Indenture.

The Debentures will mature on October 31, 2017.

The Debentures shall bear interest at the rate of 7.00% per annum, payable in equal semi-annual installments, in arrears, on April 30 and October 31 in each year computed on the basis of a 365-day or 366-day year, as the case may be. The first such payment will fall due on April 30, 2013 (representing interest payable from and including October **[30]**, 2012 to but not including April 30, 2013) and the last payment (representing interest payable from the last Interest Payment Date to, but not including, the Maturity Date or, the earlier date of redemption, repayment or conversion) will fall due on the Maturity Date or the earlier date of redemption, repayment or conversion. Interest is payable after as well as before maturity and after as well as before default, with interest on amounts after maturity or in default at the same rate, compounded semi-annually. The first interest payment will be equal to \$34.90 for each \$1,000 principal amount of the Debentures.

Interest hereon shall be payable by cheque mailed by prepaid ordinary mail or by electronic transfer of funds to the registered holder hereof and, subject to the provisions of the Indenture, the sending of such electronic transfer of funds shall, to the extent of the sum represented thereby (plus the amount of any tax withheld), satisfy and discharge all liability for interest on this Debenture.

This Debenture is one of the 7.00% Convertible Unsecured Subordinated Debentures (referred to herein as the "**Debentures**") of the Corporation issued or issuable under the provisions of the Indenture. Reference is hereby expressly made to the Indenture for a description of the terms and conditions upon which the Debentures are to be issued and held and the rights and remedies of the holders of the Debentures and of the Corporation and of the Debenture Trustee, all to the same effect as if the provisions of the Indenture were herein set forth to all of which provisions the holder of this Debenture by acceptance hereof assents.

The Debentures authorized for issue are limited to an aggregate principal amount of thirty-four million five-hundred thousand dollars in lawful money of Canada (\$25,300,000).

The Debentures are issuable only in denominations of \$1,000 and integral multiples thereof. Upon compliance with the provisions of the Indenture, Debentures of any denomination may be exchanged for an equal aggregate principal amount of Debentures in any other authorized denomination or denominations.

The whole, or if this Debenture is a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal of this Debenture is convertible into Common Shares, at the option of the holder hereof, upon surrender of this Debenture at the principal offices of the Debenture Trustee in Calgary, Alberta, at any time prior to 4:30 p.m. (Calgary time) on the earliest of: (i) the last Business Day immediately preceding the Maturity Date, (ii) the last Business Day immediately preceding the date specified for redemption of this Debenture and (iii) the last Business Day immediately preceding the Change of Control Purchase Date (as defined in the Indenture), in each case, at a conversion price of \$2.60 (the "**Conversion Price**") per Common Share, being a conversion rate of approximately 384.6154 Common Shares for each \$1,000 principal amount of Debentures so converted, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the fractional interest multiplied by the volume-weighted average price per share for Common Shares for the 20 consecutive Trading Days ending on the fifth Trading Day preceding the date of determination on the TSX Venture Exchange (or, if the Common Shares are not listed thereon, on such stock exchange on which the Common Shares are listed as may be selected for such purpose by or on behalf of the Directors of the Corporation and approved by the Debenture Trustee, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market) determined in accordance with the Indenture (the "**Current Market Price**"). Holders converting their Debentures will receive any interest which has accrued in respect thereof from the most recent Interest Payment Date to, but not including, the date that is one day prior to the Date of Conversion.

This Debenture may be redeemed at the option of the Corporation on the terms and conditions set out in the Indenture at the Redemption Price therein and herein set out provided that this Debenture is not redeemable

before October 31, 2015 except in the event of the satisfaction of certain conditions after a Change of Control has occurred. On or after October 31, 2015 and prior to the Maturity Date, the Debentures may be redeemed at the option of the Corporation at the redemption price equal to the principal amount of the Debentures (the "**Redemption Price**") provided, among other things, the Current Market Price exceeds 125% of the Conversion Price, and otherwise on the terms and conditions described in the Indenture. Any accrued and unpaid interest thereon, if any, up to but not including the Redemption Date will be paid in cash.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make an offer to purchase all of the Debentures at a price equal to the principal amount of such Debentures plus accrued and unpaid interest up to, but not including, the date the Debentures are so repurchased (the "**Change of Control Purchase Offer**"). If 90% or more of the principal amount of the Debentures outstanding on the date the Corporation provides the Change of Control Purchase Offer to the Debenture Trustee have been tendered for purchase pursuant to the Offer, the Corporation has the right to redeem all the remaining outstanding Debentures at the same price.

If an Offer for all of the outstanding Debentures is made and 90% or more of the principal amount of all the Debentures (other than Debentures held at the date of the takeover bid by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Debentures of those holders who did not accept the Offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Debentures.

The Corporation may, on notice as provided in the Indenture, at its option and subject to any required regulatory approvals, elect to satisfy the obligation to repay all or any portion of the principal amount of this Debenture due on the Redemption Date or the Maturity Date, as applicable, by the issue of that number of Common Shares obtained by dividing the principal amount of this Debenture to be paid for in Common Shares pursuant to the exercise by the Corporation of the Common Share Repayment Right by 95% of the Current Market Price on the Redemption Date or Maturity Date, as applicable. Any accrued and unpaid interest thereon, if any, up to but not including the Redemption Date or the Maturity Date, as applicable, will be paid in cash.

The indebtedness evidenced by this Debenture, and by all other Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Debentures outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Debentures outstanding, which resolutions or instruments may have the effect of amending the terms of this Debenture or the Indenture.

This Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal offices of the Debenture Trustee in Calgary, Alberta and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Debenture Trustee may designate. No transfer of this Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their mandatory duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Debenture or Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

If any of the provisions of this Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern. Capitalized words or expressions used in this Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.

The Indenture and this Debenture shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF ENTREC CORPORATION has caused this Debenture to be signed by its authorized representatives as of the • day of October, 2012.

ENTREC CORPORATION

Per: _____
Name:
Title:

(FORM OF DEBENTURE TRUSTEE'S CERTIFICATE)

Certification Date:

OLYMPIA TRUST COMPANY

Per: _____
(Authorized Officer)

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ principal amount hereof) of ENTREC CORPORATION standing in the name(s) of the undersigned in the register maintained by the Debenture Trustee with respect to such Debenture and does hereby irrevocably authorize and direct _____ to transfer such Debenture in such register, with full power of substitution in the premises.

Dated: _____

Address of Transferee: _____

(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable:

*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided the principal amount (which must be \$1,000 or an integral multiple thereof, unless you hold a Debenture in a non-integral multiple of 1,000, in which case such Debenture is transferable only in its entirety) to be transferred.

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by a Canadian chartered bank or trust company or by a member of an acceptable Medallion Guarantee Program. Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
2. The registered holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor

Authorized Officer

Signature of transferring registered holder

Name of Institution

SCHEDULE "B"

TO THE CONVERTIBLE DEBENTURE INDENTURE BETWEEN

ENTREC CORPORATION

AND

OLYMPIA TRUST COMPANY

FORM OF REDEMPTION NOTICE

SCHEDULE "B"

Form of Redemption Notice

**ENTREC CORPORATION
7.00% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
REDEMPTION NOTICE**

TO: Holders of 7.00% Convertible Unsecured Subordinated Debentures (the "Debentures") of ENTREC CORPORATION (the "**Corporation**") and OLYMPIA TRUST COMPANY

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the convertible debenture indenture (the "**Indenture**") dated as of October •, 2012 between the Corporation and OLYMPIA TRUST COMPANY (the "**Debenture Trustee**"), that the aggregate principal amount of \$[•] of the \$[•] of Debentures outstanding will be redeemed as of [•] (the "**Redemption Date**"), upon payment of a redemption amount of \$1,000 for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$[•], and (ii) all accrued and unpaid interest thereon to but not including the Redemption Date (collectively, the "**Redemption Price**").

The Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

OLYMPIA TRUST COMPANY
Suite 2300, 125 – 9th Avenue SE
Calgary, Alberta T2G 0P6
Fax: (403) 265-1455
Attention: Manager, Corporate and Shareholder Services

The interest upon the principal amount of Debentures called for redemption shall cease to be payable from and after the Redemption Date, unless payment of the Redemption Price shall not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price pursuant to the Indenture.

Pursuant to Section 2.4(d), the Corporation hereby confirms that on the date hereof the Current Market Price of the Common Shares is \$•, being an amount greater than 125% of the Conversion Price on the date hereof, and an Officer's Certificate confirming such Current Market Price has been delivered to the Debenture Trustee.

[Pursuant to Section 4.6 of the Indenture, the Corporation hereby irrevocably elects to satisfy its obligation to pay to the holders of Debentures \$• of principal portion of the Redemption Price payable to holders of Debentures in accordance with this notice by issuing and delivering to the holders that number of Common Shares obtained by dividing such principal portion of the Redemption Price by 95% of the then Current Market Price of the Common Shares.]

No fractional Common Shares shall be delivered upon the exercise by the Corporation of the above-mentioned redemption right but, in lieu thereof, the Corporation shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Redemption Date (less any tax required to be deducted, if any).

DATED: _____

ENTREC CORPORATION

By: _____

Name:

Title:

SCHEDULE "C"

TO THE CONVERTIBLE DEBENTURE INDENTURE BETWEEN

ENTREC CORPORATION

AND

OLYMPIA TRUST COMPANY

FORM OF MATURITY NOTICE

SCHEDULE "C"

TO THE CONVERTIBLE DEBENTURE INDENTURE BETWEEN

ENTREC CORPORATION

AND

OLYMPIA TRUST COMPANY

FORM OF MATURITY NOTICE

TO: Holders of 7.00% Convertible Unsecured Subordinated Debentures (the "**Debentures**") of ENTREC Corporation (the "**Corporation**") and OLYMPIA TRUST COMPANY

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.11(b) of the convertible debenture indenture (the "**Indenture**") dated as of October •, 2012 between the Corporation and Olympia Trust Company, as trustee (the "**Debenture Trustee**"), that the Debentures are due and payable as of October 31, 2017 (the "**Maturity Date**") and the Corporation elects to satisfy its obligation to pay to holders of Debentures \$[•] of the principal amount of the Debentures outstanding on the Maturity Date, upon surrender of the Debentures at the branch of the Debenture Trustee designated for such purpose, by issuing and delivering to the holders that number of Common Shares equal to the number obtained by dividing such principal amount of the Debentures by 95% of the Current Market Price of Common Shares on the Maturity Date. Any accrued and unpaid interest up to but not including the Maturity Date will be paid in cash.

No fractional Common Shares shall be delivered on exercise by the Corporation of the above mentioned repayment right but, in lieu thereof, the Corporation shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Maturity Date (less any tax required to be deducted, if any).

DATED: _____

ENTREC CORPORATION

Per: _____

Name:

Title:

SCHEDULE "D"
TO THE CONVERTIBLE DEBENTURE INDENTURE BETWEEN
ENTREC CORPORATION
AND
OLYMPIA TRUST COMPANY
FORM OF NOTICE OF CONVERSION

SCHEDULE "D"

FORM OF NOTICE OF CONVERSION

TO: ENTREC CORPORATION and OLYMPIA TRUST COMPANY

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

The undersigned registered holder of 7.00% Convertible Unsecured Subordinated Debentures in the principal amount of \$[•] bearing Certificate No. [•] irrevocably elects to convert such Debentures (or \$[•] principal amount thereof) in accordance with the terms of the convertible debenture indenture (the "**Indenture**") dated as of October •, 2012 between ENTREC Corporation and Olympia Trust Company, as trustee referred to in such Debentures and tenders herewith the Debentures, and, if applicable, directs that the Common Shares of ENTREC Corporation issuable upon a conversion be issued and delivered to the Person indicated below. (If Common Shares are to be issued in the name of a Person other than the holder, all requisite transfer taxes must be tendered by the undersigned).

Dated: _____
(Signature of Registered Holder)

If less than the full principal amount of the Debentures, indicate in the space provided the principal amount (which must be \$1,000 or integral multiples thereof).

NOTE: If Common Shares are to be issued in the name of a Person other than the holder, the signature must be guaranteed by a chartered bank, a trust company or by a member of an acceptable Medallion Guarantee Program. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".

(Print name in which Common Shares are to be issued, delivered and registered)

Name: _____

Address: _____

City, Province and Postal Code

Number of Common Shares:

Name of Guarantor: _____

Authorized signature: _____

SCHEDULE "E"

TO THE DEBENTURE INDENTURE BETWEEN

ENTREC CORPORATION

AND

OLYMPIA TRUST COMPANY

FORM OF DECLARATION FOR REMOVAL OF U.S. LEGEND

SCHEDULE "E"

FORM OF DECLARATION FOR REMOVAL OF U.S. LEGEND

To: ENTREC Corporation (the "**Company**") and Olympia Trust Company, as Registrar and Transfer Agent for the 7.00% convertible unsecured subordinated debentures (the "**Debentures**") maturing October 31, 2017 and common shares issuable upon conversion, redemption or maturity of the Debentures (the "**Underlying Shares**") of the Company.

The undersigned Seller (A) acknowledges that the sale of _____ Debentures/Underlying Shares of the Company to which this declaration relates, represented by certificate number _____, has been made in reliance on Rule 904 of Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**"), and (B) certifies that (1) the undersigned is not an "affiliate" (as defined in Rule 405 under the U.S. Securities Act) of the Company; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (b) the transaction was executed in, on or through the facilities of the TSX Venture Exchange (or another "designated offshore securities market"), and neither the seller nor any person acting on its behalf knows that the transaction was prearranged with a buyer in the United States; (3) neither the seller nor any person acting on its behalf engaged in any "directed selling efforts" in the United States in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as that term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S under the U.S. Securities Act with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S under the U.S. Securities Act, is part of a plan or scheme to evade the registration provisions of the U.S. Securities Act. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

By: _____ Date: _____
Signature of Seller

Name of Seller (Please Print): _____

We have read the foregoing representations of our customer, _____ (the "Seller"), with regard to our sale, for such Seller's account, of the Debentures/Underlying Shares described therein, and on behalf of ourselves we certify and affirm that (A) we have no knowledge that the transaction had been prearranged with a buyer in the United States, (B) the transaction was executed in, on or through the facilities of the TSX Venture Exchange (or another "designated offshore securities market") and (C) neither we, nor any person acting on our behalf, engaged in any "directed selling efforts" in connection with the offer and sale of such securities. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Name of Firm: _____

By: _____
Authorized Officer

Date: _____

SECOND SUPPLEMENTAL TRUST INDENTURE

dated for reference June 16, 2016

Between

ENTREC CORPORATION

as Corporation

and

COMPUTERSHARE TRUST COMPANY OF CANADA

as trustee

Relating to the issuance of

8.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

Due June 30, 2021

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SECOND SUPPLEMENTAL TRUST INDENTURE

THIS SECOND SUPPLEMENTAL TRUST INDENTURE is dated for reference June 16, 2016,

BETWEEN:

ENTREC CORPORATION, a corporation incorporated under the Business Corporations Act
(*Alberta*) having its registered office at 1400, 350 – 7th Avenue SW, Calgary, Alberta
(the "**Corporation**")

AND:

COMPUTERSHARE TRUST COMPANY OF CANADA (as successor to Olympia Trust
Company), a trust company licensed to carry on business in all provinces of Canada
(the "**Trustee**")

RECITALS

WHEREAS the Corporation and Olympia Trust Company entered into a trust indenture dated October 30, 2012 (the "**Original Indenture**") for the purposes of, among other things, providing for the issuance of 7.00% convertible unsecured subordinated debentures due October 31, 2017 (the "**Original Debentures**") and establishing the terms, provisions and conditions of such Original Debentures;

AND WHEREAS the Corporation and Olympia Trust Company entered into a first supplemental trust indenture dated as of May 28, 2014 (the "**First Supplemental Indenture**") to provide for certain updates to the Original Indenture, as required by the Toronto Stock Exchange, to reflect that the securities of the Corporation may be listed on an exchange other than the TSX Venture Exchange;

AND WHEREAS effective December 12, 2013, the Trustee completed its acquisition of the corporate and shareholder services assets of Olympia Trust Company and subsequently all of the rights and obligations of Olympia Trust Company's under the Original Indenture, as amended by the First Supplemental Indenture, including, without limitation, those in respect of the Original Debentures were assigned to and assumed by the Trustee;

AND WHEREAS section 16.1 of the Original Indenture provides that the Trustee and the Corporation may enter into indentures supplemental to the Original Indenture to give effect to any Extraordinary Resolution passed as provided in Article 13 of the Original Indenture;

AND WHEREAS the holders of the Original Debentures have approved an Extraordinary Resolution to provide for certain amendments to the Original Debentures and to enter into this second supplemental trust indenture (the "**Second Supplemental Indenture**") with the Trustee to provide for such amendments, which Second Supplemental Indenture, First Supplemental Indenture and the Original Indenture (collectively, the "**Trust Indenture**") will govern the terms of the Debentures (as defined below);

AND WHEREAS all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed, including an Extraordinary Resolution to authorize the execution and delivery of this Second Supplemental Indenture, to make the same effective and binding upon the Corporation, and to amend the Original Debentures;

AND WHEREAS the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Trustee;

NOW THEREFORE THIS SECOND SUPPLEMENTAL INDENTURE WITNESSES and it is hereby covenanted, agreed and declared as follows.

SECTION 1 INTERPRETATION

1.1 Definitions

- 1) In this Second Supplemental Indenture, the following terms have the meanings set out below and replace and supersede the definitions for the same terms set out in the Original Indenture:

"**Initial Debentures**" means the Debentures designated as "8.50% Convertible Unsecured Subordinated Debentures due June 30, 2021" and described in Section 2.4;

- 2) In addition, the following terms have the meanings set out below:

"**Amendment Effective Date**" means, with respect to the Initial Debentures, June 16, 2016;

1.2 Other Terms

All capitalized terms used but not defined herein shall have their meanings set out in the Original Indenture.

1.3 Conflicts of Meanings

To the extent there are conflicts between the terms used in this Second Supplemental Indenture, the First Supplemental Indenture and the Original Indenture, the meanings set out in this Second Supplemental Indenture shall prevail.

SECTION 2 AMENDMENTS TO ORIGINAL INDENTURE AND ORIGINAL DEBENTURES

2.1 Amendments to Original Indenture and Original Debentures

The provisions of the Original Debentures as set forth in the Original Indenture are amended as follows:

- 1) Sections 2.4 (a) to (d) and (f) of the Original Indenture are hereby deleted and replaced with the following:
 - (a) The first series of Debentures (the "**Initial Debentures**") authorized for issue pursuant to this Indenture is limited to an aggregate principal amount of up to \$25,300,000 and shall be designated as "8.50% Convertible Unsecured Subordinated Debentures".
 - (b) The Initial Debentures originally dated October 30, 2012 with a maturity date of October 31, 2017 shall be re-dated as of June 16, 2016 and shall mature on June 30, 2021 (the "**Maturity Date**" for the Initial Debentures).
 - (c) The Initial Debentures shall: (i) continue to bear interest to but excluding October 31, 2016 at the rate of 7.00% per annum; and (ii) thereafter bear interest from and including October 31, 2016 at the rate of 8.50% per annum payable in equal semi-annual installments in arrears on April 30 and October 31 in each year from April 30, 2017 until April 30, 2021, plus one final payment for the period from and including April 30, 2021 to but excluding the Maturity Date, in each case computed on the basis of a 365-day year or 366-day year, as the case may be. Each date on which interest is payable is referred to herein as an "**Interest Payment Date**". The final payment of interest at the rate of 7.00% per annum will fall due on October 31, 2016, which payment will include interest from and including April 30, 2016 up to, but not including, October 31, 2016 at the rate of 7.00% per annum. The first payment of interest at the rate of 8.50% per annum will fall due on April 30, 2017, which payment will include interest from and including October 31, 2016 up to, but not including, April 30, 2017 at the rate of 8.50% per annum and the last such payment of interest at the rate of 8.50% per annum (representing interest payable from and including the last Interest Payment Date) will fall due on the Maturity Date or the earlier date of redemption or repayment. Interest is payable after as well as before maturity and after as well as before default, with interest on amounts after maturity or in

default at the same rate, compounded semi-annually. For certainty: (i) the final interest payment at the rate of 7.00% per annum will be equal to \$35.00 for each \$1,000 principal amount of Initial Debentures; (ii) the interest payments payable between April 30, 2017 and April 30, 2021 at the rate of 8.50% per annum will be equal to \$42.50 for each \$1,000 principal amount of Initial Debentures; and (iii) the final interest payment at the rate of 8.50% per annum on the Maturity Date will be equal to \$14.21 for each \$1,000 principal amount of Initial Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record dates for the payment of interest on the Initial Debentures will be the eighth Business Day preceding the Interest Payment Date in each year.

- (d) The Initial Debentures may be redeemed by the Corporation, in whole or in part from time to time, at the option of the Corporation on notice as provided for in Section 4.3 at the Redemption Price on the Redemption Date. The Redemption Notice for the Initial Debentures shall be substantially in the form of Schedule "B" to this Indenture. In connection with the redemption of the Initial Debentures, the Corporation may, at its option and subject to the provisions of Section 4.6 and subject to regulatory approval, elect to satisfy its obligation to pay all or a portion of the aggregate principal portion of the Redemption Price of the Initial Debentures to be redeemed by issuing and delivering to the holders of such Initial Debentures, such number of Freely Tradeable Common Shares as is obtained by dividing the aggregate principal portion of the Redemption Price by 95% of the Current Market Price in effect on the Redemption Date. If the Corporation elects to exercise such option, it shall so specify and provide details in the Redemption Notice. Any accrued and unpaid interest will be paid in cash.
- (f) Upon and subject to the provisions and conditions of Article 6 hereof and Section 3.7, the holder of each Initial Debenture shall have the right at such holder's option, at any time prior to 4:30 p.m. (Calgary time) on the earliest of (i) the last Business Day immediately preceding the Maturity Date, (ii) the last Business Day immediately preceding any Redemption Date specified by the Corporation for redemption of such Initial Debentures by notice to the holders of Initial Debentures in accordance with Sections 2.4(d) and 4.3 of this Indenture (the earliest of which will be the **"Time of Expiry"** for the purposes of Article 6 hereof), or (iii) if called for repurchase pursuant to a Change of Control on the Business Day immediately preceding the payment date, subject to the satisfaction of certain conditions, to convert the whole or, in the case of an Initial Debenture of a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal amount of such Initial Debenture into Common Shares at the Conversion Price in effect on the Date of Conversion. To the extent a redemption is a redemption in part only of the Initial Debentures, such right to convert, if not exercised prior to the applicable Time of Expiry, shall survive as to any Initial Debentures not redeemed or converted and be applicable to the next succeeding Time of Expiry.

The Conversion Price in effect on the date hereof for each Common Share to be issued upon the conversion of Initial Debentures shall be equal to \$1.00 such that approximately 1,000 Common Shares shall be issued for each \$1,000 principal amount of Initial Debentures so converted, subject to the terms of Section 6.6. Except as provided below, no adjustment in the number of Common Shares to be issued upon conversion will be made for dividends or distributions on Common Shares issuable upon conversion, the record date for the payment of which precedes the date upon which the holder becomes a holder of Common Shares in accordance with Article 6, or for interest accrued on Initial Debentures surrendered. No fractional Common Shares will be issued, and holders will receive a cash payment in satisfaction of any fractional interest based on the Current Market Price as of the Date of Conversion. The Conversion Price applicable to, and the Common Shares, securities or other property receivable on the conversion of, the Initial Debentures is subject to adjustment pursuant to the provisions of Section 2.4(j) and Section 6.5.

Holders converting their Initial Debentures will receive, in addition to the applicable number of Common Shares, accrued and unpaid interest (less any taxes required to be deducted) in respect of the Initial Debentures surrendered for conversion from the last Interest Payment Date up to, but not including the date that is one day prior to the Date of Conversion in accordance with Section 6.4(e).

Holders of Initial Debentures surrendered for conversion during the period from the close of business on any regular record date for the payment of interest on the Initial Debentures to the opening of business on the next succeeding Interest Payment Date will receive the semi-annual interest payable on such Initial Debentures on the corresponding Interest Payment Date notwithstanding the conversion. In the event that a holder of Initial Debentures exercises their conversion right following a Redemption Notice by the Corporation, such holder will be entitled to receive accrued and unpaid interest, in addition to the applicable number of Common Shares to be received on conversion, for the period from the last Interest Payment Date to (but not including) the Date of Conversion.

The Conversion Price will not be adjusted for accrued interest.

Notwithstanding any other provisions of this Indenture, if any Debentures are surrendered for conversion on an Interest Payment Date, the Person or Persons entitled to receive Common Shares in respect of the Initial Debentures so surrendered for conversion shall not become the holder or holders of record of such Common Shares until the Business Day following such Interest Payment Date.

- 2) Section 2.4 (k) is hereby added to the Trust Indenture and shall read as follows:

Notwithstanding anything the contrary contained herein, Section 6.12 of this Indenture entitled "Payment of Cash in Lieu of Common Shares" shall not be applicable with respect to the Initial Debentures.

- 3) Section 2.4 (l) is hereby added to the Trust Indenture and shall read as follows:

Insofar as it applies to the Initial Debentures, the Corporation shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated;

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Common Share Redemption Right or the Common Share Repayment Right, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Common Share Redemption Right or the Common Share Repayment Right.

- 4) Schedule "A-1" of the Original Indenture is hereby deleted in its entirety and replaced with Schedule "A-1" to this Second Supplemental Indenture, and the Trustee is authorized to countersign and issue a new Initial Debenture certificate using the form of Schedule "A-1" attached to this Second Supplemental Indenture upon surrender of an Original Debenture certificate issued under the Original Indenture.
- 5) Schedule "B" of the Original Indenture is hereby deleted in its entirety and replaced with Schedule "B" to this Second Supplemental Indenture.
- 6) Schedule "C" of the Original Indenture is hereby deleted in its entirety and replaced with Schedule "C" to this Second Supplemental Indenture.
- 7) Schedule "D" of the Original Indenture is hereby deleted in its entirety and replaced with Schedule "D" to this Second Supplemental Indenture.

2.2 Amendment Effective Date

The amendments to the Original Debentures as set out in this Second Supplemental Indenture shall take effect as of the Amendment Effective Date regardless of the date of reference of this Second Supplemental Indenture and all Original Debenture certificates issued under the Original Indenture shall be deemed to have been amended as of the Amendment Effective Date regardless whether they have been surrendered to the Trustee in exchange for any new Initial Debenture certificates.

SECTION 3 MISCELLANEOUS

3.1 Original Indenture

The Original Indenture, as amended by the First Supplemental Indenture and this Second Supplemental Indenture, continues in force.

3.2 Further Acts

Each of the parties shall promptly do, execute, deliver or cause to be done, executed or delivered all further acts, documents and things in connection with this Second Supplemental Indenture that the other party may reasonably require for the purposes of giving effect to this Second Supplemental Indenture.

3.3 Binding Effect

This Second Supplemental Indenture shall be binding upon and shall enure to the benefit of the parties hereto and their respective successors and permitted assigns.

3.4 Counterparts

This Second Supplemental Indenture may be executed in any number of counterparts, all of which shall be deemed to be an original and such counterparts taken together shall constitute one agreement, and any of the parties to this Second Supplemental Indenture may execute this Second Supplemental Indenture by signing any such counterpart. This Second Supplemental Indenture shall be effective when each party to this Second Supplemental Indenture has executed a counterpart and has delivered the same to the other. For purposes of this paragraph, a facsimile copy of an executed counterpart of this Second Supplemental Indenture shall be deemed to be an original.

3.5 Governing Law

This Second Supplemental Indenture shall be governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have executed this Second Supplemental Indenture under the hands of their proper signatories in that behalf.

ENTREC CORPORATION

Per: _____

I have authority to bind the corporation.

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: _____ SHANNON GROVER
CORPORATE TRUST OFFICER

Per: _____ BEATRIZ FEDOZZI
CORPORATE TRUST OFFICER

We have authority to bind the corporation.

SCHEDULE "A"
FORM OF GLOBAL DEBENTURE FOR INITIAL DEBENTURE (CANADIAN HOLDERS)

THIS INITIAL DEBENTURE IS A GLOBAL DEBENTURE WITHIN THE MEANING OF THE INDENTURE AND IS REGISTERED IN THE NAME OF A DEPOSITORY OR A NOMINEE THEREOF. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF CDS CLEARING AND DEPOSITORY SERVICES INC. ("CDS") TO ENTREC CORPORATION (THE "ISSUER") OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO., OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS A PROPERTY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE HEREIN AND IT IS A VIOLATION OF ITS RIGHTS FOR ANOTHER PERSON TO HOLD, TRANSFER OR DEAL WITH THIS CERTIFICATE.

THESE DEBENTURES ARE TRANSFERABLE ONLY IN ACCORDANCE WITH APPLICABLE SECURITIES LAWS, THE TERMS OF THE INDENTURE UNDER WHICH THEY WERE ISSUED AND UPON THE DUE COMPLETION, EXECUTION AND DELIVERY OF THE TRANSFER FORM ATTACHED HERETO.

No. 001

ISIN CA29384DAB25

ENTREC CORPORATION
(Incorporated under the laws of Alberta)

8.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURE
DUE June 30, 2021

Principal Amount	\$25,300,000
Interest Rate Per Annum	8.50% payable semi-annually in arrears
Interest Payment Dates	April 30 and October 31

ENTREC CORPORATION (the "**Corporation**") for value received hereby promises to pay to CDS & Co, the registered holder hereof (the "**Holder**"), on June 30, 2021 (the "**Maturity Date**"), or on such earlier date as the principal amount hereof may become due and payable in accordance with the provisions of the Indenture (as defined below), on presentation and surrender of this 8.50% Convertible Unsecured Subordinated Debenture due June 30, 2021 (the "**Initial Debenture**"), the principal amount of Twenty-Five Million Three Hundred Thousand Dollars (\$25,300,000) (the "**Principal Amount**") in lawful money of Canada at the office of the Trustee (as defined below) in Calgary, Alberta, and to accrue interest from the date hereof (the "**Issue Date**") and pay interest on the Principal Amount, at the address of the Holder appearing on the register of the Initial Debentures maintained by or at the direction of the Trustee (the "**Register**"), as follows: (i) continue to bear interest to but excluding October 31, 2016 at the rate of 7.00% per annum; and (ii) thereafter bear interest from and including October 31, 2016 at the rate of 8.50% per annum payable in equal semi-annual installments in arrears on April 30 and October 31 in each year from April 30, 2017 until April 30, 2021, plus one final payment for the period from and including April 30, 2021 to but excluding the Maturity Date, in each case computed on the basis of a 365-day year or 366-day year, as the case may be. Each date on which interest is payable is referred to herein as an "**Interest Payment Date**". The final payment of interest at the rate of 7.00% per annum will fall due on October 31, 2016, which payment will include interest from and including April 30, 2016 up to, but not including, October 31, 2016 at the rate of 7.00% per annum. The first payment of interest at the rate of 8.50% per annum will fall due on April 30, 2017, which payment will include interest from and including October 31, 2016 up to, but not including, April 30, 2017 at the rate of 8.50% per annum and the last such payment of interest at the rate of 8.50% per annum (representing interest payable from and including the last Interest Payment Date) will fall due on the Maturity Date or the earlier date of redemption or repayment. Interest is payable after as well as before maturity and after as well as before default, with interest on amounts after maturity or in default at the same rate, compounded semi-annually. For certainty: (i) the final interest payment at the rate of 7.00% per annum will be equal to \$35.00 for each \$1,000 principal amount of Initial Debentures; (ii) the interest payments payable between April 30, 2017 and April 30, 2021 at the rate of

8.50% per annum will be equal to \$42.50 for each \$1,000 principal amount of Initial Debentures; and (ii) the final interest payment at the rate of 8.50% per annum the Maturity Date will be equal to \$14.21 for each \$1,000 principal amount of Initial Debentures. Any payment required to be made on any day that is not a Business Day will be made on the next succeeding Business Day. The record dates for the payment of interest on the Initial Debentures will be the eighth Business Day preceding the Interest Payment Date in each year. The Corporation will on each Interest Payment Date pay to each Holder appearing on the Register via money wire transfer interest due and payable to such Holder on such Interest Payment Date, less any taxes required by law to be deducted or withheld, made payable to the order of such Holder; provided, however that in case of payment of interest at maturity or redemption or as otherwise provided in the Indenture, the time for payment of interest, less any such taxes, may at the option of the Corporation be determined based on the time that the certificate representing this Initial Debenture is presented and surrendered to the Trustee. The completion of such wire transfer will satisfy and discharge the liability for interest upon such Initial Debenture to the extent of the sum represented thereby (plus the amount of any taxes deducted or withheld as aforesaid).

This Initial Debenture is one of an authorized issue of Initial Debentures designated as 8.50% Convertible Unsecured Subordinated Debenture due June 30, 2021 and issued pursuant to a trust indenture made as of October 30, 2012, originally between the Corporation and Olympia Trust Company whose rights and obligations were subsequently assigned to, and assumed by, Computershare Trust Company of Canada (the "Trustee"), as Trustee, and the Corporation, as supplemented by the First Supplemental Indenture made as of May 28, 2014 and as further supplemented by the Second Supplemental Indenture made as of June 16, 2016 (collectively, the "Indenture"). The Indenture specifies the terms and conditions upon which the Initial Debentures are created and issued or may be created, issued and held and the rights of the registered holders of the Initial Debentures, the Corporation and the Trustee, all of which terms and conditions are incorporated by reference in this Initial Debenture and to each of which the Holder, by acceptance hereof, agrees. **If any of the provisions of this Initial Debenture are inconsistent with the provisions of the Indenture, the provisions of the Indenture shall take precedence and shall govern. Capitalized words or expressions used in this Initial Debenture shall, unless otherwise defined herein, have the meaning ascribed thereto in the Indenture.**

The aggregate principal amount of Initial Debentures that may be created and issued under the Indenture is \$25,300,000. Initial Debentures are issuable in denominations of \$1,000 and integral multiples thereof. Initial Debentures of any denomination may be exchanged for an equal aggregate principal amount of Initial Debentures in any other authorized denomination or denominations.

Commencing one day after the Amendment Effective Date, the whole, or if this Initial Debenture is a denomination in excess of \$1,000, any part which is \$1,000 or an integral multiple thereof, of the principal of this Initial Debenture is convertible into Common Shares, at the option of the holder hereof, upon surrender of this Initial Debenture at the principal offices of the Debenture Trustee in Calgary, Alberta at any time prior to 4:30 p.m. (Calgary time) on the earliest of: (i) the last Business Day immediately preceding the Maturity Date, (ii) the last Business Day immediately preceding the date specified for redemption of this Initial Debenture and (iii) the last Business Day immediately preceding the Change of Control Purchase Date (as defined in the Indenture), in each case, at a conversion price of \$1.00 (the "Conversion Price") per Common Share, being a conversion rate of approximately 1,000 Common Shares for each \$1,000 principal amount of Initial Debentures so converted, all subject to the terms and conditions and in the manner set forth in the Indenture. The Indenture makes provision for the adjustment of the Conversion Price in the events therein specified. No fractional Common Shares will be issued on any conversion but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the fractional interest multiplied by the volume-weighted average price per share for Common Shares for the 20 consecutive Trading Days ending on the fifth Trading Day preceding the date of determination on the Toronto Stock Exchange (or, if the Common Shares are not listed thereon, on such stock exchange on which the Common Shares are listed as may be selected for such purpose by or on behalf of the Directors of the Corporation and approved by the Debenture Trustee, or if the Common Shares are not listed on any stock exchange, then on the over-the-counter market) determined in accordance with the Indenture (the "Current Market Price"). Holders converting their Initial Debentures will receive any interest which has accrued in respect thereof from the most recent Interest Payment Date, but not including, the date that is one day prior to the Date of Conversion.

This Initial Debenture may be redeemed, in whole at any time or in part from time to time, at a price equal to the principal amount thereof plus accrued and unpaid interest to, but excluding the date of the redemption (the "Redemption Price"). The Corporation may, on notice as provided in the Indenture, at its option and subject to any applicable regulatory approval,

elect to satisfy its obligation to pay all or a portion of the applicable Redemption Price by the issue of that number of Freely Tradeable Common Shares obtained by dividing the applicable Redemption Price by 95% of the Current Market Price of the Common Shares on the Redemption Date. Any accrued and unpaid interest thereon, if any, up to but not including the Redemption Date will be paid in cash.

Upon the occurrence of a Change of Control of the Corporation, the Corporation is required to make a cash offer to purchase all of the Initial Debentures at a price equal to the principal amount of such Initial Debentures plus accrued and unpaid interest up to, but not including, the date the Initial Debentures are so repurchased (the "**Change of Control Purchase Offer**"). If 90% or more of the principal amount of the Initial Debentures outstanding on the date the Corporation provides the Change of Control Purchase Offer to the Debenture Trustee have been tendered for purchase pursuant to the Offer, the Corporation has the right to redeem all the remaining outstanding Initial Debentures at the same price.

If an Offer for all of the outstanding Initial Debentures is made and 90% or more of the principal amount of all the Initial Debentures (other than Initial Debentures held at the date of the Offer by or on behalf of the Offeror, Associates or Affiliates of the Offeror or anyone acting jointly or in concert with the Offeror) are taken up and paid for by the Offeror, the Offeror will be entitled to acquire the Initial Debentures of those holders who did not accept the Offer on the same terms as the Offeror acquired the first 90% of the principal amount of the Initial Debentures.

The Corporation may, on notice as provided in the Indenture, at its option and subject to any required regulatory approvals, elect to satisfy the obligation to repay all or any portion of the principal amount of this Initial Debenture due on the Redemption Date or the Maturity Date, as applicable, up to but not including the Redemption Date or the Maturity Date, as applicable, by the issue of that number of Common Shares obtained by dividing the principal amount of this Debenture to be paid for in Common Shares pursuant to the exercise by the Corporation of the Common Share Repayment Right by 95% of the Current Market Price on the Redemption Date or Maturity Date, as applicable. Any accrued and unpaid interest thereon, up to but not including the Redemption Date or the Maturity Date, as applicable, will be paid in cash.

The Corporation shall not, directly or indirectly (through a subsidiary or otherwise) undertake or announce any rights offering, issuance of securities, subdivision of the Common Shares, dividend or other distribution on the Common Shares or any other securities, capital reorganization, reclassification or any similar type of transaction in which:

- (a) the number of securities to be issued;
- (b) the price at which securities are to be issued, converted or exchanged; or
- (c) any property or cash that is to be distributed or allocated,

is in whole or in part based upon, determined in reference to, related to or a function of, directly or indirectly, (i) the exercise or potential exercise of the Common Share Redemption Right or the Common Share Repayment Right, or (ii) the Current Market Price determined in connection with the exercise or potential exercise of the Common Share Redemption Right or the Common Share Repayment Right.

The indebtedness evidenced by this Initial Debenture, and by all other Initial Debentures now or hereafter certified and delivered under the Indenture, is a direct unsecured obligation of the Corporation, and is subordinated in right of payment, to the extent and in the manner provided in the Indenture, to the prior payment of all Senior Indebtedness, whether outstanding at the date of the Indenture or thereafter created, incurred, assumed or guaranteed.

The principal hereof may become or be declared due and payable before the stated maturity in the events, in the manner, with the effect and at the times provided in the Indenture.

The Indenture contains provisions making binding upon all holders of Initial Debentures outstanding thereunder resolutions passed at meetings of such holders held in accordance with such provisions and instruments signed by the holders of a specified majority of Initial Debentures outstanding, which resolutions or instruments may have the effect of amending the terms of this Initial Debenture or the Indenture.

This Initial Debenture may only be transferred, upon compliance with the conditions prescribed in the Indenture, in one of the registers to be kept at the principal offices of the Debenture Trustee in Calgary, Alberta and in such other place or places and/or by such other registrars (if any) as the Corporation with the approval of the Debenture Trustee may designate. No

transfer of this Initial Debenture shall be valid unless made on the register by the registered holder hereof or his executors or administrators or other legal representatives, or his or their mandatory duly appointed by an instrument in form and substance satisfactory to the Debenture Trustee or other registrar, and upon compliance with such reasonable requirements as the Debenture Trustee and/or other registrar may prescribe and upon surrender of this Debenture for cancellation. Thereupon a new Initial Debenture or Initial Debentures in the same aggregate principal amount shall be issued to the transferee in exchange hereof.

This Initial Debenture shall not become obligatory for any purpose until it shall have been certified by the Debenture Trustee under the Indenture.

The Indenture and this Initial Debenture shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF **ENTREC CORPORATION** has caused this Debenture to be signed by its duly authorized officer as of the 16th day of June, 2016.

ENTREC CORPORATION

Per: _____

Name: Joe Brennan

Title: Secretary

I have authority to bind the corporation.

(FORM OF TRUSTEE'S CERTIFICATE)

TRUSTEE'S CERTIFICATE

This Initial Debenture is one of the Initial Debentures referred to in the Indenture referred to above.

Dated as of the 16th day of June, 2016.

COMPUTERSHARE TRUST COMPANY OF CANADA

Per: _____

ASSIGNMENT/TRANSFER FORM

TO: ENTREC CORPORATION c/o Computershare Trust Company of Canada, Suite 600, 530 8 Ave SW, Calgary, AB T2P 3S8

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto:

Name

Address

Social Insurance Number, Social Security Number, or Tax Identification Number

\$_____ of the principal amount of Initial Debenture registered in the name of the undersigned represented by the within certificate (which amount must be \$1,000 or an integral multiple thereof) and do hereby irrevocably constitute and appoint _____ attorney to transfer the said Initial Debenture on the books of the Corporation with full power of substitution in the premises.

DATED this ____ day of _____, _____.

Signature of Initial Debentureholder guaranteed by:

Signature of Initial Debentureholder

Name of Initial Debentureholder (Please Print)

*Authorized Signature Number

***NOTICE:** The signature(s) of the transferor(s) must correspond with the name(s) as written upon the face of this certificate(s), in every particular, without alteration or enlargement, or any change whatsoever. The signature(s) on this form must be guaranteed by an authorized officer of Royal Bank of Canada, Scotia Bank or TD Canada Trust whose sample signature(s) are on file with the transfer agent, or by a member of an acceptable Medallion Signature Guarantee Program (STAMP, SEMP, NYSE, MSP). Notarized or witnessed signatures are not acceptable as guaranteed signatures. The Guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED", "MEDALLION GUARANTEED" OR "SIGNATURE & AUTHORITY TO SIGN GUARANTEE", all in accordance with the transfer agent's then current guidelines and requirements at the time of transfer. For corporate holders, corporate signing resolutions, including certificate of incumbency, will also be required to accompany the transfer unless there is a "SIGNATURE & AUTHORITY TO SIGN GUARANTEE" Stamp affixed to the Form of Transfer obtained from an authorized officer of the Royal Bank of Canada, Scotia Bank or TD Canada Trust or a "MEDALLION GUARANTEED" Stamp affixed to the Form of Transfer, with the correct prefix covering the face value of the certificate.

ENTREC CORPORATION

8.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES DUE JUNE 30, 2021

Initial Principal Amount: \$ _____

ISIN: CA •

Authorization: _____

ADJUSTMENTS

Date	Amount of Increase	Amount of Decrease	New Principal Amount	Authorization

SCHEDULE "B"
FORM OF NOTICE OF REDEMPTION

ENTREC CORPORATION

8.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE JUNE 30, 2021

NOTICE OF REDEMPTION

To: Holders of 8.50% Convertible Unsecured Subordinated Debentures due June 30, 2021 (the "**Debentures**") of ENTREC CORPORATION (the "**Corporation**") as issuer of the Debentures

And to: Computershare Trust Company of Canada, as Trustee

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.3 of the trust indenture (the "**Indenture**") dated as of October 30, 2012 originally between the Corporation and Olympia Trust Company whose rights and obligations were subsequently assigned to, and assumed by, Computershare Trust Company of Canada (the "**Debenture Trustee**"), as amended by the First Supplemental Indenture dated as of May 28, 2014 and as further amended by the Second Supplemental Indenture dated as of June 16, 2016, that the aggregate principal amount of \$● of the \$● of Debentures outstanding will be redeemed as of ● (the "**Redemption Date**"), upon payment of a redemption amount of \$● for each \$1,000 principal amount of Debentures, being the principal amount thereof plus accrued and unpaid interest to, but excluding the date of the redemption (collectively, the "**Redemption Price**").

The Redemption Price will be payable upon presentation and surrender of the Debentures called for redemption at the following corporate trust office:

Computershare Trust Company of Canada
Suite 600, 530 8 Ave SW
Calgary, AB T2P 3S8
Attention: Manager, Corporate Trust

The interest upon the principal amount of Debentures called for redemption will cease to be payable from and after the Redemption Date, unless payment of the Redemption Price will not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Price pursuant to the Indenture.

[Pursuant to Section 4.6 of the Indenture, the Corporation hereby irrevocably elects to satisfy its obligation to pay to the holders of Debentures \$● of the Redemption Price payable to holders of Debentures in accordance with this notice by issuing and delivering to the holders that number of Freely Tradeable Common Shares obtained by dividing the Redemption Price by 95% of the Current Market Price of the Common Shares on the Redemption Date.]

[No fractional Common Shares shall be delivered upon the exercise by the Corporation of the abovementioned redemption right but, in lieu thereof, the Corporation shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Redemption Date (less any tax required to be deducted, if any).]

[In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Corporation shall, on the Redemption Date, make the delivery to the Debenture Trustee, at the abovementioned corporate trust office, for delivery to and on account of the holders, of certificates representing the Freely Tradeable Common Shares to which holders are entitled together with the cash equivalent in lieu of fractional Common Shares, cash for all accrued

and unpaid interest up to, but excluding, the Redemption Date, and, if only a portion of the Debentures are to be redeemed by issuing Freely Tradeable Common Shares, cash representing the balance of the Redemption Price.]

DATED: ●

ENTREC CORPORATION

Per: _____
[Authorized Representative]

I have authority to bind the Corporation

SCHEDULE "C"
FORM OF MATURITY NOTICE

ENTREC CORPORATION

8.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE JUNE 30, 2021

MATURITY NOTICE

To: Holders of 8.50% Convertible Unsecured Subordinated Debentures due June 30, 2021 (the "**Debentures**") of ENTREC Corporation (the "**Corporation**")

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.10 of the trust indenture (the "**Indenture**") dated as of October 30, 2012 originally between the Corporation and Olympia Trust Company whose rights and obligations were subsequently assigned to, and assumed by, Computershare Trust Company of Canada (the "**Debenture Trustee**"), as amended by the First Supplemental Indenture dated as of May 28, 2014 and as further amended by the Second Supplemental Indenture dated as of June 16, 2016, that the Initial Debentures are due and payable as of June 30, 2021 (the "**Maturity Date**") and the Corporation elects to satisfy its obligation to pay to holders of Initial Debentures \$● of the principal amount of the Initial Debentures outstanding on the Maturity Date by issuing and delivering to the holders that number of Freely Tradeable Common Shares equal to the number obtained by dividing such principal amount of the Initial Debentures by 95% of the Current Market Price of Common Shares on the Maturity Date. Any accrued and unpaid interest up to but not including the Maturity Date will be paid in cash.

No fractional Common Shares shall be delivered on exercise by the Corporation of the above mentioned repayment right but, in lieu thereof, the Corporation shall pay the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares on the Maturity Date (less any tax required to be deducted, if any).

DATED: ●

ENTREC CORPORATION

Per: _____
[Authorized Representative]

I have authority to bind the Corporation

SCHEDULE "D"
FORM OF NOTICE OF CONVERSION

ENTREC CORPORATION

8.50% CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES
DUE JUNE 30, 2021

NOTICE OF CONVERSION

(To be executed by the Holder in order to Convert the Initial Debenture)

TO: ENTREC CORPORATION
26420 – Township Road 531A, Acheson, Alberta, T7X 5A3

The undersigned hereby irrevocably elects to convert \$● of the principal amount of the Initial Debenture (which must be a multiple of \$1,000) registered in the name of the undersigned into Common Shares according to the conditions stated in the trust indenture (the "**Indenture**") dated as of October 30, 2012 originally between the Corporation and Olympia Trust Company whose rights and obligations were subsequently assigned to, and assumed by, Computershare Trust Company of Canada, as trustee, as amended by the First Supplemental Indenture dated as of May 28, 2014 and as further amended by the Second Supplemental Indenture dated as of June 16, 2016 as of the conversion date written below. All capitalized terms used herein shall have the meanings assigned thereto in the Indenture.

Date of Conversion:	
Applicable Conversion Price:	\$
Amount to be converted:	\$
Number of Common Shares to be issued:	
Amount of Debenture unconverted	Principal unconverted: \$
Please issue the Common Shares in the following name and to the following address:	
Signature of the Holder:	
Name	
Address:	
Phone Number:	

*NOTICE: If any Common Shares are to be issued to a person or persons other than the registered holder, the registered holder must pay to the Trustee all eligible transfer taxes or other government charges, if any, and the Form of Transfer must be duly executed.

Computershare's Privacy Notice: In the course of providing services to you and our corporate clients, Computershare receives non-public personal information about you - your name, address, social insurance number, securities holdings, transactions, etc. We use this to administer your account, to better serve your and our clients' needs and for other lawful purposes. We have prepared a Privacy Code to tell you more about our information practices and how your privacy is protected. It is available at our website, computershare.com, or by writing us at 100 University Avenue, Toronto, Ontario, M5J 2Y1. *You are required to provide your SIN if you will receive income on these

securities. We will use this number for income reporting. Computershare may also ask for your SIN as an identification-security measure if you call or write to request service on your account; however you may decline this usage.

EXHIBIT “P”


April 29, 2020

VIA EMAIL

ENTREC Corporation
28712 114 Avenue
Acheson, Alberta T7X 6E6

Attention: Mr. Jason Vandenberg
Chief Financial Officer
Fax No.: (780) 962-1722
Email: jvandenberg@entrec.com

This is Exhibit "P" referred to in
the Affidavit of
John Stevens
Sworn before me this 14
day of May, 2020


A Commissioner for Oaths, in and
for the Province of Alberta
Spencer D. Norris
Barrister and Solicitor

Dear Sirs/Mesdames:

Re: Amended and Restated Credit Agreement dated October 10, 2017 (as amended, modified, supplemented, extended, renewed, restated or replaced from time to time, the "Credit Agreement") between Entrec Corporation (the Borrower), Wells Fargo Capital Finance Corporation Canada (as Agent and Lender) and the other Lenders party thereto. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Credit Agreement unless stated otherwise.

For the February 2020 period, we hereby notify you that Events of Default have occurred and are continuing under the Credit Agreement as a result of:

1. the Borrower's failure to not permit Excess Availability to be less than or equal to \$15,000,000 at any time as required under Section 7(c) of the Credit Agreement resulting in an Event of Default under Section 8.2(a) of the Credit Agreement. The Borrowing Base Certificate dated February 29, 2020 delivered to the Agent on March 18, 2020 calculates Excess Availability at (\$2,473,820);
2. the PPSA financing statement registered against certain assets of the Borrower at the Alberta Personal Property Registry in favour of Camrock Capital Partners GP (ET41) Inc. (in its capacity as landlord under the Borrower's lease of the property at 26420 Township Road 531A, County of Parkland, Alberta T7X 5A3) on December 9, 2019 having registration number 19120930444 which is not a Permitted Lien under the Credit Agreement;
3. the breach of your representation and warranty in Section 4.21 (Leases) of the Credit Agreement that there are no material defaults under your material leases resulting in an Event of Default under Section 8.7 of the Credit Agreement; and
4. the Borrower's failure to cause ENTREC Holdings Inc. to deliver the loan and security documents required pursuant to Section 5.11 of the Credit Agreement within 10 days of its incorporation resulting in an Event of Default under Section 8.2(a) of the Credit Agreement



The above Events of Default are in addition to the other existing Events of Default we have notified you of (and you have acknowledged) in our reservation of rights letters dated July 18, 2019, August 8, 2019, September 17, 2019, September 25, 2019, November 7, 2019, December 18, 2019, January 13, 2020, February 24, 2020 and April 28, 2020.

We reserve the right to take such actions as we consider necessary or desirable to preserve and protect our interests and to exercise all available rights and remedies that we have at law, under this letter, the Credit Agreement, or the other Loan Documents.

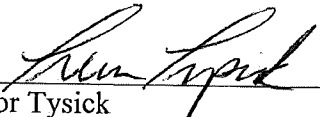
Nothing in this letter shall constitute or be deemed to be a waiver by us of any Default or Event of Default that has occurred to the date hereof or an amendment or modification of any term or condition of the Credit Agreement or the other Loan Documents and we specifically reserve all of our rights and remedies at law, under this letter, the Credit Agreement and the other Loan Documents. No failure on the part of us to exercise, and no delay in exercising, any right or remedy at law, set out in this letter or under the Credit Agreement or the other Loan Documents as a result of the aforementioned Events of Default shall operate as a waiver thereof. Time will, in all respects, be of the essence with respect to the matters set out in this letter.

We ask that you evidence your acknowledgement of the foregoing by signing the acknowledgement section below and returning it to us via email at the following email address: trevor.g.tysick@wellsfargo.com.

Yours truly,

**WELLS FARGO CAPITAL FINANCE
CORPORATION CANADA, as Agent and
Lender**

By:

Name:  Trevor Tysick

Title: Vice President, Relationship Manager
Wells Fargo Capital Finance
Corporation Canada

cc. Nerland Lindsey LLP (Mr. Joe Brennan)
Fax No.: (403) 299-9601
Email: jbrennan@nerlandlindsey.com

Each of the undersigned hereby acknowledges receipt of the letter from Wells Fargo Capital Finance Corporation Canada dated April 29, 2020.

CAPSTAN HAULING LTD.

By: 
Name: _____
Title: _____

ENTREC SERVICES LTD.

By: 
Name: _____
Title: _____

ENTREC ALBERTA LTD.

By: 
Name: _____
Title: _____

ENTREC CRANES & HEAVY HAUL INC.

By: 
Name: _____
Title: _____

ENT OILFIELD GROUP LTD.

By: 
Name: _____
Title: _____

ENTREC CORPORATION

By: 
Name: _____
Title: _____

ENT CAPITAL CORP.

By: 
Name: _____
Title: _____

EXHIBIT “Q”



Bennett Jones

Bennett Jones LLP
3400 One First Canadian Place, P.O. Box 130
Toronto, Ontario, M5X 1A4 Canada
T: 416.863.1200
F: 416.863.1716

Michael Shakra
Associate
Direct Line: 416.777.6236
e-mail: shakram@bennettjones.com

May 14, 2020

VIA OVERNIGHT COURIER AND EMAIL

ENTREC CORPORATION
28712 114 Avenue
Acheson, Alberta T7X 6E6
Canada

Attn: Mr. Jason Vandenberg, CFO

Dear Sir:


Re: Wells Fargo – Demand For Payment

We are the solicitors for Wells Fargo Capital Finance Corporation Canada ("Wells Fargo"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Credit Agreement (as defined below) unless stated otherwise.

ENTREC Corporation (the "**Borrower**"), Wells Fargo (as Agent and Lender) and the other Lenders party thereto are parties to an Amended and Restated Credit Agreement dated October 10, 2017 (as amended, modified, supplemented, extended, renewed, restated or replaced from time to time) (the "**Credit Agreement**").

As of May 11, 2020 the Borrower is indebted to the Agent and Lenders in the amount of CAD\$72,383,667.96 and USD\$12,798,618.43 in respect of the Revolving Loans and the Letters of Credit, inclusive of principal and interest current to that date.

The aforementioned indebtedness and all other "Obligations" (as defined in the Credit Agreement) (collectively, the "**Indebtedness**") (plus all accruing interest, and all accrued and accruing fees, costs, and expenses) are secured by certain security, including, but not limited to: (1) a General Security Agreement made as of March 6, 2014, by and between Wells Fargo and ENTREC Corporation, as amended or supplemented from time to time; (2) a General Security Agreement dated as of March 6, 2014 entered into by ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc. and ENTREC Services Ltd and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (3) a U.S. Guaranty and Security Agreement dated as of March 6, 2014 entered into by ENTREC Corporation, ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc., ENTREC Services Ltd. and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended

This is Exhibit "Q" referred to in the
Affidavit of
John Stevens
Sworn before me this 14 day
of May A.D., 20 20

A Notary Public, A Commissioner for Oaths
in and for the Province of Alberta

Spencer D. Norris
Barrister and Solicitor

or supplemented from time to time; (4) a Guarantee Agreement made as of March 6, 2014, by and between Wells Fargo and ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc., ENTREC Services Ltd., and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (5) certain Blocked Account Agreements by and between Canadian Western Bank, Wells Fargo and certain of the Loan Parties, as amended or supplemented from time to time; (6) a Deposit Account Control Agreement between Entrec Cranes & Heavy Haul Inc., Wells Fargo and Wells Fargo Bank, National Association; and (7) a Joinder to U.S. Guarantee and Security Agreement provided by ENTREC Holdings Inc. made as of April 29, 2020 (collectively with all other security provided by the Loan Parties to the Agent, the "**Security**").

We have been advised by Wells Fargo that the Borrower is in default pursuant to the terms of the Credit Agreement. Wells Fargo hereby declares the Indebtedness to have become due and payable.

On behalf of Wells Fargo, we hereby demand immediate payment of the Indebtedness (plus all accruing interest, and all accrued and accruing fees, costs, and expenses).

Payment is to be made to Bennett Jones LLP, in trust, Suite 3400, One First Canadian Place, Toronto, Ontario M5X 1A4 to the attention of Mr. Michael Shakra.

Failing immediate payment, we are instructed to inform you that our client intends to take such steps as it considers necessary or appropriate, including proceedings to enforce the Security, to recover payment of the Indebtedness (plus all accruing interest and all accrued and accruing fees, costs, and expenses) in full without further notice.

We enclose a copy of a Notice of Intention to Enforce Security issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Yours truly,
BENNETT JONES LLP



Michael Shakra

Encl.

C: Miller Thomson LLP (Jeff Carhart)



Bennett Jones

NOTICE OF INTENTION TO ENFORCE SECURITY

TO: ENTREC Corporation (the "**Borrower**"), an insolvent person.

TAKE NOTICE THAT:

1. Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**"), a secured creditor, intends to enforce its security on all present and after-acquired undertaking and property of the Borrower of any nature whatsoever (including, without limitation, equipment, inventory, accounts, intangibles, documents of title, chattel paper, instruments, money, securities, documents, real property, and proceeds), all as more particularly described in the body of and schedules to the Security, as defined below.
2. The Security that is to be enforced is in the form of: (1) a General Security Agreement made as of March 6, 2014, by and between Wells Fargo and ENTREC Corporation, as amended or supplemented from time to time; (2) a General Security Agreement dated as of March 6, 2014 entered into by ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc. and ENTREC Services Ltd. and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (3) a U.S. Guaranty and Security Agreement dated as of March 6, 2014 entered into by ENTREC Corporation, ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc., ENTREC Services Ltd. and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (4) a Guarantee Agreement made as of March 6, 2014, by and between Wells Fargo and ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc., ENTREC Services Ltd., and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (5) certain Blocked Account Agreements by and between Canadian Western Bank, Wells Fargo and certain of the Loan Parties, as amended or supplemented from time to time; (6) a Deposit Account Control Agreement between Entrec Cranes & Heavy Haul Inc., Wells Fargo and Wells Fargo Bank, National Association; and (7) a Joinder to U.S. Guarantee and Security Agreement provided by ENTREC Holdings Inc. made as of April 29, 2020 (collectively with all other security provided by the Loan Parties to the Agent, the "**Security**").
3. As at May 11, 2020 the total amount of indebtedness secured by the Security is: CAD\$72,383,667.96 and USD\$12,798,618.43 in respect of principal and interest in respect of the Revolving Loans and the Letters of Credit, plus the amount of all other Obligations, including certain fees, expenses, and costs.



4. Wells Fargo will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Borrower consent to an earlier enforcement.

DATED at Toronto this 14th day of May 2020

**Wells Fargo Capital Finance Corporation Canada
(by its lawyers)**



BENNETT JONES LLP

1 First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4
Attention: Mr. Michael Shakra



Bennett Jones



Bennett Jones

Bennett Jones LLP
3400 One First Canadian Place, P.O. Box 130
Toronto, Ontario, M5X 1A4 Canada
T: 416.863.1200
F: 416.863.1716

Michael Shakra
Associate
Direct Line: 416.777.6236
e-mail: shakram@bennettjones.com

May 14, 2020

VIA OVERNIGHT COURIER AND EMAIL

ENTREC ALBERTA LTD.
28712 114 Avenue
Acheson, Alberta T7X 6E6
Canada

Attn: Mr. Jason Vandenberg, CFO

ENT CAPITAL CORP.
28712 114 Avenue
Acheson, Alberta T7X 6E6
Canada

Attn: Mr. Jason Vandenberg, CFO

ENTREC HOLDINGS INC.
28712 114 Avenue
Acheson, Alberta T7X 6E6
Canada

Attn: Mr. Jason Vandenberg, CFO

ENTREC SERVICES LTD.
28712 114 Avenue
Acheson, Alberta T7X 6E6
Canada

Attn: Mr. Jason Vandenberg, CFO

CAPSTAN HAULING LTD.
28712 114 Avenue
Acheson, Alberta T7X 6E6
Canada

Attn: Mr. Jason Vandenberg, CFO

ENTREC CRANES
& HEAVY HAUL INC.
28712 114 Avenue
Acheson, Alberta T7X 6E6
Canada

Attn: Mr. Jason Vandenberg, CFO

ENT OILFIELD GROUP LTD.
28712 114 Avenue
Acheson, Alberta T7X 6E6
Canada

Attn: Mr. Jason Vandenberg, CFO

Dear Sirs:

Re: Wells Fargo – Demand For Payment

We are the solicitors for Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**"). Capitalized terms not otherwise defined herein shall have the meanings given to them in the Credit Agreement (as defined below) unless stated otherwise.

We reference: (1) an Amended and Restated Credit Agreement dated October 10, 2017 between ENTREC Corporation (the "**Borrower**"), Wells Fargo (as Agent and Lender) and the other Lenders party thereto (as amended, modified, supplemented, extended, renewed, restated or replaced from time to time, the "**Credit Agreement**"); (2) a General Security Agreement made as of March 6, 2014, by and between Wells Fargo and ENTREC Corporation, as amended or supplemented from time to time; (3) a General Security Agreement dated as of March 6, 2014 entered into by ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc. and ENTREC Services Ltd. and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (4) a U.S. Guaranty and Security Agreement dated as of March 6, 2014 entered into by ENTREC Corporation, ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc., ENTREC Services Ltd. and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (5) a Guarantee Agreement made as of March 6, 2014, by and between Wells Fargo and ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc., ENTREC Services Ltd., and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (6) certain Blocked Account Agreements by and between Canadian Western Bank, Wells Fargo and certain of the Loan Parties, as amended or supplemented from time to time; (7) a Deposit Account Control Agreement between Entrec Cranes & Heavy Haul Inc., Wells Fargo and Wells Fargo Bank, National Association; and (8) a Joinder to U.S. Guarantee and Security Agreement provided by ENTREC Holdings Inc. made as of April 29, 2020 (each as amended, modified, supplemented, extended, renewed, restated or replaced from time to time, collectively with all other security provided by the Loan Parties to the Agent, the "**Loan and Security Documents**").

As of May 11, 2020 the Borrower is indebted to the Agent and Lenders in the amount of CAD\$72,383,667.96 and USD\$12,798,618.43 in respect of the Revolving Loans and the Letters of Credit, inclusive of principal and interest current to that date (collectively with all other "Obligations" (as defined in the Credit Agreement), the "**Credit Agreement Indebtedness**").

By letter dated May 14, 2020, sent on behalf of Wells Fargo, we have demanded payment from the Borrower in respect of the Credit Agreement Indebtedness, plus all further principal, accruing interest, and existing and further fees and costs, including professional costs (the "**Demand Letter**"). A copy of the Demand Letter is attached.

The Loan and Security Documents are held in support of all Credit Agreement Indebtedness, plus all further principal, accruing interest, and existing and further fees and costs, including professional costs (collectively, the "**Guarantor Indebtedness**").



The Guarantor Indebtedness is secured by the Loan and Security Documents.

On behalf of Wells Fargo, we hereby demand immediate payment of the Guarantor Indebtedness (plus all accruing interest, and all accrued and accruing fees, costs, and expenses).

Payment is to be made to Bennett Jones LLP, in trust, Suite 3400, One First Canadian Place, Toronto, Ontario M5X 1A4 to the attention of Mr. Michael Shakra.

Failing immediate payment, we are instructed to inform you that our client intends to take such steps as it considers necessary or appropriate, including proceedings to enforce the Security, to recover payment of the Guarantor Indebtedness (plus all accruing interest and all accrued and accruing fees, costs, and expenses) in full without further notice.

We enclose a copy of a Notice of Intention to Enforce Security issued pursuant to subsection 244(1) of the *Bankruptcy and Insolvency Act* (Canada).

Yours truly,

BENNETT JONES LLP



Michael Shakra

Encl.

C: Miller Thomson LLP (Jeff Carhart)

NOTICE OF INTENTION TO ENFORCE SECURITY

TO: Capstan Hauling Ltd., ENTREC Alberta Ltd., ENT Capital Corp., ENTREC Cranes & Heavy Haul Inc., ENT Oilfield Group Ltd., ENTREC Holdings Inc. and ENTREC Services LTD. (collectively, the "Guarantors")

TAKE NOTICE THAT:

1. Wells Fargo Capital Finance Corporation Canada ("**Wells Fargo**"), a secured creditor, intends to enforce its security on all present and after-acquired undertaking and property of each Guarantor of any nature whatsoever (including, without limitation, equipment, inventory, accounts, intangibles, documents of title, chattel paper, instruments, money, securities, documents, real property, and proceeds), all as more particularly described in the body of and schedules to the Security, as defined below.
2. The Security that is to be enforced is in the form of: (1) a General Security Agreement made as of March 6, 2014, by and between Wells Fargo and ENTREC Corporation, as amended or supplemented from time to time; (2) a General Security Agreement dated as of March 6, 2014 entered into by ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc. and ENTREC Services Ltd. and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (3) a U.S. Guaranty and Security Agreement dated as of March 6, 2014 entered into by ENTREC Corporation, ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc., ENTREC Services Ltd. and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (4) a Guarantee Agreement made as of March 6, 2014, by and between Wells Fargo and ENTREC Alberta Ltd., ENTREC Cranes & Heavy Haul Inc., ENTREC Services Ltd., and certain of their affiliates which thereafter signed a supplement thereto, in favour of the Agent, as amended or supplemented from time to time; (5) certain Blocked Account Agreements by and between Canadian Western Bank, Wells Fargo and certain of the Loan Parties, as amended or supplemented from time to time; (6) a Deposit Account Control Agreement between Entrec Cranes & Heavy Haul Inc., Wells Fargo and Wells Fargo Bank, National Association; and (7) a Joinder to U.S. Guarantee and Security Agreement provided by ENTREC Holdings Inc. made as of April 29, 2020 (collectively with all other security provided by the Loan Parties to the Agent, the "**Security**").
3. As at May 11, 2020 the total amount of indebtedness secured by the Security is: CAD\$72,383,667.96 and USD\$12,798,618.43 in respect of principal and interest in respect of the Revolving Loans and the Letters of Credit, plus the amount of all other Obligations, including certain fees, expenses, and costs.



4. Wells Fargo will not have the right to enforce the Security until after the expiry of the ten (10) day period after this notice is sent, unless the Guarantors consent to an earlier enforcement.

DATED at Toronto this 14th day of May 2020

**Wells Fargo Capital Finance Corporation Canada
(by its lawyers)**



BENNETT JONES LLP
1 First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario M5X 1A4
Attention: Mr. Michael Shakra

EXHIBIT “R”

COURT FILE NO 1903-18544
COURT QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE EDMONTON
PLAINTIFF BY COUNTERCLAIM ENTREC CORPORATION

DEFENDANT BY COUNTERCLAIM CAMROCK CAPITAL PARTNERS GP (ET41) INC. in its capacity as general partner of CAMROCK CAPITAL (ET41) LIMITED PARTNERSHIP

DOCUMENT COUNTERCLAIM of ENTREC CORPORATION

ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT

NERLAND LINDSEY LLP
1400, 350 – 7 Avenue SW
Calgary, AB T2P 3N9

Attention: Mohamed A. Amery

Phone: 403.299.9600


Facsimile: 403.299.9601

File No.: 92-35092

Clerk's Stamp



This is Exhibit "R" referred to in the Affidavit of John Stevens
Sworn before me this 14
day of May, 2020


A Commissioner for Oaths, in
and for the Province of Alberta
Spencer D. Norris
Barrister and Solicitor

NOTICE TO DEFENDANT BY COUNTERCLAIM

You are being sued. You are a Defendant by Counterclaim.

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

Statement of facts relied on:

1. This Counterclaim adopts, repeats and elaborates upon the contents of the Statement of Defence of the Plaintiff by Counterclaim. Capitalized terms, if not specifically defined herein, carry the definitions ascribed to them in the Statement of Defence.
2. By this Counterclaim, ENTREC claims damages against the Defendant by Counterclaim ("Camrock") for egregiously fundamental misrepresentations by Camrock leading to the formation of the Amended Lease Agreement defined herein.
3. Between in or about August 2013 and July 2014, ENTREC made improvements to the Premises valued at \$13,345,000. Camrock was aware of the improvements both during and after their completion and understood that the amounts for leasehold improvement allowance stipulated in the Lease were far less than the value of the improvements actually done. Camrock had a mutual understanding with ENTREC throughout that, upon completion of those improvements, Camrock and ENTREC would amend the Lease Agreement so that ENTREC would be compensated for having made the improvements.

4. On or about July 17, 2014, ENTREC and Camrock discussed the improvements, focussing on how ENTREC would be compensated for having made them. In the course of those discussions, Camrock's principal, John Croft, told ENTREC's chief executives that the maximum value for improvements ENTREC would be compensated was \$12,000,000. Croft told ENTREC that the remaining portion did not raise the value of the Premises and could not be used to obtain bank financing. The foregoing representations shall hereafter be referred to as the "Camrock Representations".
5. As a result of the Camrock Representations, and having been in a vulnerable position as it had expended considerable resources to do the improvements and needed to be compensated in some manner, ENTREC agreed to an amendment of the Lease Agreement based on the Camrock Representations (the "Amended Lease Agreement").
6. The Amended Lease Agreement was structured in the following fashion. The term of the lease was to be extended to 20 years from the original 15 years. ENTREC would receive payment in the amount of \$12,000,000 at the outset. Over the course of the lease, ENTREC would pay interest at a capitalization rate to Camrock on the total amount at the rate of 8%. ENTREC would also pay back half of the \$12,000,000 amortized over the course of the lease.
7. The Camrock Representations were false. In or about July 2019, ENTREC learned Camrock had, in or about October 2014, obtained bank financing that in fact exceeded the value of the improvements, notwithstanding Croft informing ENTREC's representatives merely 3 months earlier in July 2014 that no such financing was obtainable.
8. ENTREC was induced to agree to the terms of the Amended Lease Agreement due to the Camrock Representations, which were fraudulent, as:
 - a) the Camrock Representations were false;
 - b) the Camrock Representations were made knowingly without belief in their truth or in a manner that was recklessly indifferent as to whether they were true or false;
 - c) ENTREC relied on the Camrock Representations and entered into the Amended Lease Agreement based on those Representations; and
 - d) ENTREC suffered damages as a result of that reliance.
9. Alternatively, ENTREC was induced to enter into the Amended Lease Agreement due to the Camrock Representations, which were negligent in that:
 - a) there was a special relationship between ENTREC and Camrock due to the existing Lease Agreement at the time the Camrock Representations were made;
 - b) the Camrock Representations were untrue, inaccurate or misleading;

- c) Camrock acted negligently in making the representations;
 - d) ENTREC relied on the Camrock Representations and entered into the Amended Lease Agreement based on those representations; and
 - e) ENTREC suffered damages as a result of that reliance.
10. Accordingly, ENTREC seeks a declaration that the Amended Lease Agreement is void on the basis of Camrock's fraudulent, or alternatively negligent, misrepresentations.
11. As a result of having entered into the Amended Lease Agreement based on the Camrock Representations, ENTREC suffered damages valued, as at September 1, 2019, in the amount of \$2,977,743 for which Camrock is liable.

Remedy sought:

12. Judgment for damages in the amount of \$2,977,743.
13. Interest according to ENTREC's costs of funds or alternatively according to the *Judgment Interest Act*, RSA 2000, c J-1, as amended.
14. Costs on a solicitor-and-own-client basis or in the alternative enhanced costs.

NOTICE TO DEFENDANTS BY COUNTERCLAIM

You only have a short time to do something to defend yourself against this claim:

- 20 days if you are served in Alberta
- 1 month if you are served outside Alberta but in Canada
- 2 months if you are served outside Canada.

You can respond by filing a statement of defence or a demand for notice in the office of the clerk of the Court of Queen's Bench at Edmonton, Alberta, AND serving your statement of defence or a demand for notice on the plaintiff by counterclaim's address for service.

WARNING

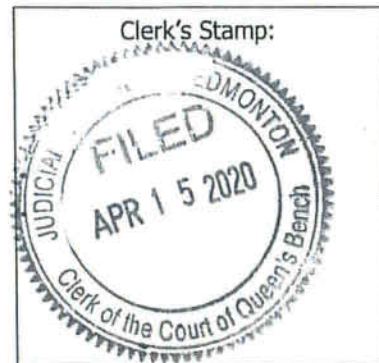
If you do not file and serve a statement of defence or a demand for notice within your time period, you risk losing the law suit automatically. If you do not file, or do not serve, or are late in doing either of these things, a court may give a judgment to the plaintiff by counterclaim against you after notice of the application has been served on you.

EXHIBIT “S”

COURT FILE NO. 1903 18544

COURT COURT OF QUEEN'S BENCH OF ALBERTA

JUDICIAL CENTRE EDMONTON



PLAINTIFF CAMROCK CAPITAL PARTNERS GP (ET41) INC. in its capacity as general partner of
CAMROCK CAPITAL (ET41) LIMITED PARTNERSHIP

DEFENDANT ENTREC CORPORATION

DOCUMENT **SATISFACTION PIECE**

ADDRESS FOR SERVICE McLENNAN ROSS LLP
AND CONTACT #600 McLennan Ross Building
INFORMATION OF 12220 Stony Plain Road
PARTY FILING THIS Edmonton, AB T5N 3Y4
DOCUMENT

Lawyer: Stephen J. Livingstone
Telephone: 780-482-9242
Fax: 780-482-9101
Email: slivingstone@mross.com
File No.: 193399

The Plaintiff hereby acknowledges that it has received satisfaction in full of its Judgment and costs.


DATED at the City of Edmonton, in the Province of Alberta, this 13th day of April, 2020.

McLENNAN ROSS LLP

Per:

Stephen J. Livingstone
Solicitor for the Plaintiff

This is Exhibit "S" referred to in the
Affidavit of John Stevens
Sworn before me this 14 day
of May, 2020


A Commissioner for Oaths, in and for
the Province of Alberta

Spencer D. Norris
Barrister and Solicitor

**Personal Property Registry
Verification Statement
Discharge Notice**

Transmitting Party

ACCU SEARCH INC. (P153)

320 EDM CITY CENTRE E, 10205 101 STREET
EDMONTON, AB T5J 4H5

Party Code: 50073170

Phone #: 780 424 2340

Reference #: 193399

Discharge of Writ of Enforcement

Control #: M06070417

Registration Date: 2020-Apr-14

Registration #: 20041407303

Discharged Registration Information

Latest Registration Number: 20031011704

Registration Type: Writ of Enforcement

First Current Debtor: ENTREC CORPORATION

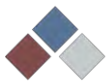
First Current Creditor: CAMROCK CAPITAL PARTNERS GP (ET41) INC.

Note:

The Registration has been fully discharged by the Transmitting Party noted above.

End of Verification Statement





CONSOLIDATED

civil enforcement

Curtis Gerein
Recovery Manager
Cal 403 984-6601
Edm 780 448-5833
ext 6601
CGerein@ccebailiff.ca

Calgary
300 801 Manning Rd NE
Calgary AB T2E 7M8
Ph 403 262-8800
Fx 403 262-8801
Ph 888 262-2626
Fx 888 262-8803
calgary@ccebailiff.ca

Edmonton
4482 97 Street
Edmonton AB T6E 5R9
Ph 780 448-5833
Fx 780 448-0698
Ph 800 313-4270
edmonton@ccebailiff.ca

TO: **Camrock Capital Partners GP (ET 41) Inc.**

DATE: April 9, 2020

ATT: **Steve Livingstone**

YOUR FILE: **193399 SJL**

FAX: 780-733-9719

OUR FILE: **141341-DR-4C**

SUBJECT: **Camrock Capital Partners GP (ET41) Inc. v. Entrec Corporation**

Pursuant to your written instructions, seizure on the above-noted file has now been released. Please find attached the Verification Statement confirming discharge.

We trust that the enclosed is in order and thank you for choosing Consolidated Civil Enforcement Inc.

Regards,

Curtis Gerein
Recovery Manager

**Personal Property Registry
Verification Statement
Discharge Notice**

Transmitting Party

CONSOLIDATED CIVIL ENFORCEMENT INC.

300, 801 Manning Road NE
CALGARY, AB T2E 7M8

Party Code: 50091503

Phone #: 403 262 8800

Reference #: 141341-DR-4C

Discharge of Report of Seizure

Control #: M06067592

Registration Date: 2020-Apr-09

Registration #: 20040924470

Discharged Registration Information

Latest Registration Number: 19120930444

Registration Type: Report of Seizure

First Current Debtor: ENTREC CORPORATION

First Current Creditor: CAMROCK CAPITAL PARTNERS GP (ET41) INC

Note:

The Registration has been fully discharged by the Transmitting Party noted above.

End of Verification Statement



EXHIBIT “T”

LOAN CHECKLIST

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,943,300.00	04-16-2020	04-16-2022	400411579	0029	0000086116-01	***	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "****" has been omitted due to text length limitations.


Borrower: ENTREC Cranes & Heavy Haul Inc.
PO Box 386
Dickinson, ND 58602

Lender: TBK Bank, SSB
Dallas Texas Branch
12700 Park Central Drive, Suite 1700
Dallas, TX 75251
(214) 365-6900

DESCRIPTION

Loan Type: This is a non-precomputed Fixed Rate (1.000%) Nondisclosable Balloon Loan to a Corporation for \$3,943,300.00 due on April 16, 2022.
Transaction Number: 28399.
Collateral: This transaction is unsecured.
Officer: Bill Roden
Processor: Teresa Morgan
Standard Product: Commercial/Ag SBA PPP.
Standard Policy: No Late Charge.
Branch Number and Name: 62 -- Dallas Texas Branch.
General Lending Policy for this transaction is governed by Texas law.
LASER PRO has identified this as a Texas "Chapter 303" transaction.

This is Exhibit "T" referred to in the
Affidavit of John Stevens
Sworn before me this 14 day
of May, 2020


A Commissioner for Oaths, in and for
the Province of Alberta
Spencer D. Norris
Barrister and Solicitor

LOAN DOCUMENTS

<input type="checkbox"/> Loan Checklist	<input type="checkbox"/> Loan Request Summary
<input type="checkbox"/> Amortization Schedule	<input type="checkbox"/> Corporate Resolution: ENTREC Cranes & Heavy Haul Inc.
<input type="checkbox"/> Promissory Note	<input type="checkbox"/> Disbursement Request and Authorization
<input type="checkbox"/> Notice of Final Agreement	<input type="checkbox"/> Boarding Data Sheet: Transaction 28399
<input type="checkbox"/> W-9 Request for Taxpayer ID Number and Certification: : JASON NEIL VANDENBERG	<input type="checkbox"/> W-9 Request for Taxpayer ID Number and Certification: ENTREC Cranes & Heavy Haul Inc.

This list of documents may not include all the documents needed for this transaction. Applications, verifications, and other specialized documents may be needed.

LENDER STANDARD PRODUCT COMMENTS

To be used for the SBA PPP Program only.

ENTRY OMISSION WARNINGS TO LENDER

NO ADDRESS. The address of JASON NEIL VANDENBERG has not been entered on the appropriate Customer Details Screen.
2GLEAS0036S

NO CITY. The city for the address of JASON NEIL VANDENBERG has not been entered on the appropriate Customer Details Screen.
2GLEAS0037S

NO STATE. The state for the address of JASON NEIL VANDENBERG has not been entered on the appropriate Customer Details Screen.
2GLEAS0020S

NO ZIP CODE. The zip code for the address of JASON NEIL VANDENBERG has not been entered on the appropriate Customer Details Screen.
2GLEAS0021S

In processing this loan, any omission warnings in this "Entry Omissions" section should be reviewed as provided below.

ADVISORY WARNINGS TO LENDER

STATUTE CHOSEN. A lending statute selection has been made previously in this transaction. If anything has been changed since that selection was made, verify that the lending statute selection for this transaction continues to be appropriate. Consult your legal counsel if you have questions. 3CLEAS1311S

NO BENEFICIAL OWNER - CONTROL. You have not entered beneficial owner information for an individual, such as an executive officer or other similar individual, with significant responsibility for managing one or more borrowing legal entities: ENTREC Cranes & Heavy Haul Inc.. FinCEN customer due diligence rules require covered institutions to collect information regarding beneficial owners of legal entity customers (corporations, LLCs, partnerships, or similar entities), unless otherwise exempt, and to verify the identities of such individuals at the time of account opening as part of the institution's anti-money laundering (AML) program. 3BLEAS0266S

MISSING NATURAL PERSON OPENING ACCOUNT. You have not identified the name and title of the natural person opening the account on behalf of ENTREC Cranes & Heavy Haul Inc. and certifying as to beneficial ownership. 3BLEAS0268S

**LOAN CHECKLIST
(Continued)**

In processing this loan, any warnings in this "Advisory Warnings" section should be reviewed as provided below.

CRITICAL WARNINGS TO LENDER

In processing this loan, any warnings in this "Critical Warnings" section should be reviewed as provided below.

CHECKLIST WARNINGS

In processing this loan, all warnings appearing above should be reviewed. To generate correct closing documents, it is important to visit and make appropriate selections on all applicable details windows, such as collateral details windows. All closing documents should be reviewed by your compliance officer or legal counsel as specified in the LaserPro Setup Guide. If you have questions about why LaserPro has generated any warning, visit the Finastra Customer Center at <https://customercenter.dh.com> to log into our online self-service Case Management system. If you have legal questions about these warnings or this loan or what action to take, you should seek the advice of your compliance officer or legal counsel.

AMORTIZATION SCHEDULE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,943,300.00	04-16-2020	04-16-2022	400411579	0029	0000086116-01	***	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: ENTREC Cranes & Heavy Haul Inc.
PO Box 386
Dickinson, ND 58602

Lender: TBK Bank, SSB
Dallas Texas Branch
12700 Park Central Drive, Suite 1700
Dallas, TX 75251
(214) 365-6900

Disbursement Date: April 16, 2020
Interest Rate: 1.000

Repayment Schedule: Balloon
Calculation Method: 30 /360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	11-16-2020	221,914.69	23,002.58	198,912.11	3,744,387.89
2	12-16-2020	221,914.69	3,120.32	218,794.37	3,525,593.52
2020 TOTALS:		443,829.38	26,122.90	417,706.48	
3	01-16-2021	221,914.69	2,937.99	218,976.70	3,306,616.82
4	02-16-2021	221,914.69	2,755.51	219,159.18	3,087,457.64
5	03-16-2021	221,914.69	2,572.88	219,341.81	2,868,115.83
6	04-16-2021	221,914.69	2,390.10	219,524.59	2,648,591.24
7	05-16-2021	221,914.69	2,207.16	219,707.53	2,428,883.71
8	06-16-2021	221,914.69	2,024.07	219,890.62	2,208,993.09
9	07-16-2021	221,914.69	1,840.83	220,073.86	1,988,919.23
10	08-16-2021	221,914.69	1,657.43	220,257.26	1,768,661.97
11	09-16-2021	221,914.69	1,473.88	220,440.81	1,548,221.16
12	10-16-2021	221,914.69	1,290.18	220,624.51	1,327,596.65
13	11-16-2021	221,914.69	1,106.33	220,808.36	1,106,788.29
14	12-16-2021	221,914.69	922.32	220,992.37	885,795.92
2021 TOTALS:		2,662,976.28	23,178.68	2,639,797.60	
15	01-16-2022	221,914.69	738.16	221,176.53	664,619.39
16	02-16-2022	221,914.69	553.85	221,360.84	443,258.55
17	03-16-2022	221,914.69	369.38	221,545.31	221,713.24
18	04-16-2022	221,898.00	184.76	221,713.24	0.00
2022 TOTALS:		887,642.07	1,846.15	885,795.92	
TOTALS:		3,994,447.73	51,147.73	3,943,300.00	

NOTICE: This is an estimated loan amortization schedule. Actual amounts may vary if payments are made on different dates or in different amounts.

CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,943,300.00	04-16-2020	04-16-2022	400411579	0029	0000086116-01	***	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Corporation: ENTREC Cranes & Heavy Haul Inc.
PO Box 386
Dickinson, ND 58602


Lender: TBK Bank, SSB
Dallas Texas Branch
12700 Park Central Drive, Suite 1700
Dallas, TX 75251
(214) 365-6900

I, THE UNDERSIGNED, DO HEREBY CERTIFY THAT:

THE CORPORATION'S EXISTENCE. The complete and correct name of the Corporation is ENTREC Cranes & Heavy Haul Inc. ("Corporation"). The Corporation is a corporation for profit which is, and at all times shall be, duly organized, validly existing, and in good standing under and by virtue of the laws of the State of Texas. The Corporation is duly authorized to transact business in all other states in which the Corporation is doing business, having obtained all necessary filings, governmental licenses and approvals for each state in which the Corporation is doing business. Specifically, the Corporation is, and at all times shall be, duly qualified as a foreign corporation in all states in which the failure to so qualify would have a material adverse effect on its business or financial condition. The Corporation has the full power and authority to own its properties and to transact the business in which it is presently engaged or presently proposes to engage. The Corporation maintains an office at 31893 HWY 22, North Dickinson, SD 58601. Unless the Corporation has designated otherwise in writing, the principal office is the office at which the Corporation keeps its books and records. The Corporation will notify Lender prior to any change in the location of the Corporation's state of organization or any change in the Corporation's name. The Corporation shall do all things necessary to preserve and to keep in full force and effect its existence, rights and privileges, and shall comply with all regulations, rules, ordinances, statutes, orders and decrees of any governmental or quasi-governmental authority or court applicable to the Corporation and the Corporation's business activities.

RESOLUTIONS ADOPTED. At a meeting of the Directors of the Corporation, or if the Corporation is a close corporation having no Board of Directors then at a meeting of the Corporation's shareholders, duly called and held on April 22, 2020, at which a quorum was present and voting, or by other duly authorized action in lieu of a meeting, the resolutions set forth in this Resolution were adopted.

OFFICER. The following named person is an officer of ENTREC Cranes & Heavy Haul Inc.:

NAMES	TITLES	AUTHORIZED	ACTUAL SIGNATURES
JASON NEIL VANDENBERG	Chief Financial Officer	Y X	

ACTIONS AUTHORIZED. The authorized person listed above may enter into any agreements of any nature with Lender, and those agreements will bind the Corporation. Specifically, but without limitation, the authorized person is authorized, empowered, and directed to do the following for and on behalf of the Corporation:

Borrow Money. To borrow, as a cosigner or otherwise, from time to time from Lender, on such terms as may be agreed upon between the Corporation and Lender, such sum or sums of money as in his or her judgment should be borrowed, without limitation.

Execute Notes. To execute and deliver to Lender the promissory note or notes, or other evidence of the Corporation's credit accommodations, on Lender's forms, at such rates of interest and on such terms as may be agreed upon, evidencing the sums of money so borrowed or any of the Corporation's indebtedness to Lender, and also to execute and deliver to Lender one or more renewals, extensions, modifications, refinancings, consolidations, or substitutions for one or more of the notes, any portion of the notes, or any other evidence of credit accommodations.

Grant Security. To mortgage, pledge, transfer, endorse, hypothecate, or otherwise encumber and deliver to Lender any property now or hereafter belonging to the Corporation or in which the Corporation now or hereafter may have an interest, including without limitation all of the Corporation's real property and all of the Corporation's personal property (tangible or intangible), as security for the payment of any loans or credit accommodations so obtained, any promissory notes so executed (including any amendments to or modifications, renewals, and extensions of such promissory notes), or any other or further indebtedness of the Corporation to Lender at any time owing, however the same may be evidenced. Such property may be mortgaged, pledged, transferred, endorsed, hypothecated or encumbered at the time such loans are obtained or such indebtedness is incurred, or at any other time or times, and may be either in addition to or in lieu of any property theretofore mortgaged, pledged, transferred, endorsed, hypothecated or encumbered.

Execute Security Documents. To execute and deliver to Lender the forms of mortgage, deed of trust, pledge agreement, hypothecation agreement, and other security agreements and financing statements which Lender may require and which shall evidence the terms and conditions under and pursuant to which such liens and encumbrances, or any of them, are given; and also to execute and deliver to Lender any other written instruments, any chattel paper, or any other collateral, of any kind or nature, which Lender may deem necessary or proper in connection with or pertaining to the giving of the liens and encumbrances.

Negotiate Items. To draw, endorse, and discount with Lender all drafts, trade acceptances, promissory notes, or other evidences of indebtedness payable to or belonging to the Corporation or in which the Corporation may have an interest, and either to receive cash for the same or to cause such proceeds to be credited to the Corporation's account with Lender, or to cause such other disposition of the proceeds derived therefrom as he or she may deem advisable.

Further Acts. In the case of lines of credit, to designate additional or alternate individuals as being authorized to request advances under such lines, and in all cases, to do and perform such other acts and things, to pay any and all fees and costs, and to execute and deliver such other documents and agreements, including agreements waiving the right to a trial by jury, as the officer may in his or her discretion deem reasonably necessary or proper in order to carry into effect the provisions of this Resolution.

ASSUMED BUSINESS NAMES. The Corporation has filed or recorded all documents or filings required by law relating to all assumed business names used by the Corporation. Excluding the name of the Corporation, the following is a complete list of all assumed business names under which the Corporation does business: **None.**

NOTICES TO LENDER. The Corporation will promptly notify Lender in writing at Lender's address shown above (or such other addresses as Lender may designate from time to time) prior to any (A) change in the Corporation's name; (B) change in the Corporation's assumed business name(s); (C) change in the management of the Corporation; (D) change in the authorized signer(s); (E) change in the Corporation's principal office address; (F) change in the Corporation's state of organization; (G) conversion of the Corporation to a new or different type of business entity; or (H) change in any other aspect of the Corporation that directly or indirectly relates to any agreements between the Corporation and Lender. No change in the Corporation's name or state of organization will take effect until after Lender has received notice.

**CORPORATE RESOLUTION TO BORROW / GRANT COLLATERAL
(Continued)**

Loan No: 400411579

Page 2

CERTIFICATION CONCERNING OFFICERS AND RESOLUTIONS. The officer named above is duly elected, appointed, or employed by or for the Corporation, as the case may be, and occupies the position set opposite his or her respective name. This Resolution now stands of record on the books of the Corporation, is in full force and effect, and has not been modified or revoked in any manner whatsoever.

NO CORPORATE SEAL. The Corporation has no corporate seal, and therefore, no seal is affixed to this Resolution.

CONTINUING VALIDITY. Any and all acts authorized pursuant to this Resolution and performed prior to the passage of this Resolution are hereby ratified and approved. This Resolution shall be continuing, shall remain in full force and effect and Lender may rely on it until written notice of its revocation shall have been delivered to Lender and receipt acknowledged by Lender in writing at Lender's address shown above (or such addresses as Lender may designate from time to time). Any such notice shall not affect any of the Corporation's agreements or commitments in effect at the time notice is given.

IN TESTIMONY WHEREOF, I have hereunto set my hand and attest that the signature set opposite the name listed above is his or her genuine signature.

I have read all the provisions of this Resolution, and I personally and on behalf of the Corporation certify that all statements and representations made in this Resolution are true and correct. This Corporate Resolution to Borrow / Grant Collateral is dated April 16, 2020.

CERTIFIED TO AND ATTESTED BY:

X


JASON NEIL VANDENBERG, Chief Financial Officer
of ENTREC Cranes & Heavy Haul Inc.

NOTE: If the officer signing this Resolution is designated by the foregoing document as one of the officers authorized to act on the Corporation's behalf, it is advisable to have this Resolution signed by at least one non-authorized officer of the Corporation.



PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,943,300.00	04-16-2020	04-16-2022	400411579	0029	0000086116-01	***	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: ENTREC Cranes & Heavy Haul Inc.
PO Box 386
Dickinson, ND 58602

Lender: TBK Bank, SSB
Dallas Texas Branch
12700 Park Central Drive, Suite 1700
Dallas, TX 75251
(214) 365-6900

Principal Amount: \$3,943,300.00

Interest Rate: 1.000%

Date of Note: April 16, 2020

PROMISE TO PAY. ENTREC Cranes & Heavy Haul Inc. ("Borrower") promises to pay to TBK Bank, SSB ("Lender"), or order, in lawful money of the United States of America, the principal amount of Three Million Nine Hundred Forty-three Thousand Three Hundred & 00/100 Dollars (\$3,943,300.00), together with interest on the unpaid principal balance from April 16, 2020, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 1.000% per annum based on a year of 360 days, until maturity. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 17 regular payments of \$221,914.69 each and one irregular last payment estimated at \$221,898.00. Borrower's first payment is due November 16, 2020, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on April 16, 2022, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied to first to accrued interest, then to principal, then to escrow, then to late charges, and then any charges or fees. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

TREATMENT OF AMOUNTS FORGIVEN. Any loan amount not eligible for forgiveness of indebtedness under the Coronavirus Aid, Relief, and Economic Security Act under section 7(a) of the Small Business Act 15 U.S.C. 636(a) shall be re-amortized over the remaining term of the loan.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 30/360 simple interest basis; that is, with the exception of odd days before the first full payment cycle, monthly interest is calculated by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by a month of 30 days. Interest for the odd days before the first full month is calculated on the basis of the actual days and a 360-day year. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Prepayment in full shall consist of payment of the remaining unpaid principal balance together with all accrued and unpaid interest and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, and in no event will Borrower ever be required to pay any unearned interest. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: TBK Bank, SSB, Attn: Loan Operations, 852 Middle Road Bettendorf, IA 52722.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 18.000% per annum based on a year of 360 days. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Insolvency. The dissolution or termination of Borrower's existence as a going business, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

**PROMISSORY NOTE
(Continued)**

Loan No: 400411579

Page 2

Change In Ownership. Any change in ownership of twenty-five percent (25%) or more of the common stock of Borrower.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within fifteen (15) days; or (2) if the cure requires more than fifteen (15) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire indebtedness, including the unpaid principal balance under this Note, all accrued unpaid interest, and all other amounts, costs and expenses for which Borrower is responsible under this Note or any other agreement with Lender pertaining to this loan, immediately due, without notice, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire an attorney to help collect this Note if Borrower does not pay, and Borrower will pay Lender's reasonable attorneys' fees. Borrower also will pay Lender all other amounts Lender actually incurs as court costs, lawful fees for filing, recording, releasing to any public office any instrument securing this Note; the reasonable cost actually expended for repossessing, storing, preparing for sale, and selling any security; and fees for noting a lien on or transferring a certificate of title to any motor vehicle offered as security for this Note, or premiums or identifiable charges received in connection with the sale of authorized insurance.

JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Texas without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Texas.

CHOICE OF VENUE. If there is a lawsuit, and if the transaction evidenced by this Note occurred in Dallas County, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Dallas County, State of Texas.

DISHONORED CHECK CHARGE. Borrower will pay a processing fee of \$25.00 if any check given by Borrower to Lender as a payment on this loan is dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts, and, at Lender's option, to administratively freeze all such accounts to allow Lender to protect Lender's charge and setoff rights provided in this paragraph.

COLLATERAL. This loan is unsecured.

APPLICABLE LAW. When SBA is the holder, this Note will be interpreted and enforced under federal law, including SBA regulations. Lender or SBA may use state or local procedures for filing papers, recording documents, giving notice, foreclosing liens, and other purposes. By using such procedures, SBA does not waive any federal immunity from state or local control, penalty, tax, or liability. As to this Note, Borrower may not claim or assert against SBA any local or state law to deny any obligation, defeat any claim of SBA preempt federal law.

DISCLOSURE. By [applying for/receiving] this loan, you acknowledge that you may become ineligible for alternative tax benefits that have been made available under the CARES Act, including any retention tax credit and the ability to defer payment of the employer's portion of social security taxes. You should consult with your tax advisor if you have any questions regarding these matters or your tax liabilities prior to proceeding with this loan.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. NOTICE: Under no circumstances (and notwithstanding any other provisions of this Note) shall the interest charged, collected, or contracted for on this Note exceed the maximum rate permitted by law. The term "maximum rate permitted by law" as used in this Note means the greater of (a) the maximum rate of interest permitted under federal or other law applicable to the indebtedness evidenced by this Note, or (b) the higher, as of the date of this Note, of the "Weekly Ceiling" or the "Quarterly Ceiling" as referred to in Sections 303.002, 303.003 and 303.006 of the Texas Finance Code. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted to charge or collect by federal law or the law of the State of Texas (as applicable). Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. The right to accelerate maturity of sums due under this Note does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Lender does not intend to charge or collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Lender for the use, forbearance or detention of sums due hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the loan evidenced by this Note until payment in full so that the rate or amount of interest on account of the loan evidenced hereby does not exceed the applicable usury ceiling. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, notice of dishonor, notice of intent to accelerate the maturity of this Note, and notice of acceleration of the maturity of this Note. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PROMISSORY NOTE
(Continued)

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

ENTREC CRANES & HEAVY HAUL INC.

By: 

JASON NEIL VANDENBERG, Chief Financial Officer
of ENTREC Cranes & Heavy Haul Inc.



DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,943,300.00	04-16-2020	04-16-2022	400411579	0029	0000086116-01	***	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: ENTREC Cranes & Heavy Haul Inc.
PO Box 386
Dickinson, ND 58602

Lender: TBK Bank, SSB
Dallas Texas Branch
12700 Park Central Drive, Suite 1700
Dallas, TX 75251
(214) 365-6900

LOAN TYPE. This is a non-precomputed Fixed Rate (1.000%) Nondisclosable Balloon Loan to a Corporation for \$3,943,300.00 due on April 16, 2022.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- ☐ Personal, Family or Household Purposes.
☐ Personal Investment.
☒ Business, Agricultural and All Other.

SPECIFIC PURPOSE. The specific purpose of this loan is: SBA PPP LOAN .

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$3,943,300.00 as follows:

Other Disbursements: \$3,943,300.00
\$3,943,300.00 WIRE

Note Principal: \$3,943,300.00

WIRE AUTHORIZATION. TBK Bank, SSB is hereby authorized to send a wire on my behalf as needed for disbursement of loan funds.

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED APRIL 16, 2020.

BORROWER:

ENTREC CRANES & HEAVY HAUL INC

By: 
JASON NEIL VANDENBERG, Chief Financial Officer
of ENTREC Cranes & Heavy Haul Inc.

NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,943,300.00	04-16-2020	04-16-2022	400411579	0029	0000086116-01	***	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "****" has been omitted due to text length limitations.							

Borrower: ENTREC Cranes & Heavy Haul Inc.
PO Box 386
Dickinson, ND 58602

Lender: TBK Bank, SSB
Dallas Texas Branch
12700 Park Central Drive, Suite 1700
Dallas, TX 75251
(214) 365-6900

THE WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

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

Loan. The term "Loan" means the following described loan: a non-precomputed Fixed Rate (1.000%) Nondisclosable Balloon Loan to a Corporation for \$3,943,300.00 due on April 16, 2022.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS

- Corporate Resolution: ENTREC Cranes & Heavy Haul Inc.
- Disbursement Request and Authorization
- W-9 Request for Taxpayer ID Number and Certification: :
JASON NEIL VANDENBERG

- Promissory Note
- Notice of Final Agreement
- W-9 Request for Taxpayer ID Number and Certification: :
ENTREC Cranes & Heavy Haul Inc.

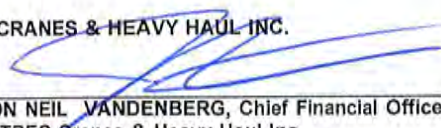
Parties. The term "Parties" means TBK Bank, SSB and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

Borrower: ENTREC Cranes & Heavy Haul Inc.

This Notice of Final Agreement is given by TBK Bank, SSB pursuant to Section 26.02 of the Texas Business and Commerce Code. Each Party who signs below, other than TBK Bank, SSB, acknowledges, represents, and warrants to TBK Bank, SSB that it has received, read and understood this Notice of Final Agreement. This Notice is dated April 16, 2020.

BORROWER:

ENTREC CRANES & HEAVY HAUL INC.

By: 
JASON NEIL VANDENBERG, Chief Financial Officer
of ENTREC Cranes & Heavy Haul Inc.

LENDER:

TBK BANK, SSB

X _____
Authorized Signer

NOTICE OF FINAL AGREEMENT

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,943,300.00	04-16-2020	04-16-2022	400411579	0029	0000086116-01	***	
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Loan. The term "Loan" means the following described loan: a non-precomputed Fixed Rate (1.000%) Nondisclosable Balloon Loan to a Corporation for \$3,943,300.00 due on April 16, 2022.

Loan Agreement. The term "Loan Agreement" means one or more promises, promissory notes, agreements, undertakings, security agreements, deeds of trust or other documents, or commitments, or any combination of those actions or documents, relating to the Loan, including without limitation the following:

LOAN DOCUMENTS

- Corporate Resolution: ENTREC Cranes & Heavy Haul Inc.
- Disbursement Request and Authorization
- W-9 Request for Taxpayer ID Number and Certification: JASON NEIL VANDENBERG
- Promissory Note
- Notice of Final Agreement
- W-9 Request for Taxpayer ID Number and Certification: ENTREC Cranes & Heavy Haul Inc.

Parties. The term "Parties" means TBK Bank, SSB and any and all entities or individuals who are obligated to repay the loan or have pledged property as security for the Loan, including without limitation the following:

Borrower: ENTREC Cranes & Heavy Haul Inc.

This Notice of Final Agreement is given by TBK Bank, SSB pursuant to Section 26.02 of the Texas Business and Commerce Code. Each Party who signs below, other than TBK Bank, SSB, acknowledges, represents, and warrants to TBK Bank, SSB that it has received, read and understood this Notice of Final Agreement. This Notice is dated April 16, 2020.

BORROWER:

ENTREC CRANES & HEAVY HAUL INC.

By: 
JASON NEIL VANDENBERG, Chief Financial Officer
of ENTREC Cranes & Heavy Haul Inc.

LENDER:

TBK BANK, SSB

X
Authorized Signer

BOARDING DATA SHEET

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$3,943,300.00	04-16-2020	04-16-2022	400411579	0029	0000086116-01	***	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: ENTREC Cranes & Heavy Haul Inc.
PO Box 386
Dickinson, ND 58602

Lender: TBK Bank, SSB
Dallas Texas Branch
12700 Park Central Drive, Suite 1700
Dallas, TX 75251
(214) 365-6900

CUSTOMER DATA SUMMARY

ENTREC Cranes & Heavy Haul Inc.
Street Address: 31893 HWY 22
Mailing Address: PO Box 386
Primary Phone:

30-0532917 Corporation
North Dickinson SD 58601
Dickinson ND 58602
Ext:

Instructions:

Borrower
County:
County:

Cust #: 0000086116-01
Phone:
NAICS: 532412

Resolution: New Resolution

Officer of ENTREC Cranes & Heavy Haul Inc.:

Title: Chief Financial Officer

JASON NEIL VANDENBERG
Street Address:
Primary Phone:

Individual

Officer
County:

Cust #:
Phone:

Ext:

Instructions:

BENEFICIAL OWNER(S)

Borrower: ENTREC Cranes & Heavy Haul Inc.

Natural Person Opening Account:

<u>Owner Name</u>	<u>Ownership %</u>	<u>DOB</u>	<u>Address</u>	<u>US Person</u>	<u>SSN</u>	<u>ID</u>
<u>Controller Name/Title</u>		<u>DOB</u>	<u>Address</u>	<u>US Person</u>	<u>SSN</u>	<u>ID</u>

LEI:

TRANSACTION SUMMARY

Transaction No.: 28399
Product Category: Commercial/Ag
Loan Policy: Commercial

Product Description: Commercial/Ag SBA PPP
Category of Purpose: Business, Agricultural and All Other
Specific Loan Purpose: SBA PPP LOAN

CLASSIFICATION DATA

Universal Loan Identifier: 5493000B61DDZ2PG151540041157920200481 (System Generated)
Application No: 400411579202004
Application Date:
Loan No: 400411579
Loan Date: 04-16-2020
Officer: Bill Roden
Processor No: Teresa Morgan
Collateral Code: 0029
Charge Code:
Call Code:
BLANK:
BLANK:

Branch: 62 Dallas Texas Branch
Dept:
Division:
Region:
Loan Type: SBA 7A
Loan Class: New Loan
Purpose Code: 510
Class Code: 11
Misc Code: 730 - SBA7A
Flood Zone: N
DOC PREP: BECKY GURLEY

Employee Loan: No
Restricted Access: No
Reg O Loan:
Comments:

Portfolio Code:
Host System: 00010411*CL
EOD Code:
ACCTING BRANCH: 3113 - Dallas - Sherry
RISK RATING: 902 - 1 PASS HIGH QUALIT

CRA DATA

Loan Type: 03-Other secured lines of credit - small business
Loan Number: 400411579
Loan Amount:
Action Taken: 1-Loan originated
Action Taken Date: 04-16-2020
MSA No: NA
State Code: 38
County Code: 089
Census Tract: 9639.00

Business/Farm Gross Annual Revenue: 4-NA / consumer loan
Affiliate: 2-Loan origination / purchase by an affiliate
Loan Address: 3193 HWY 22 NORTH
Loan City: DICKINSON
Loan State: ND
Loan Zip: 58602
Loan County: STARK
Income in Thousands:
CRA Account Type: 3 - Other Lines/Loans

BOARDING DATA SHEET (Continued)

PAYMENT DATA

BALLOON LOAN (Fixed Rate)

	Financed	In Cash
AMOUNT REQUESTED:	\$3,943,300.00	
PREPAID FINANCE CHARGES:	0.00	
SECURITY INTEREST CHARGES:	0.00	
NOTE AMOUNT:	\$3,943,300.00	\$0.00

DISBURSEMENTS:

Other: WIRE

\$3,943,300.00

PAYMENT CALCULATION:

No. of Pmts	Amount	Due
17	\$221,914.69	Monthly beginning 11-16-2020
1	\$221,898.00	Final Payment is due 04-16-2022

Disbursement Date: 04-16-2020
Due Date: 04-16-2022

INTEREST RATE SELECTION:

Interest Method: 30 /360

Interest Rate: 1.000

APR 0.999%	FINANCE CHARGE \$51,147.73	AMOUNT FINANCED \$3,943,300.00	TOTAL OF PAYMENTS \$3,994,447.73
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**Request for Taxpayer
Identification Number and Certification**

Give Form to the
requester. Do not
send to the IRS.

► Go to www.irs.gov/FormW9 for instructions and the latest information.

Print or type.
See Specific Instructions on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank. ENTREC Cranes & Heavy Haul, Inc.		
2 Business name/disregarded entity name, if different from above		
3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only one of the following seven boxes. <input type="checkbox"/> Individual/sole proprietor or single-member LLC <input checked="" type="checkbox"/> C Corporation <input type="checkbox"/> S Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Trust/estate <input type="checkbox"/> Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ► Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is not disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner. <input type="checkbox"/> Other (see instructions) ►	4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3): Exempt payee code (if any) _____ Exemption from FATCA reporting code (if any) _____ (Applies to accounts maintained outside the U.S.)	
5 Address (number, street, and apt. or suite no.) See instructions. 3193 Hwy 22	Requester's name and address (optional)	
6 City, state, and ZIP code Dickinson, ND 58601		
7 List account number(s) here (optional)		

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number	
or	
Employer identification number	
30	0532917

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
- I am a U.S. citizen or other U.S. person (defined below); and
- The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification Instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign
Here

Signature of
U.S. person ►

Date ►

April 22, 2020

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. For the latest information about developments related to Form W-9 and its instructions, such as legislation enacted after they were published, go to www.irs.gov/FormW9.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following.

- Form 1099-INT (interest earned or paid)

- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See *What is backup withholding*, later.

EXHIBIT “U”

SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT (the "**Agreement**") is made this **14th** day of May, 2020.

A M O N G:

**WELLS FARGO CAPITAL FINANCE CORPORATION CANADA, as
Administrative Agent
("Agent")**

-and-

**WELLS FARGO CAPITAL FINANCE CORPORATION CANADA
THE BANK OF NOVA SCOTIA
CANADIAN WESTERN BANK
THE TORONTO-DOMINION BANK, as Lenders
(collectively, "**Lenders**")**


-and-

**ENTREC CORPORATION, as Borrower
("Borrower")**

This is Exhibit "U" referred to in the
Affidavit of John Stevens
Sworn before me this 14 day
of May, 2020

-and-

**CAPSTAN HAULING LTD.
ENTREC ALBERTA LTD.
ENT CAPITAL CORP.
ENTREC CRANES & HEAVY HAUL INC.
ENT OILFIELD GROUP LTD.
ENTREC HOLDINGS INC.
ENTREC SERVICES LTD., as Guarantors
(collectively, "**Guarantors**"; and the Borrower and the Guarantors, collectively,
the "**Loan Parties**")**


A Commissioner for Oaths, in and
for
the Province of Alberta

Spencer D. Norris
Barrister and Solicitor

RECITALS:

WHEREAS the Agent, the Lenders and the Borrower are parties to an Amended and Restated Credit Agreement made as of October 10, 2017 (as amended, modified, supplemented, extended, renewed, restated, or replaced, the "**Credit Agreement**");

AND WHEREAS, to secure the Obligations of the Loan Parties to the Lenders, the Loan Parties granted security and guarantees in favour of the Agent on behalf of the Lenders including, without limitation, the security and guarantees set out in Schedule "A" hereto;

AND WHEREAS, as at the date hereof, the Borrower is in breach of certain of its obligations under the Credit Agreement and, as a result, one or more Events of Default under the Credit Agreement have occurred and are continuing;

AND WHEREAS, based on the breaches by the Borrower under the Credit Agreement, the Agent issued notices of default to the Borrower on each of July 18, 2019, August 8, 2019, September 17, 2019, September 25, 2019, November 7, 2019, December 18, 2019, January 13, 2020 and February 24, 2020 (collectively, the "**Existing Defaults**");

AND WHEREAS the Borrower has advised the Agent and the Lenders that the Borrower intends to commence proceedings (the "**CCAA Proceedings**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") in the Alberta Court of Queen's Bench (the "**CCAA Court**") to seek, among other things, the granting of an initial order (the "**Initial Order**") and the appointment of Alvarez & Marsal Canada Inc. as monitor (the "**Monitor**");

AND WHEREAS the Borrower has advised the Agent and the Lenders that the Borrower intends to seek recognition (the "**Chapter 15 Proceedings**", and together with the CCAA Proceedings, the "**Insolvency Proceedings**") of the CCAA Proceedings pursuant to Chapter 15, Title 11, of the United States Code (the "**US Bankruptcy Code**") in the United States Bankruptcy Court for the Southern District of Texas (the "**US Bankruptcy Court**" and together with the CCAA Court, the "**Insolvency Courts**");

AND WHEREAS the commencement of the Insolvency Proceedings by the Loan Parties will constitute further Events of Default (as defined the Credit Agreement) (together, the "**Insolvency Events of Default**") under the Credit Agreement;

AND WHEREAS the Borrower has advised the Agent and the Lenders that it intends to implement a transaction in respect of substantially all of its assets, property, and undertaking in the context of the Insolvency Proceedings in the SISP (as defined below);

AND WHEREAS, the Loan Parties have advised the Agent that ENTREC Cranes & Heavy Haul Inc. ("**ENT USA**") submitted an application to the Small Business Administration in the United States of America in connection with the Payroll Protection Program established by the United States Government under the *Coronavirus Aid, Relief and Economic Security Act* of the United States (together with applicable rules and regulations, the "**CARES Act**"), which was approved, and in connection with such approved application, ENT USA received an unsecured loan in the principal amount of USD\$3,943,300 (the "**COVID Financing**"), which ENT USA intends to use solely for specific purposes in accordance with the CARES Act;

AND WHEREAS the Borrower has requested, and the Lenders have agreed, to provide certain interim financing to the Borrower pursuant to an interim financing facility (the "**Interim Financing Facility**") during the Insolvency Proceedings on the terms and conditions contained herein;

AND WHEREAS the Agent issued a letter of demand for payment (the "**Demand Letter**") and a Notice of Intention To Enforce Security to the Loan Parties on May 14, 2020 (the "**BIA Notice**");

AND WHEREAS CWB (as defined below) issued a letter of demand for payment (the "**CWB Demand Letter**") and a Notice of Intention To Enforce Security to the Loan Parties on May 14, 2020 (the "**CWB BIA Notice**") in respect of the Obligations under the CWB Overdraft Agreement (as defined below); and

NOW THEREFORE in consideration of the respective covenants of the parties hereto herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged) the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless the context otherwise requires, all terms defined in the Credit Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Credit Agreement. Any reference to "**Events of Default**" in the Credit Agreement or in this Agreement, shall be a reference to "**Events of Default**" as defined in this Agreement.

1.2 Gender and Number

Words importing the singular include the plural and vice versa and importing gender include all genders.

1.3 Severability

Each of the provisions contained in this Agreement is distinct and severable, and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision of this Agreement.

1.4 Headings

The division of this Agreement into sections and the insertion of headings, articles, sections and clauses, and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

1.5 Entire Agreement

Except for the Loan Documents and the additional documents provided for herein, this Agreement constitutes the entire agreement of the parties and supersedes all prior agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, relating to the subject matter hereof. No provision of this Agreement will be deemed waived by any course of conduct unless such waiver is in writing and signed by all the parties, specifically stating that it is intended to modify this Agreement.

1.6 Governing Law

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

1.7 Currency

Unless otherwise stated, all dollar amounts referenced are in Canadian dollars.

1.8 Attornment

The parties hereto irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or in connection with this Agreement.

1.9 Joint and Several

The Obligations of the Loan Parties hereunder are joint and several.

1.10 Conflicts

If there is any inconsistency or conflict between the terms of this Agreement and the terms of the Loan Documents, the provisions of this Agreement shall prevail to the extent of the inconsistency, but the foregoing shall not apply to limit or restrict, in any way, the rights and remedies of the Agent and Lenders under this Agreement, the Loan Documents, the BIA, the PPSA, the US Bankruptcy Code, the applicable Uniform Commercial Code in the United States (the "UCC"), other applicable law, or otherwise, other than as may be specifically contemplated herein.

ARTICLE 2 ACKNOWLEDGEMENTS AND CONFIRMATIONS

Each of the Loan Parties hereby acknowledges, confirms, and agrees that:

- 2.1** As of 3:00 p.m. Toronto time on May 11, 2020, the Borrower is indebted to the Agent and Lenders in respect of the following:
- (a) Revolving Loans under the Credit Agreement and accrued interest thereon in the aggregate amount of CDN\$72,298,817.96 and US\$12,688,618.43;
 - (b) Letter of Credit Usage under the Credit Agreement in the amount of CDN\$84,850.00 and US\$110,000.00; and
 - (c) the other Obligations under the Loan Documents, including without limitation, unpaid Letter of Credit Fees, Unused Line Fees and Lender Group Expenses, which, for greater certainty, are not included in the amounts in Sections 2.1(a) and 2.1(b).
- 2.2** As of 9:00 a.m. Toronto time on May 11, 2020, the Borrower is indebted to Canadian Western Bank in respect of an overdraft facility provided under a letter agreement dated

March 11, 2014 and overdraft lending agreement dated October 10, 2017 (collectively, as amended, modified, supplemented, extended, renewed, restated, or replaced, the "**CWB Overdraft Agreement**") between the Borrower and Canadian Western Bank ("**CWB**") in respect of overdraft loans and accrued interest thereon in the aggregate amount of CDN\$4,939,972.02 and US\$9,118.26.

- 2.3 All present and future obligations, indebtedness, fees (including reasonable professional fees), reasonable costs, and reasonable expenses under the Credit Agreement and the Loan Documents shall be collectively referenced in this Agreement as the "**Indebtedness**" which, for greater certainty, shall include all Obligations.
- 2.4 The Indebtedness is unconditionally owing by the Loan Parties to the Agent and Lenders without any right of setoff, defence, counterclaim, or reduction of any kind, nature, or description whatsoever, and the Loan Parties are estopped from disputing such Indebtedness. Nothing in this provision derogates from the obligations of the Agent and the Lenders under this Agreement.
- 2.5 The Indebtedness, including all Post-Filing Obligations (as defined below), continue to be secured and guaranteed by the security and guarantees in favour of the Agent under the Loan Documents.
- 2.6 The Agent's accounts and records constitute, in the absence of manifest error, conclusive evidence of the Indebtedness, including the Post-Filing Obligations; provided that CWB's accounts and records constitute, in the absence of manifest error, conclusive evidence of the Obligations under the CWB Overdraft Agreement.
- 2.7 The Agent has and shall continue to have valid, enforceable, and perfected first priority Liens upon the collateral described in the Loan Documents, subject only to Liens expressly permitted in the Credit Agreement and this Agreement.
- 2.8 The Loan Documents have not been discharged, waived, or varied, are binding upon each of the Loan Parties thereto, and are enforceable in accordance with their terms until the Indebtedness, including the Post-Filing Obligations, have been indefeasibly paid and satisfied in full.
- 2.9 The Loan Documents are and shall remain in full force and effect.
- 2.10 Events of Default, in each case as described in the Default Notices, and the Insolvency Events of Default (collectively, the "**Existing Defaults**"), have occurred and are continuing, each of which constitutes an Event of Default under the Credit Agreement and entitles the Agent and Lenders to exercise their rights and remedies under the Loan Documents, the BIA, the PPSA, the US Bankruptcy Code, the UCC, other applicable law or otherwise, all of which are expressly reserved and not waived by the Agent and Lenders.
- 2.11 Each Loan Party has received a Demand Letter, a BIA Notice, a CWB Demand Letter, and a CWB BIA Notice.

2.12 As at the Effective Date (as defined below):

- (a) Except under the Interim Financing Facility and subject to the terms and conditions thereof, the Lenders have ceased to make available or extend to the Borrower any further Revolving Loans, Swing Loans or Letters of Credit, and have no further obligation to do so.
- (b) The Agent and Lenders have made no promise to waive, have not waived, and do not intend to waive, the Existing Defaults, and nothing contained herein or the transactions contemplated hereby shall be deemed to constitute any such waiver.
- (c) The Agent and Lenders have the presently exercisable right to, without limitation:
 - (i) terminate the Credit Agreement and all Loan Documents; and
 - (ii) exercise any or all of its rights and remedies under the Loan Documents, the BIA, the PPSA, the US Bankruptcy Code, the UCC, other applicable law, or otherwise.

2.13 No failure on the part of the Agent or the Lenders to exercise, and no delay in exercising, any right or remedy at law or under the Loan Documents, the CCAA, the BIA, the PPSA, the US Bankruptcy Code, the UCC, other applicable law or otherwise as a result of the Existing Defaults or any other Default or Event of Default shall operate as a waiver thereof.

2.14 As at the Effective Date, none of the Agent or the Lenders (either by themselves or through their employees or agents) have made any promises, nor has any of them taken any action or omitted to take any action, that would constitute a waiver of its rights to enforce the Loan Documents, or to pursue its remedies in respect of the obligations of the Loan Parties to the Agent and Lenders, or that would stop the Agent and Lenders from doing so.

2.15 Notwithstanding any other term of this Agreement or the Loan Documents, the Loan Parties shall use the COVID Financing strictly in accordance with and for the purposes set out in the CARES Act and any documents governing the COVID Financing, and the Loan Parties shall cause the Monitor to provide weekly reports to the Agent on the use of the COVID Financing, in form and substance satisfactory to the Agent. The Loan Parties shall not deposit the COVID Financing into any account, which is subject to a sweep in favour of the Agent or Lenders. The Loan Parties shall use commercially reasonable efforts to obtain forgiveness of the COVID Financing to the maximum extent permitted by law in all material respects in accordance with the CARES Act.

2.16 As of the Effective Date:

- (a) all credit facilities provided under the CWB Overdraft Agreement shall be terminated;

- (b) the Loan Parties shall not make any payments with respect to the pre-filing indebtedness of the Loan Parties under the CWB Overdraft Agreement other than pursuant to the last paragraph of Section 2.16 of this Agreement; and
- (c) the Loan Parties acknowledge that CWB will not pay cheques drawn on an account of a Loan Party with CWB to the extent there are insufficient funds in such account.

For greater certainty, the Agent and Lenders (including CWB in its capacity as a Bank Product Provider in respect of the CWB Overdraft Agreement) agree that at any time that an Application Event has occurred and is continuing, all payments remitted to Agent and all proceeds of Collateral received by Agent shall be applied in accordance with Section 2.3 (b) (ii) of the Credit Agreement notwithstanding that some but not all Obligations may benefit from the DIP Charge. This paragraph confirms certain rights and obligations among the Lender Group (including CWB as Bank Product Provider) and does not confer any rights on any Loan Party or any other third party.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

Each of the Loan Parties hereby represents and warrants to the Agent and the Lenders as follows:

- 3.1** The facts set out in the recitals to this Agreement are true and accurate in substance and in fact.
- 3.2** This Agreement has been duly authorized, executed, and delivered to the Agent and the Lenders by each Loan Party, is in full force and effect, and constitutes the legal, valid, and binding obligations of the Loan Parties, enforceable against them in accordance with the terms hereof.
- 3.3** Other than the Existing Defaults and the Insolvency Events of Default, there is no matter, fact or event which is known to any of the Loan Parties which has not been disclosed to the Agent in writing which is likely to have a Material Adverse Effect on the performance of the respective obligations of each Loan Party under this Agreement, and each Loan Party has conducted such investigations as it considers reasonably necessary to make this representation and warranty.
- 3.4** To the best of each Loan Party's knowledge, the authorization, execution, and delivery and performance of this Agreement by the Loan Parties will not violate any applicable law or any order, declaration, or judgment binding on the Loan Parties, or any consent, license, permit, or approval of the Loan Parties, or any agreement to which the Loan Parties are a party, and will not result in, or require, the creation or imposition of any prohibited Lien on any assets or property of the Loan Parties except where such violation or creation or imposition would not have a Material Adverse Effect. The Agent and Lenders acknowledge that, in making this representation, the Loan Parties have not conducted a review of all agreements to which each Loan Party is a party.

- 3.5** Except as amended by this Agreement or unless the context requires otherwise, the representations and warranties of Borrower or its Subsidiaries contained in the Credit Agreement and the other Loan Documents are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on the date hereof, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date, in which case such representations and warranties were true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) as of such earlier date).
- 3.6** Other than the Existing Defaults and the Insolvency Events of Default, no Default or Event of Default has occurred and is continuing, subject to the following: the Agent and Lenders acknowledge being advised that (i) the Loan Parties had not paid outstanding GST to the Canada Revenue Agency for the months of February, March and April of 2020 in connection with the remittance deferral offered by the Government of Canada in response to the COVID-19 pandemic; and (ii) the interest payment due April 30, 2020 under outstanding convertible unsecured subordinate debentures (the “**Debentures**”) issued by the Borrower has not been paid which is a default under the terms of the Debentures; and the Borrower failed to provide the Agent with certain guarantee and security documents in respect of ENTREC Holdings Inc. pursuant to the timelines provided for in the Credit Agreement.

ARTICLE 4

THE INTERIM FINANCING FACILITY

In reliance upon the acknowledgements, representations, warranties, confirmations, covenants and agreements of the Loan Parties contained in this Agreement and subject to the terms and conditions of this Agreement and any documents executed in connection herewith, the Lenders agree (severally, not jointly or jointly and severally) to make Revolving Loans and Swing Loans under the Credit Agreement available to the Borrower during the Insolvency Proceedings on the following terms and conditions, and such availability of Revolving Loans and Swing Loans under the Credit Agreement shall constitute the Interim Financing Facility. The Interim Financing Facility shall in all respects operate and be administered by the Agent and the Lenders in the same manner as (and shall be subject to the same terms and conditions as) the Revolving Loans and Swing Loans under the Credit Agreement, except as expressly modified by the terms and conditions of this Agreement and subject to the Insolvency Proceedings and any orders of the CCAA Court or the US Bankruptcy Court. For greater certainty, advances under the Interim Financing Facility shall be Revolving Loans under the Credit Agreement. Letters of Credit shall not be available under the Interim Financing Facility.

4.1 Effective Date

The terms and conditions of this Agreement and the obligation to advance any amounts under the Interim Financing Facility shall not become effective until the date and time at which all

conditions precedent to this Agreement have been satisfied or waived as determined by the Agent in its sole discretion (the "**Effective Date**").

4.2 Budget

The Borrower shall provide the Agent with a thirteen (13) week cash flow (the "**Initial Budget**") reviewed by the Monitor, which shall be filed with the CCAA Court in connection with the CCAA Proceedings. The Initial Budget shall reflect on a line item basis, among other things, anticipated cash flow, cash receipts and disbursements, sales, net excess availability and receivables levels. The Initial Budget and the proposed use of funds provided for therein shall be satisfactory to the Agent in its sole discretion. The Initial Budget and any subsequent Budget (as defined below) may only be amended and modified with the prior written consent of the Agent in its sole discretion (the Initial Budget, as so amended and modified with the prior written consent of the Agent in its sole discretion, is referred to herein as the "**Budget**"). The Initial Budget to August 7, 2020 is attached hereto as Schedule "B". The Budget, which shall be acceptable to the Agent in its sole discretion, shall be rolled forward on a weekly basis

4.3 Interim Financing Charge

- (a) All advances made by the Agent or Lenders to the Borrower under the Interim Financing Facility, and all obligations and indebtedness, including, without limitation, in respect of fees (including reasonable professional fees), costs, and expenses, of the Loan Parties to the Agent or Lenders under or in connection with this Agreement or the Interim Financing Facility (collectively, the "**Post-Filing Obligations**") shall constitute Obligations and shall be secured by both:
 - (i) a super-priority Interim Financing Charge (the "**Interim Financing Charge**") on all of the existing and after-acquired real and personal property of the Loan Parties as provided for herein and in the Initial Order, the priority of which must be acceptable to the Agent in its sole discretion; and
 - (ii) the existing security and guarantees in favour of the Agent under the Loan Documents.
- (b) For certainty, the Interim Financing Charge shall not secure any Obligations other than Post-Filing Obligations (the "**Pre-Filing Obligations**").

4.4 Existing Cash Management System/Blocked Account Arrangements/All Cash Receipts to the Agent

The Initial Order shall, among other things, authorize and direct the Loan Parties to continue to use the cash management systems, daily cash sweep and blocked account arrangements in place between the Agent and the Loan Parties provided for under the Credit Agreement, as modified by this Agreement, and the Loan Parties agree to continue to direct all their account debtors to make all payments to the Loan Parties' blocked accounts with the Agent and transfer on a daily basis, at the Loan Parties' cost and expense, all amounts in such blocked accounts solely to the

Agent's bank account (collectively, "**Post-Filing Collections**"). Subject to Section 2.15, the Agent shall apply the Post-Filing Collections to repay the Pre-Filing Obligations.

4.5 Maximum Availability under the Interim Financing Facility

- (a) Notwithstanding any other term or condition of the Credit Agreement, as modified by this Agreement, the availability under the Interim Financing Facility shall not at any time exceed the amount determined under Section 2.1 (a) of the Credit Agreement (as amended by this Agreement).
- (b) Further, and notwithstanding clause (a) above, no advance under the Interim Financing Facility shall exceed the amount necessary to finance the cash flow requirements of the Loan Parties as set forth in the Budget at such time.

4.6 Amendment Fee

The Borrower shall pay to the Agent (for the ratable benefit of the Lenders) a non-refundable fee to compensate the Lenders for the additional time incurred and costs borne in connection with this Agreement and the provision of the Interim Financing Facility, such fee to be in the amount of \$250,000 (the "**Amendment Fee**"). The Amendment Fee shall be fully earned as at the date hereof and shall be paid by the Borrower to the Agent (or, in the sole discretion of the Agent, may be debited immediately by the Agent to the account of the Borrower) immediately upon CCAA Court approval of this Agreement.

4.7 Interest Rate

The applicable interest rate on all amounts advanced under the Interim Financing Facility shall be the CDOR/LIBOR Rate plus 8.00% *per annum*.

4.8 Unused Line Fee

The Borrower shall pay to the Agent the Unused Line Fee as set forth in the Credit Agreement.

4.9 Reporting

In addition to all other existing reporting requirements set out in the Credit Agreement (as modified by this Agreement), the Loan Parties shall provide to the Agent and the Agent's advisors on a weekly basis within 2 Business Days after the end of each week during the pendency of the Insolvency Proceedings (except as otherwise provided for herein):

- (a) a report setting out the daily roll of Accounts, plus all backup information requested by the Agent;
- (b) a duly completed and executed Borrowing Base Certificate for the Borrower (on a monthly basis within 10 days after the end of each month during the pendency of the Insolvency Proceedings);

- (c) a report setting out Eligible (and ineligible) Accounts, plus all backup information requested by the Agent (on a monthly basis within 10 days after the end of each month during the pendency of the Insolvency Proceedings);
- (d) a report comparing the Loan Parties' actual performance to that projected in the Budget for the given week, specifically identifying any negative variances in excess of ten percent (10%) in respect of each of the actual cumulative net cash flow, cash receipts and disbursements, net sales and Excess Availability against each of the forecast cumulative net cash flow, cash receipts and disbursements, net sales (noting that net sales is found on the "billings" line of the "Accounts Receivable & Sales Continuity" page of the Budget) and Excess Availability (noting that Excess Availability is not a cumulative calculation and the forecast amount thereof is found on the "Borrowing base surplus (deficiency)" line of the Budget) in the Budget and providing a detailed explanation for same;
- (e) updating the Budget to account for actual performance by the Loan Parties for the previous week; and
- (f) such other information as the Agent may reasonably request.

4.10 Weekly Calls

On a weekly basis within 4 Business Days after the end of each week during the Insolvency Proceedings, the Borrower shall arrange and participate in a conference call with the Agent and the Agent's Advisors and the Monitor to discuss the Borrower's previous week's performance, any negative variances in the Borrower's actual performance compared to that projected in the Budget for the previous week, updates for future weeks, and any other matters the Agent or the Agent's Advisors may reasonably raise. The parties acknowledge that such weekly calls are not intended to include legal counsel unless necessary. The Borrower may have legal counsel present on such conference calls if legal counsel for the Agent and/or Monitor are present.

4.11 Court Materials

The Loan Parties shall deliver to the Agent and the Agent's Advisors, draft copies of all court materials, court orders, legal briefs, sales process documents, facta and other documents to be served or to be filed in connection with the Insolvency Proceedings (collectively, the "**Court Materials**"). The Loan Parties shall deliver draft copies of all Court Materials to the Agent and the Agent's Advisors no later than 3 Business Days prior to service or filing of such materials, or as soon as practicably possible in the circumstances, and shall provide the Agent and the Agent's Advisors with a reasonable opportunity to comment thereon and ensure the same are acceptable to the Agent in its sole discretion.

4.12 Terms of Initial Order, Comeback Order and SISP

- (a) The Initial Order and each other order of an Insolvency Court in the Insolvency Proceedings shall be in form and substance satisfactory to the Agent, in its sole discretion, including provisions addressing (among other things) the following:

- (i) approval of the financing provided for in this Agreement (including the Interim Financing Facility);
 - (ii) subject to Section 2.15 with respect to the COVID Financing, the continuation of the existing cash management arrangements, daily cash sweep and blocked account arrangements in place between the Agent and the Loan Parties, including the application by the Agent of Post-Filing Collections to repay the Pre-Filing Obligations;
 - (iii) authorization and direction for the Borrower to make all payments of principal, interest, fees, and expenses under this Agreement to the Agent;
 - (iv) the Interim Financing Charge;
 - (v) an administration charge in an amount not to exceed \$750,000 (the “**Administration Charge**”) which ranks in priority to all other encumbrances, including, without limitation, the Interim Financing Charge and the Agent's security pursuant to the Loan Documents;
 - (vi) a directors and officers indemnity charge in an amount not to exceed \$1,500,000 (the “**Directors’ Charge**”) which ranks in priority to all other encumbrances (including the Interim Financing Charge and the Agent's security pursuant to the Loan Documents) but subordinate to the Administration Charge;
 - (vii) that the Agent and the Lenders shall be treated as unaffected in any plan of arrangement or compromise filed by or in respect of the Loan Parties under the CCAA, or under any proposal filed by or in respect of the Borrower under the BIA, with respect to any Obligations; and
 - (viii) that the stay of proceedings (in either Insolvency Proceeding) does not apply to the Agent and the Lenders, including in connection with the Pre-Filing Obligations or any amounts secured by the Interim Financing Charge.
- (b) Within 10 days of the granting of the Initial Order, the Loan Parties shall seek CCAA Court approval of an amended and restated Initial Order (the “**Comeback Order**”), which shall be in form and substance satisfactory to the Agent, in its sole discretion, including provisions addressing (among other things) the following:
- (i) approval of a sale and /or investment solicitation process (the “**SISP**”), the terms of which, and all ancillary documents prepared in connection therewith, must be satisfactory to the Agent in its sole discretion;
 - (ii) approval of an increase in the quantum of the Interim Financing Charge, which quantum must be satisfactory to the Agent in its sole discretion; and

- (iii) a Key Employee Retention and Incentive Plan (the “**KERP/KEIP**”), a copy of which is attached hereto as Schedule D, which shall be secured by a charge (the “**KERP/KEIP Charge**”) against the Loan Parties’ property in an amount sufficient to secure the KERP/KEIP entitlements. The KERP/KEIP Charge shall rank in priority to all other encumbrances except for the Administration Charge and Directors’ Charge.

4.13 Recognition of CCAA Proceedings and Interim Relief

Within 1 Business Day of the granting of the Initial Order, the Monitor shall file an application (a) seeking expedited relief before the US Bankruptcy Court to consider provisional recognition of the CCAA Proceedings and the Initial Order and entry of an interim recognition order (the “**Provisional Recognition Order**”) at the earliest date that the US Bankruptcy Court will consider such application and (b) scheduling a final hearing before the US Bankruptcy Court to obtain final recognition of the CCAA Proceedings and the Initial Order, or any amended Initial Order (the “**Comeback Order**”), as may be in effect in the CCAA Proceedings at the time of such final hearing and entry by the US Bankruptcy Court of an order granting final recognition of the CCAA Proceeding and the Comeback Order (the “**Final Recognition Order**”).

4.14 Compliance with Loan Documents and Amendments to Credit Agreement

- (a) Each of the Loan Parties shall strictly adhere to all of the terms, conditions and covenants of this Agreement and the Loan Documents (as modified by this Agreement), including, without limitation, terms requiring prompt payment of principal, interest, fees, and other amounts when due. Without limiting the foregoing and for greater certainty, the obligation of the Lenders (or any member thereof) to make any Swing Loans or Revolving Loans under the Interim Financing Facility (or to extend any other credit thereunder) at any time shall be subject to satisfaction of the conditions precedent set forth in Section 3.2 of the Credit Agreement.
- (b) The parties hereto agree that, effective as of the Effective Date, the Credit Agreement is amended as set forth in Schedule C (the “**Amendment**”). The Amendment is an amendment to the Credit Agreement. Unless the context of the Amendment otherwise requires, the Credit Agreement and the Amendment shall be read together and shall have effect as if the provisions of the Credit Agreement and the Amendment were contained in one agreement. The term “Agreement” when used in the Credit Agreement means the Credit Agreement as amended by the Amendment, together with all amendments, modifications, supplements, extensions, renewals, restatements and replacements thereof from time to time.

4.15 Cooperation

Each of the Loan Parties shall cooperate fully with the Agent and its respective agents and employees, including the Agent's Advisors, by providing all information requested by the Agent, and by providing access to its books, records, property, assets, and personnel wherever they may be situated in whatever medium they may be recorded, except for confidential information, at the

request of and at times convenient to the Agent, acting reasonably, which right of access shall include the right to inspect and appraise such property and assets.

4.16 Professional Expenses

Each of the Loan Parties hereby covenants and agrees with the Agent and the Lenders to reimburse the Agent and the Lenders on demand for all reasonable expenses incurred in connection with this Agreement, the Insolvency Proceedings, including, without limitation, reasonable legal fees and other reasonable professional expenses that the Lenders have incurred or will incur arising out of its dealings with the Borrower in the Insolvency Proceedings, including, without limitation, the reasonable fees and expenses (collectively, the "**Professional Expenses**") of Bennett Jones LLP, PricewaterhouseCoopers Inc. ("**PwC**") and Otterbourg P.C. (collectively, the "**Agent's Advisors**"). The Borrower shall ensure that the Professional Expenses are provided for in the Budget. Nothing in this Agreement, shall derogate from the Loan Parties' obligation to pay for all of the Professional Expenses or shall constitute a cap on Professional Expenses. Notwithstanding the foregoing, the Agent shall add all of the Professional Expenses to the Post-Filing Obligations if the same are not paid when due. Each of the Loan Parties hereby acknowledges, confirms and agrees that the Professional Expenses which are added to the Post-Filing Obligations shall be secured and covered by the Loan Documents and the Interim Financing Charge.

4.17 Repayment on Closing of a Transaction

Following the date of the Initial Order, the Borrower shall:

- (a) repay the Interim Financing Facility and the Pre-Filing Obligations simultaneously with the closing of a Transaction (as defined below); and
- (b) if necessary, seek a distribution order from the CCAA Court and recognition of such order from the US Bankruptcy Court, prior to the closing of a Transaction with respect to the repayment of the Interim Financing Facility and the Pre-Filing Obligations, such distribution order to be in form and substance satisfactory to the Borrower, Monitor and the Agent.

4.18 Lender's Right to Appoint Financial Advisor

In connection with the Insolvency Proceedings, each Loan Party agrees that the Agent may, in its sole and absolute discretion, engage an independent financial advisor (the "**Lender FA**") who shall be permitted to communicate fully and freely and without restriction with each Loan Party and its employees, agents, and professional advisors concerning the business and affairs of the Loan Parties and the Insolvency Proceedings. As of the date hereof, the Lender FA is PwC. Each Loan Party covenants and agrees that the Lender FA shall have access to any and all such documentation and information as may be relevant to or necessary in its review in the Agent's and the Lender FA's sole discretion. The parties acknowledge that all reasonable costs and expenses of the Lender FA, including, without limitation, to the extent incurred in connection with any communications with the Agent, its employees, agents and professional advisors, as aforesaid, shall be for the sole account of the Borrower, shall form part of the Post-Filing

Obligations, and shall be secured and guaranteed by the Loan Documents and the Interim Financing Charge.

4.19 Disclaimer of Agreements Pursuant to Section 32 of the CCAA

The Loan Parties shall not issue any notice to disclaim or resiliate any agreement pursuant to section 32 of the CCAA without the express written consent of the Agent, in its sole discretion.

4.20 Events of Default

In addition to the "Events of Default" provided for in Article 8 of the Credit Agreement (other than (1) Section 8.1, provided, however, that the Borrower shall pay all Obligations as set out in this Agreement; (2) Section 8.4, but only with respect to the Insolvency Proceedings; and (3) Section 8.6), the following shall constitute Events of Default under the Credit Agreement and this Agreement (collectively, the "**Events of Default**"):

- (a) the occurrence of any negative variances in excess of ten percent (10%) in respect of the actual cumulative net cash flow against the forecast cumulative net cash flow in the Budget (excluding any negative variance in respect of professional expenses incurred in connection with the Agent's Advisors);
- (b) (i) the occurrence of any negative variances in excess of ten percent (10%) in respect of Excess Availability against the forecast Excess Availability in the Budget (noting, in both cases, that Excess Availability is not a cumulative calculation and the forecast amount thereof is found on the "Borrowing base surplus (deficiency)" line of the Budget), provided that any negative variance in excess of 10% triggered solely as a result of any Agent's Advisors Fees in excess of what is provided for in the Budget shall not in and of itself constitute an Event of Default; or (ii) actual Revolver Usage at any time during a week exceeds one hundred and five percent (105%) of forecast Revolver Usage for such week on the Budget (noting that the forecast amount of such sum is found on the "Total financing, ending position" line (located in the bottom box) of the Budget for the relevant week);
- (c) any transaction or transactions in connection with or under the SISF that together result in the sale of substantially all of the assets of the Loan Parties (a "**Transaction**") is (or are) approved by the CCAA Court that is not in form and substance satisfactory to the Agent;
- (d) the Interim Financing Facility (including all Post-Filing Obligations) has not been paid in full to the Agent by the Termination Date, which date may be extended with the consent of the Lenders in their sole discretion;
- (e) entry of an order which stays, modifies (other than extensions of the Initial Order), or reverses the Initial Order or the Comeback Order or which otherwise materially adversely affects the effectiveness of the Initial Order or the Comeback Order without the express written consent of the Agent;

- (f) the entry of any CCAA Court or US Bankruptcy Court order without the prior written consent of the Agent which provides relief from the automatic stay made under the Initial Order, the Comeback Order, the Provisional Recognition Order, the Final Recognition Order, the CCAA or the US Bankruptcy Code which permits any creditor to realize upon, or to exercise any right or remedy with respect to, any asset of the Loan Parties or to terminate any license, franchise, or similar agreement, where the exercise of such right or remedy or such realization or termination would reasonably be likely to have a Material Adverse Effect as determined by the Agent in its Permitted Discretion;
- (g) other than leasing of inventory by the Loan Parties in the ordinary course business and consistent with past practice, the transfer, lease, farm-out or otherwise disposal of all or any part of a Loan Party's property, assets or undertaking, without the prior written consent of the Agent;
- (h) the making of investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as expressly provided for, or permitted to be incurred, in the Budget or pursuant to an order of the CCAA Court or the US Bankruptcy Court by any of the Loan Parties;
- (i) the making of any payments or distributions of any kind by any Loan Party, including payments of principal or interest in respect of existing (pre-filing) debts or obligations (other than the Obligations under the Loan Documents), other than as may be permitted by an order of the CCAA Court or the US Bankruptcy Court and that does not result in an Event of Default and is provided for in the Budget;
- (j) the creation of or permitting to exist indebtedness (including guarantees thereof or indemnities or other financial assistance in respect thereof) by any Loan Party other than (i) existing (pre-filing) debt, (ii) debt contemplated by this Agreement (iii) post-filing trade payables or other post-filing unsecured obligations incurred in the ordinary course of business in accordance with the Budget and any order of the CCAA Court or the US Bankruptcy Court; and (iv) obligations or indebtedness expressly provided for, or permitted to be incurred, in the Budget and an order of the CCAA Court or the US Bankruptcy Court;
- (k) the making of or giving any additional financial assurances by any Loan Party, in the form of bonds, letters of credit, guarantees or otherwise, to any person (including, without limitation, any governmental authority);
- (l) a Loan Party creates or permits to exist, or seeks or supports a motion by another party to provide to any third party, a Lien (other than a Permitted Lien) on any asset or property of a Loan Party;
- (m) any Loan Party ceasing or (or threatening to cease) to carry on business or activities as currently being conducted or the modification or alteration in any material manner the nature and type of the Borrower's operations, business or the

manner in which such business is conducted, with the prior written consent of the Agent;

- (n) the amendment, replacement or modification of the Budget other than in accordance with the terms of this Agreement;
- (o) the application for, or consent to, by any Loan Party of any order of the CCAA Court or the US Bankruptcy Court or any change or amendment to any order of the CCAA Court or the US Bankruptcy Court which affects the Agent or the Lenders, without the prior written consent of the Agent or the Lenders, as applicable;
- (p) the commencement, continuation or seeking CCAA Court or US Bankruptcy Court approval of a transaction by any Loan Party in respect of the sale of all or any portion of the Loan Parties' assets that will not repay the Lenders in full, without the prior written consent of the Agent and the Lenders, in their sole discretion;
- (q) entry into any contract, amendment to contract or other agreement by any Loan Party which involves potential expenditures in excess of \$25,000 in any fiscal year without the prior written consent of the Agent, other than contracts, amendments to contracts or other agreements made in the ordinary course of business, provided that any expenditure in respect of such contracts, amendments to contracts or other agreements is provided for in the Budget or would not otherwise give rise to an Event of Default pursuant to section 4.2(a) or 4.2(b) herein;
- (r) the filing of any application by any Loan Party without the express prior written consent of the Agent for the approval of any super-priority claim or debtor in possession financing in the Insolvency Proceedings which is *pari passu* with or senior to the priority of the Interim Financing Charge, or there shall arise any such super-priority claim under the CCAA;
- (s) the payment or other discharge by a Loan Party of any pre-petition indebtedness, except as expressly permitted hereunder, or generally permitted within the category and range in the Budget and by order in the CCAA Proceedings, to which payment or discharge the Agent has not provided its written prior consent;
- (t) the failure of the Loan Parties (i) to comply with each and all of the terms and conditions of the Initial Order or the Comeback Order, or (ii) to materially comply with any other order entered in the Insolvency Proceedings, if such failure would reasonably likely result in a Material Adverse Effect as determined by the Agent in its Permitted Discretion;
- (u) (i) the filing of any motion by any Loan Party or the entry of any order in the Insolvency Proceedings: (A) permitting any financing (other than ordinary course trade credit or unsecured debt) for a Loan Party from any Person other than the Agent and Lenders under the Loan Documents, (B) granting a Lien on, or security

interest in any of the Collateral of a Loan Party equal or superior in ranking and status to that of the Interim Financing Charge, other than with respect to this Agreement or as otherwise permitted herein, or (C) dismissing the CCAA Proceedings or the Chapter 15 Proceedings, or (ii) the filing of any motion by any Person (other a Loan Party) regarding matters specified in the foregoing clause (i) that is not immediately stayed and dismissed or denied, or subject to a pending motion by the Loan Parties for the stay, dismissal or denial of such motion, within forty-five (45) days of the date of the filing of such motion;

- (v) the breach of any term, covenant or agreement by any Loan Party in this Agreement;
- (w) any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower, any other Loan Party herein, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; and
- (x) the commencement of any application or motion or the granting of any order for the appointment of a receiver, trustee in bankruptcy or any similar court officer in respect of any Loan Party.

4.21 Termination

Notwithstanding any other term or condition of the Credit Agreement, the Interim Financing Facility shall terminate, and the Post-Filing Obligations shall be immediately due and payable by the Borrower to the Agent, on behalf of the Lenders, on the earlier of: (a) the closing of one or more Transactions which in aggregate are for all or substantially all of the Loan Parties' assets; and (b) July 31, 2020, which date may be extended with the consent of the Lenders in their sole discretion (the earlier date being the "**Termination Date**").

4.22 Remedies Upon Event of Default and on Termination Date

If any Event of Default occurs and is continuing, or upon the Termination Date, the Agent may, and, at the instruction of the Required Lenders, shall, take any or all of the following actions:

- (a) declare the Interim Financing Facility to be terminated, whereupon the Interim Financing Facility shall be immediately terminated;
- (b) declare the Post-Filing Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Loan Parties; and
- (c) exercise any or all of its rights and remedies available to it under this Agreement, the other Loan Documents, the CCAA, the BIA, the PPSA, the US Bankruptcy Code, the UCC, other applicable law, or otherwise.

ARTICLE 5

CONDITIONS PRECEDENT

This Agreement shall be (and, without limitation, the obligation of the Lenders to make any advances to the Borrower under the Interim Financing Facility is) subject to the satisfaction of each of the following conditions precedent:

- 5.1** The Agent shall have received a copy of this Agreement executed by each of the Loan Parties and the Lenders.
- 5.2** The Agent shall have received and be satisfied, in its sole discretion, with the Budget, and all such other information (financial or otherwise) reasonably requested by the Agent.
- 5.3** No Default or Event of Default shall exist (other than Existing Defaults), and no event or circumstance which could reasonably be expected to result in a Material Adverse Effect shall have occurred.
- 5.4** There shall not be pending any litigation or other proceeding, other than the Insolvency Proceedings, the result of which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect or form the basis for an appeal of the Initial Order.
- 5.5** All application materials, documents and orders of the CCAA Court and the US Bankruptcy Court, including any service lists, in connection with the Insolvency Proceedings shall be in form and substance satisfactory to the Agent, in its sole discretion.
- 5.6** The Initial Order, the Comeback Order and the SISP (including any timelines thereunder) shall be in form and substance satisfactory to the Agent, in its sole discretion.
- 5.7** The Initial Order and shall have been entered and be in full force and effect and shall not have been reversed, vacated, or stayed, subject to appeal or modified or superseded or negatively impacted in any way in without the Agent's prior written consent, and all necessary consents and approvals to the transaction contemplated in this Agreement and in the Initial Order shall have been obtained to the satisfaction of the Agent, in its sole discretion.
- 5.8** Prior to each advance under the Interim Financing Facility, the Borrower shall provide the Agent with a drawdown request in form and substance satisfactory to the Agent.

ARTICLE 6

RELEASE AND INDEMNITY

6.1 Release and Indemnity

The Loan Parties agree, on a joint and several basis, to indemnify and hold harmless the Agent and the Lenders and their respective directors, officers, employees, agents, attorneys, counsel,

advisors and affiliates (all such persons and entities being referred to herein as “**Indemnified Persons**”) from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against or involve any Indemnified Person (collectively, “**Claims**”) as a result of or arising out of or in any way related to or resulting from the Interim Financing Facility, this Agreement, the Credit Agreement or any other Loan Document (regardless of whether such Claim is made in the Insolvency Proceedings or any other proceeding, including a bankruptcy or insolvency proceeding) and, upon demand, to pay and reimburse any Indemnified Person for any legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Loan Parties shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability (a) to the extent it resulted from the gross negligence, bad faith or willful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction, or (b) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of a Loan Party. The Loan Parties shall not be responsible or liable to any Indemnified Person or any other person for consequential or punitive damages. Each of the Indemnified Persons undertakes to repay any and all amounts paid to such Indemnified Person in accordance with this Section 6.1 if it is ultimately determined that such Indemnified Person is not entitled to be indemnified therefor.

The indemnities granted under this Agreement shall survive any termination of this Agreement, the Interim Financing Facility, the Insolvency Proceedings and the Credit Agreement.

ARTICLE 7 GENERAL PROVISIONS

7.1 Effect of this Agreement

Except as expressly modified pursuant hereto, no other changes or modifications to the terms of the Loan Documents are intended or implied. The Loan Documents as modified by this Agreement shall continue in full force and effect.

7.2 Loan Document

This Agreement is a Loan Document.

7.3 Further Assurances

The parties hereto shall execute and deliver such supplemental documents and take such supplemental action as may be necessary or desirable by the Agent to give effect to the provisions and purposes of this Agreement and the Interim Financing Charge all at the sole expense of the Borrower.

7.4 Binding Effect

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

7.5 Assignment

A Lender may assign its rights and obligations hereunder, in whole or in part, or grant a participation in its respective rights and obligations hereunder in accordance with Section 13 of the Credit Agreement; provided that, in the case of an assignment to a Person that is not an Affiliate of an assigning Lender, the Monitor has given its prior written consent after being provided with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of such Lender hereunder. The Loan Parties may not assign their rights and obligations under the Agreement.

7.6 Amendments, Waivers, etc.

No amendment or waiver of any provisions of this Agreement or consent to any departure by the Loan Parties from any provision thereof is effective unless it is made or given in accordance with Section 14 of the Credit Agreement. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

7.7 Notices

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered in accordance with the notice provisions set out in the Credit Agreement in addition to the notice provisions set forth below:

In the case of the Loan Parties:

ENTREC Corporation
28712 114 Avenue
Acheson, Alberta, T7X 6E6

Attention: John M. Stevens
Email: JStevens@entrec.com

With a copy to:

Miller Thomson LLP
10155 102 Street, Suite 2700
Edmonton, AB T5J 4G8

Attention: Rick Reeson, Q.C. and Jeff Carhart
Email: rreeson@millerthomson.com and jcarhart@millerthomson.com

With a copy to:

Nerland Lindsay LLP
1400, 350 – 7th Avenue SW
Calgary, Alberta T2P 3N9

Attention: Joe Brennan
Email: jbrennan@nerlandlindsey.com

In the case of the Agent / Lenders:

Wells Fargo Capital Finance Corporation Canada
22 Adelaide Street West
Suite 2200, Toronto, Ontario M5H 4E3

Attention: Carmela Massari
Email: Carmela.Massari@wellsfargo.com

with a copy to:

Bennett Jones LLP
3400 – 100 King Street West
Toronto, ON M5X 1A4

Attention: Michael Shakra and Mark Laugesen
Email: shakram@bennettjones.com and LaugesenM@bennettjones.com

In the case of the Monitor:

Alvarez & Marsal Canada Inc.
400 Burrard Street, Unit 1680,
Vancouver, BC V63 3A6

Attention: Todd Martin and Anthony Tillman
Email: tmartin@alvarezandmarsal.com / atillman@alvarezandmarsal.com

with copy to:

Norton Rose Fulbright Canada LLP
400 3 Ave SW, Calgary, AB T2P 4H2

Attention: Howard Gorman and Louis R. Strubeck, Jr.
Email: howard.gorman@nortonrosefulbright.com and
louis.strubeck@nortonosefulbright.com

and

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 2800

Dallas, TX 75201

Attention: Louis R. Strubeck, Jr
Email: louis.strubeck@nortonosefulbright.com

and

Norton Rose Fulbright US LLP
111 West Houston Street, Suite 1800
San Antonio, TX 78205-3792

Attention: Steve A. Peirce
Email: steve.peirce@nortonrosefulbright.com

7.8 Survival of Representations and Warranties

All representations and warranties made in this Agreement or any other document furnished in connection herewith shall survive the execution and delivery of this Agreement and such other document delivered in connection herewith, and no investigation by the Agent or Lenders or any closing shall affect the representations and warranties or the rights of the Agent or Lenders to rely upon such representations and warranties.

7.9 No Novation

This Agreement will not discharge or constitute novation of any debt, obligation, covenant or agreement contained in the Loan Documents but the same shall remain in full force and effect save to the extent amended by this Agreement.

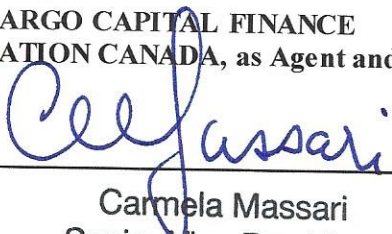
7.10 Execution in Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed to be an original and which taken together will be deemed to constitute one and the same instrument. Counterparts may be executed either in original, faxed or portable document format ("**PDF**") form and the parties adopt any signatures received by a receiving fax machine or by emailed PDF as original signatures of the parties.

[REMINDER OF PAGE DELIBERATELY LEFT BLANK]

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

**WELLS FARGO CAPITAL FINANCE
CORPORATION CANADA, as Agent and
Lender**

By: 
Name: Carmela Massari
Title: Senior Vice President
Wells Fargo Capital Finance
Corporation Canada

**THE BANK OF NOVA SCOTIA, as
Lender**

By: _____
Name: _____
Title: _____

**THE TORONTO-DOMINION BANK, as
Lender**

By: _____
Name: _____
Title: _____

ENTREC CORPORATION

By: _____
Name: _____
Title: _____

CAPSTAN HAULING LTD.

By: _____
Name: _____
Title: _____

**CANADIAN WESTERN BANK, as
Lender**

By: _____
Name: _____
Title: _____

ENT OILFIELD GROUP LTD.

By: _____
Name: _____
Title: _____

ENTREC SERVICES LTD.


By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

**WELLS FARGO CAPITAL FINANCE
CORPORATION CANADA, as Agent and
Lender**

By: _____
Name: _____
Title: _____

**THE BANK OF NOVA SCOTIA, as
Lender**

By:  _____
Name: April Shaddock
Title: Group Lead

 _____
Name: Kyle Wedge
Title: Director

**CANADIAN WESTERN BANK, as
Lender**

By: _____
Name: _____
Title: _____

**THE TORONTO-DOMINION BANK, as
Lender**

By: _____
Name: _____
Title: _____

ENTREC CORPORATION

By: _____
Name: _____
Title: _____

ENT OILFIELD GROUP LTD.

By: _____
Name: _____
Title: _____

CAPSTAN HAULING LTD.

By: _____
Name: _____
Title: _____

ENTREC SERVICES LTD.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

**WELLS FARGO CAPITAL FINANCE
CORPORATION CANADA, as Agent and
Lender**

By: _____
Name: _____
Title: _____

**THE BANK OF NOVA SCOTIA, as
Lender**

By: _____
Name: _____
Title: _____

**THE TORONTO-DOMINION BANK, as
Lender**

By: _____
Name: _____
Title: _____

ENTREC CORPORATION

By: _____
Name: _____
Title: _____

CAPSTAN HAULING LTD.

By: _____
Name: _____
Title: _____

**CANADIAN WESTERN BANK, as
Lender**

By: _____
Name: Stan Seto
Title: AVP, Corporate Lending

John Cherian
Managing Director & Head,
Corporate Lending

ENT OILFIELD GROUP LTD.

By: _____
Name: _____
Title: _____

ENTREC SERVICES LTD.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

**WELLS FARGO CAPITAL FINANCE
CORPORATION CANADA, as Agent and
Lender**

By: _____
Name: _____
Title: _____

**THE BANK OF NOVA SCOTIA, as
Lender**

By: _____
Name: _____
Title: _____

**CANADIAN WESTERN BANK, as
Lender**

By: _____
Name: _____
Title: _____

**THE TORONTO-DOMINION BANK, as
Lender**

By: _____
Name: Andrea Jamnisek
Title: Director, Financial Restructuring Group

ENTREC CORPORATION

By: _____
Name: _____
Title: _____

ENT OILFIELD GROUP LTD.

By: _____
Name: _____
Title: _____

CAPSTAN HAULING LTD.

By: _____
Name: _____
Title: _____

ENTREC SERVICES LTD.

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have entered into this Agreement as of the date first above mentioned.

**WELLS FARGO CAPITAL FINANCE
CORPORATION CANADA, as Agent and
Lender**

By: _____
Name: _____
Title: _____

**THE BANK OF NOVA SCOTIA, as
Lender**

By: _____
Name: _____
Title: _____

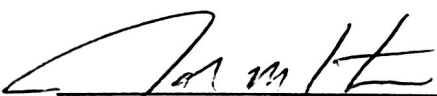
**CANADIAN WESTERN BANK, as
Lender**

By: _____
Name: _____
Title: _____

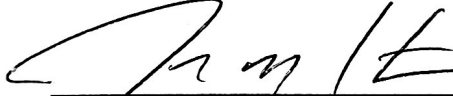
**THE TORONTO-DOMINION BANK, as
Lender**

By: _____
Name: _____
Title: _____


ENTREC CORPORATION

By: 
Name: John M. Stevens
Title: President & CEO

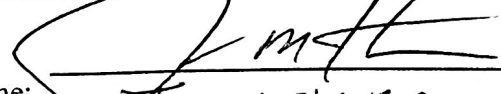
ENT OILFIELD GROUP LTD.

By: 
Name: John M. Stevens
Title: President & CEO

CAPSTAN HAULING LTD.

By: 
Name: John M. Stevens
Title: President & CEO

ENTREC SERVICES LTD.

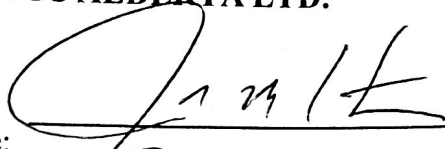
By: 
Name: John M. Stevens
Title: President & CEO

ENTREC ALBERTA LTD.

By:

Name:

Title:

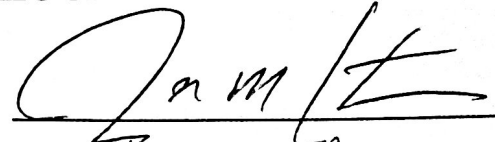

John M. Stevens
President & CEO

**ENTREC CRANES & HEAVY HAUL
INC.**

By:

Name:

Title:

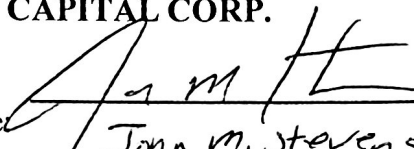

John M. Stevens
President & CEO

ENT CAPITAL CORP.

By:

Name:

Title:

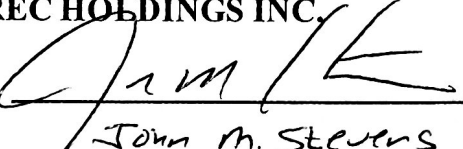

John M. Stevens
President & CEO

ENTREC HOLDINGS INC.

By:

Name:

Title:


John M. Stevens
President & CEO

SCHEDULE "A"

Loan Documents

All documents are dated as of March 6, 2014, unless noted otherwise.

Borrower

1. General Security Agreement given by the Borrower to the Agent
2. US Guaranty and Security Agreement between the Borrower, Entrec Alberta Ltd., Entrec Cranes & Heavy Haul Inc., Entrec Services Ltd. and the Agent (the "**US Guaranty and Security Agreement**")
3. Blocked Accounts Agreement between the Borrower, the Agent and Canadian Western Bank

Entrec Alberta Ltd.

1. General Security Agreement given by Entrec Alberta Ltd., Entrec Cranes & Heavy Haul Inc. and Entrec Services to the Agent (the "**Guarantor GSA**")
2. US Guaranty and Security Agreement
3. Guarantee given by Entrec Alberta Ltd., Entrec Cranes & Heavy Haul Inc. and Entrec Services to the Agent (the "**Guarantee**")

Entrec Services Ltd.

4. Guarantor GSA
5. US Guaranty and Security Agreement
6. Guarantee

Entrec Cranes & Heavy Haul Inc.

7. US Guaranty and Security Agreement
8. Deposit Account Control Agreement between Entrec Cranes & Heavy Haul Inc., the Agent and Wells Fargo Bank, National Association

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ENT Oilfield Group Ltd.

9. Supplement to Guarantor GSA dated October 1, 2018 given by ENT Oilfield Group Ltd. and Capstan Hauling Ltd. to the Agent
10. Supplement to Guarantee dated October 1, 2018 given by ENT Oilfield Group and Capstan Hauling Ltd.
11. Blocked Accounts Agreement dated February 10, 2020 between ENT Oilfield Group Ltd., the Agent and Canadian Western Bank

Capstan Hauling Ltd.

12. Supplement to Guarantor GSA dated October 1, 2018 given by ENT Oilfield Group Ltd. and Capstan Hauling Ltd. to the Agent
13. Supplement to Guarantee dated October 1, 2018 given by ENT Oilfield Group and Capstan Hauling Ltd.

ENT Capital Corp.

14. Supplement to Guarantor GSA dated January 31, 2020 given by ENT Capital Corp. to the Agent
15. Supplement to Guarantee dated January 31, 2020 given by ENT Capital Corp. to the Agent

ENTREC Holdings Inc.

16. Joinder No. 1 to US Guaranty and Security Agreement dated April 29, 2020 given by ENTREC Holdings Inc. to the Agent.

SCHEDULE "B"

Initial Budget

See attached.

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CONFIDENTIAL SCHEDULE TO EXHIBIT “U”
REDACTED
SUBJECT TO REQUESTED SEALING ORDER

SCHEDULE "C"

Amendment to the Credit Agreement

The Credit Agreement is hereby amended as follows:

- (a) Section 2.1(a) [Revolving Loans] is deleted in its entirety and replaced with the following:

"Subject to the terms and conditions of this Agreement, and during the term of this Agreement, each Revolving Lender agrees (severally, not jointly or jointly and severally) to make revolving loans in Canadian Dollars and US Dollars ("Revolving Loans", which, for greater certainty, includes both Revolving Loans made under the Credit Agreement prior to the Effective Date (as defined in the Support Agreement) and Revolving Loans made under the Interim Financing Facility) to Borrower in an amount at any one time outstanding not to exceed the *lesser* of:

(i) such Lender's Revolver Commitment, or

(ii) such Lender's Pro Rata Share of an amount equal to the *lesser* of:

(A) the amount equal to (1) the Maximum Revolver Amount *less* (2) the sum of (i) the Letter of Credit Usage at such time, *plus* (ii) the principal amount of Swing Loans outstanding at such time, and

(B) the amount equal to (1) the sum of (i) the Borrowing Base as of such date (based upon the most recent Borrowing Base Certificate delivered by Borrower to Agent) *plus* (ii) CAD\$23,700,000 *less* (2) the sum of (i) the Letter of Credit Usage at such time, *plus* (ii) the principal amount of Swing Loans outstanding at such time;

- (b) Section 2.3(e) [Mandatory Repayments] is deleted in its entirety and replaced with the following:

"If, at any time, (A) the Revolver Usage on such date exceeds (B) the amount permitted by Section 2.1(a) and the Support Agreement, then Borrower shall immediately prepay the Obligations in accordance with Section 2.3(f) in an aggregate amount equal to the amount of such excess."

- (c) Section 4.9(a) [Solvency] is deleted in its entirety.

- (d) Section 6.3 [Restrictions on Fundamental Changes] is deleted in its entirety and replaced with the following:

"Except with the prior written consent of the Agent, Borrower will not, and will not permit any of its Subsidiaries to,

(a) enter into any merger, amalgamation, consolidation, reorganization, or recapitalization, or reclassify its Equity Interests,

- (b) liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution), or
- (c) suspend or cease operating a substantial portion of its or their business."
- (e) Section 6.6 (b) [Prepayments and Amendments] is deleted in its entirety and replaced with the following:

"(b) Directly or indirectly, amend, modify, or change any of the terms or provisions of:

 - (i) any agreement, instrument, document, indenture, or other writing evidencing or concerning Permitted Indebtedness other than the Obligations in accordance with this Agreement, or
 - (ii) the Governing Documents of any Loan Party or any of its Subsidiaries."
- (f) Section 6.7 [Restricted Payments] is deleted in its entirety and replaced with the following:

"Borrower will not, and will not permit any of its Subsidiaries to, make any Restricted Payment."
- (g) Section 6.9 (b) [Investments, Controlled Investments] is deleted in its entirety and replaced with the following:

"(b) Other than amounts deposited into Deposit Accounts specially and exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for any Loan Party or its Subsidiaries' employees, Borrower will not, and will not permit any of its Subsidiaries to, make, acquire, or permit to exist Permitted Investments consisting of cash, Cash Equivalents, or amounts credited to Deposit Accounts or Securities Accounts unless such Loan Party or its Subsidiary, as applicable, and the applicable bank or securities intermediary have entered into Control Agreements with Agent governing such Permitted Investments in order to perfect (and further establish) Agent's Liens in such Permitted Investments."
- (h) Section 6.10 [Transactions with Affiliates] is deleted in its entirety and replaced with the following:

"Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction with any Affiliate of Borrower or any of its Subsidiaries except so long as it has been approved by Borrower's or its applicable Subsidiary's board of directors (or comparable governing body) in accordance with applicable law and is specifically permitted and accounted for in the Budget (as defined in the Support Agreement), the payment of reasonable compensation, severance, or employee benefit arrangements to employees, officers, and outside directors of Borrower and its Subsidiaries."

- (i) Section 6.11 [Use of Proceeds] is deleted in its entirety and replaced with the following:

"Borrower will not, and will not permit any of its Subsidiaries to use the proceeds of any loan made hereunder for any purpose other than for their lawful and permitted purposes in accordance with and within the limitations of the Budget (as defined in the Support Agreement and subject to any permitted variances set forth in the Support Agreement)."

- (j) Section 6.12 [Limitation on Issuance of Equity Interests] is deleted in its entirety and replaced with the following:

"Borrower will not, and will not permit any of its Subsidiaries to issue or sell or enter into any agreement or arrangement for the issuance or sale of any of its Equity Interests."

- (k) Section 6.15 [Location of Inventory and Equipment] is deleted in its entirety and replaced with the following:

"Borrower will not, and will not permit any of its Subsidiaries to, keep its Inventory and Equipment outside of the jurisdictions identified on Schedule 4.24."

- (l) Section 7 [Financial Covenants] is deleted in its entirety.

- (m) Section 8 [Events of Default] is amended by eliminating the cure periods in Sections 8.1, 8.2, 8.3 and 8.5.

- (n) in Schedule 1.1 [Definitions], the definition of "CDOR/LIBOR Rate" is deleted and replaced with the following:

""CDOR/LIBOR Rate" means on any day the 30 day Canadian CDOR Rate on such day with respect to Canadian CDOR Rate Loans and the one month LIBOR Rate on such day with respect to LIBOR Rate Loans; provided that, with respect to advances under the Interim Financing Facility (as defined in the Support Agreement), if in either case the reported rate is below one per cent per annum, then the rate determined shall be deemed to be one per cent per annum. When interest is determined in relation to the CDOR/LIBOR Rate, each change in the interest rate shall become effective each Business Day that Agent determines that the CDOR/LIBOR Rate has changed."

- (o) in Schedule 1.1 [Definitions], the definition of "Maximum Revolver Amount" is deleted and replaced with the following:

(i) "Maximum Revolver Amount" means \$125,000,000.

- (p) in Schedule 1.1 [Definitions], the definition of "Permitted Liens" is deleted and replaced with the following:

""Permitted Liens" means:

- (a) the Interim Financing Charge (as defined in the Support Agreement);
- (b) any charges created under the Initial Order (as defined in the Support Agreement) or other order of the court in the Insolvency Proceedings (as defined in the Support Agreement), in each case, the limit and priority of each of which shall be acceptable to the Agent, in its sole discretion; and
- (c) a Lien existing on the date of the Support Agreement, which satisfies each of the following criteria: (i) such Lien was incurred in compliance with the Credit Agreement when incurred; and (ii) such Lien was permitted to exist by the terms of the Credit Agreement in effect immediately prior to the effectiveness of the Support Agreement; and
- (d) Liens granted to, or for the benefit of, Agent to secure the Obligations."
- (q) in Schedule 1.1 [Definitions], the following is added as the last sentence in the definition of "Obligations":

"Without limiting the generality of the foregoing, all obligations, liabilities and indebtedness of the Loan Parties to the Agent and the Lenders (or any of them) under and in connection with the Interim Financing Facility or the Support Agreement are Obligations of the Loan Parties."
- (r) in Schedule 1.1 [Definitions], the following definition is added in the appropriate alphabetical order:
 - (i) ""Support Agreement" means the Support Agreement dated May 14, 2020 between the Agent, the Lenders, the Borrower and the Guarantors."
- (s) Schedule C-1 [Commitments] is amended by deleting the chart thereon in its entirety and replacing it with the following chart, and, for greater certainty, the amounts therein are expressed in Canadian dollars:

Lender	Commitment
The Bank of Nova Scotia	\$27,173,913.04
Canadian Western Bank	\$16,304,347.83
The Toronto-Dominion Bank	\$16,304,347.83
Wells Fargo Capital Finance Corporation Canada	\$65,217,391.30
TOTAL	\$125,000,000.00

SCHEDULE “D”


Key Employee Retention and Incentive Plan Terms

See attached.

CONFIDENTIAL SCHEDULE TO EXHIBIT “U”
REDACTED
SUBJECT TO REQUESTED SEALING ORDER

EXHIBIT “V”

This is Exhibit "V" referred to in the
Affidavit of John Stevens
Sworn before me this 14 day
of May, 2020


A Commissioner for Oaths, in and for
the Province of Alberta

LIST OF COLLATERAL SUBJECT TO
CARVE OUT WITH RESPECT TO INTERIM LENDER'S CHARGE

Spencer D. Norris
Barrister and Solicitor

1. ENTREC Corporation

Ref. No.	Secured Party(ies)	Debtor(s)	Assets
1.	Element Fleet Management Inc.	ENTREC Corporation Capstan Hauling Ltd.	1FT8W3BT9GEB63754 - 2016 FORD F350 XLT 4X4 CREW 1FT8W3BT0GEB63755 - 2016 FORD F350 XLT 4X4 CREW 1FT8W3BT2GEB63756 - 2016 FORD F350 XLT 4X4 CREW 1FT8W3BT4GEB63757 - 2016 FORD F350 4X4 XLT CREW 1FT8W3BT0GEB65330 - 2016 FORD F350 XLT 4X4 CREW 1FT8W3BT4GEB65332 - 2016 FORD F350 XLT 4X4 CREW 1FTFW1EG1JKE41212 - 2018 FORD F150 XLT 4x4 SUPERCREW 1FTFW1EG3JKE41213 - 2018 FORD F150 XLT 4x4 SUPERCREW 1FTFW1EG5JKE41214 - 2018 FORD F150 XLT 4x4 SUPERCREW 1FTFW1EG7JKE41215 - 2018 FORD F150 XLT 4x4 SUPERCREW 1FT7W2B62KEC37587 - 2019 FORD F250 XLT 4X4 SD CREW CAB 1FT7W2B67KEC37584 - 2019 FORD F250 XLT 4X4 SD CREW CAB 1FT7W2B69KEC37585 - 2019 FORD F250 XLT 4X4 SD CREW CAB

WSLEGAL\048744\00155\24698394v2

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Ref. No.	Secured Party(ies)	Debtor(s)	Assets
			1FT7W2B60KEC37586 - 2019 FORD F250 XLT 4X4 SD CREW CAB 1FT8W4DT0KEC37588 - 2019 FORD F450 XLT 4X4 SD CREW CAB 1FT8W4DT2KEC37589 - 2019 FORD F450 XLT 4X4 SD CREW CAB
2.	Wells Fargo Equipment Finance Company	ENTREC Corporation	All photocopiers, multifunction devices, printers, production printers, fax machines, projectors, video conferencing, interactive whiteboards, servers, and software manufactured, distributed, or sold by Ricoh Canada Inc. which are financed by the Secured Party
3.	Emkay Canada Leasing Corporation	ENTREC Corporation	3C6UD5DLXCG111248 2012 DODGE 2500 CREW 3C6UD5DL7CG232934 2012 DODGE 2500 CREW 3C63D3HL2CG271330 2012 DODGE RAM 3500 1FD0W5HT6CEC59007 2012 FORD F550 CHASS 1FD0W5HT7CED02091 2012 FORD F550 CHASS 1FD0W5HT6CEC52106 2012 FORD F550 CHASS
4.	Edmonton Kenworth Ltd	ENTREC Corporation Capstan Hauling Ltd.	1XKCP4TX4FR974243 2015 KENWORTH C500 MV 1XKCP4TX6FR974244 2015 KENWORTH C500 1NKCX4TX0FR975867 2015 KENWORTH C500 1XKDD40X2JJ993785 2018 KENWORTH T800 C/W 2015 MANITEX 4596T CRANE, S/N: 216786 C/W 2015 MANITEX 4596T CRANE, S/N: 216788 C/W 2015 WELDCO WHL45TC100 CRANE, S/N: 3W55523-1 C/W 2018 TULSA RN65 WINCH, S/N: 20-0791-00010
5.	Edmonton Kenworth Ltd	ENT Oilfield Group Ltd. ENTREC Corporation	1NKCX4TX8KR945722 2019 KENWORTH C500 1NKCX4TX0FR975867 2015 KENWORTH C500 C/W WELDCO WHL45TC100 CRANE S/N: 3W57815-1 AND CRANE

Ref. No.	Secured Party(ies)	Debtor(s)	Assets
			BOOM S/N: 3W57765-1 C/W WELDCO WHL45TC100 CRANE, S/N: 3W55523-1
6.	Mi-Jack Canada, Inc.	ENTREC Corporation	Rental of 2015 Broderson Model IC-400-3A Serial #15560400
7.	Equipment Sales & Services Limited	ENTREC Corporation ENTREC Services Ltd. ENTREC Cranes & Heavy Haul Inc.	1F9T2K96XKL028158 2019 Link-Belt HTC 86110 1N9G62A38K1012248 2019 Nelson CBC-30RT BOOM DOLY 1F9T2K968KL028157 2019 Link-Belt HTC 86110 1N9G62A3XK1012249 2019 Nelson CBC-30RT BOOM DOLY
8.	Myshak Equipment Ltd.	ENTREC Corporation	WG0PST069D0061030 2013 GOLDHOFER PST/SL-E6 SPMT WG0PST069D0061031 2013 GOLDHOFER PST/SL-E6 SPMT WG0PST069D0061032 2013 GOLDHOFER PST/SL-E6 SPMT WG0PST069D0061033 2013 GOLDHOFER PST/SL-E6 SPMT 2 X SPMT POWER PACKS

2. ENT Oilfield Group Ltd.

Ref. No.	Secured Party(ies)	Debtor(s)	Assets
1.	Edmonton Kenworth Ltd	ENT Oilfield Group Ltd. ENTREC Corporation	1NKCX4TX8KR945722 2019 KENWORTH C500 1NKCX4TX0FR975867 2015 KENWORTH C500 C/W WELDCO WHL45TC100 CRANE S/N: 3W57815-1 AND CRANE BOOM S/N: 3W57765-1 C/W WELDCO WHL45TC100 CRANE, S/N: 3W55523-1

3. Capstan Hauling Ltd.

Ref. No.	Secured Party(ies)	Debtor(s)	Assets
1.	Element Fleet Management Inc.	ENTREC Corporation Capstan Hauling Ltd.	1FT8W3BT9GEB63754 - 2016 FORD F350 XLT 4X4 CREW 1FT8W3BT0GEB63755 - 2016 FORD F350 XLT 4X4 CREW 1FT8W3BT2GEB63756 - 2016 FORD F350 XLT 4X4 CREW 1FT8W3BT4GEB63757 - 2016 FORD F350 4X4 XLT CREW 1FT8W3BT0GEB65330 - 2016 FORD F350 XLT 4X4 CREW 1FT8W3BT4GEB65332 - 2016 FORD F350 XLT 4X4 CREW 1FTFW1EG1JKE41212 - 2018 FORD F150 XLT 4x4 SUPERCREW 1FTFW1EG3JKE41213 - 2018 FORD F150 XLT 4x4 SUPERCREW 1FTFW1EG5JKE41214 - 2018 FORD F150 XLT 4x4 SUPERCREW 1FTFW1EG7JKE41215 - 2018 FORD F150 XLT 4x4 SUPERCREW

Ref. No.	Secured Party(ies)	Debtor(s)	Assets
			1FT7W2B62KEC37587 - 2019 FORD F250 XLT 4X4 SD CREW CAB 1FT7W2B67KEC37584 - 2019 FORD F250 XLT 4X4 SD CREW CAB 1FT7W2B69KEC37585 - 2019 FORD F250 XLT 4X4 SD CREW CAB 1FT7W2B60KEC37586 - 2019 FORD F250 XLT 4X4 SD CREW CAB 1FT8W4DT0KEC37588 - 2019 FORD F450 XLT 4X4 SD CREW CAB 1FT8W4DT2KEC37589 - 2019 FORD F450 XLT 4X4 SD CREW CAB
2.	Edmonton Kenworth Ltd	ENTREC Corporation Capstan Hauling Ltd.	1XKCP4TX4FR974243 2015 KENWORTH C500 MV 1XKCP4TX6FR974244 2015 KENWORTH C500 1NKCX4TX0FR975867 2015 KENWORTH C500 1XKDD40X2JJ993785 2018 KENWORTH T800 C/W 2015 MANITEX 4596T CRANE, S/N: 216786 C/W 2015 MANITEX 4596T CRANE, S/N: 216788 C/W 2015 WELDCO WHL45TC100 CRANE, S/N: 3W55523-1 C/W 2018 TULSA RN65 WINCH, S/N: 20-0791-00010
3.	Meridian Onecap Credit Corp.	Capstan Hauling Ltd.	Computer hardware leased to the Debtor by the Secured Party

4. Entrec Crane & Heavy Haul Inc.¹

Ref. No.	Secured Party(ies)	Debtor(s)	Assets
1.	Liftsource Machinery, Ltd.	ENTREC Cranes And Heavy Haul, Inc.	2014 GROVE MODEL GMK5250L HYDRAULIC ALL TERRAIN CRANE WITH SERIAL NUMBER 52505005 AND VIN: W09250550EWG12005
2.	Equipment Sales & Services Limited	ENTREC Corporation ENTREC Services Ltd. ENTREC Cranes & Heavy Haul Inc.	1F9T2K96XKL028158 2019 Link-Belt HTC 86110 1N9G62A38K1012248 2019 Nelson CBC-30RT BOOM DOLY 1F9T2K968KL028157 2019 Link-Belt HTC 86110 1N9G62A3XK1012249 2019 Nelson CBC-30RT BOOM DOLY

5. ENTREC Services Ltd.

Ref. No.	Secured Party(ies)	Debtor(s)	Assets
1.	Equipment Sales & Services Limited	ENTREC Corporation ENTREC Services Ltd. ENTREC Cranes & Heavy Haul Inc.	1F9T2K96XKL028158 2019 Link-Belt HTC 86110 1N9G62A38K1012248 2019 Nelson CBC-30RT BOOM DOLY 1F9T2K968KL028157 2019 Link-Belt HTC 86110 1N9G62A3XK1012249 2019 Nelson CBC-30RT BOOM DOLY

¹ Note: Element registration removed as it is **not** against Entrec Crane & Heavy Haul Inc. – it is against the discontinued corporation Entrec Cranes & Heavy Haul (Western) Ltd.

EXHIBIT “W”

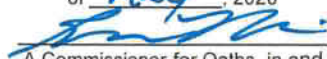
ENTREC Corporation
 CCAA Cash Flow Forecast¹ - Prepared by Management
 For the 13-week period ending August 7, 2020
 (in CAD\$000s)

Week Week ending	Notes	Initial Stay Period		Week 3 29-May	Week 4 5-Jun	Week 5 12-Jun	Week 6 19-Jun	Week 7 26-Jun	Week 8 3-Jul	Week 9 10-Jul	Week 10 17-Jul	Week 11 24-Jul	Week 12 31-Jul	Week 13 7-Aug	Total
		Week 1 15-May	Week 2 22-May												
Operating receipts															
Collection of receivables and forecast sales															
ENTREC Canada	2	\$ 800	\$ 800	\$ 800	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 700	\$ 9,400
ENTREC US	2	1,075	1,075	1,075	1,075	1,075	1,075	951	951	951	951	951	951	951	13,104
US Paycheck Protection Program loan	3	784	63	760	498	823	63	823	498	138	-	-	-	-	4,459
Canada Emergency Wage Subsidy	4	-	-	625	-	-	-	-	-	-	-	-	-	-	625
Total operating receipts		2,668	1,938	3,259	2,272	2,598	1,838	2,474	2,149	1,789	1,651	1,651	1,651	1,651	27,588
Operating disbursements															
Payroll and benefits - Canada	5	535	100	535	125	535	125	340	320	340	320	340	320	340	4,275
Payroll and benefits - US	5	572	-	538	285	570	-	570	285	570	-	570	285	570	4,813
Payroll remittances - Canada	5	80	225	80	255	80	225	80	255	80	255	80	255	80	2,030
Payroll remittances - US	5	222	63	222	63	253	63	253	63	253	63	253	63	253	2,089
Lease operators	6	-	175	-	-	-	-	250	-	-	-	250	-	-	675
Repairs, maintenance and other operating costs	7	621	621	621	445	445	445	445	656	445	445	445	445	656	6,739
Equipment lease payments	7	232	65	232	165	-	232	65	397	-	232	65	376	-	2,059
Fuel	7	131	131	131	131	131	131	131	131	131	131	131	131	131	1,706
General and administrative costs	8	95	95	95	195	95	95	95	195	95	95	95	95	195	1,537
Insurance	9	-	-	475	600	-	-	-	-	-	-	-	-	-	1,075
Shop rent and employee housing	10	-	-	-	331	-	-	-	412	-	-	-	375	-	1,118
Sales tax	-	-	-	-	-	-	-	-	125	-	-	-	125	-	250
Contingency	11	100	100	100	100	100	100	100	100	100	100	100	100	100	1,296
Total operating disbursements		2,588	1,575	3,029	2,665	2,209	1,417	2,329	2,940	2,014	1,642	2,329	2,570	2,325	29,663
Net operating cash flow		80	363	230	(422)	388	421	145	(791)	(226)	9	(678)	(919)	(675)	(2,076)
Other disbursements															
Professional fees	12	-	-	1,018	-	-	880	-	-	673	-	498	-	474	3,543
ABL interest costs	13	-	-	-	458	-	-	-	426	-	-	-	391	-	1,274
Interim Facility interest costs	14	-	-	-	24	-	-	-	77	-	-	-	145	-	247
Interim Facility fees	14	250	-	-	7	-	-	-	7	-	-	-	6	-	269
Total other disbursements		250	-	1,018	488	-	880	-	509	673	-	498	542	474	5,333
Net cash flow		\$ (170)	\$ 363	\$ (788)	\$ (911)	\$ 388	\$ (459)	\$ 145	\$ (1,301)	\$ (899)	\$ 9	\$ (1,175)	\$ (1,461)	\$ (1,149)	\$ (7,409)
Continuity of Financing															
Pre-filing debt															
ABL balance		\$ 92,616	\$ 90,741	\$ 88,867	\$ 86,992	\$ 85,217	\$ 83,443	\$ 81,668	\$ 80,017	\$ 78,366	\$ 76,716	\$ 75,065	\$ 73,414	\$ 71,763	\$ 92,616
Less: cash receipts		(1,875)	(1,875)	(1,875)	(1,775)	(1,775)	(1,775)	(1,651)	(1,651)	(1,651)	(1,651)	(1,651)	(1,651)	(1,651)	(22,504)
Operating line		90,741	88,867	86,992	85,217	83,443	81,668	80,017	78,366	76,716	75,065	73,414	71,763	70,112	70,112
Ending balance		5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
		95,741	93,867	91,992	90,217	88,443	86,668	85,017	83,366	81,716	80,065	78,414	76,763	75,112	75,112
Interim Facility															
Opening balance		-	2,044	3,557	6,219	8,904	10,291	12,524	14,030	16,982	19,532	21,174	24,001	27,113	-
Draws (repayments)		2,044	1,512	2,662	2,685	1,367	2,233	1,506	2,952	2,550	1,642	2,827	3,112	2,800	29,913
Ending Interim Facility balance (cash)	14	2,044	3,557	6,219	8,904	10,291	12,524	14,030	16,982	19,532	21,174	24,001	27,113	29,913	29,913
Total financing, ending position		\$ 97,786	\$ 97,423	\$ 98,211	\$ 99,122	\$ 98,733	\$ 99,192	\$ 99,048	\$ 100,348	\$ 101,248	\$ 101,239	\$ 102,415	\$ 103,876	\$ 105,025	\$ 105,025



Jason Vandenberg, Chief Financial Officer
 ENTREC Corporation

This is Exhibit "W" referred to in the
 Affidavit of John Stevens
 Sworn before me this 14 day
 of May, 2020


 A Commissioner for Oaths, in and
 for the Province of Alberta

Spencer D. Norris
 Barrister and Solicitor

ENTREC Corporation
CCAA Cash Flow Forecast - Prepared by Management
Notes and Assumptions

1. The cash flow projections have been prepared by Management of ENTREC Corporation and its subsidiaries ("ENTREC") to set out the cash flow of ENTREC (the "Cash Flow Forecast") during the Companies' Creditors Arrangement Act proceedings (the "CCAA Proceedings").

The Cash Flow Forecast has been prepared by Management based on unaudited financial information, and Management's estimates of its projected receipts and disbursements. Readers are cautioned that since the estimates are based on future events and conditions that are not ascertainable, the actual results achieved will vary, even if the assumptions materialize, and such variations may be material.


There are no representations, warranties or other assurances that any of the estimates, forecasts, or projections will be realized. The projections are based upon certain estimates and assumptions discussed below with respect to operations, including the assumption that ENTREC continues to operate within the protections afforded as a result of the Initial Order granted on May 15, 2020 and as may be amended from time to time during the CCAA Proceedings. Upon such amendments, Management will update its cash flow forecast accordingly as included herein.

The Cash Flow Forecast is presented in thousands of Canadian dollars and amounts denominated in US currency have been converted into Canadian dollars at an exchange rate of C\$1:US\$.711 throughout the period.

2. Receipts from receivables and sales have been adjusted for seasonability based on Management's experience as well as a slow down or deferral by customers affected by COVID-19 and other factors.
3. On April 24, 2020, ENTREC received funding of US \$3.9 million from the Paycheck Protection Program ("PPP") loan under the US CARES Act of the Small Business Administration. If 75% of the loan amount is applied towards payroll related costs, the PPP loan may be forgiven. It is estimated that USD\$730,000 of the PPP loan will be utilized for pre-filing payroll costs.
4. On April 27, 2020, Management applied for the Canada Emergency Wage Subsidy ("CEWS"). The CEWS may cover up to 75% of salaries for up to 3 months for a maximum of \$847/week per employee. If ENTREC is determined as an eligible employer, it is estimated that the company may qualify for \$625,000 for the period of March 15 to April 11, 2020. Though the timing is uncertain, it is forecast that the first subsidy amount may be received by the end of May.
5. Payroll, benefits, and source deductions are forecast based on actual payroll expenses assuming that operations at all locations continue uninterrupted with all payroll tax remittances kept current during the CCAA Proceedings. It is expected that there will be lower activity in the US operations through until the end of May due to COVID-19 and the low price of oil.
6. There are 10 equipment operators who generally work solely for ENTREC and are paid on a monthly basis. The Cash Flow Forecast includes payment of approximately \$175,000 for April arrears.
7. Operating costs include repairs, maintenance and parts purchases of approximately \$5.6 million, permits of \$1.1 million, fuel of \$1.7 million, and equipment lease payments of \$2.1 million during the 13 week forecast period. Disbursements are based on expected run rates and assumed to be paid based on accelerated payment terms or cash-on-delivery due to the impact of the CCAA Proceedings on supplier credit. Equipment lease payments are expected to be paid in the US; however, Management continues to assess equipment needs which may reduce lease costs going forward.
8. General and administrative expenses include utilities of \$325,000 and other administrative costs of \$1.2 million during the 13 weeks forecast period and are based on expected run rate in 2020.
9. Insurance costs include premiums due for a three-month renewal of the commercial general liability and property and casualty policies totaling approximately \$1.0 million and purchase of a long-tail Directors & Officers policy forecast to cost approximately \$100,000.
10. Rent is forecast based on actual rent payments assuming operations continue uninterrupted at all locations in the short term. Monthly rent include facilities in Alberta, North Dakota, Wyoming, Texas and Colorado, as well as property taxes. Rent for the Acheson, AB facility was prepaid prior to the CCAA Proceedings up until the end of May and the premises are expected to be vacated by May 31, 2020.
11. A weekly contingency of approximately \$100,000 is included in the Cash Flow Forecast to account for any unexpected expenses.
12. Professional fees have been forecast based on preliminary estimates of professional service firm costs relating to the CCAA Proceedings and include ENTREC's legal counsel in Canada and the US, the Directors' legal counsel, the Monitor and its legal counsel, the Syndicate's financial advisor and its legal counsel in Canada and the US, and the advisor to be engaged for the Sales or Investor Solicitation Process.
13. ABL interest is payable on the first of the month in arrears and is estimated based on the average ABL balance outstanding during the month.
14. Interim lending of \$29.9 million is forecast to be required in the 13-week period. Interim Facility interest costs and fees are subject to the Restructuring Support Agreement.

EXHIBIT “X”

Clerk's stamp:

This is Exhibit "X" referred to in the
Affidavit of John Stevens
Sworn before me this 14 day
of May, 2020

A Commissioner for Oaths, in and for
the Province of Alberta

COURT FILE NUMBER

COURT

JUDICIAL CENTRE

APPLICANTS

COURT OF QUEEN'S BENCH OF ALBERTA
CALGARY
Spencer D. Norris
Barrister and Solicitor

IN THE MATTER OF THE COMPANIES' CREDITORS
ARRANGEMENT ACT, R.S.C. 1985, c. C-36, AS
AMENDED

AND IN THE MATTER OF THE COMPROMISE OR
ARRANGEMENT OF ENTREC CORPORATION,
CAPSTAN HAULING LTD., ENTREC ALBERTA LTD.,
ENT CAPITAL CORP., ENTREC CRANES & HEAVY
HAUL INC., ENTREC HOLDINGS INC., ENT
OILFIELD GROUP LTD., and ENTREC SERVICES
LTD.

DOCUMENT

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

CONSENT TO ACT AS MONITOR

NORTON ROSE FULBRIGHT CANADA LLP
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Calgary AB T2P 4H2
Phone: 403.267.8144 Fax: 403.264.5973

Lawyer's

Name: Howard Gorman, Q.C.

Lawyer's Email: howard.gorman@nortonrosefulbright.com

File No.:


CONSENT TO ACT AS MONITOR

Alvarez & Marsal Canada Inc. does hereby consent to act as Court appointed Monitor of
ENTREC Corporation, Capstan Hauling Ltd., ENTREC Alberta Ltd., ENT Capital Corp.,
ENTREC Cranes & Heavy Haul Inc., ENTREC Holdings Inc., ENT Oilfield Group Ltd., and
ENTREC Services Ltd.

DATED this 14th day of May, 2020.

ALVAREZ & MARSAL CANADA INC.

Per:


Authorized Signatory