

COURT OF APPEAL OF ALBERTA

FORM AP-1

[RULE 14.8 and 14.12]

COURT OF APPEAL FILE
NUMBER: 2101-0004AC

TRIAL COURT FILE
NUMBER: 25-2679073

REGISTRY OFFICE: CALGARY

APPLICANTS: BEHROKH AZARIAN, HOMAYOUN HODAIE, MANDANA
REZAIE, MEHRAN POOLADI-DARVISH, MEYSAM OVAICI,
FIROOZ ABBASZADEH, MEHRAN JOOZDANI, LAYLA
AMJADI, MEER TAHER SHABANI-RAD, ZAHRA AHMADI-
NAGHDEHI, AFSHIN SHAMELI, MARYAM MOHSEN ZADEH,
PARHAM MINOO, HALEH PEIRAVI, MOHAMMAD
AHADZADEH ARDEBILI, RAMIN JALALPOOR, ELHAM VAKILI
AZGHANDI, TARIQ MAHMOOD ROSHAN, AMIN
JALALPOOR, FAISAL KHAN, POONAM DHARMANI AND ALI
NILFOROUSH

STATUS ON APPEAL: Appellants

STATUS ON APPLICATION: Respondents

RESPONDENTS: GREENFIRE OIL & GAS LTD. AND GREENFIRE
HANGINGSTONE OPERATING CORPORATION

STATUS ON APPEAL: Respondents

STATUS ON APPLICATION: Applicant

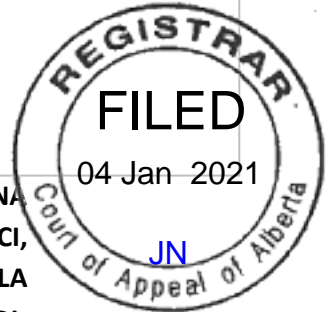
NON-PARTY: ALVAREZ & MARSAL CANADA INC. IN ITS CAPACITY AS
PROPOSAL TRUSTEE OF GREENFIRE OIL & GAS LTD. AND
GREENFIRE HANINGSTONE OPERATING CORPORATION

STATUS ON APPEAL: Respondent

DOCUMENT AFFIDAVIT OF MEER TAHER SHABANI RAD

ADDRESS FOR SERVICE AND
CONTACT INFORMATION Field LLP
400, 444 – 7th Avenue SW
Calgary, AB T2P 0X8
Attention: Douglas S. Nishimura
Phone: 403.260.8500 Fax: 403.264.7084
File No. 72185-1

Registrar's Stamp



CONTACT INFORMATION FOR ALL OTHER PARTIES:

<p>Burnet, Duckworth & Palmer LLP 2400, 525 – 8th Avenue SW Calgary, AB T2P 1G1</p> <p>Attention: David LeGeyt / Ryan Algar</p> <p>Email: dlegeyt@bdplaw.com / ralgar@bdplaw.com</p> <p>Counsel for Greenfire Oil and Gas Ltd. and Greenfire Hangingstone Operating Corporation</p>	<p>Alvarez & Marsal Canada Inc. 1110, 250 6th Avenue SW Calgary, AB T2P 3H7</p> <p>Attention: Orest Konowalchuk / Duncan MacRae</p> <p>Email: okonowalchuk@alvarezandmarsal.com / dmacrae@alvarezandmarsal.com</p> <p>Proposal Trustee</p>
<p>McMillan LLP TD Canada Trust Tower, Suite 1700 421 7th Avenue S.W. Calgary, AB T2P 4K9 Attention: Adam Maerov / Kourtney Rylands</p> <p>Email: Adam.Maerov@mcmillan.ca / Kourtney.Rylands@mcmillan.ca</p> <p>Counsel to Proposal Trustee, Alvarez & Marsal Canada Inc.</p>	

And to the Service List


**AFFIDAVIT OF MEER TAHER SHABANI-RAD
(Sworn December 28, 2020)**

I, MEER TAHER SHABANI-RAD, of the City of Calgary, in the Province of Alberta, MAKE OATH AND SAY THAT:

1. I am a member of the Investor Group, as defined in my Affidavit sworn October 14, 2020, my Supplemental Affidavit sworn December 9, 2020, my Supplemental Affidavit sworn December 14, 2020 and my Supplemental Affidavit sworn December 17, 2020 of Greenfire Oil & Gas Ltd. ("**Greenfire**") filed in the NOI Proceedings (collectively referred to as the "**Greenfire Affidavits**"), and as such, I have personal knowledge of the facts deposed to herein, except where stated to be upon information and belief, in which case I believe the same to be true.
2. This Affidavit is supplemental to the Greenfire Affidavits. Accordingly, capitalized terms used herein have the same meaning as in the Greenfire Affidavits as defined therein.

3. As set forth in the Greenfire Affidavits, the Investors Group has secured funds and offered to advance interim financing to Greenfire, subject only to the conditions that the financing be used to:
- (a) preserve the assets so that a proper sales process can take place
 - (b) fund the said sales process;
 - (c) pay administrative costs;
 - (d) that funds loan to be under the control of the Proposal Trustee or a trustee in bankruptcy, as the case may be; and
 - (e) decision-making with respect to use of the funds for preservation of assets being consultation with the investors Group.
4. In support of the foregoing, counsel for the Investors Group has prepared an interim financing term sheet, a copy of which is attached as **Exhibit "A"** to this Affidavit. These terms are, in my view, more favorable than the terms which it has presently accepted. The term sheet, in our view simply represents documentation confirming what has previously been proposed by the Investors Group.
5. The Investors Group lacks confidence in the management of the debtor, and believes that the sale and financing approved by the court below is not in the best interest of creditors and other stakeholders, and therefore continues to oppose these transactions. The lack of confidence held by the Investors Group stems not only from the conduct in the NOI proceeding, but also as a result of the previous misrepresentations by management of Greenfire to the Investor Group, as set out in my first affidavit.

SWORN BEFORE ME at the City of Calgary,
in the Province of Alberta, this 28th day of
December, 2020.


A Commissioner for Oaths in and for Alberta


MEER TAHER SHABANI-RAD

SWORN BEFORE ME THIS 28TH DAY OF DECEMBER, 2020.

INTERIM FINANCING TERM SHEET


A Commissioner for Oaths in and for Alberta

Dated as of December ____, 2020

WHEREAS, the Borrower (as defined below) has requested that the Interim Lender (as defined below) provide interim financing to the Proposal Trustee (as defined below) in order to fund certain of the Credit Parties' (as defined below) obligations during the pendency of the Credit Parties' proceedings (the "**NOI Proceedings**") under the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**") commenced before the Court of Queen's Bench of Alberta (the "**Court**") and in accordance with the terms and conditions set out in this interim financing term sheet (the "**Interim Financing Term Sheet**");

AND WHEREAS, the Interim Lender has agreed to provide funding to Alvarez & Marsal (Canada) Inc. in its capacity as the proposal trustee (the "**Proposal Trustee**") in order to fund certain obligations of the Credit Parties in the context of the Credit Parties' Restructuring Proceedings in accordance with the terms set out herein;

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

1. **BORROWER:** Greenfire Oil and Gas Ltd. and Greenfire Hangingstone Operating Corporation, by and through the Proposal Trustee (collectively, the "**Borrowers**" or the "**Credit Parties**").
2. **INTERIM LENDER:** [●] (as lender under the Interim Facility, the "**Interim Lender**").
3. **DEFINED TERMS:** Capitalized terms used in this Interim Financing Term Sheet have the meanings given thereto in Schedule "A".
4. **PURPOSE:** To provide for the short-term liquidity needs of the Credit Parties pursuant to the Agreed Budget while the Credit Parties are under creditor protection pursuant to the Restructuring Proceedings existing or to be commenced before the Court and as more fully set forth herein and to repay any other interim financing obtained by the Borrowers prior to approval of this Interim Financing Term Sheet.
5. **CLOSING DATE** On or about [**December** ____], 2020, being the date upon which the Funding Conditions have been satisfied or waived by the Interim Lender (the "**Closing Date**").
6. **INTERIM FACILITY AND MAXIMUM AMOUNT:** A super priority (debtor-in-possession), interim, non-revolving credit facility (the "**Interim Facility**") of up to **Cdn.\$[4,000,000]** (as such

amount may be reduced by the Credit Parties from time to time hereof, the "**Maximum Amount**"), subject to the terms and conditions contained herein. Interim Advances shall be deposited into the Deposit Account, and utilized by the Credit Parties in accordance with the terms hereof.

Interim advances shall be made to the Borrower from the Interim Facility (such advances being referred to herein as "**Interim Advances**", and "**Interim Advance**" means each such advance) by the Interim Lender in accordance with the conditions set out in Section 13 hereof.

7. **CONDITIONS PRECEDENT TO INTERIM ADVANCES:**

The Interim Lender's agreement to make Interim Advances to the Proposal Trustee is subject to the satisfaction of the following conditions precedent (these conditions, the "**Funding Conditions**") as determined by the Interim Lender in its sole and absolute discretion (unless otherwise specified herein):

1. The Court shall have issued and entered an Order (the "**Interim Financing Order**"), substantially in the form attached hereto as **Schedule "B"**, approving this Interim Financing Term Sheet and the Interim Facility, and granting the Interim Lender a charge (the "**Interim Lender Charge**") securing all obligations owing by the Credit Parties to the Interim Lender hereunder including, without limitation, all principal of the Interim Advances, interest thereon and Interim Financing Fees and Expenses (collectively, the "**Interim Financing Obligations**"), which shall have priority over all Liens other than the Permitted Priority Liens, and the Interim Financing Order shall not have been stayed, vacated or otherwise caused to be ineffective or amended, restated or modified in a way that adversely impacts the rights and interests of the Interim Lender, as determined by the Interim Lender (acting reasonably), without the consent of the Interim Lender and which shall enhance the Proposal Trustee's powers in order to give it the power to administer the Interim Financing in accordance with this Interim Financing Term Sheet and any **[Agreed Budget]**;

2. The Interim Financing Credit Documentation shall be satisfactory to the Interim

Lender, acting reasonably, and shall have been executed by the Credit Parties and the Interim Lender, as applicable;

3. The Interim Lender shall, acting reasonably, be satisfied that the Credit Parties have complied with and are continuing to comply in all material respects with all applicable laws, regulations and policies in relation to their businesses other than as may be permitted under a Restructuring Court Order or as to which any enforcement in respect of non-compliance is stayed by a Restructuring Court Order, provided the issuance of such Restructuring Court Order does not result in the occurrence of an Event of Default;

4. The Interim Lender shall have received a written request for an Interim Advance from the Borrower, substantially in the form of **Schedule "C"** hereto (a "**Drawdown Certificate**"), which shall be executed by an officer of the Borrower, and shall certify, *inter alia*, that the requested Interim Advance is within the Maximum Amount and the Agreed Budget, and that the Borrower and the other Credit Parties are in compliance with the Interim Financing Credit Documentation and the Restructuring Court Orders;

5. The Interim Lender shall have received the Agreed Budget in accordance with the terms of this Interim Financing Term Sheet;

6. The requested Interim Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget;

7. All Interim Financing Fees and Expenses for which invoices have been provided to the Borrower, shall have been paid, or will be paid from the proceeds of the requested Interim Advance within such period of time as is acceptable to the Interim Lender in its discretion;

8. All of the representations and warranties of the Credit Parties as set forth in this Interim Financing Term Sheet and in any other Interim Financing Credit Documentation are true and

accurate;

9. No Default or Event of Default has occurred or will occur as a result of the requested Interim Advance;

10. The Interim Lender is satisfied that no Material Adverse Change shall have occurred after the date of the issuance of the Interim Financing Order;

11. There are no Liens ranking in priority to the Interim Lender Charge, other than the Permitted Priority Liens;

12. In any calendar week, the Borrower shall not have made any previous request for an Interim Advance (that is, the Borrower shall only be entitled to request no more than a single Interim Advance in any calendar week).

For greater certainty, the Interim Lender shall not be obligated to make any Interim Advance or otherwise make available any funds pursuant to this Interim Financing Term Sheet unless and until all of the foregoing conditions have been satisfied and all of the foregoing documentation and confirmations have been obtained (for certainty, each of the same as a condition precedent to each Interim Advance), each in form and substance satisfactory to the Interim Lender.

8. COSTS AND EXPENSES

The Borrower shall pay all of the Interim Lender's reasonable legal fees and out-of-pocket disbursements and any costs of realization or enforcement, in each case in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, the Interim Financing Credit Documentation or the Restructuring Proceedings (collectively, the "**Interim Financing Fees and Expenses**").

9. INTERIM FACILITY SECURITY AND DOCUMENTATION

All Interim Financing Obligations shall be secured by the Interim Lender Charge.

The Interim Lender Charge shall be a priority Lien, subordinate only to the Permitted Priority Liens. Notwithstanding the foregoing, and subject to the concluding sentence of this paragraph, no proceeds of any Interim Advance may be used to (a) investigate, object to or challenge in any way

any claims of the Interim Lender against any of the Credit Parties in respect of the Interim Facility, or (b) investigate, object to or challenge in any way the validity or enforceability of the Liens created pursuant to the Interim Lender Charge. Nothing in this paragraph shall restrict the Credit Parties or the Court Officer, including the engagement by the Court Officer of independent legal counsel, from (and receiving their fees, costs and expenses therefor) conducting a claims process in accordance with any Restructuring Court Order, if necessary.

Subject to the Agreed Budget and other limitations set forth herein, the Borrower may only request and apply Interim Advances through the Borrower's existing cash management system with ATB Financial as in existence immediately prior to the Filing Date or otherwise as agreed to with the Interim Lender, acting reasonably. Except as set out in the Agreed Budget, the Borrower shall not effect, and shall not permit to occur, any distribution of funds (whether from proceeds of the Interim Facility or otherwise) from a Credit Party to any subsidiary or affiliate that is not a Credit Party

10. PERMITTED LIENS AND PRIORITY:

All Collateral will be free and clear of all other Liens, except for the Permitted Liens.

11. REPAYMENT:

The Interim Facility shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured and a demand for repayment in writing having been made by the Interim Lender to the Borrower with a copy to the Court Officer (and each of their respective counsel); (ii) the implementation of a proposal within the NOI Proceedings (a "**Proposal**"), which has been approved by the requisite majorities of the Credit Parties' creditors; (iii) the closing of a Restructuring Sale within the Restructuring Proceedings which has been approved by Court Order; (iv) the conversion of the Restructuring Proceedings into a bankruptcy or receivership process under the BIA; and (v) April 16, 2021 (the earliest of such dates being the "**Maturity Date**").

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be

repaid in full no later than the Maturity Date, without the Interim Lender being required to make demand upon the Borrower or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Proposal or Plan shall not discharge or otherwise affect in any way any of the obligations of the Borrowers to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all obligations under the Interim Facility on or before the date the Proposal or Plan is implemented.

12. AGREED BUDGET, CASH FLOW FORECAST AND REVISED BUDGET:

The Proposal Trustee shall prepare and provide, in form and substance satisfactory to the Interim Lender in its sole and absolute discretion: (i) a weekly line item budget covering the period of at least 13 calendar weeks following the Closing Date (together with all updates thereto approved by the Interim Lender in its sole and absolute discretion, the "**Agreed Budget**") and (ii) a projected statement of sources and uses of cash for the Credit Parties on a weekly basis for the 13 calendar weeks following the Closing Date (the "**Cash Flow Forecast**"). The Agreed Budget shall set forth expected receipts and all of the operating and capital expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Thursday of each week by 5:00 p.m. (Calgary time), commencing on the Thursday of the calendar week following [INSERT DATE], 2020, the Proposal Trustee shall deliver to the Interim Lender: (a) a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period, (b) an update and extension to the Agreed Budget (the "**Revised Budget**") for the period commencing from the end of the previous week through and including thirteen weeks thereafter, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Interim Lender, and an update

and extension to the Cash Flow Forecast (the "**Revised Cash Flow Forecast**") for the period commencing from the end of the previous week through and including thirteen weeks thereafter, which shall reflect the Borrower's good faith projections and be in form and detail consistent with the initial Cash Flow Forecast and subject to the approval of the Interim Lender. The Borrower shall, and shall use commercially reasonable efforts, if requested by the Interim Lender, to cause its non-legal advisors to, participate on weekly conference calls with the Interim Lender, and its respective advisors, to discuss the Revised Budget, the Borrower's current and projected operational performance, and any related financial matters. The Borrower shall ensure that when measured as of each Variance Testing Date, the following cash flow test (the "**Cash Flow Test**") for each of the components of the Agreed Budget is met:

1. The Borrower's total expenditures (excluding any legal or advisory fees incurred on behalf of the Interim Lender paid before October 30, 2020) for the prior week period shall not have exceeded 110% of the amount of total expenditures for such prior week period as set forth in the Agreed Budget.

2. The Borrower shall provide detailed bridges (quantitative explanations of the budget-to-actual variances) for each variable line-item of the financial statements (revenues, operating expenses and marketing costs) as well as for any other line item variances outside of the management's direct control (commodity prices, foreign exchange gains/losses) that impact the overall consolidated financial results (the "**Budget Variance Report**").

Notwithstanding any other provision in this Section 12, the Borrower shall be permitted to incur extraordinary expenses not otherwise permitted under the Cash Flow Test with the consent of the Interim Lender.

13. **AVAILABILITY UNDER INTERIM FACILITY:**

Provided that a Default or an Event of Default has not occurred, each Interim Advance shall be made by the Interim Lender to the Proposal Trustee within two (2) Business Days after satisfaction, as determined by the Interim Lender

in its discretion, acting reasonably, of all of the applicable Funding Conditions set out in this Interim Financing Term Sheet.

Interim Advances shall be available to the Proposal Trustee and then to advance to the Borrower in Canadian Dollars. Each Interim Advance shall be in a minimum aggregate amount that is no less than **Cdn.[\$500,000]**

All proceeds of Interim Advances shall be deposited into the Deposit Account. The Deposit Account shall be subject to a priority Lien in favour of the Interim Lender, subordinate only to the Permitted Priority Liens.

14. USE OF PROCEEDS:

The proceeds of the Interim Facility shall only be used: (i) to finance operating expenses, restructuring costs (including professional fees, fees of the legal counsel to the Credit Parties, the Court Officer and the Court Officer's legal counsel), and for general corporate purposes of the Borrower and Credit Parties, all in accordance with the Agreed Budget, subject to the expenditure variances referenced in Section 20(c) below, and (ii) to pay fees and expenses related to the Interim Facility and the Restructuring Proceedings, provided that no proceeds from the Interim Facility or the Collateral shall be used other than in accordance with this Interim Financing Term Sheet unless otherwise agreed in writing by the Interim Lender.

15. EVIDENCE OF INDEBTEDNESS:

The Interim Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Interim Lender pursuant to the Interim Facility.

16. PREPAYMENTS:

Provided the Court Officer is satisfied that there are sufficient cash reserves in the Credit Parties' bank accounts to satisfy amounts secured by the Permitted Priority Liens, the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the Interim Facility at any time prior to the Maturity Date, without any prepayment fee or penalty.

**17. FEES, INTEREST RATE AND
DEFAULT RATE:**

18. CURRENCY:

Unless otherwise stated, all monetary denominations shall be in Cdn Dollars. Any payment under this Interim Financing Term Sheet which any Credit Party pays to the Interim Lender in a currency other than Cdn Dollars (the "**Other Currency**"), whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction, will only discharge the Credit Parties' liability under this Interim Financing Term Sheet to the extent of the Equivalent Amount in Cdn Dollars of the Other Currency so paid.

19. REPRESENTATIONS AND WARRANTIES:

Each of the Credit Parties represents and warrants to the Interim Lender, upon which the Interim Lender is relying in entering into this Interim Financing Term Sheet and the other Interim Financing Credit Documentation, as follows:

- (a) The transactions contemplated by this Interim Financing Term Sheet and the other Interim Financing Credit Documentation:
 - (i) are within the power of the Proposal Trustee for and on behalf of the Credit Parties;
 - (ii) constitutes legal, valid and binding obligations of each of the Credit Parties; and
 - (iii) do not require the consent or approval of, registration or filing with, or any other action by, any Governmental Authority, other than filings which may be made to register or otherwise record the Interim Lender Charge.
- (b) The activities of the Credit Parties have been conducted in material compliance with all applicable provincial, state and federal laws, subject to the provisions of the BIA and any Restructuring Court Order, unless: (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Restructuring Court Order.
- (c) Each of the Credit Parties has maintained its obligations for payroll, source

deductions, goods and services tax and harmonized sales tax, as applicable, and is not in arrears in respect of payment of these obligations.

- (d) The Agreed Budget, the Cash Flow Forecast and each Revised Budget and Revised Cash Flow Forecast are reasonable and prepared in good faith.
- (e) All representations and warranties made by Proposal Trustee in all Interim Financing Credit Documentation are true and correct in all material respects as of the time such representations and warranties are made.
- (f) No Default or Event of Default has occurred and is continuing.
- (g) This Interim Financing Term Sheet, including Section 28 hereof and the constituent definitions herein and under the other Interim Financing Credit Documentation relating to interest and other amounts payable hereunder and thereunder, satisfies the requirements of section 4 of the *Interest Act* (Canada) to the extent that section 4 of the *Interest Act* (Canada) applies to the expression, statement or calculation of any rate of interest or other rate per annum hereunder or under any other Interim Financing Credit Documentation.
- (h) The Borrowers are each able to calculate the yearly rate or percentage of interest payable under any Interim Financing Credit Documentation based on the methodology set out herein and under the other documents, including Section 28 hereof and the constituent definitions herein and under the other Interim Financing Credit Documentation relating to interest and other amounts payable hereunder and thereunder.

20. AFFIRMATIVE COVENANTS:

In addition to all of the other covenants and obligations contained herein, the Credit Parties covenant and agree to perform and do each of the following until the Interim Financing

Obligations are permanently and indefeasibly repaid in full and the Interim Facility is terminated:

- (a) Allow the Interim Lender or its agents and advisors, on reasonable notice during regular business hours, to enter on and inspect each of the Credit Parties' assets and properties, and provide the Interim Lender or its agents or advisors, on reasonable notice and during normal business hours, full access to the books and records of the Credit Parties' and cause management thereof to fully co-operate with the Interim Lender or its agents and advisors, as applicable.
- (b) Use reasonable efforts to keep the Interim Lender apprised on a timely basis of all material developments with respect to the business and affairs of the Credit Parties, including (without limitation) the development of a Proposal, Plan or a Restructuring Option.
- (c) Deliver to the Interim Lender periodic reporting packages and other information requested by the Interim Lender from time to time, including (i) annual and quarterly unaudited financial statements for the Credit Parties, each together with officer compliance certificates and management reports, on a look-forward basis; (ii) Budget Variance Reports as set forth above; provided that in the case of the Budget Variance Report delivered on each Variance Testing Date, the Credit Parties' total expenditures for the prior four week period shall not have exceeded 110% of the amount of total expenditures for such four week period as set forth in the Agreed Budget; (iii) a reasonable period of time prior to filing with the Court, copies of all pleadings, motions, applications, judicial or financial information and other documents filed by or on behalf of any Credit Party with the Court; and (iv) notice of material events, including, without limitation, defaults, new litigation or changes in status of ongoing litigation, regulatory and other filings and any other event that could reasonably be expected to result in a

Material Adverse Change. Without limiting the foregoing, the Credit Parties shall deliver to the Interim Lender copies of any financial reporting provided to the Court Officer in a timely manner and forthwith provide to the Interim Lender any reports or commentary received from the Court Officer regarding the financial position of the Credit Parties.

- (d) Use the proceeds of the Interim Facility only for the purposes described in Section 14, and in a manner consistent with the restrictions set out herein.
- (e) Comply with the provisions of the court orders made in the Restructuring Proceedings applicable to the Credit Parties (collectively, the "**Restructuring Court Orders**" and each a "**Restructuring Court Order**"); provided that if any such Restructuring Court Order contravenes this Interim Financing Term Sheet or any of the Interim Financing Credit Documentation so as to adversely impact the rights or interests of the Interim Lender, the same shall be an Event of Default hereunder.
- (f) Preserve, renew and keep in full force its respective corporate, partnership or trust existence and its respective material licenses, permits, approvals, and other authorizations required in respect of its business, properties, assets or any activities or operations carried out therein, unless otherwise agreed by the Interim Lender.
- (g) Conduct all activities in a manner consistent with the Agreed Budget.
- (h) Forthwith notify the Interim Lender of the occurrence of any Default or Event of Default, including an Updated Budget Default.

- (i) Provide the Interim Lender with draft copies of all motions, applications, proposed orders or other material or documents that any of them intend to file in the Restructuring Proceedings as soon as practically possible prior to any such filing.
- (j) Provide to the Interim Lender regular updates regarding the status of the Restructuring Proceedings including, without limitation, reports on the progress of any Proposal, Plan or Restructuring Option, and any information which may otherwise be confidential subject to same being maintained as confidential by the Interim Lender.

21. **NEGATIVE COVENANTS:**

The Credit Parties covenant and agree not to do the following, other than with the prior written consent of the Interim Lender:

- (a) Transfer, lease or otherwise dispose of all or any part of its property, assets or undertaking over Cdn.\$5,000 at any one time, or through a series of related transactions over Cdn.\$50,000 in the aggregate after the date hereof (excluding dispositions of obsolete assets and the disposition of inventory in the ordinary course of business), without the prior written consent of the Interim Lender or the Court.
- (b) Make any payment of principal or interest in respect of existing (pre-filing) debt or obligation, other than as may be permitted by a Restructuring Court Order and that does not result in an Event of Default, and is provided for in the Agreed Budget.
- (c) Create or permit to exist indebtedness (including guarantees thereof or indemnities or other financial assistance in respect thereof) other than existing (pre-filing) debt, debt contemplated by this Interim Financing Term Sheet and post-filing trade payables.
- (d) Make any payments not consistent with the Agreed Budget.

- (e) Make or give any additional financial assurances, in the form of bonds, letters of credit, guarantees or otherwise, to any person (including, without limitation, any Governmental Authority).
- (f) Create, permit to exist or seek or support a motion by another party to provide to any third party a Lien on the Collateral which is senior to or *pari passu* with the Interim Lender Charge, other than the Permitted Priority Liens.
- (g) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
- (h) Make any payment in respect of post-employment benefit payments.

22. INDEMNITY AND RELEASE:

The Credit Parties agree, on a joint and several basis, to indemnify and hold harmless the Interim Lender and its directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to hereafter as "**Indemnified Persons**") from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against or involve any Indemnified Person (collectively, "**Claims**") as a result of or arising out of or in any way related to or resulting from the Interim Facility, this Interim Financing Term Sheet or any other Interim Financing Credit Documentation (regardless of whether such Claim is made in the Restructuring Proceedings or any other proceeding, including a bankruptcy or insolvency proceeding) and, upon demand, to pay and reimburse any Indemnified Person for any legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Credit Parties shall

not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability (x) to the extent it resulted from the gross negligence or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction, or (y) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of a Credit Party. The Credit Parties shall not be responsible or liable to any Indemnified Person or any other person for consequential or punitive damages. Each of the Indemnified Persons undertakes to repay any and all costs paid to such Indemnified Person in accordance with this Section 22 if it is ultimately determined that such Indemnified Person is not entitled to be indemnified therefor.

The indemnities granted under this Interim Financing Term Sheet shall survive any termination of the Interim Facility.

23. EVENTS OF DEFAULT:

The occurrence of any one or more of the following events without the Interim Lender's written consent shall constitute an event of default ("**Event of Default**") under this Interim Financing Term Sheet:

- (a) the issuance of an order of the Court (including any Restructuring Court Order) or any other court of competent jurisdiction:
 - (i) dismissing the Restructuring Proceedings or lifting the stay in the Restructuring Proceedings to permit (A) the enforcement of any Lien against a Credit Party, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official or the making of a bankruptcy order against a Credit Party;
 - (ii) granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Administration Charge;

- (iii) staying, reversing, vacating or otherwise modifying the Interim Financing Credit Documentation or any Restructuring Court Order in a manner adverse to the interests of the Interim Lender;
 - (iv) adversely impacting the rights and interests of the Interim Lender, as determined by the Interim Lender, acting reasonably, without the prior written consent of the Interim Lender; or
 - (v) directing any Credit Party to pay any post-employment benefits;
- (b) the filing of any pleading by any Credit Party seeking any of the matters set forth in clause (a) above or failure of the Credit Parties to diligently oppose any party that brings an application or motion for the relief set out in paragraph (a) above and/or fails to secure the dismissal of such motion or application within 5 days from the date such application or motion is brought;
- (c) failure of any of the Credit Parties to comply with any negative covenants in this Interim Financing Term Sheet;
- (d) any Revised Cash Flow Forecast or any Budget Variance Report contemplates or forecasts an adverse change or changes from the then existing Agreed Budget and such change(s) constitute a Material Adverse Change, or any Revised Cash Flow Forecast or any Budget Variance Report forecasts that borrowings under the Interim Facility will exceed the Maximum Amount at any time (unless and until the Interim Lender consent to increase the Maximum Amount, which shall be in the Interim Lender's sole and absolute discretion) (each, an "**Updated Budget Default**");
- (e) if any event or circumstance shall occur or exist that is a Material Adverse Change, as determined by the Interim Lender, in its

sole discretion;

- (f) borrowings under the Interim Facility exceed the Maximum Amount at any time without the prior consent of the Interim Lender;
- (g) any material violation or breach of any Restructuring Court Order upon receipt by a Credit Party of notice from the Interim Lender of such violation or breach;
- (h) an event of default under and as defined in any of the other Interim Financing Credit Documentation has occurred;
- (i) any proceeding, motion or application is commenced or filed by any of the Credit Parties, or if commenced by another party, supported or otherwise consented to by any Credit Party, seeking the invalidation, subordination or other challenging of the terms of the Interim Facility, the Interim Lender Charge, this Interim Financing Term Sheet, or any of the other Interim Financing Credit Documentation or, unless the Proposal, Plan or Restructuring Option provides for repayment in full of the Interim Facility, the approval of any Proposal, Plan or Restructuring Option which does not have the prior written consent of the Interim Lender;
- (j) any Proposal is sanctioned or any Restructuring Option is consummated by any of the Credit Parties that is not consistent with or contravenes any provision of this Interim Financing Term Sheet or other Interim Financing Credit Documentation in a manner that is adverse to the interests of the Interim Lender, as determined by the Interim Lender, acting reasonably, or would reasonably be expected to adversely affect the interests of the Interim Lender, as determined by the Interim Lender, acting reasonably, unless the Interim Lender has consented thereto;
- (k) except as set out in the Agreed Budget, or as otherwise agreed to in writing by the Interim Lender, any Credit Party is required

by any Governmental Authority to make expenditures or pay damages, fines, claims, costs or expenses to remediate, in respect of any Environmental Liabilities, and such requirement is not stayed by a Restructuring Court Order;

- (l) if any Credit Party pays or agrees to pay any of the legal, consulting or other professional fees and/or disbursements not otherwise listed on the Agreed Budget without the prior consent of the Interim Lender;
- (m) failure of the Borrower to pay any principal amount owing under this Interim Financing Term Sheet when due;
- (n) failure of the Borrower to pay any interest or fees or any portion thereof owing under this Interim Financing Term Sheet or any other Interim Financing Credit Documentation when due and such default shall remain unremedied for a period of two (2) Business Days after written notice from the Interim Lender to the Borrower that such amount is overdue;
- (o) failure of any Credit Party to perform or comply with any other term or covenant under this Interim Financing Term Sheet, or any other Interim Financing Credit Documentation, and such default shall continue unremedied for a period of three (3) Business Days; or
- (p) if any Credit Party commences an action or takes any other proceeding to obtain any form of relief against the Interim Lender or any affiliate thereof, including, without limitation, a proceeding to recover damages or to obtain payment of any amounts purported to be owing by the Interim Lender or any affiliate thereof to any Credit Party or any affiliate thereof if the Interim Lender or such affiliate disputes any of the same.

24. REMEDIES:

Upon the occurrence of an Event of Default, and subject to the Restructuring Court Orders, the Interim Lender may, in its sole and absolute

discretion, elect to terminate the Interim Lender's commitment to make Interim Advances to the Borrower hereunder and declare the obligations in respect of the Interim Financing Credit Documentation to be immediately due and payable and cease making any further Interim Advances. Without limiting the foregoing remedies, upon the occurrence of an Event of Default, the Interim Lender may, in its sole and absolute discretion, elect to permanently reduce the Maximum Amount. In addition, upon the occurrence of an Event of Default, the Interim Lender may, in its sole and absolute discretion, subject to any Restructuring Court Order and without the consent of the Interim Lender:

- (a) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral, or for the appointment of a trustee in bankruptcy of the Credit Parties;
- (b) set-off or combine any amounts then owing by the Interim Lender to any of the Credit Parties against the obligations of any of the Credit Parties to the Interim Lender hereunder or under any other Interim Financing Credit Documentation;
- (c) apply to the Court for an order or orders, on terms satisfactory to the Court Officer and the Interim Lender, providing the Court Officer with the power, in the name of and on behalf of the Credit Parties, to take all necessary steps in the Restructuring Proceedings;
- (d) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Act* (Alberta) or any legislation of similar effect; and
- (e) subject to obtaining prior approval from the Court, exercise all such other rights and remedies under the Interim Financing Credit Documentation, the Restructuring Court Orders and applicable law.

25. INTERIM LENDER'S APPROVALS:

Any consent, approval, instruction or other expression of the Interim Lender to be delivered

in writing may be delivered by any written instrument, including by way of electronic mail, by the Interim Lender, or its counsel, pursuant to the terms hereof.

26. TERMINATION BY THE CREDIT PARTIES:

At any time following the indefeasible payment in full in immediately available funds of all of the outstanding Interim Financing Obligations, the Credit Parties shall be entitled to terminate this Interim Financing Term Sheet upon notice to the Interim Lender. Effective immediately upon such termination, all obligations of the Credit Parties and the Interim Lender under this Interim Financing Term Sheet and the other Interim Financing Credit Documentation shall cease, except for those obligations in Section 22 that explicitly survive termination.

27. TAXES:

All payments by the Credit Parties under this Interim Financing Term Sheet and the other Interim Financing Credit Documentation to the Interim Lender, including any payments required to be made from and after the exercise of any remedies available to the Interim Lender upon an Event of Default, shall be made free and clear of, and without reduction for or on account of, any present or future taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision of any country (collectively "**Taxes**"); provided, however, that if any Taxes are required by applicable law to be withheld ("**Withholding Taxes**") from any amount payable to the Interim Lender under any Interim Financing Credit Documentation, the amount so payable to the Interim Lender shall be increased to the extent necessary to yield to the Interim Lender on a net basis after payment of all Withholding Taxes (including any Withholding Taxes on such increases), the amount payable under such Interim Financing Credit Documentation at the rate or in the amount specified in such Interim Financing Credit Documentation and the applicable Credit Party, as the case may be, shall provide evidence satisfactory to the Interim Lender that the Taxes have been so withheld and remitted.

28. *INTEREST ACT (CANADA)*:

Whenever a rate of interest or other rate per annum hereunder is calculated on the basis of a year (the "**deemed year**") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.

THE BORROWERS ACKNOWLEDGE AND CONFIRM THAT: (A) THIS INTERIM FINANCING TERM SHEET, INCLUDING THIS SECTION 28 AND THE CONSTITUENT DEFINITIONS HEREIN AND UNDER THE OTHER INTERIM FINANCING CREDIT DOCUMENTATION RELATING TO INTEREST AND OTHER AMOUNTS PAYABLE HEREUNDER AND THEREUNDER, SATISFIES THE REQUIREMENTS OF SECTION 4 OF THE *INTEREST ACT* (CANADA) TO THE EXTENT THAT SECTION 4 OF THE *INTEREST ACT* (CANADA) APPLIES TO THE EXPRESSION, STATEMENT OR CALCULATION OF ANY RATE OF INTEREST OR OTHER RATE PER ANNUM HEREUNDER OR UNDER ANY OTHER INTERIM FINANCING CREDIT DOCUMENTATION; AND (B) THE BORROWERS ARE ABLE TO CALCULATE THE YEARLY RATE OR PERCENTAGE OF INTEREST PAYABLE UNDER ANY INTERIM FINANCING CREDIT DOCUMENTATION BASED ON THE METHODOLOGY SET OUT HEREIN AND UNDER THE OTHER DOCUMENTS, INCLUDING THIS SECTION 28 AND THE CONSTITUENT DEFINITIONS HEREIN AND UNDER THE OTHER INTERIM FINANCING CREDIT DOCUMENTATION RELATING TO INTEREST AND OTHER AMOUNTS PAYABLE HEREUNDER AND THEREUNDER. THE BORROWERS HEREBY IRREVOCABLY AGREES NOT TO, AND AGREES TO CAUSE EACH OF ITS SUBSIDIARIES NOT TO, PLEAD OR ASSERT, WHETHER BY WAY OF DEFENCE OR OTHERWISE, IN ANY PROCEEDING RELATING TO THE INTERIM FINANCING CREDIT DOCUMENTATION, THAT THE INTEREST PAYABLE UNDER THE INTERIM FINANCING CREDIT DOCUMENTATION AND

THE CALCULATION THEREOF HAS NOT BEEN ADEQUATELY DISCLOSED TO THE BORROWER, ANY SUBSIDIARY OR THE NOMINEE SHAREHOLDER, WHETHER PURSUANT TO SECTION 4 OF THE *INTEREST ACT (CANADA)* OR ANY OTHER APPLICABLE LAW OR LEGAL PRINCIPLE.

29. FURTHER ASSURANCES:

The Credit Parties shall, at their expense, from time to time do, execute and deliver, or will cause to be done, executed and delivered, all such further acts, documents (including, without limitation, certificates, declarations, affidavits, reports and opinions) and things as the Interim Lender may reasonably request for the purpose of giving effect to this Interim Financing Term Sheet.

30. ENTIRE AGREEMENT; CONFLICT:

This Interim Financing Term Sheet, including the schedules hereto and the Interim Financing Credit Documentation, constitute the entire agreement between the parties relating to the subject matter hereof. To the extent that there is any inconsistency between this Interim Financing Term Sheet and any of the other Interim Financing Credit Documentation, this Interim Financing Term Sheet shall govern.

31. AMENDMENTS, WAIVERS, ETC.:

No waiver or delay on the part of the Interim Lender in exercising any right or privilege hereunder or under any other Interim Financing Credit Documentation will operate as a waiver hereof or thereof unless made in writing by the Interim Lender and delivered in accordance with the terms of this Interim Financing Term Sheet, and then such waiver shall be effective only in the specific instance and for the specific purpose given.

32. ASSIGNMENT:

The Interim Lender may assign this Interim Financing Term Sheet and its rights and obligations hereunder, in whole or in part, or grant a participation in its rights and obligations hereunder, (i) at any time to an affiliate of the Interim Lender; (ii) prior to the occurrence of an Event of Default, subject to the consent of the Borrower, not to be unreasonably withheld; and (iii) following the occurrence of an Event of Default, to any person acceptable to the Interim Lender in its sole and absolute discretion (subject in all cases to providing the Court Officer with

reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the Interim Lender hereunder). None of this Interim Financing Term Sheet, any other Interim Financing Creditor Documentation nor any right or obligation hereunder or thereunder may be assigned by any Credit Party.

33. SEVERABILITY:

Any provision in this Interim Financing Term Sheet or any other Interim Financing Credit Documentation which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction.

34. NO THIRD PARTY BENEFICIARY:

No person, other than the Credit Parties and the Interim Lender, is entitled to rely upon this Interim Financing Term Sheet and the parties expressly agree that this Interim Financing Term Sheet does not confer rights upon any party not a signatory hereto.

35. COUNTERPARTS AND FACSIMILE SIGNATURES:

This Interim Financing Term Sheet may be executed in any number of counterparts and by facsimile or other electronic transmission, each of which when executed and delivered shall be deemed to be an original, and all of which when taken together shall constitute one and the same instrument.

36. NOTICES:

Any notice, request or other communication hereunder to any of the parties shall be in writing and may be made or given by personal delivery or by transmittal by facsimile or, subject as provided below, other electronic means of communication addressed to the respective parties as follows:

In the case of the Proposal Trustee:

Alvarez & Marsal Canada Inc.
Bow Valley Square 4
Suite 1110, 250 6th Avenue SW
Calgary, Alberta, T2P 3H7

Attention: Orest Konowalchuk
Email:

okonowalchuk@alvarezandmarsal.com

In the case of the Credit Parties:

Greenfire Oil & Gas Ltd. & Greenfire
Hangingstone Operating Corporation
c/o Burnet, Duckworth & Palmer LLP
2400, 525 8th Avenue SW
Calgary, AB T2P 1G1

Attention: Robert Logan
E-mail: rlogan@greenfireoilandgas.com

In the case of the Interim Lender:

[●]

or to such other address or facsimile number as any party may from time to time notify the others in accordance with this Section 36. Any notice, request or other communication made or given by personal delivery or by facsimile or other electronic means of communication during normal business hours at the place of receipt on a Business Day shall be conclusively deemed to have been made or given at the time of actual delivery or transmittal, as the case may be, on such Business Day. Any demand, notice or communication made or given by personal delivery or by facsimile or other electronic means of communication after normal business hours at the place of receipt or otherwise than on a Business Day shall be conclusively deemed to have been made or given at 9:00 a.m. (Calgary time) on the first Business Day following actual delivery or transmittal, as the case may be.

Any notice, request or other communication hereunder to be made or given hereunder may be delivered or furnished by electronic communication (including email) pursuant to procedures approved by each such party accepting email communication. Unless a party otherwise prescribes, notices, requests and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement), provided that, if such notice, request or other communication is not sent within

normal business hours of the recipient, such demand, notice or other communication shall be deemed to have been sent at the opening of business on the next Business Day.

**37. GOVERNING LAW AND
JURISDICTION:**

This Interim Financing Term Sheet shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein. Without prejudice to the ability of the Interim Lender to enforce this Interim Financing Term Sheet in any other proper jurisdiction, the Credit Parties irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta, and further acknowledge and agree that any disputes arising in respect of the Interim Financing Credit Documentation shall be heard by the Court.

[signature pages follow on separate pages]

IN WITNESS HEREOF, the parties hereby execute this Interim Financing Term Sheet as at the date first above mentioned.

Interim Lender:

[•]

Per:

Name:

Title:

Borrowers:

Greenfire Hangingstone Operating Corporation, by and through its court-appointed proposal trustee, Alvarez & Marsal (Canada) Inc. in its capacity as the Proposal Trustee and not in its personal or corporate capacity,

Per: _____

Name: _____

Title: _____

Greenfire Oil and Gas Ltd., by and through its court-appointed proposal trustee, Alvarez & Marsal (Canada) Inc. in its capacity as the Proposal Trustee and not in its personal or corporate capacity

Per: _____

Name: _____

Title: _____

SCHEDULE "A"

DEFINED TERMS

"Administration Charge" means the administration charge on the Collateral in an aggregate amount not to exceed Cdn.\$500,000.

"Agreed Budget" has the meaning given thereto in Section 12.

"BIA" has the meaning given thereto in the Recitals.

"Borrowers" has the meaning given thereto in Section 1.

"Business Day" means a day, excluding Saturday and Sunday, on which banking institutions are open for the transaction of commercial business in Calgary, Alberta.

"Budget Variance Report" has the meaning given thereto in Section 12.

"Cash Flow Forecast" has the meaning given thereto in Section 12.

"Cash Flow Test" has the meaning given thereto in Section 12.

"CCAA" has the meaning given thereto in the Recitals.

"Claims" has the meaning given thereto in Section 22.

"Closing Date" has the meaning given thereto in Section 5.

"Collateral" means all present and future assets and property of the Credit Parties, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of a Credit Party.

"Court" has the meaning given thereto in the Recitals.

"Court Officer" has the meaning given thereto in Section **Error! Reference source not found..**

"Credit Parties" has the meaning given thereto in Section **Error! Reference source not found..**

"Default" means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

"Deposit Account" means the following accounts maintained by the Proposal Trustee to which payments and transfers under this Interim Financing Term Sheet are to be effected:

Payment Format: **Wire Transfer**
For Bank Use ONLY:

Beneficiary Bank:
Beneficiary Bank Address:
Institution Code:

Transit No.:
Beneficiary Account No.: *

or such other account or accounts as the Interim Lender may from time to time designate by notice to the Borrower.

"Drawdown Certificate" has the meaning given thereto in Section 7.

"Environmental Liabilities" means all liabilities, obligations, responses, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs and other costs and expenses, including fines, penalties, sanctions and interest incurred as a result of or related to any claim, investigation, proceeding or demand of any Governmental Authority against any of the Credit Parties including, without limitation, arising under or related to any law relating to the environment or in connection with any substance which is or is deemed under any applicable law to be, alone or in combination, hazardous, hazardous waste, toxic, a pollutant, a contaminant or source of pollution or contamination whether on, at, in, under, from or about or in the vicinity of any real or personal property owned by any of the Credit Parties.

"Equivalent Amount" means, on any date, with respect to an amount in one currency, the amount in another currency that could be purchased by the amount in the first currency determined by reference to the noon rate of exchange for Canadian interbank transactions established by the Bank of Canada for converting the first currency to the Other Currency at approximately the close of business on the immediately preceding Business Day, or, if such rate is for any reason unavailable, on the first Business Day immediately preceding such immediately preceding Business Day.

"Event of Default" has the meaning given thereto in Section 23.

"Filing Date" means October 8, 2020.

"Funding Conditions" has the meaning given thereto in Section 7.

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

"Indemnified Persons" has the meaning given thereto in Section 22.

"Interest Payment Date" means the third day of each month; provided that, in any case, on the Maturity Date or, if applicable, any earlier date on which the Interim Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Interim Advances then outstanding under the Interim Facility.

"Interim Advance" and **"Interim Advances"** have the meanings given thereto in Section 6.

"Interim Facility" has the meaning given thereto in Section 6.

"Interim Financing Credit Documentation" means this Interim Financing Term Sheet, and any other documentation in respect of the Interim Facility or the Interim Lender Charge that is

requested by the Interim Lender (which shall be in form and substance satisfactory to the Interim Lender, acting reasonably).

"Interim Financing Fees and Expenses" has the meaning given thereto in Section 8.

"Interim Financing Obligations" has the meaning given thereto in Section 7.

"Interim Financing Order" has the meaning given thereto in Section 7.

"Interim Lender" has the meaning given thereto in Section 2.

"Interim Lender Charge" has the meaning given thereto in Section 7.

"Liens" means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

- (a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;
- (b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing indebtedness, (B) preferring some holders of indebtedness over other holders of indebtedness or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of set-off granted or arising in the ordinary course of business); and
- (c) absolute assignments of accounts receivable,

in each of the foregoing cases, granted by the Credit Parties or against the Collateral.

"Material Adverse Change" means any event, circumstance, occurrence or change which results, or which would reasonably be expected to result, in a material adverse change in:

- (a) the ability of any Credit Party to perform any material obligation under this Interim Financing Term Sheet, any other Interim Financing Credit Documentation or any Restructuring Court Order, or the ability of any Credit Party to carry out a Proposal, Plan or Restructuring Option;
- (b) the validity or enforceability of any of the Interim Lender Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Interim Lender under or pursuant to such Interim Lender Charge; or
- (c) the business, operations, assets, condition (financial or otherwise) or results of operations of the Credit Parties, on a consolidated basis.

"Maturity Date" has the meaning given thereto in Section 11.

"Maximum Amount" has the meaning given thereto in Section 6.

"NOI Proceedings" has the meaning given thereto in the Recitals.

"Other Currency" has the meaning given thereto in Section 18.

"Permitted Liens" means (i) the Interim Lender Charge; (ii) validly perfected Liens existing prior to the date hereof; (iii) inchoate statutory Liens arising after the Filing Date in respect of any accounts payable arising after the Filing Date in the ordinary course of business, subject to the obligation to pay all such amounts as and when due; and (iv) the Permitted Priority Liens.

"Permitted Priority Liens" means: (a) the Administration Charge; (b) statutory super-priority Liens for unpaid employee source deductions; and (c) such other Liens as may be agreed to in writing by the Interim Lender. For greater certainty, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be **"Permitted Priority Liens"**.

"Proposal" has the meaning given thereto in Section 11.

"Restructuring Court Order" and **"Restructuring Court Orders"** have the meanings given thereto in Section 20.

"Restructuring Option" means any transaction involving the refinancing of a Credit Party, the sale of all or substantially all of the assets of any Credit Party or any other restructuring of the Credit Parties' businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of any of Credit Party.

"Restructuring Proceedings" means the NOI Proceedings and/or the CCAA Proceedings, as the case may be.

"Restructuring Sale" means the sale of all or substantially all of the assets of the Borrower pursuant to a sale approved by the Court.

"Revised Budget" has the meaning given thereto in Section 12.

"Revised Cash Flow Forecast" has the meaning given thereto in Section 12.

"Taxes" has the meaning given thereto in Section 27.

"Updated Budget Default" has the meaning given thereto in Section 23.

"Cdn Dollars" and **"Cdn.\$"** mean the lawful money of Canada.

"Variance Testing Date" means, collectively, the second Thursday occurring after **[INSERT DATE]**, 2020 and each Thursday thereafter.

"Withholding Taxes" has the meaning given thereto in Section 27.

SCHEDULE "B"
FORM OF INTERIM FINANCING ORDER
(See Attached.)

SCHEDULE "C"
FORM OF DRAWDOWN CERTIFICATE
DRAWDOWN CERTIFICATE

TO: **[INSERT NAME OF INTERIM LENDER]**, as Interim Lender (the "**Interim Lender**")

FROM: • (the "**Borrower**")

DATE: _____, 202__

1. This certificate is delivered to you, as Interim Lender, in connection with a request for an Interim Advance pursuant to the Interim Financing Term Sheet made as of October 20, 2020 between the Borrowers and the Interim Lender, as amended, supplemented, restated or replaced from time to time (the "**Interim Financing Term Sheet**"). All defined terms used, but not otherwise defined, in this certificate shall have the respective meanings set forth in the Interim Financing Term Sheet, unless the context requires otherwise.
2. The Borrower hereby requests an Interim Advance as follows:
 - (a) Date of Interim Advance: _____
 - (b) Aggregate amount of Interim Advance (Cdn.\$): _____
3. All of the representations and warranties of the Credit Parties as set forth in the Interim Financing Term Sheet and the other Interim Financing Credit Documentation are true and accurate as at the date hereof, as though made on and as of the date hereof.
4. All of the covenants of the Credit Parties contained in the Interim Financing Term Sheet, together with all of the Funding Conditions applicable to the Interim Advance hereby requested and contained in the Interim Financing Term Sheet, and all other terms and conditions contained in the Interim Financing Term Sheet to be complied with by the Credit Parties, have been fully complied with.
5. In addition to the foregoing, the Borrowers are in compliance with the Interim Financing Credit Documentation and the Restructuring Court Orders.
6. The Interim Advance hereby requested is within the Maximum Amount and consistent with the relevant Agreed Budget.

7. No Default or Event of Default has occurred nor will any such event occur as a result of the Interim Advance hereby requested.

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Per:

Name:

Title: