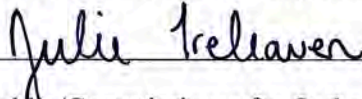


This is **Exhibit “H”** to the Affidavit of Daryl Stepanic  
sworn before me this 29<sup>th</sup> day of January 2024.



Notary Public/Commissioner for Oaths in and for Alberta

**Julie Laura Treleaven**  
Barrister & Solicitor

## SUBORDINATED SECURED PROMISSORY NOTE

**AMOUNT: CDN. \$20,000,000**

**Issued: July 21, 2022**

1. **Promise to Pay:** FOR VALUE RECEIVED, **GRIFFON PARTNERS OPERATION CORP.** (the "**Debtor**") hereby promises to pay to or to the order of **TAMARACK VALLEY ENERGY LTD.** (the "**Lender**"), the principal amount of TWENTY MILLION DOLLARS (Cdn. \$20,000,000.00) in Canadian Dollars (the principal amount outstanding hereunder from time to time being referred to herein as the "**Principal Amount**"), together with interest thereon ("**Interest**") from and after the date hereof, before and after demand, default and judgment, at the rate of twelve percent (12%) per annum (the "**Interest Rate**"), at the times and manner specified herein.
2. **Defined Terms:** In this Promissory Note, the following terms shall have the following meanings:
  - (a) "**Applicable Law**" means: (i) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise); (ii) any judgment, order, writ, injunction, determination, decision, ruling, decree or award; (iii) any regulatory policy, practice, guideline or directive; or (iv) any authorization or other written approval of any governmental authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the assets of such Person, in each case whether or not having the force of law;
  - (b) "**Business**" means the business carried on by the Debtor, which comprises the development, production and/or acquisition of P&NG Rights and Petroleum Substances;
  - (c) "**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which Canadian chartered banks are closed for business in Calgary, Alberta;
  - (d) "**Canadian Dollars**" and the symbols "**Cdn. \$**" and "**\$**" each mean lawful money of Canada;
  - (e) "**Capital Lease**" means any lease which has been or should be capitalized on the books of the Debtor in accordance with GAAP;
  - (f) "**Default**" means an event which, with notice, lapse of time, or both, would constitute an Event of Default;
  - (g) "**Disposition**" means any sale, assignment, transfer, conveyance, lease, license, granting of an option, demolition, abandonment or other disposition (or agreement to dispose) of any nature or kind whatsoever of any property or of any right, title or interest in or to any property, and the verb "Dispose" has a correlative meaning;
  - (h) "**Distribution**" by a Person means:
    - (i) any payment or setting aside for payment of any dividend, return of capital or other distribution on or in respect of any of the equity interests of such Person;
    - (ii) any redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any of the equity interests of such Person or any securities, instruments

or contractual rights capable of being converted into, exchanged or exercised for equity interests of such Person, including options, warrants, conversion or exchange privileges and similar rights; or

- (iii) the payment of any principal, interest, fees, redemption amounts or other amounts on or in respect of any loans, advances or other Indebtedness owing at any time by such Person to a holder of equity interests of such Person or any partner, director, officer or employee of such Person or such holder, or any other affiliate of such holder,

whether, in each case, made, paid or satisfied in or for cash, property or both; provided that, for certainty, any payment made by a Person to any Senior Secured Party, in its capacity as such, shall not be a Distribution;

- (i) **"Event of Default"** means any of the events or circumstances specified in Section 9 hereof;
- (j) **"Excess Cash"** means, without duplication, in respect of a financial quarter of the Debtor, the cash and cash equivalents received by the Debtor less the sum of all cash costs of the Debtor's business, including, but not limited to:
  - (i) any operating and transportation costs, taxes and royalties relating to the Debtor's operations;
  - (ii) budgeted capital expenditures of the Debtor, not to exceed Cdn. \$ 17,500,000 in each twelve (12) month period;
  - (iii) costs required to respond to and mitigate or resolve an emergency;
  - (iv) interest payments on this Promissory Note;
  - (v) payments relating to Hedging Obligations, including, without limitation, any termination payments paid by the Debtor pursuant to any Swap Agreement;
  - (vi) general and administrative costs and licence fees; and
  - (vii) a minimum cash balance of the Debtor of Cdn. \$5,000,000 required to maintain safe and efficient operations;
- (k) **"Financial Quarter"** means a period of three consecutive months in each Financial Year ending on March 31, June 30, September 30 and December 31 of such year;
- (l) **"Financial Year"** means, in relation to the Debtor, its financial year commencing on January 1 of each calendar year and ending on December 31 of the immediately following calendar year;
- (m) **"GAAP"** means at any time, accounting principles generally accepted in Canada as recommended in the CPA Canada Handbook - Accounting at the relevant time applied on a consistent basis;

- (n) **"Hedging Obligations"** means Indebtedness of the Debtor to any Swap Lender under or pursuant to a Swap Agreement;
- (o) **"Indebtedness"** means all present and future obligations and indebtedness of a Person, whether direct or indirect, absolute or contingent, which constitute indebtedness for borrowed money;
- (p) **"Intercreditor Agreement"** means the intercreditor agreement dated on or about the date hereof, among the Debtor, the Lender and the Collateral Agent, for and on behalf of the Senior Secured Parties;
- (q) **"Lien"** means any mortgage, charge, pledge, hypothecation, security interest, assignment, encumbrance, lien (statutory or otherwise), conditional sale agreement, capital lease or other title retention agreement or arrangement, defect of title, adverse claim, set off arrangement (other than a set off arrangement arising in the ordinary course) or any other arrangement or condition that in substance secures payment or performance of an obligation;
- (r) **"Maturity Date"** means July 21, 2025;
- (s) **"Obligations"** means, collectively:
  - (i) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Debtor to the Lender in any currency, under, in connection with or pursuant to this Promissory Note, and whether incurred by the Debtor alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style; and
  - (ii) all reasonable expenses, costs and charges incurred by or on behalf of the Lender in connection with this Promissory Note, the Charge or the Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Lender's interest in any Collateral, whether or not directly relating to the enforcement of this Promissory Note;
- (t) **"P&NG Rights"** means all of the right, title, estate and interest, whether contingent or absolute, legal or beneficial, present or future, vested or not, and whether or not an "interest in land", of the Debtor at such time in and to any, or such as are stipulated, of the following, by whatever name the same are known:
  - (i) rights to explore for, drill for, produce, take, save or market Petroleum Substances from or allocated to its lands or lands with which the same have been pooled or unitized;
  - (ii) rights to a share of the production of Petroleum Substances from or allocated to lands or lands with which the same have been pooled or unitized;



- (iii) rights to a share of the proceeds of, or to receive payments calculated by reference to the quantity or value of, the production of Petroleum Substances from or allocated to lands or lands with which the same have been pooled or unitized;
- (iv) rights in any of the lands described in paragraphs (i) through (iii) of this definition or documents of title related thereto, including leases, subleases, licenses, permits, reservations, rights and privileges; and
- (v) rights to acquire any of the above rights described in paragraphs (i) through (iv) of this definition,

and includes interests and rights known as working interests, royalty interests, overriding royalty interests, gross overriding interests, production payments, profits interests, net profits interests, revenue interests, net revenue interests and other economic interests.

(u) **"Permitted Liens"** means, in respect of the Debtor:

- (i) Liens securing the Senior Obligations;
- (ii) Liens in favour of the Lender;
- (iii) undetermined or inchoate Liens arising in the ordinary course of and incidental to construction or current operations which have not been filed pursuant to Applicable Law against the Debtor or in respect of which no steps or proceedings to enforce such Lien have been initiated or which relate to obligations which are not due or delinquent or, if due or delinquent, any Lien which the Debtor is contesting at the time by a Permitted Contest (as defined in the Senior Loan Agreement);
- (iv) Liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the joint operation of P&NG Rights or related production or processing facilities as security in favour of any other Person conducting the development or operation of the property to which such Liens relate, for the Debtor's portion of the costs and expenses of such development or operation, provided such costs or expenses are not due or delinquent or if due or delinquent, any Lien which the Debtor is contesting at the time by a Permitted Contest (as defined in the Senior Loan Agreement);
- (v) to the extent a Lien is created thereby, a sale or Disposition of P&NG Rights resulting from any pooling or unitization agreement entered into in the ordinary course of business when, in the Debtor's reasonable judgment, it is necessary to do so in order to facilitate the orderly exploration, development or operation of such properties, provided that, the Debtor's resulting pooled or unitized interest is proportional (either on an acreage or reserve basis) to the interest contributed by it and is not materially less than the Debtor's interest in such P&NG Rights prior to such pooling or unitization and its obligations in respect thereof are not greater than its proportional share based on the interest acquired by it and further provided that such pooling or unitization results from a Disposition permitted under this Promissory Note;

- (vi) to the extent a Lien is created thereby, farm-out interests or overriding royalty interests, net profit interests, reversionary interests and carried interests in respect of the Debtor's P&NG Rights that are or were entered into with or granted to arm's length third parties in the ordinary course of business and in accordance with sound industry practice and provided that such Liens are subordinated to the Charge in accordance with the terms of a subordination agreement in form and substance satisfactory to the Lender;
- (vii) easements, rights-of-way, servitudes, zoning or other similar rights or restrictions in respect of land held by the Debtor (including rights-of-way and servitudes for railways, sewers, drains, pipelines, gas and water mains, electric light and power and telephone or telegraph or cable television conduits, poles, wires and cables) which, either alone or in the aggregate, do not materially detract from the value of the property and assets concerned or the use of the affected property and assets or would not reasonably be expected to have a Material Adverse Effect (as defined in the Senior Loan Agreement);
- (viii) any Lien or trust arising in connection with worker's compensation, employment insurance, pension and employment Applicable Law;
- (ix) the right reserved to or vested in any municipality or governmental or other public authority by the terms of any lease, license, franchise, grant or permit acquired by the Debtor or by any statutory provision to terminate any such lease, license, franchise, grant or permit or to require annual or other periodic payments as a condition of the continuance thereof;
- (x) all reservations in the original grant from the Crown of any lands and premises or any interests therein and all statutory exceptions, qualifications and reservations in respect of title which, either alone or in the aggregate, do not materially detract from the value of the property and assets concerned or the use of the affected property and assets;
- (xi) any right of first refusal in favour of any Person granted in the ordinary course of business with respect to all or any of the P&NG Rights or related facilities of the Debtor; provided that when exercised, such rights of first refusal would relate to assets, the Disposition of which would be permitted under this Promissory Note;
- (xii) public and statutory Liens not yet due and similar Liens arising by operation of Applicable Law;
- (xiii) bankers' liens, rights of set-off and other similar Liens existing solely with respect to cash on deposit in one or more accounts maintained by the Debtor granted in the ordinary course of business in favour of a bank with which such accounts are maintained, securing amounts owing to such bank with respect to operating account arrangements;
- (xiv) Liens on cash or securities pledged to secure performance of tenders, surety and appeal bonds, government contracts, performance and return of money bonds, bids, trade contracts, leases, statutory obligations, regulatory obligations and other obligations of a like nature incurred in the ordinary course of business;

- (xv) any other Liens (including Liens in respect of purchase money security interests and Capital Leases (which, for certainty, shall not include any operating leases entered into in connection with any sale-leaseback) which would have been operating leases under GAAP as in effect on December 31, 2018, regardless of whether such lease was entered into prior to or after December 31, 2018) which are not otherwise Permitted Liens; provided that the aggregate principal amount of debt or other obligations secured thereby does not exceed the amount of \$5,000,000.00;
  - (xvi) any other Liens consented to in writing by the Lender; and
  - (xvii) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Lien referred to in the preceding paragraphs (i) through (xvi) inclusive of this definition, so long as any such extension, renewal or replacement of such Lien is limited to all or any part of the same property that secured the Lien extended, renewed or replaced (plus improvements on such property) and the debt, liability or obligation secured thereby is not increased.
- (v) **"Person"** means a natural person, sole proprietorship, corporation, limited liability company, trust, joint venture, association, company, partnership, institution, public benefit corporation, investment or other fund, governmental authority or other entity;
  - (w) **"Petroleum Substances"** means crude oil, bitumen, synthetic crude oil, petroleum, gas, coal seam gas, casinghead gas, drip gasoline, natural gasoline, natural gas liquids, condensate, distillate, all other liquid and gaseous hydrocarbons and all products refined or separated therefrom or produced or to be produced in conjunction therewith from a well bore and all products, by-products, and other substances derived therefrom or the processing thereof, and all other minerals and substances produced in conjunction with such substances, liquid or gaseous, whether hydrocarbons or not, including, but not limited to, sulfur, hydrogen sulphide, geothermal steam, water, carbon dioxide, helium, and any and all minerals, ores, or substances of value and the products and proceeds therefrom.
  - (x) **"Promissory Note"** means this subordinated secured promissory note, as the same may be amended, amended and restated, supplemented or modified from time to time;
  - (y) **"Senior Agents"** has the meaning set forth in the definition of "Senior Loan Agreement", and includes any successor collateral agent or administrative agent thereto;
  - (z) **"Senior Lenders"** has the meaning set forth in the definition of "Senior Loan Agreement" and includes any other Persons that may become lenders under the Senior Loan Agreement from time to time;
  - (aa) **"Senior Loan Agreement"** means the loan agreement dated as of the date hereof among the Debtor, as borrower, Trafigura Canada Limited, Signal Alpha C4 Limited and the other Persons that become lenders thereunder, as lenders (collectively, the **"Senior Lenders"**) and GLAS Americas LLC, in its capacity as collateral agent (the **"Collateral Agent"**) and GLAS USA LLC, in its capacity as administrative agent (the **"Administrative Agent"**) and together with the Collateral Agent, the **"Senior Agents"**), as the same may be amended, modified, extended, renewed, replaced, restated,

supplemented or refinanced from time to time, whether with the same or other lenders and agents;

- (bb) **"Senior Loan Parties"** means the Debtor and any subsidiary of the Debtor who has provided a guarantee or security to the Senior Secured Parties in respect of the Senior Obligations;
- (cc) **"Senior Obligations"** means , collectively:
  - (i) all debts, liabilities and obligations (including Hedging Obligations), present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by the Senior Loan Parties to the Senior Secured Parties, in any currency, under, in connection with or pursuant to the Senior Loan Agreement and the other documents relating thereto or entered into connection therewith (the **"Senior Loan Documents"**) and any Swap Agreement, and whether incurred by the Senior Loan Parties alone or jointly with another or others and whether as principal, guarantor or surety and in whatever name or style; and
  - (ii) all reasonable expenses, costs and charges incurred by or on behalf of the Senior Secured Parties in connection with the Senior Loan Documents and any Swap Agreement, as applicable, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the assets of the Senior Loan Parties, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Senior Secured Parties' interest in any of the Senior Loan Parties' assets, whether or not directly relating to the enforcement of the Senior Loan Documents or any Swap Agreement;
- (dd) **"Senior Secured Parties"** means, collectively, the Senior Lenders, the Senior Agents and the Swap Lender;
- (ee) **"Swap Agreement"** means any agreement with respect to any swap, forward, put, deferred premium put, hedge, future or derivative transaction or option or similar agreement, whether exchange traded, "over-the-counter" or otherwise, involving, or settled by reference to, one or more interest rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions;
- (ff) **"Swap Lender"** means any Person that has entered into a Swap Agreement with the Debtor; and
- (gg) **"United States Dollars"** and the symbol **"USD\$"** each mean lawful money of the United States of America.

Capitalized terms which are not otherwise defined herein shall have the meanings assigned to them under the Share Purchase and Sale Agreement.

3. **Interest:**

- (a) Interest hereunder shall accrue daily, commencing on and including the date hereof until the full repayment of the Principal Amount, and be payable semi-annually in arrears on June 30<sup>th</sup> and December 31<sup>st</sup> in each calendar year, commencing on December 31, 2022, and on the Maturity Date (each, an "**Interest Payment Date**"). Any Interest payable hereunder that is not paid when due shall bear interest at the Interest Rate plus two percent (2%) per annum during the period in arrears and such interest shall be compounded semi-annually on each Interest Payment Date both before and after maturity.
- (b) No Interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by Applicable Law. In the event any such Interest or fee exceeds such maximum rate, such interest or fee shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under Applicable Law.
- (c) Interest in accordance with the foregoing provisions of this Section 3 shall be calculated on the basis of a calendar year of three hundred and sixty-five (365) days. The theory of deemed reinvestment shall not apply to the calculation of Interest or payment of fees or other amounts hereunder, notwithstanding anything contained in this Promissory Note, and all Interest and fees payable by the Debtor to the Lender, shall accrue from day to day and be calculated daily as described herein in accordance with the "nominal rate" method of interest calculation. The Debtor hereby waives, to the fullest extent it may do so under Applicable Law, any provisions of Applicable Law, including specifically the *Interest Act* (Canada) and the *Judgment Interest Act* (Alberta), which may be inconsistent with this Promissory Note.
- (d) Notwithstanding the foregoing, if, on any Interest Payment Date, the Debtor has insufficient cash on hand to pay the Interest payable on such Interest Payment Date in accordance with Section 3(a) above, such Interest shall be paid in kind ("**PIK Interest**") on such Interest Payment Date, by capitalizing the entire amount of the PIK Interest payable on such Interest Payment Date to the Principal Amount, and the amount of such PIK Interest shall be deemed to be added to the Principal Amount hereunder.

4. **Repayment:** Subject to Section 11:

- (a) the Principal Amount shall be due and payable in full on the Maturity Date; and
- (b) provided that the Senior Obligations have been indefeasibly repaid in full, one hundred (100%) percent of Excess Cash shall be paid by the Debtor to the Lender within sixty (60) days of the end of each Financial Quarter of the Debtor as a permanent reduction of the Principal Amount under this Promissory Note.

5. **Prepayment:** Subject to Section 11 and the Senior Loan Documents, the Debtor may prepay all or a portion of the Principal Amount, together with all accrued and unpaid Interest thereon, without penalty.

6. **Security:**

- (a) To secure the payment performance by the Debtor of the Obligations, the Debtor hereby assigns, transfers, pledges, mortgages and charges to and in favour of the Lender and

grants to and in favour of the Lender a continuing security interest (subject only to Permitted Liens) in, all of the property and undertaking of the Debtor now owned or hereafter acquired and all of the property and undertaking in which the Debtor now has or hereafter acquires any interest (collectively, the "**Collateral**") including:

- (i) all of the Debtor's present and after-acquired personal property;
  - (ii) all books, records, files, correspondence, invoices, documents, papers, agreements, computer programs, disks and other repositories of data recording or storage in any form or medium, evidencing or relating to the property described in this Section 6(a);
  - (iii) all substitutions and replacements of and increases, additions and, where applicable, accessions to the property described in Section 6(a)(i) through Section 6(a)(ii) inclusive; and
  - (iv) all proceeds derived directly or indirectly from any dealing with all or any part of the property described in Section 6(a)(i) through 6(a)(iii) inclusive, including the proceeds of such proceeds.
- (b) The Debtor hereby assigns and grants a mortgage, pledge, charge and security interest in favour of the Lender, in all real and immovable property, both freehold and leasehold, and rights and interests in real property, wherever situate, now owned or hereafter acquired by the Debtor, as and by way of a floating charge.
- (c) The Debtor acknowledges conclusively that (i) the Debtor and the Lender intend the security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Promissory Note (the "**Charge**") in the Collateral to attach immediately upon the execution of this Promissory Note, (ii) it has rights in the Collateral or power to transfer rights in the Collateral to the Lender (other than after-acquired Collateral), (iii) the Charge shall be effective and shall attach as of the date hereof whether the monies hereby secured or any part thereof shall become owing by the Debtor before or after or upon the date of execution of this Promissory Note, (iv) value has been given and (v) it has received a copy of this Promissory Note.
- (d) The Debtor irrevocably waives, to the extent permitted by applicable law, any right to receive a copy of any financing statement or financing change statement (and any verification statement relating to the same) registered in respect of this Promissory Note granted to the Lender.
- (e) The Charge shall not extend or apply to the last day of the term of any lease or sublease or any agreement for a lease or sublease now held or hereafter acquired by the Debtor in respect of real property, but the Debtor shall stand possessed of any such last day upon trust to assign and dispose of it to any Person acquiring such term in the course of the enforcement of the said Charge.
- (f) The Charge will be discharged upon, but only upon, (i) full and indefeasible payment and performance of the Obligations, and (ii) the Lender having no obligations under this Promissory Note. Upon discharge of the Charge and at the request and expense of the Debtor, the Lender will execute and deliver to the Debtor such releases, discharges, financing statements and other documents or instruments as the Debtor may reasonably

require and the Lender will redeliver to the Debtor, or as the Debtor may otherwise direct the Lender, any Collateral in its possession.

- (g) Schedule A sets out the Debtor's: (i) place of business or, if more than one, chief executive office; (ii) registered office and head office; (iii) jurisdiction of organization; (iv) the address at which the books and records of the Debtor are located; and (v) the address from which the invoices and accounts of the Debtor are issued.

7. **Positive Covenants:** While any Principal Amount remains unpaid hereunder, the Debtor covenants with the Lender that it shall:

- (a) subject to the terms of the Senior Loan Agreement and the Intercreditor Agreement, duly and punctually pay or cause to be paid to the Lender the Principal Amount, Interest, fees and other amounts payable hereunder on the dates, at the places, and in the amounts and manner set forth herein;
- (b) do or cause to be done all things necessary to preserve and keep in full force and effect its existence in good standing under the Applicable Laws of its jurisdiction of formation;
- (c) as soon as practicable, and in any event within three days after the occurrence of any Default or Event of Default, provide the Lender with prompt written notice of such Default or Event of Default;
- (d) at least 15 days prior to any of the following changes becoming effective, notify the Lender in writing of (i) any proposed change in the jurisdiction of (A) any place of business of the Debtor, (B) the chief executive office, head office or registered office of the Debtor, (C) any place where tangible personal property (including books and records) of the Debtor is stored, or (D) incorporation and existence of the Debtor, and (ii) any proposed change in the name of the Debtor (including the adoption of any French form of name);
- (e) deliver to the Lender:
  - (i) as soon as practicable and in any event within 120 days of each Financial Year end, audited annual consolidated financial statements of the Debtor; and
  - (ii) as soon as practicable and in any event within 90 days of each Financial Quarter end, unaudited quarterly consolidated financial statements of the Debtor (which shall include a balance sheet, income statement and statement of changes of financial position); and
- (f) do all such further acts and things and execute and deliver all such further documents as shall be reasonably required by the Lender in order to ensure the terms and provisions of this Promissory Note are fully performed and carried out.

8. **Negative Covenants:** While any Principal Amount remains unpaid hereunder, the Debtor covenants with the Lender that it shall not, without the prior written consent of the Lender, which consent shall not be unreasonably withheld:

- (a) create or permit to exist any Lien on any of its present or future assets, other than Permitted Liens;

- (b) create, incur, assume or allow to exist any Indebtedness, other than: (i) Indebtedness of the Debtor to the Lender under this Promissory Note; (ii) Senior Obligations, provided that the aggregate principal amount of the Indebtedness under the Senior Loan Agreement does not exceed USD\$36,000,000; and (iii) Indebtedness under Capital Leases (including a sale-leaseback agreement) and under purchase money security interest financings permitted by paragraph (xv) of the definition of "Permitted Liens";
  - (c) sell, lease, transfer or otherwise Dispose of any assets except (i) the sale of Petroleum Substances in the ordinary course of business; (ii) property or assets (other than securities) which have no material economic value in the Business or business or are obsolete or worn out; and (iii) Dispositions of assets with an aggregate fair market value of less than \$1,000,000.00 in each Financial Year; provided, however, that there is no Default or Event of Default then continuing and no Default or Event of Default could arise from such Disposition; and
  - (d) declare, make or pay any Distributions.
9. **Events of Default:** The occurrence of any one or more of the following events or circumstances constitutes an Event of Default under this Promissory Note:
- (a) the failure of the Debtor to pay the Principal Amount (or any portion thereof) when due and payable hereunder;
  - (b) the failure of the Debtor to pay any Interest (or any portion thereof) when due hereunder and such default shall remain unremedied for a period of three (3) Business Days after written notice from the Lender to the Debtor that such amount is overdue;
  - (c) except in respect of the matters dealt with elsewhere in this Section 9, the Debtor fails to perform, observe or comply with any other term, covenant or agreement contained in this Promissory Note, and such default continues for a period of forty-five (45) days after notice thereof is given to the Debtor by the Lender;
  - (d) if the Debtor ceases or threatens to cease to carry on business;
  - (e) a judgment, decree or order of a court of competent jurisdiction is entered against the Debtor: (i) adjudging the Debtor bankrupt or insolvent, or approving a petition seeking its reorganization or winding-up under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous Applicable Law in any jurisdiction; or (ii) appointing a receiver, trustee, liquidator, or other Person with like powers, over all, or substantially all, of the property of the Debtor; or (iii) ordering the involuntary winding up or liquidation of the affairs of the Debtor; or (iv) appointing any receiver or other Person with like powers over all, or substantially all, of the assets of the Debtor, unless, in any such case, such judgment, petition, order or appointment is stayed and of no effect against the rights of the Lender within thirty (30) days of its entry; and
  - (f) (i) an order or a resolution is passed for the dissolution, winding-up, reorganization or liquidation of the Debtor, pursuant to Applicable Law, including the *Business Corporations Act* (Alberta) (except as may be permitted by the holder of Senior Obligations); or (ii) the Debtor institutes proceedings to be adjudicated bankrupt or insolvent, or consents to the institution of bankruptcy or insolvency proceedings against it



under the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangement Act* (Canada) or any other bankruptcy, insolvency or analogous Applicable Law in any jurisdiction; or (iii) any of them consents to the filing of any petition under any such Applicable Law or to the appointment of a receiver, or other Person with like powers, over all, or substantially all, of any of their property; or (iv) the Debtor makes a general assignment for the benefit of creditors, or becomes unable to pay its debts generally as they become due; or (v) the Debtor takes or consents to any action in furtherance of any of the aforesaid purposes.

**10. Acceleration and Remedies:**

- (a) Subject to Section 11, upon an Event of Default, the Lender may, in its absolute discretion:
  - (i) declare all amounts hereunder immediately due and payable whereupon the Principal Amount plus all accrued and unpaid Interest thereon shall become immediately due and payable with interest at the Interest Rate plus two percent (2%) thereafter and the Charge and all of the rights and remedies hereby conferred in respect of the Collateral shall become immediately enforceable; and
  - (ii) exercise such rights and remedies as are provided by the *Personal Property Security Act* (Alberta) with respect to the Collateral or any part thereof that constitutes personalty and all other rights and remedies recognized under Applicable Laws against the Debtor or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of the Obligations.
- (b) If there is any deficiency of payment in respect of the Obligations the Debtor shall be and at all times remain liable for the payment thereof to the Lender.
- (c) To the extent not prohibited by any Applicable Law, the Debtor hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner, limit, restrict or otherwise affect the Lender's rights and remedies hereunder or impose any additional obligations on the Lender.

**11. Postponement and Subordination:** Subject to the terms of the Intercreditor Agreement, so long as any Senior Obligations are outstanding and until the Senior Obligations shall have been indefeasibly repaid in full and satisfied or released and discharged:

- (a) the payment of any Obligations are hereby postponed and subordinated in right of payment to the prior indefeasible payment in full and final satisfaction of all Senior Obligations and the Lender shall not accept any payment, repayment, prepayment or other satisfaction of or with respect to all or any portion of the Obligations (in each case, whether in cash, property or securities) prior to the payment in full of the Senior Obligations;
- (b) the Senior Obligations and all Liens granted by the Senior Loan Parties to the Senior Secured Parties in respect thereof (the "**Senior Security**") shall have priority over the Obligations and the Liens granted by the Debtor to the Lender pursuant to this Promissory Note, and such Liens are hereby postponed and subordinated in all respects to the Senior Security; and

- (c) the Senior Secured Parties, in respect of the Senior Obligations, shall have first priority over the Obligations, and first priority over any claims of the Lender in respect of the Debtor and all of its property and assets of every nature and kind now existing or hereafter acquired by the Debtor, including without limitation, to discharge and satisfy the Senior Obligations, all in priority to any claim of the Lender under the Obligations.

Notwithstanding the foregoing provisions of this Section 11, the Lender will be entitled to receive, and the Debtor will be entitled to make cash payments of Interest on each Interest Payment Date in accordance with this Promissory Note, so long as no Default or Event of Default (as such terms are defined in the Senior Loan Agreement) has occurred and is continuing. The Debtor and the Lender each agree to execute and deliver all documents, agreements or instruments (including, without limitation, all subordination, intercreditor, priority or other agreements) and to do all such things as may be required, from time to time, to give effect to the foregoing.

12. **Miscellaneous:**

- (a) Payments of the Principal Amount, Interest, fees and all other amounts payable by the Debtor pursuant to this Promissory Note shall be paid in Canadian Dollars for value, at or before 4:00pm (Calgary time) on the day such payment is due at the offices of the Lender located at:

Tamarack Valley Energy Ltd.  
3300, 308 – 4th Avenue SW  
Calgary, Alberta T2P 0H7

**Attention:** Christine Ezinga  
Vice President, Corporate Planning & Business Development  
Fax: (403) 263-5551  
Email: christine.ezinga @tamarackvalley.ca

or such other place as the Lender may direct the Debtor in writing.

If any such day is not a Business Day, such amount shall be deemed for all purposes of this Promissory Note to be due on the Business Day next following such day and any such extension of time shall be included in the computation of the payment of any Interest or fees payable under this Promissory Note.

- (b) Any notice, direction or other communication to be given under this Promissory Note (in each case, a “**Communication**”) shall, except as otherwise permitted, be in writing and made or given by personal delivery, by courier, by email transmission, or sent by registered mail, charges prepaid, addressed to the respective parties as follows:

- (i) to the Lender at:

Tamarack Valley Energy Ltd.  
3300, 308 – 4th Avenue SW  
Calgary, Alberta T2P 0H7

**Attention:** Christine Ezinga  
Vice President, Corporate Planning & Business Development

Email: christine.ezinga @tamarackvalley.ca

(ii) to the Debtor at:

Griffon Partners Operation Corp.  
900, 140 Fourth Avenue SW  
Calgary, Alberta T2P 3N3

**Attention:** Daryl Stepanic  
Email: DS@griffon-partners.com

or to such other address or email as any party may from time to time designate in accordance with this Section 12(b). Any Communication made by personal delivery or by courier shall be conclusively deemed to have been given and received on the day of actual delivery thereof or if such day is not a Business Day, on the first (1<sup>st</sup>) Business Day thereafter. Any Communication made or given by email on a Business Day before 4:00 p.m. (Calgary Time) shall be conclusively deemed to have been given and received on such Business Day and otherwise shall be conclusively deemed to have been given and received on the first (1<sup>st</sup>) Business Day following the transmittal thereof. Any Communication that is mailed shall be conclusively deemed to have been given and received on the fifth (5<sup>th</sup>) Business Day following the date of mailing but if, at the time of mailing or within five (5) Business Days thereafter, there is or occurs a labor dispute or other event that might reasonably be expected to disrupt delivery of documents by mail, any Communication shall be delivered or transmitted by any other means provided for in this Section 12(b).

- (c) The Debtor hereby waives presentment for acceptance and payment including applicable grace periods, demand, notice of dishonour and protest or a further notice of any kind and agrees that it shall remain liable in respect hereof as if presentment, demand, notice of dishonour and protest had been duly made or given.
- (d) This Promissory Note is not assignable by any party hereunder without the prior written consent of each other party.
- (e) This Promissory Note shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Promissory Note or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Lender to take proceedings in other jurisdictions.
- (f) No provision of this Promissory Note may be amended verbally and any such amendment may only be made by way of an instrument in writing signed by the Debtor and the Lender.

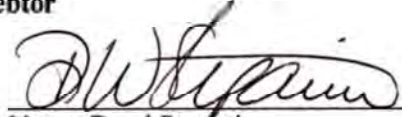
- (g) Any provision of this Promissory Note which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.
- (h) This Promissory Note may be executed in several counterparts and such counterparts together shall constitute one and the same instrument and shall be effective as of the date hereof.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, this Subordinated Secured Promissory Note is issued and dated effective as of the date first written above.

**GRIFFON PARTNERS OPERATION CORP.,**  
**as Debtor**

Per: \_\_\_\_\_

  
Name: Daryl Stepanic

Title: Chief Executive Officer

Accepted and agreed to by:

**TAMARACK VALLEY ENERGY LTD., as  
Lender**

Per: 

Name: Steven Buytels

Title: VP, Finance & Chief Financial Officer

**SCHEDULE A**  
**LOCATIONS OF COLLATERAL**

Chief Executive Office:

900, 140 Fourth Avenue SW  
Calgary, Alberta  
T2P 3N3

Registered Office:

2400, 525 – 8th  
Avenue SW  
Calgary, AB  
T2P 1G1

Jurisdiction of Organization:

Alberta

Locations of Collateral:

Alberta and Saskatchewan

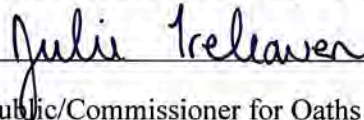
Locations of Books and Records:

900, 140 Fourth Avenue SW  
Calgary, Alberta  
T2P 3N3

Address from which Invoices and Accounts are sent:

900, 140 Fourth Avenue SW  
Calgary, Alberta  
T2P 3N3

This is **Exhibit "I"** to the Affidavit of Daryl Stepanic  
sworn before me this 29<sup>th</sup> day of January 2024.



Notary Public/Commissioner for Oaths in and for Alberta

**Julie Laura Treleaven**  
Barrister & Solicitor



**GRIFFON PARTNERS CAPITAL MANAGEMENT LTD.**

as Chargor

and

**GLAS AMERICAS LLC**

as Collateral Agent

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**FIXED AND FLOATING CHARGE DEBENTURE**

July 21, 2022

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## FIXED AND FLOATING CHARGE DEBENTURE

Fixed and floating charge debenture dated as of July 21, 2022 made by Griffon Partners Capital Management Ltd. (the “**Chargor**”) to and in favour of GLAS Americas LLC (the “**Collateral Agent**”) for the benefit of the Secured Parties.

### RECITALS:

- (a) The Collateral Agent and the Chargor are each party to a loan agreement dated as of the date hereof (the “**Loan Agreement**”) among Griffon Partners Operation Corp., as borrower (the “**Borrower**”), the Chargor and Griffon Partners Holding Corp., as guarantors, Trafigura Canada Limited, Signal Alpha C4 Limited and those other Persons which become lenders thereunder, as lenders (collectively, the “**Lenders**”), the Administrative Agent, as administrative agent and the Collateral Agent, as collateral agent;
- (b) The Lenders have agreed to make a credit facility available to the Borrower on the terms and conditions contained in the Loan Agreement; and
- (c) It is a condition precedent to the extension of credit to the Borrower under the Loan Agreement that the Chargor execute and deliver this Agreement in favour of the Collateral Agent, for the benefit of the Secured Parties, as security for the payment and performance of the Secured Obligations.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which consideration is hereby acknowledged, the Chargor agrees as follows:

## ARTICLE 1 INTERPRETATION

### Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

“**Administrative Agent**” means GLAS USA LLC and its successors and assigns.

“**Agreement**” means this fixed and floating charge debenture.

“**Charge**” means the security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement.

“**Charged Property**” means the subject matter of the Charge.

“**Chargor Obligations**” means all Obligations of the Chargor.

“**Expenses**” means all expenses, costs and charges incurred by or on behalf of any Secured Party in connection with this Agreement, the Charge or the Charged Property, including all legal fees, court costs, receiver’s or agent’s remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Charged Property, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the any Secured Party’s interest in any Charged Property, whether or not directly relating to the enforcement of this Agreement or any other Credit Documents.

**"Fixtures"** means all fixtures (including trade fixtures), facilities and equipment, howsoever affixed or attached to real property or buildings or other structures on real property, now owned or hereafter acquired by the Chargor.

**"Loan Agreement"** has the meaning set forth in the recitals.

**"Permitted Liens"** has the meaning set forth in the Loan Agreement.

**"PPSA"** means the *Personal Property Security Act* (Alberta).

**"Receiver"** has the meaning specified in Section 4.2(a).

**"Secured Obligations"** means, collectively, the Chargor Obligations and the Expenses.

**"Secured Parties"** has the meaning set forth in the Loan Agreement, but for certainty does not include any Swap Counterparty.

## **Section 1.2 Interpretation.**

- (1) Capitalized terms used in this Agreement but not defined have the meanings given to them in the Loan Agreement.
- (2) Any reference in this Agreement, the Loan Agreement or any other Credit Document to Liens permitted hereunder or thereunder and any right of the Chargor to create or suffer to exist Liens permitted hereunder or thereunder are not intended to and do not and will not subordinate the Charge to any such Lien or give priority to any Person over the Collateral Agent.
- (3) In this Agreement the words **"including"**, **"includes"** and **"include"** mean **"including (or includes or include) without limitation"**. The phrase **"the aggregate of"**, **"the total of"**, **"the sum of"**, or a phrase of similar meaning means **"the aggregate (or total or sum), without duplication, of"**. The expression **"Article"**, **"Section"**, **"Schedule"** or other subdivision followed by a number mean and refer to the specified Article, Section, Schedule or other subdivision of this Agreement.
- (4) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (5) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (6) The schedules attached to this Agreement form an integral part of it for all purposes of it.
- (7) Any reference to this Agreement, the Loan Agreement, any other Credit Document or any other agreement refers to this Agreement, the Loan Agreement, any other Credit Document or other agreement as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented, novated and includes all schedules attached to it. Any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

## **Section 1.3 Interest Act (Canada).**

For purposes of the *Interest Act* (Canada), (i) whenever any interest or fee under this Agreement is calculated using a rate based on a year of 365 days, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 365 days, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 365, (ii) the principle of deemed reinvestment

of interest does not apply to any interest calculation under this Agreement, and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

**Section 1.4 Nominal Rates.**

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement. All interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, after as well as before maturity, default and judgment. The rates of interest specified in this Agreement are intended to be nominal rates and not effective rates. Interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

**ARTICLE 2  
ACKNOWLEDGEMENT OF INDEBTEDNESS**

**Section 2.1 Promise to Pay.**

The Chargor, for value received, hereby acknowledges itself indebted to the Collateral Agent and promises to pay ON DEMAND to or to the order of the Collateral Agent, the principal sum of TWO HUNDRED MILLION DOLLARS (\$200,000,000) on presentation and surrender of this Agreement at the offices of the Collateral Agent located at 3 Second Street, Suite 206 Jersey City, NJ 07311, or at such other place as the Collateral Agent may designate by notice in writing to the Chargor, and to pay interest thereon from the date hereof at the rate per annum of twenty percent (20%) in like money at the same place, monthly, on the last day of each month; and, if the Chargor should at any time make default in the payment of any principal or interest, to pay interest on the amount in default both before and after demand, default and judgment, with interest on overdue interest at the same rate in lawful money of Canada at the same place on the same dates.

The Collateral Agent is the Person entitled to receive the principal of, and interest on, this Agreement and all other amounts payable hereunder.

**ARTICLE 3  
SECURITY**

**Section 3.1 Grant of Charge.**

As security for the due payment and performance of all Secured Obligations, and subject to the provisions of Section 3.5 hereof, the Chargor hereby:

- (a) grants, assigns as security, conveys, mortgages, pledges and charges, as and by way of a fixed and specific mortgage, charge and pledge, to and in favour of the Collateral Agent, for the benefit of the Secured Parties, all of its present and future right, title, interest and estate in and to the lands described in Schedule "A" hereto, together with all of the Chargor's present and future interest in all rights, leases, licenses, easements, rights-of-way, profits-à-prendre, interests in real property, structures, underground facilities, wells, power, fuel and water supply, storage, waste disposal, roads and other transportation facilities and fixed plant, milling, processing, service and other related infrastructures, buildings, erections, improvements and Fixtures now or hereafter with respect to or constructed or placed on such lands or used in connection with such lands and all accretions, additions and accessions thereto, and any and all proceeds of any of the foregoing;
- (b) grants, assigns, conveys, transfers, mortgages and charges as and by way of a fixed and specific mortgage and charge to and in favour of the Collateral Agent, for the benefit of the Secured Parties, and grants a continuing security interest to the Collateral Agent, for

the benefit of the Secured Parties, in, all of the Chargor's present and after-acquired personal property including, without limitation, all present and after-acquired right, title and interest in and to all goods, chattel paper, securities, documents of title, instruments, intangibles, investment property and money (as such terms are defined in the PPSA), wherever located; and

- (c) grants, assigns as security, conveys, mortgages and charges, as and by way of a floating charge, to and in favour of the Collateral Agent, for the benefit of the Secured Parties, all of the right, title, interest and estate in and to real property and personal property of the Chargor not subject to the fixed charge in Section 3.1(a) or the security interest in Section 3.1(b), both present and future, of every nature and kind and wherever situate including, without limitation, the Chargor's interest in all rights, leases (including, without limitation, petroleum and/or natural gas leases), licenses, easements, rights-of-way, profits-à-prendre, interests in real property, structures, underground facilities, wells, power, fuel and water supply, storage, waste disposal, roads and other transportation facilities and fixed plant, milling, processing, service and other related infrastructures, buildings, erections, improvements and Fixtures now or hereafter with respect to or constructed or placed on such real property or used in connection with such real property and all accretions, additions and accessions thereto, which the Chargor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter, and any and all proceeds of any of the foregoing.

### **Section 3.2 Secured Obligations.**

The Charge granted by this Agreement secures the payment and performance of the Secured Obligations.

### **Section 3.3 Crystallization of Floating Charge.**

Without limiting its rights hereunder to crystallize the Charge set forth in Section 3.1(c) above in any other manner, the Collateral Agent, upon the occurrence of and during the continuance of an Event of Default, may to the extent permitted by applicable law crystallize and fix the Charge set forth in Section 3.1(c) above in respect of all or a portion of the Charged Property by notice in writing to the Chargor without any requirement for further intervention by the Collateral Agent (whether by the taking of possession, the appointment of a Receiver or otherwise), but without in any way limiting the powers, rights and remedies of the Collateral Agent hereunder in respect of the Charged Property.

### **Section 3.4 Attachment.**

The Chargor acknowledges that: (i) value has been given; (ii) it has rights in the Charged Property or the power to transfer rights in the Charged Property to the Collateral Agent, for the benefit of the Secured Parties (other than after-acquired Charged Property); (iii) it has not agreed to postpone the time of attachment of the Charge; and (iv) it has received a copy of this Agreement. The Charge is intended to, and shall, attach to the existing Charged Property when the Chargor signs this Agreement, and to any other after-acquired Charged Property subsequently acquired by the Chargor immediately upon the Chargor acquiring any rights in such after-acquired Charged Property.

### **Section 3.5 Scope of Charge.**

- (1) The Charge does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement therefor now held or hereafter acquired by the Chargor, but the Chargor shall thereafter stand possessed of such last day in trust for the Collateral Agent to assign the same to any Person acquiring such term in the course of enforcement of the Charge.
- (2) To the extent that an assignment of amounts payable and other proceeds arising under or in connection with, or the grant of a security interest in any agreement, licence, permit or quota of the Chargor would result in the termination of such agreement, licence, permit or quota (in this Section 3.5 each, a "**Restricted Asset**"), the Charge with respect to each Restricted Asset will

constitute a trust created in favour of the Collateral Agent, for the benefit of the Secured Parties, pursuant to which the Chargor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Collateral Agent on the following basis:

- (a) until the Charge is enforceable and subject to the Loan Agreement, the Chargor is entitled to receive all such proceeds; and
- (b) whenever the Charge is enforceable, (i) all rights of the Chargor to receive such proceeds cease and all such proceeds will be immediately paid over to the Collateral Agent and (ii) the Chargor will take all actions requested by the Collateral Agent to collect and enforce payment and other rights arising under the Restricted Asset.

The Chargor will use all commercially reasonable efforts to obtain the consent of each other party to any and all Restricted Assets to the assignment of such Restricted Asset to the Collateral Agent in accordance with this Agreement. The Chargor will also use all commercially reasonable efforts to ensure that all agreements entered into on and after the date of this Agreement expressly permit assignments of the benefits of such agreements as collateral security to the Collateral Agent, for the benefit of the Secured Parties, in accordance with the terms of this Agreement.

### **Section 3.6 Chargor Remains Liable.**

Notwithstanding the provisions of this Agreement: (i) the Chargor shall remain liable to perform all of its duties and obligations in regard to the Charged Property (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Agreement had not been executed; (ii) the exercise by or on behalf of the Collateral Agent of any of their rights and remedies under or in regard to this Agreement shall not release the Chargor from such duties and obligations in respect of the Charged Property subject to applicable law; and (iii) the Collateral Agent shall have no liability for such duties and obligations by reason of the execution and delivery of this Agreement.

### **Section 3.7 Protective Disbursements.**

If the Chargor fails to perform any of its covenants in this Agreement or otherwise, then the Collateral Agent may, in its absolute discretion, perform any covenant capable of being performed by it and, if the covenant requires the payment or expenditure of money, the Collateral Agent may make the payment but is under no obligation to do so. All sums paid or expended by the Collateral Agent are immediately payable by the Chargor, bear interest at the rate set forth in this Agreement and are secured by this Agreement, having the benefit of the Charge in priority to the indebtedness evidenced by this Agreement. No such performance or payment will relieve the Chargor from any default under this Agreement or the consequences of such default.

### **Section 3.8 Continuing Security.**

This Agreement shall be a continuing obligation, shall cover and secure any ultimate balance of the Secured Obligations owing to the Collateral Agent, for the benefit of the Secured Parties, and shall be operative and binding notwithstanding that at any time or times the Secured Obligations may be zero, or that any payments from time to time may be made to the Collateral Agent, for the benefit of the Secured Parties, or any settlements of account effected, or any other thing whatsoever done, suffered or permitted, or any other action short of complete and irrevocable payment of all the Secured Obligations and any other amounts payable hereunder.

## **ARTICLE 4 ENFORCEMENT**

### **Section 4.1    Enforcement.**

The Charge becomes and is enforceable against the Chargor upon the occurrence and during the continuance of an Event of Default.

### **Section 4.2    Remedies.**

Whenever the Charge is enforceable, the Collateral Agent, for and on behalf of the Secured Parties, may, at any time, in its sole discretion, realize upon the Charged Property and the Collateral Agent shall have the following rights and remedies:

- (a) the Collateral Agent may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the “**Receiver**”) of the Charged Property and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Charged Property or any part thereof; and the term “Collateral Agent” when used in this Section 4.2 shall include any Receiver so appointed and the agents, officers and employees of such Receiver;
- (b) the Collateral Agent may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of all or any part of the Charged Property;
- (c) the Collateral Agent may enter into and take possession of the Charged Property and require the Chargor to make the Charged Property available to the Collateral Agent;
- (d) the Collateral Agent may carry on or concur in the carrying on of all or any part of the business of the Chargor relating to the Charged Property;
- (e) the Collateral Agent may enforce any rights of the Chargor in respect of the Charged Property by any manner permitted by applicable law;
- (f) the Collateral Agent may sell, lease or otherwise dispose of all or any part of the Charged Property, either as a whole or in separate parcels, by public auction, public tender, private tender or private sale at such time or times as the Collateral Agent may determine, with or without notice to the Chargor, either for cash or upon credit or any other arrangement providing for deferred payment, upon such terms and conditions as the Collateral Agent may determine and without notice to the Chargor unless required by applicable law, with or without advertisement, and with or without a reserve bid as the Collateral Agent, in its sole discretion, may see fit, and the Collateral Agent may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time, and may execute and deliver to the purchaser or purchasers of the Charged Property or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any officer or director of the Collateral Agent being hereby constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deeds or conveyances, upon the Charge becoming enforceable, and any such sale made as aforesaid shall be a perpetual bar both in applicable law and in equity against the Chargor and all other Persons claiming all or any part of the Charged Property by, from, through or under the Chargor;
- (g) the Collateral Agent may institute proceedings in any court of competent jurisdiction for sale (including, without limitation, sale by way of a deferred payment arrangement) or foreclosure or lease of all or any part of the Charged Property;

- (h) the Collateral Agent may file proofs of claim and other documents to establish its claims in any proceeding relative to the Chargor;
- (i) the Collateral Agent may accept the Charged Property in satisfaction or partial satisfaction of the Charge upon notice to the Chargor of its intention to do so in the manner required by applicable law;
- (j) the collection of any proceeds arising in respect of the Charged Property; and
- (k) the Collateral Agent may exercise any other right or remedy permitted by applicable law, statute or equity, including, without limitation, all rights and remedies of a Collateral Agent under the PPSA and any other personal property security legislation in any other jurisdictions where the Charged Property may be located.

#### **Section 4.3 Additional Rights.**

In addition to the remedies set forth in Section 4.2 and elsewhere in this Agreement, whenever the Charge is enforceable, the Collateral Agent may:

- (a) require the Chargor, at the Chargor's expense, to assemble the Charged Property at a reasonable place or places designated by notice in writing and the Chargor agrees to so assemble the Charged Property promptly upon receipt of such notice;
- (b) require the Chargor, by notice in writing, to disclose to the Collateral Agent the location or locations of the Charged Property and the Chargor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Charged Property and prepare for the disposition of the Charged Property, whether on the premises of the Chargor or otherwise;
- (d) redeem any prior Lien against any Charged Property, procure the transfer of such Lien to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Chargor);
- (e) pay any liability secured by any Lien against any Charged Property or discharge any Lien that may exist or be threatened against the Charged Property (the Chargor will promptly upon receipt of written notice reimburse the Collateral Agent for all such payments);
- (f) to facilitate the realization of the Charged Property, enter upon, occupy and use all or any of the premises, buildings and plant comprising the Charged Property and use all or any of the equipment and other personal property of the Chargor for such time as the Collateral Agent requires to facilitate such realization, free of charge (as between the Chargor and the Collateral Agent), and the Collateral Agent shall not be liable to the Chargor for any act, omission or neglect in so doing or in respect of any rent, charges, depreciation or damages incurred in connection with such actions, unless such act, omission or neglect is caused by gross negligence or wilful default of the Collateral Agent;
- (g) borrow for the purpose of carrying on the business of the Chargor or for the maintenance, preservation or protection of the Charged Property and grant a security interest in the Charged Property, whether or not in priority to the Charge, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Charged Property, and give good and valid receipts and discharges in respect of the



Charged Property and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Chargor; and

- (i) at any public sale, and to the extent permitted by applicable law on any private sale, bid for and purchase any or all of the Charged Property offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Charged Property without any further accountability to the Chargor or any other Person with respect to such holding, retention or disposition, except as required by applicable law. In any such sale to the Collateral Agent, the Collateral Agent may, for the purpose of making payment for all or any part of the Charged Property so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

#### **Section 4.4 Exercise of Remedies.**

The remedies under Section 4.2 and Section 4.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Collateral Agent however arising or created. The Collateral Agent is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Collateral Agent in respect of the Secured Obligations including the right to claim for any deficiency.

#### **Section 4.5 Appointment of Attorney.**

The Chargor hereby irrevocably constitutes and appoints the Collateral Agent (and any director or officer of the Collateral Agent) the true and lawful attorney of the Chargor. As the attorney of the Chargor, the Collateral Agent has the power to exercise for and in the name of the Chargor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Chargor's right (including the right of disposal), title and interest in and to the Charged Property, including the execution, endorsement, delivery and transfer of the Charged Property to the Collateral Agent, its nominees or transferees, and the Collateral Agent and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Charged Property to the same extent as the Chargor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Chargor. This power of attorney extends to and is binding upon the Chargor's successors and permitted assigns. The Chargor authorizes the Collateral Agent to delegate in writing to another Person any power and authority of the Collateral Agent under this power of attorney as may be necessary or desirable in the opinion of the Collateral Agent, and to revoke or suspend such delegation.

#### **Section 4.6 Dealing with the Charged Property.**

- (1) Neither the Collateral Agent, any Receiver nor any agent of any of them (including any civil enforcement agent) shall be: (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Charged Property; (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Charged Property or for the purpose of preserving any rights of any Persons; (iii) responsible for any loss occasioned by any sale or other dealing with the Charged Property or by the retention of or failure to sell or otherwise deal with the Charged Property; or (iv) bound to protect the Charged Property from depreciating in value or becoming worthless.
- (2) The Collateral Agent may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Chargor and with other Persons, sureties or securities as they may see fit without prejudice to the Secured Obligations, the liability of the Chargor under the Credit Documents or the rights of the Collateral Agent in respect of the Charged Property.

- (3) The Collateral Agent shall not be obliged to exhaust its recourse against the Chargor or any other Person or against any other security they may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Charged Property in such manner as the Collateral Agent may consider desirable.

#### **Section 4.7 Status of the Receiver.**

- (1) Subject to all applicable laws, any Receiver appointed by the Collateral Agent is vested with the rights and remedies which could have been exercised by the Collateral Agent in respect of the Chargor or the Charged Property and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments including, without limitation, any or all of the powers of the Collateral Agent or of the officer or director of the Collateral Agent referred to above. The identity of the Receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Collateral Agent.
- (2) The Receiver shall, for all purposes relating to the Receiver's acts or defaults and remuneration, be deemed to be the agent of the Chargor and not of the Collateral Agent, and the Chargor shall be solely responsible for the Receiver's acts or defaults and remuneration. The Receiver may sell, lease, or otherwise dispose of Charged Property as agent for the Chargor or as agent for the Collateral Agent as the Collateral Agent may determine in its discretion. The Chargor agrees to ratify and confirm all actions of the Receiver acting as agent for the Chargor, and to release and indemnify the Receiver in respect of all such actions.
- (3) All amounts from time to time received by the Collateral Agent or the Receiver may (but need not) be applied in the following order: (i) in discharge of all operating expenses and other outgoings affecting the Charged Property; (ii) in keeping in good standing all Liens on the Charged Property having priority over the Charge; (iii) in payment of the remuneration and disbursements of the Receiver (if any); (iv) in payment to the Collateral Agent of the amounts payable hereunder; (v) to such reserves against potential claims that the Collateral Agent or the Receiver in good faith believes should be maintained, until such potential claims are settled, and the balance, if any, shall be paid as determined by the Collateral Agent in its sole discretion.
- (4) The Collateral Agent, in appointing or refraining from appointing any Receiver, does not incur liability to the Receiver, the Chargor or otherwise and is not responsible for any misconduct or negligence of such Receiver.

#### **Section 4.8 Powers of Privately Appointed Receiver.**

Any Receiver appointed by instrument in writing shall, to the extent permitted by applicable law, have power to:

- (a) take possession of, collect and get in all or any part of the Charged Property and, for that purpose, to take proceedings in the name of the Chargor or otherwise, and to make any arrangement or compromise;
- (b) from time to time and without any previous notice or demand and free of charge, enter upon or into and occupy and use all or any part of the premises, buildings, plant and undertaking of or occupied or used by the Chargor without being or being deemed to be a mortgagee in possession;
- (c) carry on or concur in carrying on all or any part of the business of the Chargor;
- (d) borrow or raise money on all or any part of the Charged Property in priority to this Agreement or otherwise for such purposes as may be approved by the Collateral Agent; and

- (e) sell or lease or concur in selling or leasing all or any part of the Charged Property without notice and in such manner as may seem advisable to the Receiver (including, without limitation, sale by way of deferred payment arrangement), and to effect such sale by conveying in the name and on behalf of the Chargor or otherwise.

#### **Section 4.9 Standards of Sale.**

Without prejudice to the ability of the Collateral Agent to dispose of the Charged Property in any manner which is commercially reasonable and without limitation to the other provisions of this Agreement, the Chargor acknowledges that, in connection with any enforcement of the Charge provided for herein:

- (a) the Charged Property may be disposed of in whole or in part;
- (b) the Charged Property may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Charged Property may be the Collateral Agent or a customer of any such Person;
- (d) any sale conducted by the Collateral Agent will be at such time and place, on such notice, in accordance with such procedures and on such terms and conditions as the Collateral Agent, in its sole discretion, may deem advantageous;
- (e) the Charged Property may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Charged Property) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Charged Property may be on such terms and conditions as to credit or otherwise as the Collateral Agent, in its sole discretion, may deem advantageous; and
- (g) the Collateral Agent may establish an upset or reserve bid or price in respect of the Charged Property.

#### **Section 4.10 Dealings by Third Parties.**

- (a) No Person dealing with the Collateral Agent or an agent or a Receiver is required to determine: (i) whether the Charge has become enforceable; (ii) whether the powers which such Person is purporting to exercise have become exercisable; (iii) whether any money remains due to the Collateral Agent by the Chargor; (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease shall be made; (v) the propriety or regularity of any sale or any other dealing by the Collateral Agent with the Charged Property; or (vi) how any money paid to the Collateral Agent has been applied.
- (b) Any *bona fide* purchaser of all or any part of the Charged Property from the Collateral Agent or any Receiver or agent will hold the Charged Property absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Chargor, which it specifically waives (to the fullest extent permitted by applicable law) as against any such purchaser and all rights of redemption, stay or appraisal which the Chargor has or may have under any rule of law now existing or hereafter adopted.

#### **Section 4.11 No Right of Set-Off.**

The Secured Obligations secured by this Agreement shall be paid when due by the Chargor without regard to any equities existing between the Chargor and any other party including, without limitation, the Collateral Agent or any Secured Party and without regard to any right of set-off or cross-claim or of any other claim or demand of the Chargor against the Collateral Agent or any Secured Party.

### **ARTICLE 5 COVENANTS**

#### **Section 5.1 Covenants of the Chargor.**

The Chargor covenants and agrees, acknowledging and confirming that the Collateral Agent is relying on such covenants and agreements, that:

- (a) **Negative Pledge.** The Chargor will not create or suffer to exist any Lien over the Charged Property, except for the Permitted Liens and as otherwise permitted by the Loan Agreement;
- (b) **Perfection and Protection of Charge.** The Chargor will perform all acts, execute and deliver all agreements, documents and instruments and take such other steps as are reasonably requested by the Collateral Agent at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Charge including: (i) executing, recording and filing of financing or other statements, and paying all applicable taxes, fees and other charges payable, (ii) delivering acknowledgements, confirmations and subordinations that may be necessary to ensure that the Charge constitutes a valid and first perfected Lien (subject only to Permitted Liens), and (iii) delivering opinions of counsel in respect of matters contemplated by this paragraph. The documents and opinions contemplated by this paragraph must be in form and substance satisfactory to the Collateral Agent;
- (c) **Defend Charged Property.** The Chargor will defend the Charged Property from all adverse claims where the failure to do so would reasonably be expected to have, singly or in the aggregate, a material adverse effect; and
- (d) **Quiet Possession.** Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall be entitled to quiet possession of the Charged Property free from all Liens except for the Permitted Liens; subject to bankruptcy and insolvency laws and other similar laws of general application affecting the enforcement of creditors; to the discretion of the courts in granting equitable remedies, and to general principles of law and equity.

#### **Section 5.2 Supplemental Debentures.**

At any time and from time to time, at the request of the Collateral Agent, the Chargor shall execute supplemental debentures hereto for any purpose, including without limitation, to more particularly describe the Charged Property or to correct or amplify the description of the Charged Property, to better assure, convey and confirm unto the Collateral Agent, for the benefit of the Secured Parties, any Charged Property or to update any Schedule herein. Upon the execution of any supplemental debenture under this Section 5.2 or any other modification agreed to by the Collateral Agent, this Agreement shall be modified in accordance therewith, and each supplemental debenture or modification shall form a part of this Agreement for all purposes and the Chargor shall be bound thereby.

#### **Section 5.3 Expropriation.**

Should any interest in or any part of the Charged Property be taken by the exercise of the right of eminent domain or taken, purchased or expropriated by any Governmental Authority or taken by a power reserved in any grant, the Collateral Agent may release the Charged Property so taken or purchased and

shall be fully protected in so doing upon being furnished with an opinion of its counsel to the effect that such Charged Property has been taken by exercise of the right of eminent domain or purchased or expropriated by any Governmental Authority or a power reserved in any grant. The proceeds of all Charged Property so taken, purchased or expropriated shall be paid over to the Collateral Agent and be applied as set forth in Section 6.15.

## **ARTICLE 6 GENERAL**

### **Section 6.1      Loan Agreement Governs.**

Notwithstanding anything to the contrary contained herein, this Agreement is issued subject always to the covenants, conditions, limitations and other provisions contained in the Loan Agreement. In the event of any conflict, discrepancy, difference or ambiguity in or between any of the provisions of this Agreement and any of the provisions of the Loan Agreement including, without limitation, in the amount payable thereunder, the principal sum for which this Agreement is expressed to be security or the interest payable thereunder and the interest rate on such principal sum, the provisions of the Loan Agreement shall prevail. For the avoidance of doubt, neither the Collateral Agent nor any subsequent holder of this Agreement may, at any time, claim any greater amount in respect of the principal amount of this Agreement than the aggregate amount of the Secured Obligations (excluding the stated principal sum of this Agreement and interest payable thereon at the stated rate of interest under this Agreement) outstanding at that time. Payment to the Collateral Agent of interest for any period in respect of the Secured Obligations is deemed to be payment in satisfaction of the interest payment for the same period under this Agreement.

### **Section 6.2      Partial Release.**

No postponement or partial release or discharge of the Charge in respect of all or any part of the Charged Property for any reason whatsoever shall in any way operate or be construed so as to release and discharge the Charge in respect of the Charged Property except as therein specifically provided, or so as to release or discharge the Chargor from its liability to the Collateral Agent to fully pay and satisfy the Secured Obligations.

### **Section 6.3      Notices.**

Any notice, direction or other communication given regarding the matters contemplated by this Agreement must be in writing and given in accordance with the Loan Agreement.

### **Section 6.4      Discharge.**

The Charge will be discharged in accordance with Section 3.7 of the Loan Agreement.

### **Section 6.5      No Merger.**

This Agreement shall not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Collateral Agent shall operate by way of merger of, or in any way affect, the Charge, which is in addition to, and not in substitution for, any other security held by the Collateral Agent in respect of the Secured Obligations. The representations, warranties and covenants of the Chargor in this Agreement survive the execution and delivery of this Agreement and any advances under the Loan Agreement. Notwithstanding any investigation made by or on behalf of the Collateral Agent, these covenants, representations and warranties continue in full force and effect.

### **Section 6.6      Further Assurances.**

The Chargor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Collateral Agent may require and take all further steps relating to the Charged Property or any other property or assets of the Chargor that the Collateral Agent may reasonably require for: (i) protecting the Charged Property; (ii) perfecting, preserving or protecting the Charge; and (iii) exercising all powers, authorities and discretions hereby conferred upon

the Collateral Agent. After the Charge becomes enforceable, the Chargor will do all acts and things and execute and deliver all documents and instruments as the Collateral Agent may require for facilitating the sale or other disposition of the Charged Property in connection with its realization.

#### **Section 6.7 Supplemental Security.**

This Agreement is in addition and without prejudice to and supplemental to all other security now held or which may hereafter be held by the Collateral Agent or any of the Secured Parties.

#### **Section 6.8 Successors and Assigns.**

- (1) This Agreement creates a continuing Charge in the Charged Property and shall (i) be binding on the Chargor and its successors and assigns, and (ii) enure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and each of its respective successors, permitted transferees and permitted assigns. No other Person (including any other creditor of the Chargor) shall have any interest herein or any right or benefit with respect hereto.
- (2) Without limiting the generality of this Section 6.8, the Collateral Agent may assign all or otherwise transfer all or any part of, or may grant participation in all or any part of, its interest in this Agreement to any other Person, in each case in accordance with the Loan Agreement, and such other Person shall then become vested with all the rights granted to the Collateral Agent in this Agreement or otherwise.
- (3) The Chargor may not assign, transfer or delegate any of its rights or obligations under this Agreement.
- (4) The Chargor agrees that its obligations hereunder and the Charge shall continue to be effective or be reinstated, as applicable, if at any time payment, or any part thereof, of all or any part of the Secured Obligations is rescinded or must otherwise be restored by the Collateral Agent upon the bankruptcy or reorganization of the Chargor or otherwise.

#### **Section 6.9 Amalgamation.**

The Chargor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Charge (i) subject to Section 3.5, extends to: (A) all of the property of the type and description set forth in Section 3.1 that any of the amalgamating corporations then owns, (B) all of the property of the type and description set forth in Section 3.1 that the amalgamated corporation thereafter acquires, (C) all of the property of the type and description set forth in Section 3.1 in which any of the amalgamating corporations then has any interest and (D) all of the property of the type and description set forth in Section 3.1 in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Collateral Agent in any currency, however or wherever incurred, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Charge attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term "**Chargor**" includes, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "**Charged Property**" means all of the property and undertaking and interests described in (i) above, and the defined term "**Secured Obligations**" means the obligations described in (ii) above.

#### **Section 6.10 Dollars or "\$".**

A reference herein to "\$" or the word "dollar" or "Dollars", without more, shall be a reference to lawful money of Canada.

**Section 6.11 Currency Indemnity.**

(1) If any sum due from the Chargor under this Agreement (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (a) making or filing a claim or proof against the Chargor;
- (b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Chargor shall as an independent obligation, within five (5) Business Days of demand, indemnify the Collateral Agent against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that Person at the time of its receipt of that Sum.

(2) The Chargor waives any right it may have in any jurisdiction to pay any amount under this Agreement in a currency or currency unit other than that in which it is expressed to be payable.

**Section 6.12 Severability.**

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

**Section 6.13 Amendment.**

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Collateral Agent and the Chargor.

**Section 6.14 Waivers, etc.**

- (1) No consent or waiver by the Collateral Agent in respect of this Agreement is binding unless made in writing and signed by an authorized officer or director of the Collateral Agent. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which it is given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.
- (2) A failure or delay on the part of the Collateral Agent in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Collateral Agent however arising. A single or partial exercise of a right on the part of the Collateral Agent does not preclude any other or further exercise of that right or the exercise of any other right by the Collateral Agent.

**Section 6.15 Application of Proceeds of Security.**

All monies collected by the Collateral Agent upon the enforcement of the Collateral Agent's rights and remedies under the Loan Agreement and the other Credit Documents and the Liens created by them including any sale or other disposition of the Charged Property, together with all other monies received by the Collateral Agent under the Loan Agreement and the other Credit Documents, will be applied as provided in the Loan Agreement.

**Section 6.16 Governing Law.**

- (1) This Agreement shall be governed by and construed in accordance with the laws of Alberta and the laws of Canada applicable therein.

- (2) The Chargor irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Alberta sitting in Calgary, Alberta in any action or proceeding arising out of or relating to this Agreement. The Chargor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section limits the right of the Collateral Agent to bring proceedings against the Chargor in the courts of any other jurisdiction.

**Section 6.17 Time of the Essence.**

Time shall be of the essence of this Agreement.

**Section 6.18 Charging Clause.**

For better securing to the Collateral Agent the repayment in the manner set out above of the principal sum set forth herein together with all other Secured Obligations, the Chargor hereby mortgages to the Collateral Agent all of its estate and interest in the Charged Property.

**Section 6.19 Waiver of Financing Statement, Etc.**

The Chargor hereby waives the right to receive from the Collateral Agent a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Agreement.

**Section 6.20 Undertaking to Grant Fixed Charge.**

If the Collateral Agent determines, in its sole and absolute discretion, that there has been a Material Adverse Effect, or a Default or Event of Default has occurred and is continuing, and the Collateral Agent considers it necessary for its adequate protection, the Chargor, at the request of the Collateral Agent, will forthwith grant or cause to be granted to the Collateral Agent a fixed Lien (subject only to Permitted Liens which under Applicable Law rank in priority thereto) in such of the Chargor's property as the Collateral Agent, in its sole and absolute discretion, determines as security for all then present and future Secured Obligations. The Chargor will:

- (a) do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Collateral Agent to give effect to any provision of the amended, new or replacement security documents, as applicable;
- (b) provide the Collateral Agent with such information as is reasonably required by the Collateral Agent to identify the property to be charged;
- (c) do all such things as are reasonably required to grant the Liens to be granted pursuant to the amended, new or replacement security documents;
- (d) provide the Collateral Agent with all corporate, partnership or other organizational resolutions and other action required for the Chargor to grant the amended, new or replacement security documents;
- (e) provide the Collateral Agent with an opinion of the Chargor's counsel confirming the due authorization, execution and delivery by the Chargor of all such agreements and instruments comprising the amended, new or replacement security documents in form and content satisfactory to the Collateral Agent, acting reasonably; and
- (f) assist the Collateral Agent in the registration or recording of such security documents in such public registry offices in Canada and any province thereof as the Collateral Agent,



acting reasonably, deems necessary to protect the Liens created by such security documents.

**Section 6.21      Electronic Execution and Counterparts.**

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

***[Remainder of page left intentionally blank.]***

**DATED** as of the date first written above.

**GRIFFON PARTNERS CAPITAL  
MANAGEMENT LTD.**

Per:


A handwritten signature in dark ink, appearing to read 'E. Choquette', is written over a horizontal line.

Name: Elliott Choquette

Title: President

Acknowledged and Agreed to by:

GLAS AMERICAS LLC

Per:   
Name: Yana Kislenko  
Title: Vice President

**SCHEDULE "A"**

**LANDS**

**Nil.**



**FIRST AMENDING AGREEMENT  
(FIXED AND FLOATING CHARGE DEBENTURE)**

The first amending agreement (this “**First Amending Agreement**”) dated August 31, 2022 among Griffon Partners Capital Management Ltd., as Chargor (as defined below), and GLAS Americas LLC, as Collateral Agent (as defined below).

**RECITALS:**

- (a) Griffon Partners Capital Management Ltd. (the “**Chargor**”) and GLAS Americas LLC, as collateral agent for the benefit of the Secured Parties (the “**Collateral Agent**”), are parties to a fixed and floating charge debenture dated July 21, 2022 (the “**Original Agreement**”);
- (b) The parties to the Loan Agreement have amended the Loan Agreement pursuant to a first amending agreement among all of the parties to the Loan Agreement effective as of the date hereof (the “**Loan Amendment**”) in order to provide that the Original Agreement, as amended hereby, shall constitute a Shared Security Document (as defined in the Loan Agreement) and shall secure the Secured Obligations (as defined in the Loan Agreement) under the Loan Agreement; and
- (c) To give effect to the Original Agreement being a Shared Security Document, the Chargor and the Collateral Agent have agreed to make the amendments set forth in this First Amending Agreement.

In consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the parties agree as follows:

**Section 1      Defined Terms**

Capitalized terms used in this First Amending Agreement and not otherwise defined have the meanings specified in the Original Agreement.

**Section 2      Headings**

Section headings in this First Amending Agreement are included for convenience of reference only and shall not constitute a part of this First Amending Agreement for any other purpose.

**Section 3      Amendments to the Original Agreement**

Upon this First Amending Agreement becoming effective, the Original Agreement is hereby amended as follows:

- (a) the definition of Chargor Obligations in Section 1.1 is hereby deleted and replaced with the following:

““**Chargor Obligations**” means all Secured Obligations (as defined in the Loan Agreement) of the Chargor.”; and
- (b) the definition of Secured Parties in Section 1.1 is hereby deleted and replaced with the following:

““**Secured Parties**” has the meaning set forth in the Loan Agreement.”.

#### **Section 4 Acknowledgement and Reference to and Effect on the Original Agreement**

- (1) All references to the Loan Agreement in the Original Agreement, as amended by this First Amending Agreement, shall for certainty be to the Loan Agreement as amended by the Loan Amendment.
- (2) Upon this First Amending Agreement becoming effective, each reference in the Original Agreement to "this Agreement" and each reference to the Original Agreement in the other Credit Documents and any and all other agreements, documents and instruments delivered by any of the Lenders, the Administrative Agent, the Collateral Agent, the Borrower and the other Credit Parties or any other Person shall mean and be a reference to the Original Agreement as amended by this First Amending Agreement. Except as specifically amended by this First Amending Agreement, the Original Agreement shall remain in full force and effect.
- (3) Except to the extent expressly set forth herein, (a) the execution, delivery and effectiveness of this First Amending Agreement and any consents and waivers set forth herein shall not directly or indirectly (i) constitute a consent or waiver of any past, present or future violations of any provisions of the Original Agreement or any other Credit Document; (ii) amend, modify or operate as a waiver of any provision of the Original Agreement or any other Credit Document or any right, power or remedy of the Administrative Agent, the Collateral Agent or any Lender thereunder; or (iii) constitute a course of dealing or other basis for altering any obligations or any other contract or instrument; and (b) the Secured Parties reserve all of their rights, powers and remedies under the Original Agreement, the other Credit Documents and Applicable Law.

#### **Section 5 Confirmation**

The Chargor agrees with and confirms to the Collateral Agent and the Secured Parties that as of the date hereof, the Original Agreement is and shall remain in full force and effect in all respects and the Original Agreement as amended hereby shall continue to exist and apply to all of the Secured Obligations (as defined in the Original Agreement as amended hereby) and that the Original Agreement as amended hereby shall hereafter secure all of the Charged Property as security for the Secured Obligations (as defined in the Original Agreement as amended hereby); and for greater certainty, the Chargor hereby Charges all of the Charged Property as security for the Secured Obligations (as defined in the Original Agreement as amended hereby). This confirmation of guarantee and security is in addition to and shall not limit, derogate from or otherwise affect any provisions of the Original Agreement.

#### **Section 6 Effectiveness**

This First Amending Agreement shall become effective upon duly executed signature pages for this First Amending Agreement signed by the Chargor shall have been delivered to the Collateral Agent, and the Collateral Agent shall have duly executed this First Amending Agreement.

#### **Section 7 Governing Law**

This First Amending Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

#### **Section 8 Electronic Execution**

This First Amending Agreement may be signed by way of associating or otherwise appending an electronic signature or other facsimile signature of the applicable signatory and the words "execution",

"signed", "signature", and words of like import in this First Amending Agreement shall be deemed to include electronic signatures or other facsimile signature, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for by any law, including Parts 2 and 3 of the *Personal Information Protection and Electronic Documents Act* (Canada) and other similar federal or provincial laws based on the *Uniform Electronic Commerce Act* of the Uniform Law Conference of Canada or its *Uniform Electronic Evidence Act*, as the case may be.

## **Section 9      Counterparts**

This First Amending Agreement may be executed in any number of counterparts (including by facsimile or other electronic transmission), each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this First Amending Agreement by signing any counterpart.

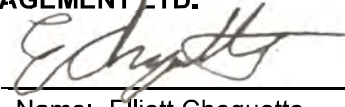
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**IN WITNESS WHEREOF** the parties have executed this First Amending Agreement.

**GRIFFON PARTNERS CAPITAL  
MANAGEMENT LTD.**

By: \_\_\_\_\_



Name: Elliott Choquette  
Title: President

**GLAS AMERICAS LLC**

By: \_\_\_\_\_


Name:  
Title:

**IN WITNESS WHEREOF** the parties have executed this First Amending Agreement.

**GRIFFON PARTNERS CAPITAL  
MANAGEMENT LTD.**

By: \_\_\_\_\_  
Name:  
Title:

**GLAS AMERICAS LLC**

By:  \_\_\_\_\_  
Name: Yana Kislenko  
Title: Vice President

**GRIFFON PARTNERS HOLDING CORP.**

as Chargor

and

**GLAS AMERICAS LLC**

as Collateral Agent

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**FIXED AND FLOATING CHARGE DEBENTURE**

July 21, 2022

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## FIXED AND FLOATING CHARGE DEBENTURE

Fixed and floating charge debenture dated as of July 21, 2022 made by Griffon Partners Holding Corp. (the “**Chargor**”) to and in favour of GLAS Americas LLC (the “**Collateral Agent**”) for the benefit of the Secured Parties.

### RECITALS:

- (a) The Collateral Agent and the Chargor are each party to a loan agreement dated as of the date hereof (the “**Loan Agreement**”) among Griffon Partners Operation Corp., as borrower (the “**Borrower**”), the Chargor and Griffon Partners Capital Management Ltd., as guarantors, Trafigura Canada Limited, Signal Alpha C4 Limited and those other Persons which become lenders thereunder, as lenders (collectively, the “**Lenders**”), the Administrative Agent, as administrative agent and the Collateral Agent, as collateral agent;
- (b) The Lenders have agreed to make a credit facility available to the Borrower on the terms and conditions contained in the Loan Agreement; and
- (c) It is a condition precedent to the extension of credit to the Borrower under the Loan Agreement that the Chargor execute and deliver this Agreement in favour of the Collateral Agent, for the benefit of the Secured Parties, as security for the payment and performance of the Secured Obligations.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which consideration is hereby acknowledged, the Chargor agrees as follows:

## ARTICLE 1 INTERPRETATION

### Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

“**Administrative Agent**” means GLAS USA LLC and its successors and assigns.

“**Agreement**” means this fixed and floating charge debenture.

“**Charge**” means the security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement.

“**Charged Property**” means the subject matter of the Charge.

“**Chargor Obligations**” means all Secured Obligations (as defined in the Loan Agreement) of the Chargor.

“**Expenses**” means all expenses, costs and charges incurred by or on behalf of any Secured Party in connection with this Agreement, the Charge or the Charged Property, including all legal fees, court costs, receiver’s or agent’s remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Charged Property, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the any Secured Party’s interest in any Charged Property, whether or not directly relating to the enforcement of this Agreement or any other Credit Documents.

**"Fixtures"** means all fixtures (including trade fixtures), facilities and equipment, howsoever affixed or attached to real property or buildings or other structures on real property, now owned or hereafter acquired by the Chargor.

**"Loan Agreement"** has the meaning set forth in the recitals.

**"Permitted Liens"** has the meaning set forth in the Loan Agreement.

**"PPSA"** means the *Personal Property Security Act* (Alberta).

**"Receiver"** has the meaning specified in Section 4.2(a).

**"Secured Obligations"** means, collectively, the Chargor Obligations and the Expenses.

**"Secured Parties"** has the meaning set forth in the Loan Agreement.

## **Section 1.2 Interpretation.**

- (1) Capitalized terms used in this Agreement but not defined have the meanings given to them in the Loan Agreement.
- (2) Any reference in this Agreement, the Loan Agreement or any other Credit Document to Liens permitted hereunder or thereunder and any right of the Chargor to create or suffer to exist Liens permitted hereunder or thereunder are not intended to and do not and will not subordinate the Charge to any such Lien or give priority to any Person over the Collateral Agent.
- (3) In this Agreement the words **"including"**, **"includes"** and **"include"** mean **"including (or includes or include) without limitation"**. The phrase **"the aggregate of"**, **"the total of"**, **"the sum of"**, or a phrase of similar meaning means **"the aggregate (or total or sum), without duplication, of"**. The expression **"Article"**, **"Section"**, **"Schedule"** or other subdivision followed by a number mean and refer to the specified Article, Section, Schedule or other subdivision of this Agreement.
- (4) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (5) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (6) The schedules attached to this Agreement form an integral part of it for all purposes of it.
- (7) Any reference to this Agreement, the Loan Agreement, any other Credit Document or any other agreement refers to this Agreement, the Loan Agreement, any other Credit Document or other agreement as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented, novated and includes all schedules attached to it. Any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

## **Section 1.3 Interest Act (Canada).**

For purposes of the *Interest Act* (Canada), (i) whenever any interest or fee under this Agreement is calculated using a rate based on a year of 365 days, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 365 days, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 365, (ii) the principle of deemed reinvestment

of interest does not apply to any interest calculation under this Agreement, and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

#### **Section 1.4 Nominal Rates.**

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement. All interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, after as well as before maturity, default and judgment. The rates of interest specified in this Agreement are intended to be nominal rates and not effective rates. Interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

### **ARTICLE 2 ACKNOWLEDGEMENT OF INDEBTEDNESS**

#### **Section 2.1 Promise to Pay.**

The Chargor, for value received, hereby acknowledges itself indebted to the Collateral Agent and promises to pay ON DEMAND to or to the order of the Collateral Agent, the principal sum of TWO HUNDRED MILLION DOLLARS (\$200,000,000) on presentation and surrender of this Agreement at the offices of the Collateral Agent located at 3 Second Street, Suite 206 Jersey City, NJ 07311, or at such other place as the Collateral Agent may designate by notice in writing to the Chargor, and to pay interest thereon from the date hereof at the rate per annum of twenty percent (20%) in like money at the same place, monthly, on the last day of each month; and, if the Chargor should at any time make default in the payment of any principal or interest, to pay interest on the amount in default both before and after demand, default and judgment, with interest on overdue interest at the same rate in lawful money of Canada at the same place on the same dates.

The Collateral Agent is the Person entitled to receive the principal of, and interest on, this Agreement and all other amounts payable hereunder.

### **ARTICLE 3 SECURITY**

#### **Section 3.1 Grant of Charge.**

As security for the due payment and performance of all Secured Obligations, and subject to the provisions of Section 3.5 hereof, the Chargor hereby:

- (a) grants, assigns as security, conveys, mortgages, pledges and charges, as and by way of a fixed and specific mortgage, charge and pledge, to and in favour of the Collateral Agent, for the benefit of the Secured Parties, all of its present and future right, title, interest and estate in and to the lands described in Schedule "A" hereto, together with all of the Chargor's present and future interest in all rights, leases, licenses, easements, rights-of-way, profits-à-prendre, interests in real property, structures, underground facilities, wells, power, fuel and water supply, storage, waste disposal, roads and other transportation facilities and fixed plant, milling, processing, service and other related infrastructures, buildings, erections, improvements and Fixtures now or hereafter with respect to or constructed or placed on such lands or used in connection with such lands and all accretions, additions and accessions thereto, and any and all proceeds of any of the foregoing;
- (b) grants, assigns, conveys, transfers, mortgages and charges as and by way of a fixed and specific mortgage and charge to and in favour of the Collateral Agent, for the benefit of the Secured Parties, and grants a continuing security interest to the Collateral Agent, for

the benefit of the Secured Parties, in, all of the Chargor's present and after-acquired personal property including, without limitation, all present and after-acquired right, title and interest in and to all goods, chattel paper, securities, documents of title, instruments, intangibles, investment property and money (as such terms are defined in the PPSA), wherever located; and

- (c) grants, assigns as security, conveys, mortgages and charges, as and by way of a floating charge, to and in favour of the Collateral Agent, for the benefit of the Secured Parties, all of the right, title, interest and estate in and to real property and personal property of the Chargor not subject to the fixed charge in Section 3.1(a) or the security interest in Section 3.1(b), both present and future, of every nature and kind and wherever situate including, without limitation, the Chargor's interest in all rights, leases (including, without limitation, petroleum and/or natural gas leases), licenses, easements, rights-of-way, profits-à-prendre, interests in real property, structures, underground facilities, wells, power, fuel and water supply, storage, waste disposal, roads and other transportation facilities and fixed plant, milling, processing, service and other related infrastructures, buildings, erections, improvements and Fixtures now or hereafter with respect to or constructed or placed on such real property or used in connection with such real property and all accretions, additions and accessions thereto, which the Chargor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter, and any and all proceeds of any of the foregoing.

### **Section 3.2 Secured Obligations.**

The Charge granted by this Agreement secures the payment and performance of the Secured Obligations.

### **Section 3.3 Crystallization of Floating Charge.**

Without limiting its rights hereunder to crystallize the Charge set forth in Section 3.1(c) above in any other manner, the Collateral Agent, upon the occurrence of and during the continuance of an Event of Default, may to the extent permitted by applicable law crystallize and fix the Charge set forth in Section 3.1(c) above in respect of all or a portion of the Charged Property by notice in writing to the Chargor without any requirement for further intervention by the Collateral Agent (whether by the taking of possession, the appointment of a Receiver or otherwise), but without in any way limiting the powers, rights and remedies of the Collateral Agent hereunder in respect of the Charged Property.

### **Section 3.4 Attachment.**

The Chargor acknowledges that: (i) value has been given; (ii) it has rights in the Charged Property or the power to transfer rights in the Charged Property to the Collateral Agent, for the benefit of the Secured Parties (other than after-acquired Charged Property); (iii) it has not agreed to postpone the time of attachment of the Charge; and (iv) it has received a copy of this Agreement. The Charge is intended to, and shall, attach to the existing Charged Property when the Chargor signs this Agreement, and to any other after-acquired Charged Property subsequently acquired by the Chargor immediately upon the Chargor acquiring any rights in such after-acquired Charged Property.

### **Section 3.5 Scope of Charge.**

- (1) The Charge does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement therefor now held or hereafter acquired by the Chargor, but the Chargor shall thereafter stand possessed of such last day in trust for the Collateral Agent to assign the same to any Person acquiring such term in the course of enforcement of the Charge.
- (2) To the extent that an assignment of amounts payable and other proceeds arising under or in connection with, or the grant of a security interest in any agreement, licence, permit or quota of the Chargor would result in the termination of such agreement, licence, permit or quota (in this Section 3.5 each, a "**Restricted Asset**"), the Charge with respect to each Restricted Asset will

constitute a trust created in favour of the Collateral Agent, for the benefit of the Secured Parties, pursuant to which the Chargor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Collateral Agent on the following basis:

- (a) until the Charge is enforceable and subject to the Loan Agreement, the Chargor is entitled to receive all such proceeds; and
- (b) whenever the Charge is enforceable, (i) all rights of the Chargor to receive such proceeds cease and all such proceeds will be immediately paid over to the Collateral Agent and (ii) the Chargor will take all actions requested by the Collateral Agent to collect and enforce payment and other rights arising under the Restricted Asset.

The Chargor will use all commercially reasonable efforts to obtain the consent of each other party to any and all Restricted Assets to the assignment of such Restricted Asset to the Collateral Agent in accordance with this Agreement. The Chargor will also use all commercially reasonable efforts to ensure that all agreements entered into on and after the date of this Agreement expressly permit assignments of the benefits of such agreements as collateral security to the Collateral Agent, for the benefit of the Secured Parties, in accordance with the terms of this Agreement.

### **Section 3.6 Chargor Remains Liable.**

Notwithstanding the provisions of this Agreement: (i) the Chargor shall remain liable to perform all of its duties and obligations in regard to the Charged Property (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Agreement had not been executed; (ii) the exercise by or on behalf of the Collateral Agent of any of their rights and remedies under or in regard to this Agreement shall not release the Chargor from such duties and obligations in respect of the Charged Property subject to applicable law; and (iii) the Collateral Agent shall have no liability for such duties and obligations by reason of the execution and delivery of this Agreement.

### **Section 3.7 Protective Disbursements.**

If the Chargor fails to perform any of its covenants in this Agreement or otherwise, then the Collateral Agent may, in its absolute discretion, perform any covenant capable of being performed by it and, if the covenant requires the payment or expenditure of money, the Collateral Agent may make the payment but is under no obligation to do so. All sums paid or expended by the Collateral Agent are immediately payable by the Chargor, bear interest at the rate set forth in this Agreement and are secured by this Agreement, having the benefit of the Charge in priority to the indebtedness evidenced by this Agreement. No such performance or payment will relieve the Chargor from any default under this Agreement or the consequences of such default.

### **Section 3.8 Continuing Security.**

This Agreement shall be a continuing obligation, shall cover and secure any ultimate balance of the Secured Obligations owing to the Collateral Agent, for the benefit of the Secured Parties, and shall be operative and binding notwithstanding that at any time or times the Secured Obligations may be zero, or that any payments from time to time may be made to the Collateral Agent, for the benefit of the Secured Parties, or any settlements of account effected, or any other thing whatsoever done, suffered or permitted, or any other action short of complete and irrevocable payment of all the Secured Obligations and any other amounts payable hereunder.



## **ARTICLE 4 ENFORCEMENT**

### **Section 4.1    Enforcement.**

The Charge becomes and is enforceable against the Chargor upon the occurrence and during the continuance of an Event of Default.

### **Section 4.2    Remedies.**

Whenever the Charge is enforceable, the Collateral Agent, for and on behalf of the Secured Parties, may, at any time, in its sole discretion, realize upon the Charged Property and the Collateral Agent shall have the following rights and remedies:

- (a) the Collateral Agent may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the “**Receiver**”) of the Charged Property and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Charged Property or any part thereof; and the term “Collateral Agent” when used in this Section 4.2 shall include any Receiver so appointed and the agents, officers and employees of such Receiver;
- (b) the Collateral Agent may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of all or any part of the Charged Property;
- (c) the Collateral Agent may enter into and take possession of the Charged Property and require the Chargor to make the Charged Property available to the Collateral Agent;
- (d) the Collateral Agent may carry on or concur in the carrying on of all or any part of the business of the Chargor relating to the Charged Property;
- (e) the Collateral Agent may enforce any rights of the Chargor in respect of the Charged Property by any manner permitted by applicable law;
- (f) the Collateral Agent may sell, lease or otherwise dispose of all or any part of the Charged Property, either as a whole or in separate parcels, by public auction, public tender, private tender or private sale at such time or times as the Collateral Agent may determine, with or without notice to the Chargor, either for cash or upon credit or any other arrangement providing for deferred payment, upon such terms and conditions as the Collateral Agent may determine and without notice to the Chargor unless required by applicable law, with or without advertisement, and with or without a reserve bid as the Collateral Agent, in its sole discretion, may see fit, and the Collateral Agent may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time, and may execute and deliver to the purchaser or purchasers of the Charged Property or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any officer or director of the Collateral Agent being hereby constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deeds or conveyances, upon the Charge becoming enforceable, and any such sale made as aforesaid shall be a perpetual bar both in applicable law and in equity against the Chargor and all other Persons claiming all or any part of the Charged Property by, from, through or under the Chargor;
- (g) the Collateral Agent may institute proceedings in any court of competent jurisdiction for sale (including, without limitation, sale by way of a deferred payment arrangement) or foreclosure or lease of all or any part of the Charged Property;

- (h) the Collateral Agent may file proofs of claim and other documents to establish its claims in any proceeding relative to the Chargor;
- (i) the Collateral Agent may accept the Charged Property in satisfaction or partial satisfaction of the Charge upon notice to the Chargor of its intention to do so in the manner required by applicable law;
- (j) the collection of any proceeds arising in respect of the Charged Property; and
- (k) the Collateral Agent may exercise any other right or remedy permitted by applicable law, statute or equity, including, without limitation, all rights and remedies of a Collateral Agent under the PPSA and any other personal property security legislation in any other jurisdictions where the Charged Property may be located.

#### **Section 4.3 Additional Rights.**

In addition to the remedies set forth in Section 4.2 and elsewhere in this Agreement, whenever the Charge is enforceable, the Collateral Agent may:

- (a) require the Chargor, at the Chargor's expense, to assemble the Charged Property at a reasonable place or places designated by notice in writing and the Chargor agrees to so assemble the Charged Property promptly upon receipt of such notice;
- (b) require the Chargor, by notice in writing, to disclose to the Collateral Agent the location or locations of the Charged Property and the Chargor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Charged Property and prepare for the disposition of the Charged Property, whether on the premises of the Chargor or otherwise;
- (d) redeem any prior Lien against any Charged Property, procure the transfer of such Lien to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Chargor);
- (e) pay any liability secured by any Lien against any Charged Property or discharge any Lien that may exist or be threatened against the Charged Property (the Chargor will promptly upon receipt of written notice reimburse the Collateral Agent for all such payments);
- (f) to facilitate the realization of the Charged Property, enter upon, occupy and use all or any of the premises, buildings and plant comprising the Charged Property and use all or any of the equipment and other personal property of the Chargor for such time as the Collateral Agent requires to facilitate such realization, free of charge (as between the Chargor and the Collateral Agent), and the Collateral Agent shall not be liable to the Chargor for any act, omission or neglect in so doing or in respect of any rent, charges, depreciation or damages incurred in connection with such actions, unless such act, omission or neglect is caused by gross negligence or wilful default of the Collateral Agent;
- (g) borrow for the purpose of carrying on the business of the Chargor or for the maintenance, preservation or protection of the Charged Property and grant a security interest in the Charged Property, whether or not in priority to the Charge, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Charged Property, and give good and valid receipts and discharges in respect of the

Charged Property and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Chargor; and

- (i) at any public sale, and to the extent permitted by applicable law on any private sale, bid for and purchase any or all of the Charged Property offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Charged Property without any further accountability to the Chargor or any other Person with respect to such holding, retention or disposition, except as required by applicable law. In any such sale to the Collateral Agent, the Collateral Agent may, for the purpose of making payment for all or any part of the Charged Property so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

#### **Section 4.4 Exercise of Remedies.**

The remedies under Section 4.2 and Section 4.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Collateral Agent however arising or created. The Collateral Agent is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Collateral Agent in respect of the Secured Obligations including the right to claim for any deficiency.

#### **Section 4.5 Appointment of Attorney.**

The Chargor hereby irrevocably constitutes and appoints the Collateral Agent (and any director or officer of the Collateral Agent) the true and lawful attorney of the Chargor. As the attorney of the Chargor, the Collateral Agent has the power to exercise for and in the name of the Chargor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Chargor's right (including the right of disposal), title and interest in and to the Charged Property, including the execution, endorsement, delivery and transfer of the Charged Property to the Collateral Agent, its nominees or transferees, and the Collateral Agent and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Charged Property to the same extent as the Chargor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Chargor. This power of attorney extends to and is binding upon the Chargor's successors and permitted assigns. The Chargor authorizes the Collateral Agent to delegate in writing to another Person any power and authority of the Collateral Agent under this power of attorney as may be necessary or desirable in the opinion of the Collateral Agent, and to revoke or suspend such delegation.

#### **Section 4.6 Dealing with the Charged Property.**

- (1) Neither the Collateral Agent, any Receiver nor any agent of any of them (including any civil enforcement agent) shall be: (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Charged Property; (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Charged Property or for the purpose of preserving any rights of any Persons; (iii) responsible for any loss occasioned by any sale or other dealing with the Charged Property or by the retention of or failure to sell or otherwise deal with the Charged Property; or (iv) bound to protect the Charged Property from depreciating in value or becoming worthless.
- (2) The Collateral Agent may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Chargor and with other Persons, sureties or securities as they may see fit without prejudice to the Secured Obligations, the liability of the Chargor under the Credit Documents or the rights of the Collateral Agent in respect of the Charged Property.

- (3) The Collateral Agent shall not be obliged to exhaust its recourse against the Chargor or any other Person or against any other security they may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Charged Property in such manner as the Collateral Agent may consider desirable.

#### **Section 4.7 Status of the Receiver.**

- (1) Subject to all applicable laws, any Receiver appointed by the Collateral Agent is vested with the rights and remedies which could have been exercised by the Collateral Agent in respect of the Chargor or the Charged Property and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments including, without limitation, any or all of the powers of the Collateral Agent or of the officer or director of the Collateral Agent referred to above. The identity of the Receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Collateral Agent.
- (2) The Receiver shall, for all purposes relating to the Receiver's acts or defaults and remuneration, be deemed to be the agent of the Chargor and not of the Collateral Agent, and the Chargor shall be solely responsible for the Receiver's acts or defaults and remuneration. The Receiver may sell, lease, or otherwise dispose of Charged Property as agent for the Chargor or as agent for the Collateral Agent as the Collateral Agent may determine in its discretion. The Chargor agrees to ratify and confirm all actions of the Receiver acting as agent for the Chargor, and to release and indemnify the Receiver in respect of all such actions.
- (3) All amounts from time to time received by the Collateral Agent or the Receiver may (but need not) be applied in the following order: (i) in discharge of all operating expenses and other outgoings affecting the Charged Property; (ii) in keeping in good standing all Liens on the Charged Property having priority over the Charge; (iii) in payment of the remuneration and disbursements of the Receiver (if any); (iv) in payment to the Collateral Agent of the amounts payable hereunder; (v) to such reserves against potential claims that the Collateral Agent or the Receiver in good faith believes should be maintained, until such potential claims are settled, and the balance, if any, shall be paid as determined by the Collateral Agent in its sole discretion.
- (4) The Collateral Agent, in appointing or refraining from appointing any Receiver, does not incur liability to the Receiver, the Chargor or otherwise and is not responsible for any misconduct or negligence of such Receiver.

#### **Section 4.8 Powers of Privately Appointed Receiver.**

Any Receiver appointed by instrument in writing shall, to the extent permitted by applicable law, have power to:

- (a) take possession of, collect and get in all or any part of the Charged Property and, for that purpose, to take proceedings in the name of the Chargor or otherwise, and to make any arrangement or compromise;
- (b) from time to time and without any previous notice or demand and free of charge, enter upon or into and occupy and use all or any part of the premises, buildings, plant and undertaking of or occupied or used by the Chargor without being or being deemed to be a mortgagee in possession;
- (c) carry on or concur in carrying on all or any part of the business of the Chargor;
- (d) borrow or raise money on all or any part of the Charged Property in priority to this Agreement or otherwise for such purposes as may be approved by the Collateral Agent; and

- (e) sell or lease or concur in selling or leasing all or any part of the Charged Property without notice and in such manner as may seem advisable to the Receiver (including, without limitation, sale by way of deferred payment arrangement), and to effect such sale by conveying in the name and on behalf of the Chargor or otherwise.

#### **Section 4.9 Standards of Sale.**

Without prejudice to the ability of the Collateral Agent to dispose of the Charged Property in any manner which is commercially reasonable and without limitation to the other provisions of this Agreement, the Chargor acknowledges that, in connection with any enforcement of the Charge provided for herein:

- (a) the Charged Property may be disposed of in whole or in part;
- (b) the Charged Property may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Charged Property may be the Collateral Agent or a customer of any such Person;
- (d) any sale conducted by the Collateral Agent will be at such time and place, on such notice, in accordance with such procedures and on such terms and conditions as the Collateral Agent, in its sole discretion, may deem advantageous;
- (e) the Charged Property may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Charged Property) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Charged Property may be on such terms and conditions as to credit or otherwise as the Collateral Agent, in its sole discretion, may deem advantageous; and
- (g) the Collateral Agent may establish an upset or reserve bid or price in respect of the Charged Property.

#### **Section 4.10 Dealings by Third Parties.**

- (a) No Person dealing with the Collateral Agent or an agent or a Receiver is required to determine: (i) whether the Charge has become enforceable; (ii) whether the powers which such Person is purporting to exercise have become exercisable; (iii) whether any money remains due to the Collateral Agent by the Chargor; (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease shall be made; (v) the propriety or regularity of any sale or any other dealing by the Collateral Agent with the Charged Property; or (vi) how any money paid to the Collateral Agent has been applied.
- (b) Any *bona fide* purchaser of all or any part of the Charged Property from the Collateral Agent or any Receiver or agent will hold the Charged Property absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Chargor, which it specifically waives (to the fullest extent permitted by applicable law) as against any such purchaser and all rights of redemption, stay or appraisal which the Chargor has or may have under any rule of law now existing or hereafter adopted.

#### **Section 4.11 No Right of Set-Off.**

The Secured Obligations secured by this Agreement shall be paid when due by the Chargor without regard to any equities existing between the Chargor and any other party including, without limitation, the Collateral Agent or any Secured Party and without regard to any right of set-off or cross-claim or of any other claim or demand of the Chargor against the Collateral Agent or any Secured Party.

### **ARTICLE 5 COVENANTS**

#### **Section 5.1 Covenants of the Chargor.**

The Chargor covenants and agrees, acknowledging and confirming that the Collateral Agent is relying on such covenants and agreements, that:

- (a) **Negative Pledge.** The Chargor will not create or suffer to exist any Lien over the Charged Property, except for the Permitted Liens and as otherwise permitted by the Loan Agreement;
- (b) **Perfection and Protection of Charge.** The Chargor will perform all acts, execute and deliver all agreements, documents and instruments and take such other steps as are reasonably requested by the Collateral Agent at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Charge including: (i) executing, recording and filing of financing or other statements, and paying all applicable taxes, fees and other charges payable, (ii) delivering acknowledgements, confirmations and subordinations that may be necessary to ensure that the Charge constitutes a valid and first perfected Lien (subject only to Permitted Liens), and (iii) delivering opinions of counsel in respect of matters contemplated by this paragraph. The documents and opinions contemplated by this paragraph must be in form and substance satisfactory to the Collateral Agent;
- (c) **Defend Charged Property.** The Chargor will defend the Charged Property from all adverse claims where the failure to do so would reasonably be expected to have, singly or in the aggregate, a material adverse effect; and
- (d) **Quiet Possession.** Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall be entitled to quiet possession of the Charged Property free from all Liens except for the Permitted Liens; subject to bankruptcy and insolvency laws and other similar laws of general application affecting the enforcement of creditors; to the discretion of the courts in granting equitable remedies, and to general principles of law and equity.

#### **Section 5.2 Supplemental Debentures.**

At any time and from time to time, at the request of the Collateral Agent, the Chargor shall execute supplemental debentures hereto for any purpose, including without limitation, to more particularly describe the Charged Property or to correct or amplify the description of the Charged Property, to better assure, convey and confirm unto the Collateral Agent, for the benefit of the Secured Parties, any Charged Property or to update any Schedule herein. Upon the execution of any supplemental debenture under this Section 5.2 or any other modification agreed to by the Collateral Agent, this Agreement shall be modified in accordance therewith, and each supplemental debenture or modification shall form a part of this Agreement for all purposes and the Chargor shall be bound thereby.

#### **Section 5.3 Expropriation.**

Should any interest in or any part of the Charged Property be taken by the exercise of the right of eminent domain or taken, purchased or expropriated by any Governmental Authority or taken by a power reserved in any grant, the Collateral Agent may release the Charged Property so taken or purchased and

shall be fully protected in so doing upon being furnished with an opinion of its counsel to the effect that such Charged Property has been taken by exercise of the right of eminent domain or purchased or expropriated by any Governmental Authority or a power reserved in any grant. The proceeds of all Charged Property so taken, purchased or expropriated shall be paid over to the Collateral Agent and be applied as set forth in Section 6.15.

## **ARTICLE 6 GENERAL**

### **Section 6.1      Loan Agreement Governs.**

Notwithstanding anything to the contrary contained herein, this Agreement is issued subject always to the covenants, conditions, limitations and other provisions contained in the Loan Agreement. In the event of any conflict, discrepancy, difference or ambiguity in or between any of the provisions of this Agreement and any of the provisions of the Loan Agreement including, without limitation, in the amount payable thereunder, the principal sum for which this Agreement is expressed to be security or the interest payable thereunder and the interest rate on such principal sum, the provisions of the Loan Agreement shall prevail. For the avoidance of doubt, neither the Collateral Agent nor any subsequent holder of this Agreement may, at any time, claim any greater amount in respect of the principal amount of this Agreement than the aggregate amount of the Secured Obligations (excluding the stated principal sum of this Agreement and interest payable thereon at the stated rate of interest under this Agreement) outstanding at that time. Payment to the Collateral Agent of interest for any period in respect of the Secured Obligations is deemed to be payment in satisfaction of the interest payment for the same period under this Agreement.

### **Section 6.2      Partial Release.**

No postponement or partial release or discharge of the Charge in respect of all or any part of the Charged Property for any reason whatsoever shall in any way operate or be construed so as to release and discharge the Charge in respect of the Charged Property except as therein specifically provided, or so as to release or discharge the Chargor from its liability to the Collateral Agent to fully pay and satisfy the Secured Obligations.

### **Section 6.3      Notices.**

Any notice, direction or other communication given regarding the matters contemplated by this Agreement must be in writing and given in accordance with the Loan Agreement.

### **Section 6.4      Discharge.**

The Charge will be discharged in accordance with Section 3.7 of the Loan Agreement.

### **Section 6.5      No Merger.**

This Agreement shall not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Collateral Agent shall operate by way of merger of, or in any way affect, the Charge, which is in addition to, and not in substitution for, any other security held by the Collateral Agent in respect of the Secured Obligations. The representations, warranties and covenants of the Chargor in this Agreement survive the execution and delivery of this Agreement and any advances under the Loan Agreement. Notwithstanding any investigation made by or on behalf of the Collateral Agent, these covenants, representations and warranties continue in full force and effect.

### **Section 6.6      Further Assurances.**

The Chargor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Collateral Agent may require and take all further steps relating to the Charged Property or any other property or assets of the Chargor that the Collateral Agent may reasonably require for: (i) protecting the Charged Property; (ii) perfecting, preserving or protecting the Charge; and (iii) exercising all powers, authorities and discretions hereby conferred upon

the Collateral Agent. After the Charge becomes enforceable, the Chargor will do all acts and things and execute and deliver all documents and instruments as the Collateral Agent may require for facilitating the sale or other disposition of the Charged Property in connection with its realization.

#### **Section 6.7 Supplemental Security.**

This Agreement is in addition and without prejudice to and supplemental to all other security now held or which may hereafter be held by the Collateral Agent or any of the Secured Parties.

#### **Section 6.8 Successors and Assigns.**

- (1) This Agreement creates a continuing Charge in the Charged Property and shall (i) be binding on the Chargor and its successors and assigns, and (ii) enure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and each of its respective successors, permitted transferees and permitted assigns. No other Person (including any other creditor of the Chargor) shall have any interest herein or any right or benefit with respect hereto.
- (2) Without limiting the generality of this Section 6.8, the Collateral Agent may assign all or otherwise transfer all or any part of, or may grant participation in all or any part of, its interest in this Agreement to any other Person, in each case in accordance with the Loan Agreement, and such other Person shall then become vested with all the rights granted to the Collateral Agent in this Agreement or otherwise.
- (3) The Chargor may not assign, transfer or delegate any of its rights or obligations under this Agreement.
- (4) The Chargor agrees that its obligations hereunder and the Charge shall continue to be effective or be reinstated, as applicable, if at any time payment, or any part thereof, of all or any part of the Secured Obligations is rescinded or must otherwise be restored by the Collateral Agent upon the bankruptcy or reorganization of the Chargor or otherwise.

#### **Section 6.9 Amalgamation.**

The Chargor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Charge (i) subject to Section 3.5, extends to: (A) all of the property of the type and description set forth in Section 3.1 that any of the amalgamating corporations then owns, (B) all of the property of the type and description set forth in Section 3.1 that the amalgamated corporation thereafter acquires, (C) all of the property of the type and description set forth in Section 3.1 in which any of the amalgamating corporations then has any interest and (D) all of the property of the type and description set forth in Section 3.1 in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Collateral Agent in any currency, however or wherever incurred, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Charge attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term "**Chargor**" includes, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "**Charged Property**" means all of the property and undertaking and interests described in (i) above, and the defined term "**Secured Obligations**" means the obligations described in (ii) above.

#### **Section 6.10 Dollars or "\$".**

A reference herein to "\$" or the word "dollar" or "Dollars", without more, shall be a reference to lawful money of Canada.



**Section 6.11 Currency Indemnity.**

(1) If any sum due from the Chargor under this Agreement (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (a) making or filing a claim or proof against the Chargor;
- (b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Chargor shall as an independent obligation, within five (5) Business Days of demand, indemnify the Collateral Agent against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that Person at the time of its receipt of that Sum.

(2) The Chargor waives any right it may have in any jurisdiction to pay any amount under this Agreement in a currency or currency unit other than that in which it is expressed to be payable.

**Section 6.12 Severability.**

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

**Section 6.13 Amendment.**

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Collateral Agent and the Chargor.

**Section 6.14 Waivers, etc.**

- (1) No consent or waiver by the Collateral Agent in respect of this Agreement is binding unless made in writing and signed by an authorized officer or director of the Collateral Agent. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which it is given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.
- (2) A failure or delay on the part of the Collateral Agent in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Collateral Agent however arising. A single or partial exercise of a right on the part of the Collateral Agent does not preclude any other or further exercise of that right or the exercise of any other right by the Collateral Agent.

**Section 6.15 Application of Proceeds of Security.**

All monies collected by the Collateral Agent upon the enforcement of the Collateral Agent's rights and remedies under the Loan Agreement and the other Credit Documents and the Liens created by them including any sale or other disposition of the Charged Property, together with all other monies received by the Collateral Agent under the Loan Agreement and the other Credit Documents, will be applied as provided in the Loan Agreement.

**Section 6.16 Governing Law.**

- (1) This Agreement shall be governed by and construed in accordance with the laws of Alberta and the laws of Canada applicable therein.

- (2) The Chargor irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Alberta sitting in Calgary, Alberta in any action or proceeding arising out of or relating to this Agreement. The Chargor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section limits the right of the Collateral Agent to bring proceedings against the Chargor in the courts of any other jurisdiction.

**Section 6.17 Time of the Essence.**

Time shall be of the essence of this Agreement.

**Section 6.18 Charging Clause.**

For better securing to the Collateral Agent the repayment in the manner set out above of the principal sum set forth herein together with all other Secured Obligations, the Chargor hereby mortgages to the Collateral Agent all of its estate and interest in the Charged Property.

**Section 6.19 Waiver of Financing Statement, Etc.**

The Chargor hereby waives the right to receive from the Collateral Agent a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Agreement.

**Section 6.20 Undertaking to Grant Fixed Charge.**

If the Collateral Agent determines, in its sole and absolute discretion, that there has been a Material Adverse Effect, or a Default or Event of Default has occurred and is continuing, and the Collateral Agent considers it necessary for its adequate protection, the Chargor, at the request of the Collateral Agent, will forthwith grant or cause to be granted to the Collateral Agent a fixed Lien (subject only to Permitted Liens which under Applicable Law rank in priority thereto) in such of the Chargor's property as the Collateral Agent, in its sole and absolute discretion, determines as security for all then present and future Secured Obligations. The Chargor will:

- (a) do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Collateral Agent to give effect to any provision of the amended, new or replacement security documents, as applicable;
- (b) provide the Collateral Agent with such information as is reasonably required by the Collateral Agent to identify the property to be charged;
- (c) do all such things as are reasonably required to grant the Liens to be granted pursuant to the amended, new or replacement security documents;
- (d) provide the Collateral Agent with all corporate, partnership or other organizational resolutions and other action required for the Chargor to grant the amended, new or replacement security documents;
- (e) provide the Collateral Agent with an opinion of the Chargor's counsel confirming the due authorization, execution and delivery by the Chargor of all such agreements and instruments comprising the amended, new or replacement security documents in form and content satisfactory to the Collateral Agent, acting reasonably; and
- (f) assist the Collateral Agent in the registration or recording of such security documents in such public registry offices in Canada and any province thereof as the Collateral Agent,

acting reasonably, deems necessary to protect the Liens created by such security documents.

**Section 6.21      Electronic Execution and Counterparts.**

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

***[Remainder of page left intentionally blank.]***

**DATED** as of the date first written above.

**GRIFFON PARTNERS HOLDING CORP.**

Per:   
Name: Daryl Stepanic  
Title: Chief Executive Officer

Acknowledged and Agreed to by:

GLAS AMERICAS LLC

Per:



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Name: Yana Kislenko  
Title: Vice President

**SCHEDULE “A”**

**LANDS**

**Nil.**



**GRIFFON PARTNERS OPERATION CORP.**

as Chargor

and

**GLAS AMERICAS LLC**

as Collateral Agent

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**FIXED AND FLOATING CHARGE DEBENTURE**

July 21, 2022

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## FIXED AND FLOATING CHARGE DEBENTURE

Fixed and floating charge debenture dated as of July 21, 2022 made by Griffon Partners Operation Corp. (the “**Chargor**”) to and in favour of GLAS Americas LLC (the “**Collateral Agent**”) for the benefit of the Secured Parties.

### RECITALS:

- (a) The Collateral Agent and the Chargor are each party to a loan agreement dated as of the date hereof (the “**Loan Agreement**”) among the Chargor, as borrower, Griffon Partners Capital Management Ltd. and Griffon Partners Holding Corp., as guarantors, Trafigura Canada Limited, Signal Alpha C4 Limited and those other Persons which become lenders thereunder, as lenders (collectively, the “**Lenders**”), the Administrative Agent, as administrative agent and the Collateral Agent, as collateral agent;
- (b) The Lenders have agreed to make a credit facility available to the Chargor on the terms and conditions contained in the Loan Agreement; and
- (c) It is a condition precedent to the extension of credit to the Chargor under the Loan Agreement that the Chargor execute and deliver this Agreement in favour of the Collateral Agent, for the benefit of the Secured Parties, as security for the payment and performance of the Secured Obligations.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which consideration is hereby acknowledged, the Chargor agrees as follows:

## ARTICLE 1 INTERPRETATION

### Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

“**Administrative Agent**” means GLAS USA LLC and its successors and assigns.

“**Agreement**” means this fixed and floating charge debenture.

“**Charge**” means the security interest, assignment, mortgage, charge, hypothecation and pledge granted by this Agreement.

“**Charged Property**” means the subject matter of the Charge.

“**Chargor Obligations**” means all Secured Obligations (as defined in the Loan Agreement) of the Chargor.

“**Expenses**” means all expenses, costs and charges incurred by or on behalf of any Secured Party in connection with this Agreement, the Charge or the Charged Property, including all legal fees, court costs, receiver’s or agent’s remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Charged Property, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with any Secured Party’s interest in any Charged Property, whether or not directly relating to the enforcement of this Agreement or any other Credit Documents.

**"Fixtures"** means all fixtures (including trade fixtures), facilities and equipment, howsoever affixed or attached to real property or buildings or other structures on real property, now owned or hereafter acquired by the Chargor.

**"Loan Agreement"** has the meaning set forth in the recitals.

**"P&NG Leases"** has the meaning set forth in the Loan Agreement, and includes, without limitation, those leases described in Exhibit "1" to Schedule A hereto, as such leases may be amended, modified, supplemented or restated from time to time, together with all other instruments that may be issued pursuant thereto or in connection therewith from time to time and together with all P&NG Rights.

**"P&NG Rights"** has the meaning set forth in the Loan Agreement.

**"Permitted Liens"** has the meaning set forth in the Loan Agreement.

**"Petroleum Substances"** has the meaning set forth in the Loan Agreement.

**"PPSA"** means the *Personal Property Security Act* (Alberta).

**"Product"** shall mean any products obtained pursuant to the Leases by:

- (a) processing Petroleum Substances; or
- (b) by reprocessing a product referred to in paragraph (a) of this definition,

and includes any products obtained by any subsequent reprocessing of the products obtained under paragraphs (a) and (b) of this definition.

**"Receiver"** has the meaning specified in Section 4.2(a).

**"Secured Obligations"** means, collectively, the Chargor Obligations and the Expenses.

**"Secured Parties"** has the meaning set forth in the Loan Agreement.

**"Specifically Mortgaged Lands"** means the lands set forth in Exhibit "1" to Schedule "A", together with any and all lands which may now or hereafter be pooled, unitized, grouped or otherwise combined for production or other purposes therewith, and including all Petroleum Substances within, upon or under such lands.

**"Wells"** means the wells now or hereafter located on the Specifically Mortgaged Lands.

## **Section 1.2 Interpretation.**

- (1) Capitalized terms used in this Agreement but not defined have the meanings given to them in the Loan Agreement.
- (2) Any reference in this Agreement, the Loan Agreement or any other Credit Document to Liens permitted hereunder or thereunder and any right of the Chargor to create or suffer to exist Liens permitted hereunder or thereunder are not intended to and do not and will not subordinate the Charge to any such Lien or give priority to any Person over the Collateral Agent.
- (3) In this Agreement the words **"including"**, **"includes"** and **"include"** mean **"including (or includes or include) without limitation"**. The phrase **"the aggregate of"**, **"the total of"**, **"the sum of"**, or a phrase of similar meaning means **"the aggregate (or total or sum), without duplication, of"**. The expression **"Article"**, **"Section"**, **"Schedule"** or other subdivision

followed by a number mean and refer to the specified Article, Section, Schedule or other subdivision of this Agreement.

- (4) Any reference in this Agreement to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (5) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (6) The schedules attached to this Agreement form an integral part of it for all purposes of it.
- (7) Any reference to this Agreement, the Loan Agreement, any other Credit Document or any other agreement refers to this Agreement, the Loan Agreement, any other Credit Document or other agreement as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented, novated and includes all schedules attached to it. Any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.

### **Section 1.3 Interest Act (Canada).**

For purposes of the *Interest Act* (Canada), (i) whenever any interest or fee under this Agreement is calculated using a rate based on a year of 365 days, the rate determined pursuant to such calculation, when expressed as an annual rate, is equivalent to (x) the applicable rate based on a year of 365 days, (y) multiplied by the actual number of days in the calendar year in which the period for which such interest or fee is payable (or compounded) ends, and (z) divided by 365, (ii) the principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement, and (iii) the rates of interest stipulated in this Agreement are intended to be nominal rates and not effective rates or yields.

### **Section 1.4 Nominal Rates.**

The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement. All interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, after as well as before maturity, default and judgment. The rates of interest specified in this Agreement are intended to be nominal rates and not effective rates. Interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

## **ARTICLE 2 ACKNOWLEDGEMENT OF INDEBTEDNESS**

### **Section 2.1 Promise to Pay.**

The Chargor, for value received, hereby acknowledges itself indebted to the Collateral Agent and promises to pay ON DEMAND to or to the order of the Collateral Agent, the principal sum of TWO HUNDRED MILLION DOLLARS (\$200,000,000) on presentation and surrender of this Agreement at the offices of the Collateral Agent located at 3 Second Street, Suite 206 Jersey City, NJ 07311, or at such other place as the Collateral Agent may designate by notice in writing to the Chargor, and to pay interest thereon from the date hereof at the rate per annum of twenty percent (20%) in like money at the same place, monthly, on the last day of each month; and, if the Chargor should at any time make default in the payment of any principal or interest, to pay interest on the amount in default both before and after demand, default and judgment, with interest on overdue interest at the same rate in lawful money of Canada at the same place on the same dates.

The Collateral Agent is the Person entitled to receive the principal of, and interest on, this Agreement and all other amounts payable hereunder.

## **ARTICLE 3 SECURITY**

### **Section 3.1 Grant of Charge.**

As security for the due payment and performance of all Secured Obligations, and subject to the provisions of Section 3.5 hereof, the Chargor hereby:

- (a) grants, assigns as security, conveys, mortgages, pledges and charges, as and by way of a fixed and specific mortgage, charge and pledge, to and in favour of the Collateral Agent, for the benefit of the Secured Parties, all of its present and future right, title, interest and estate in and to the Specifically Mortgaged Lands, the Leases and all Petroleum Substances produced from, the Specifically Mortgaged Lands, the Products, together with all of the Chargor's present and future interest in all rights, leases, licenses, easements, rights-of-way, profits-à-prendre, interests in real property, structures, underground facilities, Wells, power, fuel and water supply, storage, waste disposal, roads and other transportation facilities and fixed plant, milling, processing, service and other related infrastructures, buildings, erections, improvements and Fixtures now or hereafter with respect to or constructed or placed on the Specifically Mortgaged Lands or used in connection with the Specifically Mortgaged Lands and all accretions, additions and accessions thereto, and any and all proceeds of any of the foregoing;
- (b) grants, assigns, conveys, transfers, mortgages and charges as and by way of a fixed and specific mortgage and charge to and in favour of the Collateral Agent, for the benefit of the Secured Parties, and grants a continuing security interest to the Collateral Agent, for the benefit of the Secured Parties, in, all of the Chargor's present and after-acquired personal property including, without limitation, all present and after-acquired right, title and interest in and to all goods, chattel paper, securities, documents of title, instruments, intangibles, investment property and money (as such terms are defined in the PPSA), wherever located; and
- (c) grants, assigns as security, conveys, mortgages and charges, as and by way of a floating charge, to and in favour of the Collateral Agent, for the benefit of the Secured Parties, all of the right, title, interest and estate in and to real property and personal property of the Chargor not subject to the fixed charge in Section 3.1(a) or the security interest in Section 3.1(b), both present and future, of every nature and kind and wherever situate including, without limitation, the Chargor's interest in all rights, leases (including, without limitation, petroleum and/or natural gas leases), licenses, easements, rights-of-way, profits-à-prendre, interests in real property, structures, underground facilities, wells, power, fuel and water supply, storage, waste disposal, roads and other transportation facilities and fixed plant, milling, processing, service and other related infrastructures, buildings, erections, improvements and Fixtures now or hereafter with respect to or constructed or placed on such real property or used in connection with such real property and all accretions, additions and accessions thereto, which the Chargor now has, may be possessed of, entitled to, or acquire, by way of amalgamation or otherwise, now or hereafter, and any and all proceeds of any of the foregoing.

### **Section 3.2 Secured Obligations.**

The Charge granted by this Agreement secures the payment and performance of the Secured Obligations.

### **Section 3.3 Crystallization of Floating Charge.**

Without limiting its rights hereunder to crystallize the Charge set forth in Section 3.1(c) above in any other manner, the Collateral Agent, upon the occurrence of and during the continuance of an Event of Default, may to the extent permitted by applicable law crystallize and fix the Charge set forth in Section 3.1(c) above in respect of all or a portion of the Charged Property by notice in writing to the

Chargor without any requirement for further intervention by the Collateral Agent (whether by the taking of possession, the appointment of a Receiver or otherwise), but without in any way limiting the powers, rights and remedies of the Collateral Agent hereunder in respect of the Charged Property.

#### **Section 3.4 Attachment.**

The Chargor acknowledges that: (i) value has been given; (ii) it has rights in the Charged Property or the power to transfer rights in the Charged Property to the Collateral Agent, for the benefit of the Secured Parties (other than after-acquired Charged Property); (iii) it has not agreed to postpone the time of attachment of the Charge; and (iv) it has received a copy of this Agreement. The Charge is intended to, and shall, attach to the existing Charged Property when the Chargor signs this Agreement, and to any other after-acquired Charged Property subsequently acquired by the Chargor immediately upon the Chargor acquiring any rights in such after-acquired Charged Property.

#### **Section 3.5 Scope of Charge.**

- (1) The Charge does not extend or apply to the last day of the term of any lease or sublease of real property or any agreement therefor now held or hereafter acquired by the Chargor, but the Chargor shall thereafter stand possessed of such last day in trust for the Collateral Agent to assign the same to any Person acquiring such term in the course of enforcement of the Charge.
- (2) To the extent that an assignment of amounts payable and other proceeds arising under or in connection with, or the grant of a security interest in any agreement, licence, permit or quota of the Chargor would result in the termination of such agreement, licence, permit or quota (in this Section 3.5 each, a “**Restricted Asset**”), the Charge with respect to each Restricted Asset will constitute a trust created in favour of the Collateral Agent, for the benefit of the Secured Parties, pursuant to which the Chargor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Collateral Agent on the following basis:
  - (a) until the Charge is enforceable and subject to the Loan Agreement, the Chargor is entitled to receive all such proceeds; and
  - (b) whenever the Charge is enforceable, (i) all rights of the Chargor to receive such proceeds cease and all such proceeds will be immediately paid over to the Collateral Agent and (ii) the Chargor will take all actions requested by the Collateral Agent to collect and enforce payment and other rights arising under the Restricted Asset.

The Chargor will use all commercially reasonable efforts to obtain the consent of each other party to any and all Restricted Assets to the assignment of such Restricted Asset to the Collateral Agent in accordance with this Agreement. The Chargor will also use all commercially reasonable efforts to ensure that all agreements entered into on and after the date of this Agreement expressly permit assignments of the benefits of such agreements as collateral security to the Collateral Agent, for the benefit of the Secured Parties, in accordance with the terms of this Agreement.

#### **Section 3.6 Chargor Remains Liable.**

Notwithstanding the provisions of this Agreement: (i) the Chargor shall remain liable to perform all of its duties and obligations in regard to the Charged Property (including, without limitation, all of its duties and obligations arising under any leases, licenses, permits, reservations, contracts, agreements, instruments, contractual rights and governmental orders, authorizations, licenses and permits now or hereafter pertaining thereto) to the same extent as if this Agreement had not been executed; (ii) the exercise by or on behalf of the Collateral Agent of any of their rights and remedies under or in regard to this Agreement shall not release the Chargor from such duties and obligations in respect of the Charged Property subject to applicable law; and (iii) the Collateral Agent shall have no liability for such duties and obligations by reason of the execution and delivery of this Agreement.

### **Section 3.7 Protective Disbursements.**

If the Chargor fails to perform any of its covenants in this Agreement or otherwise, then the Collateral Agent may, in its absolute discretion, perform any covenant capable of being performed by it and, if the covenant requires the payment or expenditure of money, the Collateral Agent may make the payment but is under no obligation to do so. All sums paid or expended by the Collateral Agent are immediately payable by the Chargor, bear interest at the rate set forth in this Agreement and are secured by this Agreement, having the benefit of the Charge in priority to the indebtedness evidenced by this Agreement. No such performance or payment will relieve the Chargor from any default under this Agreement or the consequences of such default.

### **Section 3.8 Continuing Security.**

This Agreement shall be a continuing obligation, shall cover and secure any ultimate balance of the Secured Obligations owing to the Collateral Agent, for the benefit of the Secured Parties, and shall be operative and binding notwithstanding that at any time or times the Secured Obligations may be zero, or that any payments from time to time may be made to the Collateral Agent, for the benefit of the Secured Parties, or any settlements of account effected, or any other thing whatsoever done, suffered or permitted, or any other action short of complete and irrevocable payment of all the Secured Obligations and any other amounts payable hereunder.

## **ARTICLE 4 ENFORCEMENT**

### **Section 4.1 Enforcement.**

The Charge becomes and is enforceable against the Chargor upon the occurrence and during the continuance of an Event of Default.

### **Section 4.2 Remedies.**

Whenever the Charge is enforceable, the Collateral Agent, for and on behalf of the Secured Parties, may, at any time, in its sole discretion, realize upon the Charged Property and the Collateral Agent shall have the following rights and remedies:

- (a) the Collateral Agent may by appointment in writing appoint a receiver or receiver and manager (each herein referred to as the “**Receiver**”) of the Charged Property and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Charged Property or any part thereof; and the term “Collateral Agent” when used in this Section 4.2 shall include any Receiver so appointed and the agents, officers and employees of such Receiver;
- (b) the Collateral Agent may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of all or any part of the Charged Property;
- (c) the Collateral Agent may enter into and take possession of the Charged Property and require the Chargor to make the Charged Property available to the Collateral Agent;
- (d) the Collateral Agent may carry on or concur in the carrying on of all or any part of the business of the Chargor relating to the Charged Property;
- (e) the Collateral Agent may enforce any rights of the Chargor in respect of the Charged Property by any manner permitted by applicable law;
- (f) the Collateral Agent may sell, lease or otherwise dispose of all or any part of the Charged Property, either as a whole or in separate parcels, by public auction, public tender,

private tender or private sale at such time or times as the Collateral Agent may determine, with or without notice to the Chargor, either for cash or upon credit or any other arrangement providing for deferred payment, upon such terms and conditions as the Collateral Agent may determine and without notice to the Chargor unless required by applicable law, with or without advertisement, and with or without a reserve bid as the Collateral Agent, in its sole discretion, may see fit, and the Collateral Agent may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time, and may execute and deliver to the purchaser or purchasers of the Charged Property or any part thereof a good and sufficient deed or conveyance or deeds or conveyances for the same, any officer or director of the Collateral Agent being hereby constituted the irrevocable attorney of the Chargor for the purpose of making such sale and executing such deeds or conveyances, upon the Charge becoming enforceable, and any such sale made as aforesaid shall be a perpetual bar both in applicable law and in equity against the Chargor and all other Persons claiming all or any part of the Charged Property by, from, through or under the Chargor;

- (g) the Collateral Agent may institute proceedings in any court of competent jurisdiction for sale (including, without limitation, sale by way of a deferred payment arrangement) or foreclosure or lease of all or any part of the Charged Property;
- (h) the Collateral Agent may file proofs of claim and other documents to establish its claims in any proceeding relative to the Chargor;
- (i) the Collateral Agent may accept the Charged Property in satisfaction or partial satisfaction of the Charge upon notice to the Chargor of its intention to do so in the manner required by applicable law;
- (j) the collection of any proceeds arising in respect of the Charged Property; and
- (k) the Collateral Agent may exercise any other right or remedy permitted by applicable law, statute or equity, including, without limitation, all rights and remedies of a Collateral Agent under the PPSA and any other personal property security legislation in any other jurisdictions where the Charged Property may be located.

#### **Section 4.3 Additional Rights.**

In addition to the remedies set forth in Section 4.2 and elsewhere in this Agreement, whenever the Charge is enforceable, the Collateral Agent may:

- (a) require the Chargor, at the Chargor's expense, to assemble the Charged Property at a reasonable place or places designated by notice in writing and the Chargor agrees to so assemble the Charged Property promptly upon receipt of such notice;
- (b) require the Chargor, by notice in writing, to disclose to the Collateral Agent the location or locations of the Charged Property and the Chargor agrees to promptly make such disclosure when so required;
- (c) repair, process, modify, complete or otherwise deal with the Charged Property and prepare for the disposition of the Charged Property, whether on the premises of the Chargor or otherwise;
- (d) redeem any prior Lien against any Charged Property, procure the transfer of such Lien to itself, or settle and pass the accounts of the prior mortgagee, chargee or encumbrancer (any accounts to be conclusive and binding on the Chargor);

- (e) pay any liability secured by any Lien against any Charged Property or discharge any Lien that may exist or be threatened against the Charged Property (the Chargor will promptly upon receipt of written notice reimburse the Collateral Agent for all such payments);
- (f) to facilitate the realization of the Charged Property, enter upon, occupy and use all or any of the premises, buildings and plant comprising the Charged Property and use all or any of the equipment and other personal property of the Chargor for such time as the Collateral Agent requires to facilitate such realization, free of charge (as between the Chargor and the Collateral Agent), and the Collateral Agent shall not be liable to the Chargor for any act, omission or neglect in so doing or in respect of any rent, charges, depreciation or damages incurred in connection with such actions, unless such act, omission or neglect is caused by gross negligence or wilful default of the Collateral Agent;
- (g) borrow for the purpose of carrying on the business of the Chargor or for the maintenance, preservation or protection of the Charged Property and grant a security interest in the Charged Property, whether or not in priority to the Charge, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Charged Property, and give good and valid receipts and discharges in respect of the Charged Property and compromise or give time for the payment or performance of all or any part of the accounts or any other obligation of any third party to the Chargor; and
- (i) at any public sale, and to the extent permitted by applicable law on any private sale, bid for and purchase any or all of the Charged Property offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Charged Property without any further accountability to the Chargor or any other Person with respect to such holding, retention or disposition, except as required by applicable law. In any such sale to the Collateral Agent, the Collateral Agent may, for the purpose of making payment for all or any part of the Charged Property so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

#### **Section 4.4 Exercise of Remedies.**

The remedies under Section 4.2 and Section 4.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Collateral Agent however arising or created. The Collateral Agent is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Collateral Agent in respect of the Secured Obligations including the right to claim for any deficiency.

#### **Section 4.5 Appointment of Attorney.**

The Chargor hereby irrevocably constitutes and appoints the Collateral Agent (and any director or officer of the Collateral Agent) the true and lawful attorney of the Chargor. As the attorney of the Chargor, the Collateral Agent has the power to exercise for and in the name of the Chargor with full power of substitution, upon the occurrence and during the continuance of an Event of Default, any of the Chargor's right (including the right of disposal), title and interest in and to the Charged Property, including the execution, endorsement, delivery and transfer of the Charged Property to the Collateral Agent, its nominees or transferees, and the Collateral Agent and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Charged Property to the same extent as the Chargor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of the Chargor. This power of attorney extends to and is binding upon the Chargor's successors and permitted assigns. The Chargor authorizes the Collateral Agent to delegate in writing to



another Person any power and authority of the Collateral Agent under this power of attorney as may be necessary or desirable in the opinion of the Collateral Agent, and to revoke or suspend such delegation.

#### **Section 4.6 Dealing with the Charged Property.**

- (1) Neither the Collateral Agent, any Receiver nor any agent of any of them (including any civil enforcement agent) shall be: (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Charged Property; (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Charged Property or for the purpose of preserving any rights of any Persons; (iii) responsible for any loss occasioned by any sale or other dealing with the Charged Property or by the retention of or failure to sell or otherwise deal with the Charged Property; or (iv) bound to protect the Charged Property from depreciating in value or becoming worthless.
- (2) The Collateral Agent may grant extensions or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Chargor and with other Persons, sureties or securities as they may see fit without prejudice to the Secured Obligations, the liability of the Chargor under the Credit Documents or the rights of the Collateral Agent in respect of the Charged Property.
- (3) The Collateral Agent shall not be obliged to exhaust its recourse against the Chargor or any other Person or against any other security they may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Charged Property in such manner as the Collateral Agent may consider desirable.

#### **Section 4.7 Status of the Receiver.**

- (1) Subject to all applicable laws, any Receiver appointed by the Collateral Agent is vested with the rights and remedies which could have been exercised by the Collateral Agent in respect of the Chargor or the Charged Property and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments including, without limitation, any or all of the powers of the Collateral Agent or of the officer or director of the Collateral Agent referred to above. The identity of the Receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Collateral Agent.
- (2) The Receiver shall, for all purposes relating to the Receiver's acts or defaults and remuneration, be deemed to be the agent of the Chargor and not of the Collateral Agent, and the Chargor shall be solely responsible for the Receiver's acts or defaults and remuneration. The Receiver may sell, lease, or otherwise dispose of Charged Property as agent for the Chargor or as agent for the Collateral Agent as the Collateral Agent may determine in its discretion. The Chargor agrees to ratify and confirm all actions of the Receiver acting as agent for the Chargor, and to release and indemnify the Receiver in respect of all such actions.
- (3) All amounts from time to time received by the Collateral Agent or the Receiver may (but need not) be applied in the following order: (i) in discharge of all operating expenses and other outgoings affecting the Charged Property; (ii) in keeping in good standing all Liens on the Charged Property having priority over the Charge; (iii) in payment of the remuneration and disbursements of the Receiver (if any); (iv) in payment to the Collateral Agent of the amounts payable hereunder; (v) to such reserves against potential claims that the Collateral Agent or the Receiver in good faith believes should be maintained, until such potential claims are settled, and the balance, if any, shall be paid as determined by the Collateral Agent in its sole discretion.
- (4) The Collateral Agent, in appointing or refraining from appointing any Receiver, does not incur liability to the Receiver, the Chargor or otherwise and is not responsible for any misconduct or negligence of such Receiver.

#### **Section 4.8 Powers of Privately Appointed Receiver.**

Any Receiver appointed by instrument in writing shall, to the extent permitted by applicable law, have power to:

- (a) take possession of, collect and get in all or any part of the Charged Property and, for that purpose, to take proceedings in the name of the Chargor or otherwise, and to make any arrangement or compromise;
- (b) from time to time and without any previous notice or demand and free of charge, enter upon or into and occupy and use all or any part of the premises, buildings, plant and undertaking of or occupied or used by the Chargor without being or being deemed to be a mortgagee in possession;
- (c) carry on or concur in carrying on all or any part of the business of the Chargor;
- (d) borrow or raise money on all or any part of the Charged Property in priority to this Agreement or otherwise for such purposes as may be approved by the Collateral Agent; and
- (e) sell or lease or concur in selling or leasing all or any part of the Charged Property without notice and in such manner as may seem advisable to the Receiver (including, without limitation, sale by way of deferred payment arrangement), and to effect such sale by conveying in the name and on behalf of the Chargor or otherwise.

#### **Section 4.9 Standards of Sale.**

Without prejudice to the ability of the Collateral Agent to dispose of the Charged Property in any manner which is commercially reasonable and without limitation to the other provisions of this Agreement, the Chargor acknowledges that, in connection with any enforcement of the Charge provided for herein:

- (a) the Charged Property may be disposed of in whole or in part;
- (b) the Charged Property may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Charged Property may be the Collateral Agent or a customer of any such Person;
- (d) any sale conducted by the Collateral Agent will be at such time and place, on such notice, in accordance with such procedures and on such terms and conditions as the Collateral Agent, in its sole discretion, may deem advantageous;
- (e) the Charged Property may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of the Charged Property) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Charged Property may be on such terms and conditions as to credit or otherwise as the Collateral Agent, in its sole discretion, may deem advantageous; and
- (g) the Collateral Agent may establish an upset or reserve bid or price in respect of the Charged Property.

**Section 4.10 Dealings by Third Parties.**

- (a) No Person dealing with the Collateral Agent or an agent or a Receiver is required to determine: (i) whether the Charge has become enforceable; (ii) whether the powers which such Person is purporting to exercise have become exercisable; (iii) whether any money remains due to the Collateral Agent by the Chargor; (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease shall be made; (v) the propriety or regularity of any sale or any other dealing by the Collateral Agent with the Charged Property; or (vi) how any money paid to the Collateral Agent has been applied.
- (b) Any *bona fide* purchaser of all or any part of the Charged Property from the Collateral Agent or any Receiver or agent will hold the Charged Property absolutely, free from any claim or right of whatever kind, including any equity of redemption, of the Chargor, which it specifically waives (to the fullest extent permitted by applicable law) as against any such purchaser and all rights of redemption, stay or appraisal which the Chargor has or may have under any rule of law now existing or hereafter adopted.

**Section 4.11 No Right of Set-Off.**

The Secured Obligations secured by this Agreement shall be paid when due by the Chargor without regard to any equities existing between the Chargor and any other party including, without limitation, the Collateral Agent or any Secured Party and without regard to any right of set-off or cross-claim or of any other claim or demand of the Chargor against the Collateral Agent or any Secured Party.

**ARTICLE 5  
COVENANTS**

**Section 5.1 Covenants of the Chargor.**

The Chargor covenants and agrees, acknowledging and confirming that the Collateral Agent is relying on such covenants and agreements, that:

- (a) **Negative Pledge.** The Chargor will not create or suffer to exist any Lien over the Charged Property, except for the Permitted Liens and as otherwise permitted by the Loan Agreement;
- (b) **Perfection and Protection of Charge.** The Chargor will perform all acts, execute and deliver all agreements, documents and instruments and take such other steps as are reasonably requested by the Collateral Agent at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Charge including: (i) executing, recording and filing of financing or other statements, and paying all applicable taxes, fees and other charges payable, (ii) delivering acknowledgements, confirmations and subordinations that may be necessary to ensure that the Charge constitutes a valid and first perfected Lien (subject only to Permitted Liens), and (iii) delivering opinions of counsel in respect of matters contemplated by this paragraph. The documents and opinions contemplated by this paragraph must be in form and substance satisfactory to the Collateral Agent;
- (c) **Defend Charged Property.** The Chargor will defend the Charged Property from all adverse claims where the failure to do so would reasonably be expected to have, singly or in the aggregate, a material adverse effect; and
- (d) **Quiet Possession.** Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall be entitled to quiet possession of the Charged Property free from all Liens except for the Permitted Liens; subject to bankruptcy and insolvency laws and other similar laws of general application affecting the enforcement of creditors;

to the discretion of the courts in granting equitable remedies, and to general principles of law and equity.

**Section 5.2 Supplemental Debentures.**

At any time and from time to time, at the request of the Collateral Agent, the Chargor shall execute supplemental debentures hereto for any purpose, including without limitation, to more particularly describe the Charged Property or to correct or amplify the description of the Charged Property, to better assure, convey and confirm unto the Collateral Agent, for the benefit of the Secured Parties, any Charged Property or to update any Schedule herein. Upon the execution of any supplemental debenture under this Section 5.2 or any other modification agreed to by the Collateral Agent, this Agreement shall be modified in accordance therewith, and each supplemental debenture or modification shall form a part of this Agreement for all purposes and the Chargor shall be bound thereby.

**Section 5.3 Expropriation.**

Should any interest in or any part of the Charged Property be taken by the exercise of the right of eminent domain or taken, purchased or expropriated by any Governmental Authority or taken by a power reserved in any grant, the Collateral Agent may release the Charged Property so taken or purchased and shall be fully protected in so doing upon being furnished with an opinion of its counsel to the effect that such Charged Property has been taken by exercise of the right of eminent domain or purchased or expropriated by any Governmental Authority or a power reserved in any grant. The proceeds of all Charged Property so taken, purchased or expropriated shall be paid over to the Collateral Agent and be applied as set forth in Section 6.15.

**ARTICLE 6  
GENERAL**

**Section 6.1 Loan Agreement Governs.**

Notwithstanding anything to the contrary contained herein, this Agreement is issued subject always to the covenants, conditions, limitations and other provisions contained in the Loan Agreement. In the event of any conflict, discrepancy, difference or ambiguity in or between any of the provisions of this Agreement and any of the provisions of the Loan Agreement including, without limitation, in the amount payable thereunder, the principal sum for which this Agreement is expressed to be security or the interest payable thereunder and the interest rate on such principal sum, the provisions of the Loan Agreement shall prevail. For the avoidance of doubt, neither the Collateral Agent nor any subsequent holder of this Agreement may, at any time, claim any greater amount in respect of the principal amount of this Agreement than the aggregate amount of the Secured Obligations (excluding the stated principal sum of this Agreement and interest payable thereon at the stated rate of interest under this Agreement) outstanding at that time. Payment to the Collateral Agent of interest for any period in respect of the Secured Obligations is deemed to be payment in satisfaction of the interest payment for the same period under this Agreement.

**Section 6.2 Partial Release.**

No postponement or partial release or discharge of the Charge in respect of all or any part of the Charged Property for any reason whatsoever shall in any way operate or be construed so as to release and discharge the Charge in respect of the Charged Property except as therein specifically provided, or so as to release or discharge the Chargor from its liability to the Collateral Agent to fully pay and satisfy the Secured Obligations.

**Section 6.3 Notices.**

Any notice, direction or other communication given regarding the matters contemplated by this Agreement must be in writing and given in accordance with the Loan Agreement.

#### **Section 6.4 Discharge.**

The Charge will be discharged in accordance with Section 3.7 of the Loan Agreement.

#### **Section 6.5 No Merger.**

This Agreement shall not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Collateral Agent shall operate by way of merger of, or in any way affect, the Charge, which is in addition to, and not in substitution for, any other security held by the Collateral Agent in respect of the Secured Obligations. The representations, warranties and covenants of the Chargor in this Agreement survive the execution and delivery of this Agreement and any advances under the Loan Agreement. Notwithstanding any investigation made by or on behalf of the Collateral Agent, these covenants, representations and warranties continue in full force and effect.

#### **Section 6.6 Further Assurances.**

The Chargor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Collateral Agent may require and take all further steps relating to the Charged Property or any other property or assets of the Chargor that the Collateral Agent may reasonably require for: (i) protecting the Charged Property; (ii) perfecting, preserving or protecting the Charge; and (iii) exercising all powers, authorities and discretions hereby conferred upon the Collateral Agent. After the Charge becomes enforceable, the Chargor will do all acts and things and execute and deliver all documents and instruments as the Collateral Agent may require for facilitating the sale or other disposition of the Charged Property in connection with its realization.

#### **Section 6.7 Supplemental Security.**

This Agreement is in addition and without prejudice to and supplemental to all other security now held or which may hereafter be held by the Collateral Agent or any of the Secured Parties.

#### **Section 6.8 Successors and Assigns.**

- (1) This Agreement creates a continuing Charge in the Charged Property and shall (i) be binding on the Chargor and its successors and assigns, and (ii) enure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and each of its respective successors, permitted transferees and permitted assigns. No other Person (including any other creditor of the Chargor) shall have any interest herein or any right or benefit with respect hereto.
- (2) Without limiting the generality of this Section 6.8, the Collateral Agent may assign all or otherwise transfer all or any part of, or may grant participation in all or any part of, its interest in this Agreement to any other Person, in each case in accordance with the Loan Agreement, and such other Person shall then become vested with all the rights granted to the Collateral Agent in this Agreement or otherwise.
- (3) The Chargor may not assign, transfer or delegate any of its rights or obligations under this Agreement.
- (4) The Chargor agrees that its obligations hereunder and the Charge shall continue to be effective or be reinstated, as applicable, if at any time payment, or any part thereof, of all or any part of the Secured Obligations is rescinded or must otherwise be restored by the Collateral Agent upon the bankruptcy or reorganization of the Chargor or otherwise.

#### **Section 6.9 Amalgamation.**

The Chargor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that the Charge (i) subject to Section 3.5, extends to: (A) all of the property of the type and description set forth in Section 3.1 that any of the amalgamating corporations then owns, (B) all of the property of the type and description set forth in Section 3.1 that the amalgamated corporation thereafter acquires, (C) all of the property of the type and

description set forth in Section 3.1 in which any of the amalgamating corporations then has any interest and (D) all of the property of the type and description set forth in Section 3.1 in which the amalgamated corporation thereafter acquires any interest; and (ii) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Collateral Agent in any currency, however or wherever incurred, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation. The Charge attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired. Upon any such amalgamation, the defined term "**Chargor**" includes, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "**Charged Property**" means all of the property and undertaking and interests described in (i) above, and the defined term "**Secured Obligations**" means the obligations described in (ii) above.

#### **Section 6.10 Dollars or "\$".**

A reference herein to "\$" or the word "dollar" or "Dollars", without more, shall be a reference to lawful money of Canada.

#### **Section 6.11 Currency Indemnity.**

(1) If any sum due from the Chargor under this Agreement (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

- (a) making or filing a claim or proof against the Chargor;
- (b) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

the Chargor shall as an independent obligation, within five (5) Business Days of demand, indemnify the Collateral Agent against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that Person at the time of its receipt of that Sum.

(2) The Chargor waives any right it may have in any jurisdiction to pay any amount under this Agreement in a currency or currency unit other than that in which it is expressed to be payable.

#### **Section 6.12 Severability.**

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

#### **Section 6.13 Amendment.**

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Collateral Agent and the Chargor.

#### **Section 6.14 Waivers, etc.**

(1) No consent or waiver by the Collateral Agent in respect of this Agreement is binding unless made in writing and signed by an authorized officer or director of the Collateral Agent. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which it is given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.

- (2) A failure or delay on the part of the Collateral Agent in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Collateral Agent however arising. A single or partial exercise of a right on the part of the Collateral Agent does not preclude any other or further exercise of that right or the exercise of any other right by the Collateral Agent.

**Section 6.15 Application of Proceeds of Security.**

All monies collected by the Collateral Agent upon the enforcement of the Collateral Agent's rights and remedies under the Loan Agreement and the other Credit Documents and the Liens created by them including any sale or other disposition of the Charged Property, together with all other monies received by the Collateral Agent under the Loan Agreement and the other Credit Documents, will be applied as provided in the Loan Agreement.

**Section 6.16 Governing Law.**

- (1) This Agreement shall be governed by and construed in accordance with the laws of Alberta and the laws of Canada applicable therein.
- (2) The Chargor irrevocably attorns and submits to the non-exclusive jurisdiction of any court of competent jurisdiction of the Province of Alberta sitting in Calgary, Alberta in any action or proceeding arising out of or relating to this Agreement. The Chargor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section limits the right of the Collateral Agent to bring proceedings against the Chargor in the courts of any other jurisdiction.

**Section 6.17 Time of the Essence.**

Time shall be of the essence of this Agreement.

**Section 6.18 Charging Clause.**

For better securing to the Collateral Agent the repayment in the manner set out above of the principal sum set forth herein together with all other Secured Obligations, the Chargor hereby mortgages to the Collateral Agent all of its estate and interest in the Charged Property.

**Section 6.19 Waiver of Financing Statement, Etc.**

The Chargor hereby waives the right to receive from the Collateral Agent a copy of any financing statement, financing change statement or other statement or document filed or registered at any time in respect of this Agreement or any verification statement or other statement or document issued by any registry that confirms or evidences registration of or relates to this Agreement.

**Section 6.20 Undertaking to Grant Fixed Charge.**

If the Collateral Agent determines, in its sole and absolute discretion, that there has been a Material Adverse Effect, or a Default or Event of Default has occurred and is continuing, and the Collateral Agent considers it necessary for its adequate protection, the Chargor, at the request of the Collateral Agent, will forthwith grant or cause to be granted to the Collateral Agent a fixed Lien (subject only to Permitted Liens which under Applicable Law rank in priority thereto) in such of the Chargor's property as the Collateral Agent, in its sole and absolute discretion, determines as security for all then present and future Secured Obligations. The Chargor will:

- (a) do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further documents, financing statements, assignments, acts, matters and things which may be reasonably required by the Collateral Agent to give effect to any provision of the amended, new or replacement security documents, as applicable;
- (b) provide the Collateral Agent with such information as is reasonably required by the Collateral Agent to identify the property to be charged;

- (c) do all such things as are reasonably required to grant the Liens to be granted pursuant to the amended, new or replacement security documents;
- (d) provide the Collateral Agent with all corporate, partnership or other organizational resolutions and other action required for the Chargor to grant the amended, new or replacement security documents;
- (e) provide the Collateral Agent with an opinion of the Chargor's counsel confirming the due authorization, execution and delivery by the Chargor of all such agreements and instruments comprising the amended, new or replacement security documents in form and content satisfactory to the Collateral Agent, acting reasonably; and
- (f) assist the Collateral Agent in the registration or recording of such security documents in such public registry offices in Canada and any province thereof as the Collateral Agent, acting reasonably, deems necessary to protect the Liens created by such security documents.

**Section 6.21      Electronic Execution and Counterparts.**

This Agreement may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this Agreement.

***[Remainder of page left intentionally blank.]***



**DATED** as of the date first written above.

**GRIFFON PARTNERS OPERATION CORP.**

Per: \_\_\_\_\_




Name: Daryl Stepanic

Title: Chief Executive Officer

Acknowledged and Agreed to by:

GLAS AMERICAS LLC

Per:   
\_\_\_\_\_  
Name: Yana Kislenko  
Title: Vice President

## **SCHEDULE "A"**

### **LANDS AND PROPERTY INTERESTS**

The Specifically Mortgaged Lands referred to in Section 3.1(a) to the Agreement to which this Schedule "A" forms a part consist of all of the present and after-acquired right, title, interest and estate of the Chargor in and to:

- (1) all Petroleum Substances (including, without limitation, petroleum, natural gas, oil and related hydrocarbons) or minerals in place or in storage within, upon or under the Specifically Mortgaged Lands (the interest of the Chargor therein being represented to be not less than that set forth in Exhibit "1" to this Schedule "A");
- (2) all rights, licenses, agreements, leases, permits, servitudes, privileges, easements, rights of way, rights of entry, rights of ingress and egress, and other surface rights, governmental or administrative authorizations, licenses, permits and consents and other rights now owned or hereafter acquired by the Chargor under which the Chargor derives, holds or maintains the right to enter upon, occupy and use the Specifically Mortgaged Lands (and any other lands used in connection with operations relating to such lands) including, without limitation, the right to drill for produce, store, gather, treat, process, ship, or transport Petroleum Substances and associated waste products now or hereafter produced or allocated to the Specifically Mortgaged Lands;
- (3) all Leases, licenses, permits, reservations, agreements, authorizations and other instruments (including, without limitation, such as may be described in Exhibit "1" to this Schedule "A") under which the Chargor derives, holds or maintains rights in and to the Specifically Mortgaged Lands or any Products, including agreements respecting the right to drill for, produce, store, gather, treat, process, ship, or transport hydrocarbons and associated waste products now or hereafter produced or allocated to the Specifically Mortgaged Lands, and all rights, benefits, privileges and advantages of the Chargor thereunder or derived therefrom;
- (4) all the estate or interest of the Chargor in and to any of the foregoing hydrocarbons or minerals, rights, licenses, permits and lands including, without limitation, all interests and rights known as a working interest, royalty interest, overriding royalty interest, gross overriding royalty interest, production payments, profits interest, net profits interest, revenue interest, net revenue interest and other interests in and to all such lands (including all stratigraphic formations from surface to basement) and leases and fractional or undivided interests in any of the foregoing; and
- (5) all buildings, structures, improvements, expansions, erections, works, and Fixtures now or hereafter brought, built, erected, constructed, placed or otherwise situate on the Specifically Mortgaged Lands,

and in particular, but without limitation, the rights and interests of the Chargor referred to in Exhibit "1" to this Schedule "A".

**EXHIBIT “1” TO SCHEDULE “A”**

**Lands, and Leases and other Agreements**

See attached.