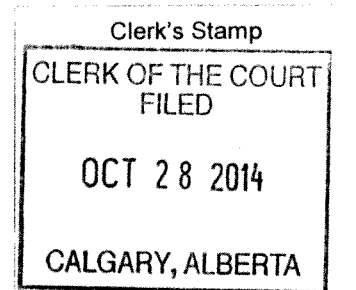


COURT FILE NUMBER 1401-05131
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANT LEGEND ENERGY CANADA LTD. AND
LEGEND OIL AND GAS, LTD.
DOCUMENT **AFFIDAVIT OF ELIZABETH PINEDA**



ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
McCARTHY TÉTRAULT LLP
Barristers & Solicitors
Sean F. Collins / Pantelis Kyriakakis
Suite 3300, 421-7th Avenue S.W.
Calgary AB T2P 4K9
Phone: 403-260-3531/403-260-3536
Fax: 403-260-3501
Email: scollins@mccarthy.ca
pkyriakakis@mccarthy.ca

AFFIDAVIT OF ELIZABETH PINEDA

Sworn on October 23, 2014

1. I am a manager with the National Bank of Canada ("**NBC**") and I am responsible for NBC's current relationship with Legend Energy Canada Ltd. ("**Legend Canada**"). I have reviewed the books and records maintained and in the custody of NBC in the usual and ordinary course of business in connection with this matter. On the bases of the forgoing I have personal knowledge of the matters deposed to in this my Affidavit except where stated to be based on information and belief, in which case, I verily believe such matters to be true.

The Parties

2. The Defendant, Legend Canada, is a body corporate incorporated pursuant to the laws of Alberta carrying on business in the City of Calgary in the Province of Alberta. Attached hereto and marked as Exhibit "**A**" to this Affidavit is a copy of an Alberta Corporate Registry Search for Legend Canada dated May 8, 2014.

The Credit Facilities and the Security

3. Pursuant to a commitment letter, dated July 17, 2012, as amended and restated from time to time (collectively, the "**Loan Agreement**") NBC made advances to Legend Canada under and pursuant to various demand credit facilities (collectively, the "**Credit Facilities**") to Legend Canada. A true copy of the Loan Agreement is attached hereto and marked as Exhibit "**B**" to this my Affidavit.

4. Legend Canada granted various securities to NBC in order to secure its obligations to NBC pursuant to the Loan Agreement and the Credit Facilities which included, *inter alia*, the following documents:

- (a) \$6,000,000 Acknowledgement of Debt Revolving Demand Credit Agreement, dated August 15, 2011 as subsequently amended by written amendment dated September 11, 2013 decreasing the maximum principal amount to \$3,500,000 and increasing the rate of interest chargeable thereunder to NBC's prime rate of interest plus four (4.0%) per cent per annum;
- (b) General Assignment of Book Debts, dated October 19, 2011;
- (c) \$25,000,000 Fixed and Floating Charge Demand Debenture, dated October 19, 2011;
- (d) Pledge Agreement, dated October 19, 2011; and,
- (e) Negative Pledge and Undertaking, dated October 19, 2011.

(collectively referred to as, the "**Legend Canada Security**")

True copies of the Legend Canada Security are attached and marked respectively as Exhibits "**C**", "**D**", "**E**", "**F**", and "**G**" to this my Affidavit.

5. NBC has perfected the Legend Canada Security by registering various financing statements and land charges against Legend Canada in the Alberta Personal Property Registry (the "**Alberta PPR**") and British Columbia Personal Property Registry (the "**BC PPR**"). True copies of Alberta PPR and BC PPR searches in respect of Legend Canada are attached hereto and marked collectively as Exhibits "**H**" and "**I**" to this my Affidavit. Furthermore, NBC has also registered various fixed charges against most of the assets being conveyed pursuant to the

Agreement of Purchase and Sale, dated October 17, 2014 (the "**PSA**") between RockBridge Resources Inc., as purchaser, and Legend Canada, as vendor. True copies of the British Columbia Title Information Reports, dated September 24, 2014, are attached hereto and marked collectively as Exhibit "**J**" to this my Affidavit.

6. As of October 22, 2014, Legend Canada was indebted to NBC in the sum of \$1,332,863.39 exclusive of interest and outstanding costs and legal fees on solicitor and own client, full indemnity basis (collectively, the "**Indebtedness**"). The Indebtedness continues to accrue interest and other fees and expenses, including legal fees on a solicitor and his own client, full indemnity basis.

The Receivership Proceedings

7. FTI Consulting Canada Inc. (the "**Receiver**") was appointed as receiver and manager of certain of the assets, properties, and undertakings of Legend Canada pursuant to the Order issued by the Honourable Justice K.M. Horner on May 9, 2014 (the "**Receivership Order**"). Specifically, NBC elected to seek the appointment of the receiver and manager over Legend Canada's accounts, a gross overriding royalty interest held by Legend Canada, and a non-operated working interest held by Legend Canada in assets that have been colloquially described by Legend Canada as the Clarke Lake, British Columbia assets (collectively, the "**Property**").

8. The sale of the assets pursuant to the PSA, represents the sale of all of the remaining Property currently under the Receiver's control in addition to one additional crown mineral lease located in Clarke Lake, British Columbia which is not currently subject to the Receivership Order (the "**Remaining Clarke Lake Asset**"). NBC has a perfected security interest over Legend Canada's interest in the Remaining Clarke Lake Asset.

9. Based on my discussions with the Receiver, the Assets are being sold for an amount that is materially and substantially less than the amount owing to NBC.

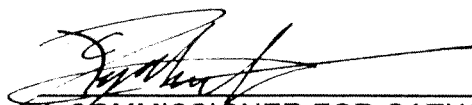
10. I am advised by the Receiver that no claims have been submitted to the Receiver asserting priority over NBC's claim.

11. I swear this affidavit in support of an application for, *inter alia*, the following relief:

- (a) amending the Receivership Order to include the Remaining Clark Lake Asset;

- (b) approving the distribution to NBC, as proposed by the Receiver;
- (c) approving the subsequent discharge of the Receiver, as receiver and manager over the assets, properties, and undertakings of Legend Canada; and,
- (d) such further and other relief as may be incidental to the foregoing.

SWORN BEFORE ME at the City of)
Calgary, in the Province of Alberta, this)
23 day of October, 2014.)



A COMMISSIONER FOR OATHS)
in and for the Province of Alberta)
Pantelis Kyriakakis)
Barrister and Solicitor



ELIZABETH PINEDA

Government Corporation/Non-Profit Search of Alberta ■ Corporate Registration System

Date of Search: 2014/05/08
Time of Search: 03:27 PM
Search provided by: MCCARTHY TETRAULT LLP

Service Request Number: 21431741
Customer Reference Number: 065094-455000

Corporate Access Number: 2016209161
Legal Entity Name: LEGEND ENERGY CANADA LTE

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2011/07/28 YYYY/MM/DD

Registered Office:

Street: 400 3RD AVENUE SW, SUITE 3700
City: CALGARY
Province: ALBERTA
Postal Code: T2P 4H2

Records Address:

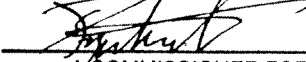
Street: 400 3RD AVENUE SW, SUITE 3700
City: CALGARY
Province: ALBERTA
Postal Code: T2P 4H2

Directors:

Last Name: DIAMOND-GOLDBERG
First Name: MARSHALL
Street/Box Number: BOX 34 SITE 5 RR2
City: OKOTOKS
Province: ALBERTA
Postal Code: T1S 1A2

THIS IS EXHIBIT "A"
referred to in the Affidavit of
Elizabeth Pineda

Sworn before me this 23
day of October, A.D. 2014


*COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
Pantelis Kyriakakis
Barrister and Solicitor

Last Name: VANDENBERG
First Name: JIM
Street/Box Number: 1420 5TH AVENUE, SUITE 2200
City: SEATTLE
Province: WASHINGTON
Postal Code: 98101

Voting Shareholders:

Legal Entity Name: LEGEND OIL AND GAS LTD.
Corporate Access Number: 200989556
Street: 1218 3RD AVENUE, SUITE 505
City: SEATTLE
Province: WASHINGTON
Postal Code: 98101
Percent Of Voting Shares: 100

Details From Current Articles:**The information in this legal entity table supersedes equivalent electronic attachments**

Share Structure: THE CORPORATION IS AUTHORIZED TO ISSUE AN UNLIMITED NUMBER OF COMMON SHARES.

Share Transfers Restrictions: NO SHARES OF THE CORPORATION SHALL BE TRANSFERRED TO ANY PERSON WITHOUT THE APPROVAL OF THE BOARD OF DIRECTORS BY RESOLUTION.

Min Number Of Directors: 1

Max Number Of Directors: 9

Business Restricted To: NONE

Business Restricted From: NONE

Other Provisions: THE ATTACHED SCHEDULE IS INCORPORATED INTO AND FORMS PART OF THE ARTICLES OF THE CORPORATION.

Other Information:**Last Annual Return Filed:**

--

File Year	Date Filed (YYYY/MM/DD)
2012	2012/11/16

Outstanding Returns:

Annual returns are outstanding for the 2013 file year(s).

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2011/07/28	Incorporate Alberta Corporation
2012/11/16	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Other Rules or Provisions	ELECTRONIC	2011/07/28

This is to certify that, as of this date, the above information is an accurate reproduction of data contained within the official records of the Corporate Registry.

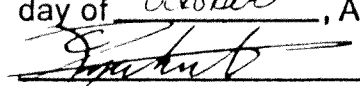


NATIONAL
BANK
FINANCIAL MARKETS

THIS IS EXHIBIT "B"
referred to in the Affidavit of
Elizabeth Penod
Sworn before me this 23
day of October, A.D. 2014

Writer's Direct Line
(403) 294-4920

July 17, 2012


A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
Pantelis Kyriakakis
Barrister and Solicitor

BY COURIER

Legend Energy Canada Ltd.
840 - 6 Avenue SW, Suite 230
Calgary, AB T2P 3E5

**ATTENTION: Mr. Marshall Diamond-Goldberg
President**

Dear Sir:

RE: CREDIT FACILITIES – NATIONAL BANK OF CANADA / LEGEND ENERGY CANADA LTD.

We are pleased to advise that National Bank of Canada has approved the following renewed Credit Facilities for Legend Energy Canada Ltd., subject to the terms and conditions set out herein. This Offering Letter contains all the terms and conditions pertaining to the availability of Credit Facilities from National Bank of Canada and as a result it amends, incorporates, and restates the terms and conditions of all existing and new commitments.

BORROWER: LEGEND ENERGY CANADA LTD. (the "Borrower" or "Loan Party").

LENDER: NATIONAL BANK OF CANADA (the "Bank").

CREDIT FACILITY A: REVOLVING OPERATING DEMAND LOAN (the "Credit Facility A").

MAXIMUM AMOUNT: \$4,000,000.

PURPOSE: Credit Facility A shall only be used for the Borrower's general corporate purposes including Canadian capital expenditures.

AVAILABILITY: Prime Rate loans ("Prime Rate Loans"). Revolving in whole multiples of Cdn\$25,000.

Letters of credit and/or letters of guarantee ("L/C/Gs") (maximum term one year). The aggregate Face Amount of L/C/Gs issued and outstanding at any time limited to \$500,000 in any currency acceptable to the Bank.

REPAYMENT: Interest only but always subject to Availability, Review, and the Bank's right of demand.

National Bank of Canada
311 - 6 Avenue SW, Suite 1800
Calgary (Alberta) T2P 3H2

INTEREST RATE:

The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loans drawn under the Credit Facility A at a rate per annum equal to the Prime Rate as designated from time to time by the Bank plus one percent (Prime Rate + 1.00% p.a.). Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank.

As of this date, the Bank's Prime Rate is 3.00% per annum.

STANDBY FEE:

One-quarter percent per annum (0.25% p.a.), based on a 365 or 366 day period, as the case may be, on the undrawn portion of the Credit Facility A (the "Standby Fee"), payable monthly on the first Business Day of each month.

L/C/G FEE:

One and one-half percent per annum (1.50% p.a.), based on a 365 or 366 day period, as the case may be, of the issue amount, payable at issue (the "L/C/G Fee"). This non-refundable, upfront fee is to be based on the number of months the L/C/G is to be outstanding with any portion of 31 days to be considered a complete month.

EVIDENCE OF DEBT:

Revolving Demand Credit Agreement and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

CREDIT FACILITY B:

MASTERCARD FACILITY (the "Credit Facility B").

MAXIMUM AMOUNT:

\$20,000.

PURPOSE:

Credit Facility B shall only be used by the Borrower to facilitate travel, entertainment, and supplier expenses for company officers.

REPAYMENT:

Payment in full, monthly.

INTEREST RATE:

Standard rates as established from time to time by MasterCard.

EVIDENCE OF DEBT:

MasterCard monthly statements and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

CREDIT FACILITY C:

BRIDGE DEMAND LOAN (the "Credit Facility C").

MAXIMUM AMOUNT:

\$1,250,000.

PURPOSE:

For temporary working capital purposes.

AVAILABILITY:

Prime Rate loan ("Prime Rate Loan") in Canadian dollars, available by way of one draw. Availability reduces by \$250,000/month. Next reduction date is August 15, 2012.

REPAYMENT:

Principal repayments of \$250,000/month. Next repayment date is August 15, 2012 with a final bullet repayment December 1, 2012.

INTEREST RATE:

The Borrower shall pay interest calculated daily and payable monthly, not in advance, on the outstanding principal amount of Prime Rate Loan(s) drawn under the Credit Facility C at a rate per annum equal to the Prime Rate as designated from time to time by the Bank plus two percent (Prime Rate + 2.0% p.a.). Interest at the aforesaid rate shall be due and payable on the 26th day of each and every month until all amounts owing to the Bank are paid in full. Interest shall be paid via automatic debit to the Borrower's account at the Calgary Branch of the Bank.

As of this date, the Bank's Prime Rate is 3.00% per annum.

EVIDENCE OF DEBT:

Variable Rate Demand Promissory Note and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

RISK MANAGEMENT FACILITY (the "Risk Management Facility")

PURPOSE:

Risk Management Facility shall be used by the Borrower for Financial Instruments.

AVAILABILITY:

Various Financial Instruments. Maximum term 24 months. Subject to Bank availability and including a cross default limit of \$500,000.

SETTLEMENT:

Settlement as per contract maturities.

EVIDENCE OF USAGE:

Executed treasury contracts, executed ISDA Master Agreement with appropriate annexes, other documentation acceptable to the Bank, and the records of the Bank. Such records maintained by the Bank shall constitute in the absence of manifest error prima facie evidence of the obligations of the Borrower to the Bank in respect of Advances made. The failure by the Bank to correctly record any such amount or date shall not adversely affect the obligations of the Borrower to pay amounts due hereunder to the Bank in accordance with this Offering Letter.

FOR ALL CREDIT FACILITIES

DEFINITIONS:

In this Offering Letter, including the Appendices hereto and in all notices given pursuant to this Offering Letter, capitalized words and phrases shall have the meanings given to them in this Offering Letter in their proper context, and words and phrases not otherwise defined in this Offering Letter but defined in Appendix C to this Offering Letter shall have the meanings given to them in Appendix C to this Offering Letter.

INTERPRETATION:

In this Offering Letter, unless otherwise specifically provided, words importing the singular will include the plural and vice versa, words importing gender shall include the masculine, the feminine and the neuter, and "in writing" or "written" includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including by facsimile.

FEES:

\$6,000 due and payable upon provision of this Offering Letter. Non-refundable. This fee includes the Bank's engineering expenses incurred for this Review.

SECURITY:

The following security shall be completed, duly executed, delivered, and registered, where necessary, to the entire satisfaction of the Bank and its counsel. All present and future security (the "Security") and the terms thereof shall be held by the Bank as continuing security for all present and future debts, obligations and liabilities (whether direct or indirect, absolute or contingent) of the Loan Parties to the Bank including without limitation for the repayment of all loans and advances made hereunder and for other loans and advances that may be made from time to time in the future whether hereunder or otherwise. For greater certainty, all Financial Instruments, including without limitation swaps and forwards, entered into at any time with the Bank (or any of its subsidiaries or affiliates from time to time) are deemed to be debts, obligations and liabilities of the Borrower and are secured by the Security on a pari passu basis and shall rank pari passu with all other indebtedness under the Credit Facilities. Where applicable, the Security will be in the Bank's standard form.

Held:

1. Accepted Offering Letter dated March 26, 2012.
2. Accepted Amending Offering Letters dated May 31, 2012 and June 5, 2012.
3. General Assignment of Book Debts.
4. \$25,000,000 Debenture with a floating charge over all assets of the Borrower with a negative pledge and undertaking to provide fixed charges on the Borrower's producing petroleum and natural gas properties at the request of the Bank, and pledge of such Debenture.
5. Evidence of insurance coverage in accordance with industry standards designating the Bank as first loss payee in respect of the proceeds of the insurance.
6. Appropriate title representation (Officer's Certificate as to Title) including a schedule of major producing petroleum and natural gas reserves described by lease (type, date, term, parties), legal description (wells and spacing units), interest (Working Interest or other APO/BPO interests), overrides (APO/BPO), gross overrides, and other liens, encumbrances, and overrides); (or, at the request of the Bank, title opinion satisfactory to the Bank and its counsel).
7. Assignment of revenues and monies under material contracts, as applicable.
8. Legal Opinion of the Bank's counsel.

The Security has been registered in the of Alberta, in a first priority position, subject only to Permitted Encumbrances.

To Be Obtained:

1. Accepted Offering Letter dated July 17, 2012.
2. Such other security, documents, and agreements that the Bank or its legal counsel may reasonably request.

**REPRESENTATIONS
AND WARRANTIES:**

Each Loan Party represents and warrants to the Bank (all of which representations and warranties each Loan Party hereby acknowledges are being relied upon by the Bank in entering into this Offering Letter) that:

1. Each Loan Party has been duly incorporated or formed, as applicable, and is in good standing under the legislation governing it, and it has the powers, permits, and licenses required to operate its business or enterprise and to own, manage, and administer its property.
2. This Offering Letter constitutes, and the Security and related agreements shall constitute, legal, valid, and binding obligations of each Loan Party party thereto, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, or similar laws affecting creditors' rights generally and to the availability of equitable remedies.
3. Each Loan Party has the right to pledge, charge, mortgage, or lien its assets in accordance with the Security contemplated by this Offering Letter.
4. Each Loan Party is presently in good standing under, and shall duly perform and observe, all material terms of all documents, agreements, and instruments affecting or relating to the petroleum assets of such Loan Party.
5. There has been no adverse material change in the financial position of any Loan Party since the date of its most recent consolidated financial statements dated December 31, 2011, which were furnished to the Bank. Such consolidated financial statements fairly present the financial position of each Loan Party at the date that they were drawn up. No Loan Party foresees incurring any major liability which it has not already disclosed to the Bank.
6. No Loan Party is involved in any dispute or legal or regulatory proceedings likely to materially affect its financial position or its capacity to operate its business.
7. No Loan Party is in default under the contracts to which it is a party or under the applicable legislation and regulations governing the operation of its business or its property, including, without limitation, all Environmental Requirements subsequently stated in Environmental Obligations.
8. The Borrower has no subsidiaries.
9. The chief executive office (for the purposes of the PPSA) of each Loan Party is located in Alberta.
10. Each Loan Party has all the requisite power, authority and capacity to execute and deliver this Offering Letter and the Security (to which it is a party) and to perform its obligations hereunder and thereunder.
11. The execution and delivery of this Offering Letter and the Security (to which it is a party) and the performance of the terms of this Offering Letter and such Security do not violate the provisions of any Loan Party's constating documents or its by-laws or any law, order, rule or regulation applicable to it and have been validly authorized by it.
12. The execution, delivery and performance of the terms of this Offering Letter and the Security (to which it is a party) will not constitute a breach of any agreement to which any Loan Party or its property, assets or undertaking are bound or affected.

13. No Loan Party has incurred any indebtedness or obligations for borrowed money (other than as contemplated hereby or payables incurred in the ordinary course of business or as previously disclosed in writing to the Bank) and has not granted any security ranking equal with or in priority to the Security (other than Permitted Encumbrances).

Unless expressly stated to be made as of a specific date, the representations and warranties made in this Offering Letter shall survive the execution of this Offering Letter and all Security, and shall be deemed to be repeated as of the date of each Advance and as of the date of delivery of each Compliance Certificate, subject to modifications made by the Borrower to the Bank in writing and accepted by the Bank. The Bank shall be deemed to have relied upon such representations and warranties at each such time as a condition of making an Advance hereunder or continuing to extend the Credit Facilities hereunder.

**CONDITIONS
PRECEDENT:**

Prior to any drawdown under the Credit Facilities, the Borrower shall have provided, executed or satisfied the following, to the Bank's satisfaction (collectively with all other conditions precedent set out in this Offering Letter, the "Conditions Precedent"):

1. All Security shall be duly completed, authorized, executed, delivered by each Loan Party which is a party thereto, and registered, all to the satisfaction of the Bank and its counsel.
2. All fees due and payable to the Bank shall have been paid.
3. No Default or Event of Default shall exist.
4. No Material Adverse Effect has occurred with respect to any Loan Party or the Security.
5. Any other document that may be reasonably requested by the Bank.

The above conditions are inserted for the sole benefit of the Bank, and may be waived by the Bank in whole or in part (with or without terms or conditions) in respect of any particular Advance, provided that any waiver shall not be binding unless given in writing and shall not derogate from the right of the Bank to insist on the satisfaction of any condition not expressly waived in writing or to insist on the satisfaction of any condition waived in writing which may be requested in the future.

**REPORTING
REQUIREMENTS:**

The Borrower shall submit to the Bank:

1. Monthly production and revenue reports in form and substance satisfactory to the Bank within 60 calendar days of each month end;
2. Quarterly unaudited consolidated financial statements, including balance sheet, income statement, and cash flow statement, and Compliance Certificate within 60 calendar days of each fiscal quarter end for the first three fiscal quarters of each fiscal year;
3. Annual audited consolidated financial statements and Compliance Certificate within 120 calendar days of each fiscal year end;
4. Annual independent engineering report in form and substance satisfactory to the Bank on the petroleum and natural gas reserves of the Borrower within 120 calendar days of each fiscal year end, prepared by a firm acceptable to the Bank;

5. Annual consolidated budget for the following fiscal year, including production, cash flow and capital expenditures forecasts, within 120 days of each fiscal year end; and
6. Any other information the Bank may reasonably require from time to time.

**AFFIRMATIVE
COVENANTS:**

Each Loan Party shall (each of the below being an "Affirmative Covenant"):

1. Carry on business and operate its petroleum and natural gas reserves in accordance with good practices consistent with accepted industry standards and pursuant to applicable agreements, regulations, and laws.
2. Maintain its corporate existence and comply with all applicable laws.
3. Pay, when due, all taxes, assessments, deductions at source, crown royalties, income tax or levies for which the payment is guaranteed by legal privilege, prior claim, or legal hypothec, without subrogation or consolidations.
4. Comply with all regulatory bodies and provisions regarding environmental procedures and controls.
5. Upon reasonable notice, allow the Bank access to its books and records, and take excerpts therefrom or make copies thereof, and to visit and inspect its assets and place(s) of business.
6. Maintain adequate and appropriate insurance on its assets including protection against public liability, blow-outs, and "all-risk" perils.
7. Inform the Bank of any event or action which would have a Material Adverse Effect on its operational or financial affairs, including but not limited to the sale of assets, guarantees, funded debt from other lenders, or alteration of type of business.
8. Keep and maintain books of account and other accounting records in accordance with GAAP.
9. Maintain an Adjusted Working Capital Ratio of not less than 1.00:1.00 at all times.
10. Pay all amounts due and payable hereunder and pursuant to the Security in accordance with the respective terms hereof and thereof.
11. As soon as practicable following receipt by such Loan Party of a request by the Bank to provide fixed charge security over the producing petroleum and natural gas properties of such Loan Party (and in any event not more than 5 Business Days following such request), furnish or cause to be furnished to the Bank, at the sole cost and expense of such Loan Party, fixed charge security over such producing and natural gas properties of such Loan Party as are specified by the Bank, in the form of a supplemental instrument to the Security.
12. Observe the terms of and perform its obligations under this Offering Letter and the Security, and under any other agreements now or hereafter made with the Bank.
13. Utilize the Advances only for the applicable purposes stipulated herein.

14. Notify the Bank, without delay, of (a) any litigation or proceeding in which it is a party if an adverse decision therein would require it to pay more than \$300,000 or deliver assets the value of which exceeds such sum (whether or not the claim is considered to be covered by insurance), and (b) the institution of any other suit or proceeding involving it that might materially and adversely affect its property, assets or undertaking, or its operations, financial conditions or business.
15. Notify the Bank, without delay, of any Default or Event of Default.
16. Obtain and maintain the licenses and permits required to operate its business unless failure to obtain such licenses and permits could not reasonably be expected to result in a Material Adverse Effect.
17. Provide the Bank with any information or document that it may reasonably require from time to time.

**NEGATIVE
COVENANTS:**

No Loan Party shall, without the prior approval of the Bank (each of the below being a "Negative Covenant"):

1. Allow a Change of Control.
2. Merge, amalgamate, consolidate, or wind up its assets, unless (i) such merger, amalgamation, consolidation or winding up is with another Loan Party and (ii) it has notified the Bank, without delay, of such merger, amalgamation, consolidation or winding up.
3. Reduce or distribute capital or pay dividends or redeem or repurchase common or preferred shares, unless such distribution, dividends, redemptions, and repurchases do not impair the capacity of such Loan Party to fulfil its obligations with respect to the Credit Facilities, including the repayment of all Credit Facilities; notwithstanding the foregoing, no Loan Party shall reduce or distribute capital or pay dividends or redeem or repurchase common or preferred shares when a Default or an Event of Default has occurred and is continuing or shall reasonably be expected to occur as a result of reducing or distributing capital or paying dividends or redeeming or repurchasing common or preferred shares, as the case may be.
4. Incur further secured indebtedness, pledge or encumber assets, or guarantee the obligations of others.
5. Make loans or investments, except to or in another Loan Party.
6. Sell or dispose of any assets subject to the Bank's Security. This shall include sale/leaseback transactions on facilities.
7. Hedge or contract crude oil, natural gas liquids, or natural gas, on a fixed price basis, exceeding 50% of actual production volumes.
8. Monetize or effect an early termination of any fixed price financial hedge or contract.
9. Make any material change in the nature of its business as carried on at the date hereof.
10. Utilize Advances to finance a hostile takeover.

11. Move its property, assets or undertaking outside the jurisdictions in which the Security is registered.
12. Move its chief executive office from Alberta.
13. Create, acquire or suffer to exist any subsidiary unless such subsidiary provides a guarantee and such other Security required by the Bank, in its sole discretion.
14. Experience a change in its executive management which, in the opinion of the Bank, acting in its sole discretion, has or may have a Material Adverse Effect.

**ENVIRONMENTAL
OBLIGATIONS:**

1. Each Loan Party shall comply with the requirements of all legislative and regulatory environmental provisions (the "Environmental Requirements") and shall at all times maintain the authorizations, permits, and certificates required under these provisions.
2. Each Loan Party shall immediately notify the Bank in the event a contaminant spill or emission occurs or is discovered with respect to its property, operations, or those of any neighbouring property. In addition, it shall report to the Bank forthwith any notice, order, decree, or fine that it may receive or be ordered to pay with respect to the Environmental Requirements relating to its business or property.
3. At the request of and in accordance with the conditions set forth by the Bank, each Loan Party shall, at its own cost, provide any information or document which the Bank may require with respect to its environmental situation, including any study or report prepared by a firm acceptable to the Bank. In the event that such studies or reports reveal that any Environmental Requirements are not being respected, the applicable Loan Party shall effect the necessary work to ensure that its business and property comply with the Environmental Requirements within a period acceptable to the Bank.
4. Each Loan Party undertakes to indemnify the Bank for any damage which the Bank may suffer or any liability which it may incur as a result of any non-compliance with the Environmental Requirements.
5. The provisions, undertakings, and indemnification set out in this section shall survive the satisfaction and release of the Security and payment and satisfaction of the indebtedness and liability of the Borrower to the Bank pursuant to the terms hereof.

EVENTS OF DEFAULT:

Notwithstanding that the Credit Facilities are on a demand basis, and without prejudice to the Bank's rights thereby, the following shall be considered events of default ("Events of Default"), upon the occurrence of which, or of a Default, the Bank may choose, in its sole discretion, to cancel all credit availability and to demand repayment of the Credit Facilities in full, together with outstanding accrued interest, fees and any other obligations of the Borrower to the Bank, and, without prejudice to the Bank's other rights and remedies, the Bank's Security shall become enforceable:

1. Immediately upon failure by any Loan Party to pay any instalment of principal, interest, fees, costs, incidental charges or any other amount payable hereunder or under any of the Security when due.
2. Any material representation or warranty contained in this Offering Letter, the Security, any certificate or any opinion delivered hereunder proves to be untrue.

3. Failure by any Loan Party to observe or comply with any Affirmative Covenant, Negative Covenant, Environmental Obligation, condition, or term as outlined herein, or in any Security document or underlying agreements delivered pursuant hereto (not otherwise specifically dealt with in this Events of Default Section).
4. In the opinion of the Bank, acting reasonably, a Material Adverse Effect in the financial condition of any Loan Party or to the operation of any Loan Party's assets has occurred.
5. If a petition is filed, an order is made or a resolution passed, or any other proceeding is taken for the winding up, dissolution, or liquidation of any Loan Party.
6. If proceedings are taken to enforce any encumbrance on the assets of any Loan Party having a value in the aggregate greater than \$300,000, excepting as long as such proceedings are being contested in good faith by such Loan Party and security satisfactory to the Bank has been provided to the Bank.
7. If any Loan Party ceases or threatens to cease to carry on its business, or if proceedings are commenced for the suspension of the business of any Loan Party, or if any proceedings are commenced under the Companies Creditors Arrangements Act (Canada) or under the Bankruptcy and Insolvency Act (Canada) (including filing a proposal or notice of intention) with respect to any Loan Party, or if any Loan Party commits or threatens to commit an act of bankruptcy, or if any Loan Party becomes insolvent or bankrupt or makes an authorized assignment pursuant to the Bankruptcy and Insolvency Act (Canada), or a bankruptcy petition is filed by or presented against any Loan Party.
8. If proceedings are commenced to appoint a receiver, receiver/manager, or trustee in respect of the assets of any Loan Party by a court or pursuant to any other agreement.
9. If any Loan Party is in default under the terms of any other contracts, agreements or writings with any other creditor having liens on the property of such Loan Party and such default could reasonably be expected to result in a Material Adverse Effect.
10. If the validity, enforceability or, where applicable, priority of this Offering Letter or any of the Security is prejudiced or endangered.
11. If an event of default under any of the Security occurs and is continuing, or any other event which constitutes or which with the giving of notice or lapse of time or otherwise would constitute an event of default under any of the Security occurs.
12. If any event of default under any material agreement to which a Loan Party is a party occurs and is continuing, or any other event which constitutes or which with the giving of notice or lapse of time or otherwise would constitute an event of default under any material agreement to which a Loan Party is a party occurs.
13. If the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of repayment of any Advance is or is about to be impaired or that the collateral secured by the Security is or is about to be placed in jeopardy.
14. If any Material Adverse Effect occurs.

**INTEREST ON
OVERDUE AMOUNTS:**

Notwithstanding any other provision of this Offering Letter, in the event that any amount due hereunder (including, without limitation, any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall and hereby agrees to pay to the Bank interest on such unpaid amount (including, without limitation, interest on interest), if and to the fullest extent permitted by applicable law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is made before 10:00 a.m. at the place of payment on the date of such payment), and such interest shall accrue daily, be calculated and compounded on the last Business Day of each calendar month and be payable in the currency of the relevant Advance on demand, as well after as before maturity, default and judgment, at a rate per annum that is equal to: (i) the rate of interest then being charged on Prime Rate Loans under the applicable Credit Facility plus 2.00% per annum, for overdue amounts in Canadian Dollars under such Credit Facility; and (ii) the rate of interest then being charged on Base Rate Loans under the applicable Credit Facility plus 2.00% per annum, for overdue amounts in U.S. Dollars under such Credit Facility. The Borrower hereby waives, to the fullest extent it may do so under applicable law, any provisions of applicable law, including specifically the Interest Act (Canada) or the Judgment Interest Act (Alberta), which may be inconsistent with this Offering Letter.

COSTS:

All reasonable third party expenses incurred by the Bank in connection with the Credit Facilities or this Offering Letter are for the account of the Borrower including, but not limited to, legal fees (on a solicitor and own client basis) and future engineering fees.

CHANGE OF LAWS:

Notwithstanding anything contained in this letter to the contrary, in the event that:

1. changes to any existing law or regulation or the introduction of any new law or regulation, or taxes other than income taxes, including, without limitation, a sales tax on loan transactions, or in the interpretation or administration thereof; or
2. compliance by the Bank with any request from or requirement of any central bank or other fiscal or monetary authority having jurisdiction over Canadian banks general (whether or not such request has the force of law);

cause the Bank to:

- a. incur any cost as a result of having entered into and/or performed its obligations hereunder and/or as a result of obligations or options remaining outstanding hereunder including, without limitation, any reserve or special deposit requirement or any payment on or calculated by reference to the amount of the Credit Facilities hereunder; or
- b. suffer a reduction in the rate of return on that part of its overall capital (not due to the rates of tax payable on their overall profits or net income) as a result of a requirement to attribute or allocate capital to the Credit Facilities or a Credit Facility provided hereunder in respect of that part of such Credit Facilities or Credit Facility which is for the time being undrawn as a result of a change in the manner in which the Bank is required to allocate resources to its obligations hereunder,

then the Bank reserves the right to increase the charges for the Credit Facilities or such Credit Facility provided hereunder by the amount of such additional cost of liability as determined by the Bank and the Borrower agrees that it will forthwith on demand pay to the Bank amounts sufficient to reimburse the Bank against such costs or liabilities.

CURRENT ACCOUNTS:

Each Loan Party shall maintain its current accounts at the Calgary Branch of the Bank through which it shall conduct all of its banking activities.

Regular Bank service charges shall apply in the day-to-day operations of each Loan Party's accounts.

GENERAL:

Time is of the essence.

The terms and conditions of this Offering Letter between the Bank and each Loan Party are confidential and shall be treated accordingly.

Each Loan Party shall do all things and execute all documents deemed necessary or appropriate by the Bank for the purposes of giving full force and effect to the terms, conditions, undertakings, and security granted or to be granted hereunder.

When a conflict or inconsistency exists between the Security and this Offering Letter, this Offering Letter shall govern to the extent necessary to remove such conflict or inconsistency. Notwithstanding the foregoing, if there is any right or remedy of the Bank set out in any of the Security or any part of which is not set out or provided for in this Offering Letter, such additional right shall not constitute a conflict or inconsistency.

ACCOUNT DEBITS:

Each Loan Party hereby irrevocably authorizes the Bank to debit periodically or from time to time, any bank account it may maintain at the Bank in order to pay all or part of the amounts any Loan Party may owe to the Bank hereunder.

**PERSONAL PROPERTY
SECURITY ACT (ALBERTA)
REQUIREMENTS:**

Each Loan Party hereby waives the requirement for the Bank to provide copies of Personal Property Security Act (Alberta) (collectively with the equivalent legislation in other jurisdictions, the "PPSA") registrations, verification statements, or financing statements undertaken by the Bank.

Each Loan Party hereby agrees to provide to the Bank written notice of a change in its name or address immediately.

ASSIGNMENT:

No rights or obligations of any Loan Party hereunder and no amount of the Credit Facilities may be transferred or assigned by any Loan Party, any such transfer or assignment being null and void insofar as the Bank is concerned and rendering any balance then outstanding of the loan immediately due and payable at the option of the Bank and releasing the Bank from any and all obligations of making any further advances hereunder.

DEMAND:

Notwithstanding any of the terms of this Offering Letter, all obligations of any Loan Party hereunder are repayable to the Bank at any time upon its demand.

ADJUSTMENTS:

Notwithstanding any maximum amount, Availability, Reduction Amount, Pricing Grid, interest rate, margin calculation, Applicable Margin, Standby Fee, Stamping Fee, L/C/G Fee or other fee quoted herein, the Bank shall have the right to adjust such maximum amount, Availability, Reduction Amount, Pricing Grid, interest rate, margin calculation, Applicable Margin, Standby Fee, Stamping Fee, L/C/G Fee or other fee, at the Bank's sole discretion.

NO OBLIGATION:

Upon the Bank's demand for repayment or upon the occurrence of a Default or an Event of Default, the Bank shall have no obligation or liability to make further advances under the Credit Facilities.

**ACCESS TO
INFORMATION:**

Each Loan Party hereby authorizes the Bank to use the necessary information pertaining to it which the Bank has or may have for the purpose of granting credit and insurance products (where permitted by law) and further authorize(s) the Bank to disclose such information to its affiliates and subsidiaries for this same purpose. Moreover, it hereby authorizes the Bank to obtain personal information pertaining to it from any party likely to have such information (credit or information bureau, financial institution, creditor, employer, tax authority, public entity, Persons with whom they might have business relations, and affiliates or Bank subsidiaries) in order to verify the accuracy of all information provided to the Bank and to ensure the solvency of each Loan Party at all times.

**ANTI-MONEY
LAUNDERING
LEGISLATION:**

Each Loan Party acknowledges that, pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada) and other applicable anti money laundering, anti terrorist financing, government sanction and "know your client" laws, whether within Canada or elsewhere (collectively, including any guidelines or orders thereunder, "AML Legislation"), the Bank may be required to obtain, verify and record information regarding any Loan Party, its directors, authorized signing officers, direct or indirect shareholders or other Persons in control of such Loan Party, and the transactions contemplated hereby. Each Loan Party shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by the Bank, or any prospective assign or participant of the Bank, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

NOTICE:

Notices to be given under this Offering Letter, the Security or any other document in respect thereto any of Loan Party or the Bank shall, except as otherwise specifically provided, be in writing addressed to the party for whom it is intended. Notices shall be given by personal delivery or transmitted by facsimile and shall be deemed to be received on the Business Day of receipt (unless such delivery or transmission is received after 1:00 p.m. Mountain Time, in which case it shall be deemed to have been received on the following Business Day) unless the law deems a particular notice to be received earlier. The address for each Loan Party shall be the addresses currently recorded on the records of the Bank for such Loan Party, or such other mailing or facsimile addresses as such Loan Party may from time to time may notify the Bank as aforesaid. The address for the Bank shall be the Calgary Branch of the Bank or such other mailing or facsimile addresses as the Bank may from time to time may notify the Borrower as aforesaid.

**AUTHORIZATION
REGARDING
INSTRUCTIONS SENT
ELECTRONICALLY:**

Each Loan Party authorizes the Bank to do all things as authorized by such Loan Party even if such authorization is sent by fax or by e-mail and the Bank may deem such authorization valid and sufficient and the aforementioned presumption of accuracy shall apply to the authorization, whether it is required for transmitting information, a debit, issuing drafts or certified cheques or for any other purpose. Moreover, the Bank will not be held liable for any fees or delays which may be caused when an instruction is sent whether due to a technical problem attributable to the systems in use at the Bank or otherwise.

PAYMENTS:

Unless otherwise indicated herein, the obligation of each Loan Party to make all payments under this Offering Letter and the Security shall be absolute and unconditional and shall not be limited or affected by any circumstance, including, without limitation:

1. Any set-off, compensation, counterclaim, recoupment, defence or other right which such Loan Party may have against the Bank of anyone else for any reason whatsoever; or
2. Any insolvency, bankruptcy, reorganization or similar proceedings by or against such Loan Party.

All payments to be made under this Offering Letter shall be made in Canadian Dollars.

All payments made under this Offering Letter shall be made on or prior to 1:00 p.m. Mountain Time on the day such payment is due. Any payment received after 1:00 p.m. Mountain Time shall be deemed to have been received on the following day. Whenever a payment is due on a day which is not a Business Day, such due day shall be extended to the next Business Day and such extension of time shall be included in the computation of any interest payable.

SET-OFF:

The Bank shall have the right to set-off and apply any funds of any Loan Party deposited with or held by the Bank from time to time, and any other indebtedness owing to any Loan Party by the Bank, against any of the amounts outstanding under this Offering Letter from time to time.

JUDGMENT CURRENCY:

If for the purpose of obtaining judgment in any court in any jurisdiction with respect to this Offering Letter it is necessary to convert into the currency of such jurisdiction (the "Judgment Currency") any amount due hereunder in any currency other than the Judgment Currency, then such conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose, rate of exchange means the rate at which the Bank would, on the relevant day, be prepared to sell a similar amount of such currency against the Judgment Currency.

**RIGHTS AND REMEDIES
CUMULATIVE:**

The rights, remedies and powers of the Bank under this Offering Letter, the Security, at law and in equity are cumulative and not alternative and are not in substitution for any other remedies, rights or powers of the Bank, and no delay or omission in exercise of any such right, remedy or power shall exhaust such rights, remedies and powers to be construed as a waiver of any of them.

**WAIVERS AND
AMENDMENTS:**

No term, provision or condition of this Offering Letter or any of the Security, may be waived, varied or amended unless in writing and signed by a duly authorized officer of the Bank.

**INTEREST ACT
(CANADA):**

Any interest rate set forth in this Offering Letter based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such interest rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based. The Borrower hereby waives, to the fullest extent it may do so under law, any provisions of law, including specifically the Interest Act (Canada) or the Judgment Interest Act (Alberta), which may be inconsistent with this Offering Letter.

GAAP / IFRS:

All financial statements required to be furnished by the Borrower to the Bank hereunder shall be prepared in accordance with GAAP. Each accounting term used in this Offering Letter, unless otherwise defined herein, has the meaning assigned to it under GAAP and, except as otherwise provided herein, reference to any balance sheet item, statement of income item or statement of cash flows item means such item as computed from the applicable financial statement prepared in accordance with GAAP.

If there occurs a change in GAAP (an "Accounting Change"), including as a result of a conversion to International Financial Reporting Standards ("IFRS"), and such change would result in a change (other than an immaterial change) in the calculation of any financial covenant, standard or term used hereunder, then at the request of the Borrower or the Bank, the Borrower and the Bank shall enter into negotiations to amend such provisions so as to reflect such Accounting Change with the result that the criteria for evaluating the financial condition of the Borrower or any other party, as applicable, shall be the same after such Accounting Change, as if such Accounting Change had not occurred. If, however, within 30 days of the foregoing request by the Borrower or the Bank, the Borrower and the Bank have not reached agreement on such amendment, the method of calculation shall not be revised and all amounts to be determined thereunder shall be determined without giving effect to the Accounting Change.

GOVERNING LAW:

This Offering Letter shall be construed and governed in accordance with the laws of the Province of Alberta. Each Loan Party irrevocably and unconditionally attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta and all courts competent to hear appeals therefrom.

REVIEW:

Without detracting from the demand nature of the Credit Facilities, the Credit Facilities are subject to periodic review by the Bank in its sole discretion (each such review is referred to in this Offering Letter as a "Review"). The next Review is scheduled on or before December 1, 2012, but may be set at an earlier or later date at the sole discretion of the Bank.

EXPIRY DATE:

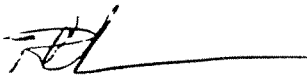
This Offering Letter is open for acceptance until July 24, 2012 (as may be extended from time to time as follows, the "Expiry Date") at which time it shall expire unless extended by mutual consent in writing. We reserve the right to cancel our offer at any time prior to acceptance.

If the foregoing terms and conditions are acceptable, please sign two copies of this Offering Letter and return one copy to the Bank by the Expiry Date. This Offering Letter may be executed in any number of counterparts, each of which when executed and delivered shall be deemed to be an original, and such counterparts together shall constitute one and the same agreement. The delivery of a facsimile or other electronic copy of an executed counterpart of this Offering Letter shall be deemed to be valid execution and delivery of this Offering Letter, but the party delivering a facsimile or other electronic copy shall deliver an original copy of this Offering Letter as soon as possible after delivering the facsimile or other electronic copy.

National Bank of Canada appreciates the opportunity of providing this Offering Letter to Legend Energy Canada Ltd. We look forward to a continuing and mutually beneficial relationship.

Yours truly,

NATIONAL BANK OF CANADA



Robert K. Chorley
Director
Energy Group



David K. Forsyth
Managing Director
Energy Group

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Enclosure
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AGREED AND ACCEPTED this 17 day of July, 2012.

LEGEND ENERGY CANADA LTD.

Per: 

Per: _____

APPENDIX A

<u>CREDIT:</u>	Energy Group National Bank of Canada 311 - 6 Avenue SW, Suite 1800 Calgary, AB T2P 3H2	Director: Telephone: Facsimile: E-mail:	Mr. Robert Chorley (403) 294-4920 (403) 294-3078 robert.chorley@nbc.ca
		Associate: Telephone: Facsimile: E-mail:	Ms. Audrey Ng (403) 294-4966 (403) 294-3078 audrey.ng@nbc.ca
<u>ADMINISTRATION:</u>	BA Administration; Current Account Documents; L/C/Gs; MasterCard; Loan/Account Balances; CAD/USD Money Orders/Bank Drafts; Bank Confirmations; Investments; General Inquiries	Account Representative: Telephone: Facsimile: E-mail:	Ms. Gerry McLean (403) 294-4922 (403) 294-3078 gerry.mclean@nbc.ca
<u>BRANCH:</u>	Calgary Downtown Branch National Bank of Canada 301 - 6 Avenue SW Calgary, AB T2P 4M9	Telephone: Facsimile:	(403) 294-4900 (403) 294-4965
	Calgary MacLeod Trail Branch National Bank of Canada 430 - 7337 MacLeod Trail South Calgary, AB T2H 0L8	Telephone: Facsimile:	(403) 592-8515 (403) 265-0831
<u>INTERNET/ TELEPHONE BANKING</u>	Order Cheques, Loan/Account Balances; Traces; Stop Payments, List of Current Account Transactions; Pay Bills; Transfer Between Accounts	Website: Telephone:	www.nbc.ca (888) 483-5628
<u>OTHER:</u>	Internet Banking	Manager, Global Cash Management: Telephone: Facsimile: E-mail:	Ms. Kathy Holland (403) 294-4948 (403) 476-1000 kathy.holland@nbc.ca
	Foreign Exchange & Interest Rates National Bank of Canada 311 - 6 Avenue SW, 6 th Floor Calgary, AB T2P 3H2	Director, Risk Management Solutions: Telephone: Facsimile: E-mail:	Mr. George Androulidakis (403) 440-1126 (403) 294-4923 george.androulidakis@tres.bnc.ca
	Commodity Derivatives 311 - 6 Avenue SW, 6 th Floor Calgary, AB T2P 3H2	Telephone: Facsimile: E-mail:	(403) 294-4935 (403) 294-4923 energy@nbcenergy.com

APPENDIX B

COMPLIANCE CERTIFICATE

To: National Bank of Canada
311 - 6 Avenue SW, Suite 1800
Calgary, AB

I _____, of the City of _____, in the Province of _____, hereby certify as at the date of this Certificate as follows:

1. I am the _____ of Legend Energy Canada Ltd. (the "Borrower") and I am authorized to provide this Certificate to you for and on behalf of the Borrower;
2. This Certificate applies to the fiscal quarter ended _____, _____;
3. I am familiar with and have examined the provisions of the Offering Letter dated _____, 20____, as amended from time to time, between the Borrower and National Bank of Canada and I have made such investigations of corporate records and inquiries of other officers and senior personnel of each Loan Party as I have deemed reasonably necessary for purposes of the Certificate;
4. As of the date hereof, the Borrower confirms that all of its subsidiaries (if any) are Loan Parties.
5. The representations and warranties set forth in the Offering Letter are in all material respects true and correct on the date hereof;
6. No Default or Event of Default has occurred and is continuing of which we are aware;
7. As required, I have calculated the Adjusted Working Capital Ratio for the fiscal quarter ended as follows:
_____ : 1.00; and
8. All relevant calculations and financial statements are attached.

Except where the context otherwise requires, all capitalized terms used herein have the same meanings as given thereto in the Offering Letter.

This Certificate is given by the undersigned officer in their capacity as an officer of the Borrower without any personal liability on the part of such officer.

Executed at the City of _____, in the Province of _____ this _____ day of _____, 20____.

Yours truly,

LEGEND ENERGY CANADA LTD.

Per: _____
Name:
Title:

LEGEND ENERGY CANADA LTD.
COMPLIANCE CERTIFICATE

Calculation of Adjusted Working Capital Ratio

Current Assets

Current assets	\$
Less: Unrealized Hedging Gains	()
Add: Undrawn Availability under Credit Facility A	
	<u>\$ (A)</u>

Current Liabilities

Current liabilities	\$
Less: Unrealized Hedging Losses	()
Less: Current Portion of Bank Debt	()
	<u>\$ (B)</u>

Adjusted Working Capital Ratio calculated as follows:

$$\frac{A}{B} =$$

APPENDIX C

DEFINITIONS

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

"Adjusted Working Capital Ratio" means the ratio of (i) Current Assets plus undrawn Availability under Credit Facility A to (ii) Current Liabilities.

"Advance" means an advance of funds made by the Bank under a Credit Facility to the Borrower, or if the context so requires, an advance of funds under one or more of the Credit Facilities or under one or more of the availability options of one or more of the Credit Facilities, and any reference relating to the amount of Advances shall mean the sum of the principal amount of all outstanding Prime Rate Loans and Base Rate Loans, plus the Face Amount of all outstanding BAs and the stated amount of all L/C/Gs as applicable.

"Appendix" means an appendix to the Offering Letter.

"Applicable Margin" means, at any time, a margin, expressed as a rate per annum based on a 365 or 366 day period, as the case may be, for Prime Rate Loans, Base Rate Loans and payment of Standby Fees and L/C/G Fees, or based on a 365 day period in the case of Stamping Fees, and in any case payable to the Bank, as set out in the Pricing Grid for Facility A under the then Net Debt to Cash Flow Ratio applicable to the type of Advance.

"Availability" has the meaning ascribed to such term under the section heading "Availability", with respect to the applicable Credit Facility.

"bps" means one one-hundredth of one percent.

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

"Calgary Branch of the Bank" means the branch of the Bank at 301 – 6 Avenue SW, Calgary, AB T2P 4M9, fax (403) 294-4965, or such other address as the Bank may notify the Borrower from time to time.

"Canadian Dollars", "Cdn Dollars", "Cdn\$", "CAD\$" and "\$" mean the lawful money of Canada.

"Capital Lease" means, with respect to any Person, any lease or other arrangement relating to real or personal property which should, in accordance with GAAP, be accounted for as a capital lease on a balance sheet of such Person but excluding any lease that would in accordance with GAAP be determined to be an operating lease.

"Cash Flow" means, at any time, the annualized cash flow of the Borrower on a consolidated basis for the most recent fiscal quarter as determined from its quarterly financial statements for that fiscal quarter, which for certainty means an annualized aggregate amount expressed in Canadian Dollars of the sum, without duplication, of its:

- (a) net earnings (but excluding from the determination of net earnings, non-cash income, unrealized mark to market gains, Capital Lease payments, any abandonment costs paid in cash, cash taxes and any extraordinary or nonrecurring earnings, gains, and losses);
- (b) depletion, depreciation, accretion and amortization;
- (c) exploration and evaluation expenses to the extent deducted from Net Income;
- (d) future income taxes; and
- (e) other charges to operations not requiring a current cash payment

it being acknowledged that such annualized cash flow shall be adjusted for such other amounts as reasonably requested by the Bank during such fiscal quarter.

"Change of Control" means the occurrence of any of the following events, with respect to any Loan Party:

- (a) any Person or Persons acting jointly or in concert (within the meaning of the Securities Act (Alberta)), shall beneficially, directly or indirectly, hold or exercise control or direction over and/or has the right to acquire or control or exercise direction over (whether such right is exercisable immediately or only after the passage of time) more than 20% of the issued and outstanding Voting Shares of such Loan Party; or
- (b) during any period of two consecutive years, individuals who at the beginning of such period constitute the board of directors of such Loan Party cease, for any reason, to constitute at least a majority of the board of directors of such Loan Party unless the election or nomination for election of each new director was approved by a vote of at least two-thirds of the directors then still in office who were directors at the beginning of the period (the "Incumbent Directors") and in particular, any new director who assumes office in connection with or as a result of any actual or threatened proxy or other election contest of the board of directors of the Borrower shall never be an Incumbent Director; or
- (c) such Loan Party ceases to own, control or direct 100% of the Voting Shares of a subsidiary.

"Compliance Certificate" means a certificate of an officer of the Borrower signed on its behalf by the president, chief executive officer, chief operating officer, chief financial officer or any vice president of the Borrower, substantially in the form annexed hereto as Appendix B, to be given to the Bank by the Borrower from time to time pursuant to the Offering Letter.

"Credit Facilities" means the credit facility(ies) (and the risk management facility) to be made available to the Borrower by the Bank in accordance with the provisions of the Offering Letter.

"Current Assets" means, as at any date of determination, the current assets of the Borrower on a consolidated basis for such date as determined in accordance with generally accepted accounting principles but excluding the impact of any Unrealized Hedging Gains.

"Current Liabilities" means, as at any date of determination, the current liabilities of the Borrower on a consolidated basis for such date as determined in accordance with generally accepted accounting principles but excluding: (i) Current Portion of Bank Debt; and (ii) the impact of any Unrealized Hedging Losses.

"Current Portion of Bank Debt" means any current liabilities under the Credit Facilities other than those that arise due to total advances under a Credit Facility exceeding the maximum amount of such Credit Facility, whether by reduction of maximum amount, fluctuations in exchange rates, or due to mandatory repayments, or due to the occurrence of a Default or an Event of Default, or due to the Bank's demand for repayment.

"Debt" means, as at any date of determination, all obligations, liabilities and indebtedness of the Borrower which would, in accordance with generally accepted accounting principles, be classified upon a consolidated balance sheet of the Borrower for such date as indebtedness for borrowed money and, without limiting the generality of the foregoing, whether or not so classified, shall include (without duplication):

- (a) obligations under BAs;
- (b) issued and drawn L/C/Gs;
- (c) obligations under guarantees, indemnities, or such other agreements providing financial assistance;
- (d) Capital Leases or sales/lease-backs;
- (e) obligations under deferred purchase price agreements;
- (f) deferred revenues relating to third party obligations;
- (g) the redemption amount of any capital where the holder of such capital has the option to require the redemption of such capital for cash or property and payment of the redemption amounts;
- (h) any distributions declared but not yet paid; and
- (i) all mark to market losses under any Financial Instruments that are due and owing.

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

"**Face Amount**" means (i) in respect of a BA, the amount payable to the holder thereof on its maturity, and (ii) in respect of a L/C/G, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such L/C/G.

"**Federal Funds Effective Rate**" means, on any day, the rate of interest per annum for that day set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (the "H.15(519)") opposite the caption "Federal Funds (Effective)" and, if on any day such rate is not yet published in H. 15(519), the rate for such day will be the rate set forth in the Composite 3:30 p.m. Quotations for US Government Securities, or any successor publication, for such day published by the Federal Reserve Board (the "Composite 3:30 p.m. Quotations") under the caption "Federal Funds Effective Rate"; provided that if such rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, such rate will be the average of the interest rates per annum quoted for such day on overnight Federal funds (such words to have the meaning generally given to them by money market brokers of recognized standing doing business in the United States of America) transactions received by the Bank from three Federal funds brokers of recognized standing selected by the Bank;

"**Financial Instrument**" means any currency swap agreement, cross-currency agreement, interest swap agreement, agreement for the making or taking of delivery of any commodity, commodity swap agreement, forward agreement, floor, cap or collar agreement, futures or options, insurance or other similar risk management agreement or arrangement, or any combination thereof, to be entered into by the Borrower where (i) the subject matter of the same is interest rates or the price, value or amount payable thereunder is dependent or based upon the interest rates or fluctuations in interest rates in effect from time to time (but, for certainty, shall exclude conventional floating rate debt) (ii) the subject matter of the same is currency exchange rates or the price, value or amount payable thereunder is dependent or based upon currency exchange rates or fluctuations in currency exchange rates as in effect from time to time, or (iii) the subject matter of the same is any commodity or the price, value or amount payable thereunder is dependent or based upon the price of any commodity or fluctuations in the price of any commodity.

"**Generally Accepted Accounting Principles**" or "**GAAP**" means generally accepted accounting principles consistently applied which are in effect from time to time, as published in the Handbook of the Canadian Institute of Chartered Accountants and other primary sources recognized from time to time by the Canadian Institute of Chartered Accountants.

"**ISDA Master Agreement**" means an International Swap and Derivatives Association, Inc. Master Agreement (Multi Currency - Cross-Border) as from time to time amended, restated or replaced by the International Swap and Derivatives Association, Inc., including the schedule thereto and any confirmation thereunder as entered into by the Borrower with any counterparty thereto.

"**Material Adverse Effect**" means a material adverse effect on:

- (a) the business, financial condition, operations, assets or capitalization of the Borrower on a consolidated basis and taken as a whole;
- (b) the ability of any Loan Party to pay or perform the obligations under this Offering Letter or the ability of any Loan Party to pay or perform any of its obligations or contingent obligations under any Security or any underlying agreements or document delivered pursuant to this Offering Letter or the Security;
- (c) the ability of any Loan Party to perform its obligations under any material contract, if it would also have a material adverse effect on the ability of such Loan Party to pay or perform its obligations under this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security;
- (d) the validity or enforceability of this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security; and
- (e) the priority ranking of any security interests granted by this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security, or the rights or remedies intended or purported to be granted to the Bank under or pursuant to this Offering Letter, the Security, or any underlying agreements or documents delivered pursuant to this Offering Letter or the Security.

"Net Debt" means at any time, on a consolidated basis, the aggregate amount (without duplication) expressed in Canadian Dollars of (a) Working Capital Deficit plus (b) Debt .

"Net Debt to Cash Flow Ratio" means at any time, the ratio of (i) Net Debt to (ii) Cash Flow.

"Offering Letter" means the offering letter to which this appendix is appended, and any appendices thereto, as amended, supplemented, modified, restated or replaced from time to time.

"Permitted Contest" means action taken by a Loan Party in good faith by the appropriate proceedings diligently pursued to contest a tax, claim or security interest, provided that:

- (a) such Loan Party has established reasonable reserves therefor in accordance with GAAP;
- (b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect; and
- (c) proceeding with such contest will not create a material risk of sale, forfeiture or loss of, or interference with the use or operation of, a material part of the property, assets or undertaking of any Loan Party.

"Permitted Encumbrance" means at any particular time any of the following encumbrances on the property or any part of the property of any Loan Party:

- (a) liens for taxes, assessments or governmental charges not at the time due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (b) liens under or pursuant to any judgment rendered, or claim filed, against a Loan Party, which such Loan Party shall be contesting at the time by a Permitted Contest;
- (c) undetermined or inchoate liens and charges incidental to construction or current operations which have not at such time been filed pursuant to law against any Loan Party or which relate to obligations not due or delinquent, or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (d) easements, rights-of-way, servitudes or other similar rights in land (including, without in any way limiting the generality of the foregoing, rights-of-way and servitudes for railways, sewers, drains, gas and oil and other pipelines, gas and water mains, electric light and power and telecommunication, telephone or telegraph or cable television conduits, poles, wires and cables) granted to or reserved or taken by other Persons which individually or in the aggregate do not materially detract from the value of the land concerned or materially impair its use in the operation of the business of any Loan Party;
- (e) security given by any Loan Party to a public utility or any municipality or governmental or other public authority when required by such utility or municipality or other authority in connection with the operations of such Loan Party, all in the ordinary course of its business which individually or in the aggregate do not materially detract from the value of the asset concerned or materially impair its use in the operation of the business of any Loan Party;
- (f) the reservation in any original grants from the Crown of any land or interests therein and statutory exceptions to title;
- (g) security interests in favour of the Bank securing the obligations of any Loan Party under the Offering Letter or the Security;
- (h) the Security;

- (i) liens incurred or created in the ordinary course of business and in accordance with sound industry practice in respect of the exploration, development or operation of petroleum or natural gas interests, related production or processing facilities in which such Person has an interest or the transmission of petroleum or natural gas as security in favour of any other Person conducting the exploration, development, operation or transmission of the property to which such liens relate, for any Loan Party's portion of the costs and expenses of such exploration, development, operation or transmission, provided that such costs or expenses are not due or delinquent or, if due or delinquent, the validity of which is being contested at the time by a Permitted Contest;
- (j) liens for penalties arising under non-participation or independent operations provisions of operating or similar agreements in respect of any Loan Party's petroleum or natural gas interests, provided that such liens do not materially detract from the value of any material part of the property of any Loan Party;
- (k) 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 petroleum or natural gas interests of any Loan Party;
- (l) any encumbrance or agreement entered into in the ordinary course of business relating to pooling or a plan of unitization affecting the property of any Loan Party, or any part thereof;
- (m) the right reserved or vested in any municipality or governmental or other public authority by the terms of any petroleum or natural gas leases or similar agreements in which any Loan Party has any interest or by any statutory provision to terminate petroleum or natural gas leases or similar agreements in which any Loan Party has any interest, or to require annual or other periodic payments as a condition of the continuance thereof;
- (n) obligations of any Loan Party to deliver petroleum, natural gas, chemicals, minerals or other products to buyers thereof in the ordinary course of business; and
- (o) royalties, net profits and other interests and obligations arising in accordance with standard industry practice and in the ordinary course of business, under petroleum or natural gas leases or similar agreements in which any Loan Party has any interest.

"Person" or "person" means and includes an individual, a partnership, a corporation, a joint stock company, a trust, an unincorporated association, a joint venture or other entity or a government or any agency or political subdivision thereof.

"Prime Rate" means the rate of interest per annum, based on a 365 or 366 day period, as the case may be, in effect from time to time that is equal to the greater of:

- (a) the rate of interest publicly announced by the Bank from time to time as being its reference rate then in effect for determining interest rates for commercial loans in Canadian Dollars made by the Bank in Canada; and
- (b) the average annual rate (rounded upwards, if necessary, to 0.01%) as determined by the Bank as being the average of the "BA 1 month" CDOR Rate applicable to bankers' acceptances in Canadian Dollars displayed and identified as such on the "Reuters Screen CDOR Page" (as defined in the International Swap and Derivatives Association, Inc. definitions, as modified and amended from time to time) plus 1.00%; provided that if such rates do not appear on the Reuters Screen CDOR Page as contemplated, then the CDOR Rate on any day shall be calculated as the arithmetic average of the 30-day discount rates applicable to bankers' acceptances in Canadian Dollars quoted by three major Canadian Schedule I chartered banks chosen by the Bank as of approximately 10:00 a.m. on such day, or if such day is not a Business Day, then on the immediately preceding Business Day.

"Retractable Preferred Shares" means preferred shares of the Borrower which are retractable at the option of the holder.

"Stamping Fee" means, at any time, a margin, expressed as a rate per annum based on a 365 day period, charged by the Bank for accepting and stamping BAs.

"**Unrealized Hedging Gains**" means mark to market unrealized gains in respect of Financial Instruments or other risk management products recorded in accordance with generally accepted accounting principles.

"**Unrealized Hedging Losses**" means mark to market unrealized losses in respect of Financial Instruments or other risk management products recorded in accordance with generally accepted accounting principles.

"**U.S. Base Rate**" means the rate of interest per annum, based on a 365 or 366 day period, as the case may be, in effect from time to time that is equal to the greater of:

- (a) the rate of interest publicly announced by the Bank from time to time as being its reference rate then in effect for determining interest rates for commercial loans in U.S.\$ made by the Bank in Canada; and
- (b) the Federal Funds Effective Rate in effect from time to time multiplied by 365/366, plus a margin on one half (1/2) of one (1) percent (0.50%).

"**U.S. Dollar**" and the symbol "**U.S.\$**" each means lawful money of the United States of America in same day immediately available funds and, if such funds are not available, the form of money of the United States of America that is customarily used in the settlement of international banking transactions on the day payment is due.

"**Voting Shares**" means:

- (c) in respect of a corporation or limited liability company, shares of any class or equity ownership interests of such entity:
 - (i) carrying voting rights in all circumstances; or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;

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

- (d) in respect of a trust, trust units of the trust:
 - (i) carrying voting rights in all circumstances; or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and be continuing;
- (e) in respect of a partnership, the partnership interests or partnership units:
 - (i) carrying voting rights in all circumstances; or
 - (ii) which carry the right to vote conditional on the happening of an event if such event shall have occurred and is continuing.

"**Working Capital Deficit**" means Current Liabilities minus Current Assets.



THIS IS EXHIBIT " C "
 referred to in the Affidavit of
Elizabeth King
 Sworn before me this 23
 day of October, A.D. 2014

**ACKNOWLEDGEMENT OF DEBT
 REVOLVING DEMAND CREDIT**

[Signature]
 A COMMISSIONER FOR OATHS

In consideration of the National Bank of Canada (hereinafter called the "Customer") with a revolving demand loan facility (hereinafter called the "Loan Facility") in the aggregate principal amount not exceeding \$ ~~6,000,000.00~~ Six Million Dollars dollars (CDN) the Customer agrees with the Bank as follows:

1. TERM OF CREDIT

The Customer promises to pay to the Bank, on demand, all amounts outstanding under this Loan Facility including, without limitation, principal, interest, fees and accessories.

2. INTEREST RATE

2.1 Advances in CDNS

Advances in CDNS shall bear interest, until payment in full, at the Canadian Prime Rate of the Bank plus one (1.00%) per cent, calculated daily and payable monthly, with a minimum charge of \$ 10.00. At the date hereof the Canadian Prime Rate of the Bank is three (3.00%) per cent per annum.

3. FINANCING CONDITIONS

3.1 The Customer authorizes the Bank, but the Bank is not obliged, to debit from time to time his Account with the amount of interest accrued and unpaid by the Customer.

3.2 Provided that the Bank has not demanded payment of any amount outstanding under this Loan Facility, or has not terminated this Agreement, the Customer may, at the Bank's discretion, borrow, repay and re-borrow up to the amount available under this Loan Facility at any time and from time to time in the following manner:

3.2.1 The Customer authorizes the Bank, daily or otherwise as and when determined by the Bank from time to time, to ascertain the position or net position (as the case may be) between the Customer and the Bank in respect to the deposit account or, if more than one, the deposit accounts maintained by the Customer with the Bank (herein called the "Account") and that

3.2.1.1 if such position or net position is a credit in favour of the Customer, the Bank may apply the amount of such credit or any part thereof, rounded to the nearest \$ 25,000.00 as a repayment of the Loan Facility, and the Bank will debit the Account with the amount of such repayment; and

3.2.1.2 if such position or net position is a debit in favour of the Bank, the Bank will make an advance under the Loan Facility of such amount, rounded to the nearest \$ 25,000.00 as is required to place the Account in such credit or net credit position as has been agreed between the Customer and the Bank from time to time, and the Bank may increase the unpaid balance owing under the Loan Facility, and credit the Account with the amount of such advance;

provided that at no time shall the balance owing exceed the amount of the Loan Facility.

3.3 The Customer agrees to maintain an average monthly minimum credit balance in the Account, which may include compensating balances to cover service charges, reserves and debit float. Such balance shall be the amount agreed to in writing between the Customer and the Bank from time to time.

3.4 The Bank shall maintain on the books of its unit of account, accounts, and records evidencing the outstanding principal amount of the loan of the Bank to the Customer under this Loan Facility together with any interest in respect thereof. The Bank shall maintain a record or computerized data of the amount of the balance, each advance, and each payment of principal and interest on account of the loan. The Bank's accounts and records constitute in the absence of manifest error prima facie evidence of the indebtedness of the Customer to the Bank under this Loan Facility.

6. INTERPRETATION

6.1 Definitions

For the purposes hereof, the following words and phrases shall have the following meaning:

"Canadian Dollars" "CDNS": means lawful money of Canada.

"Canadian Prime Rate": means the annual variable rate of interest announced from time to time by the Bank and used to determine the interest rates on Canadian dollar commercial loans granted by the Bank in Canada.

"Debt", "indebtedness" or "total indebtedness": means the aggregate amount of principal, interest and accessories due by the Customer hereunder.

"Floating Rate": means the interest rate applicable to the floating rate advances made hereunder in Canadian or U.S. dollars, as the case may be.

"U.S. Base Rate": means the annual variable rate of interest announced from time to time by the Bank and used to determine the interest rates on U.S. dollar commercial loans granted by the Bank of Canada.

"U.S. Dollars" "US\$": means lawful money of the United States of America.

6.2 Conversion to U.S. or Canadian dollars

Each time an amount in Canadian dollars must be converted or expressed in U.S. dollars, or the equivalent in U.S. dollars (or inversely) must be determined, such calculation shall be made, on the appropriate date, in accordance with the cash purchase rate of the Bank at about 10:30 a.m.

6.3 Other Agreements

The Customer acknowledges that the terms of this agreement are in addition to and not in substitution for any terms and conditions of any other agreements between the Customer and the Bank.

7. GENERAL TERMS AND CONDITIONS OF REPAYMENT

7.1 Currency and place of payment

All amounts due by the Customer under the terms hereof shall be paid by the Customer to the Bank in Canadian dollars in the case of a financing granted in Canadian dollars, or in U.S. dollars in the case of a financing granted in U.S. dollars.

Should the amount of principal of the debt owing to the Bank exceed the credit limit effectively granted hereunder, the Customer shall reimburse the Bank, on demand, an amount equal to such excess amount.

7.2 Judgment rendered in a currency other than the currency in which the financing granted was due

Should a judgment be obtained against the Customer for an amount owed by it, in a currency other than the one in which the said amount was owing hereunder, the Customer shall pay the Bank, as applicable, on the judgment payment date, such additional amount as is equal to the excess of the amount that was due hereunder and converted into the other currency, on the judgement payment date, with respect to the judgement amount. The exchange rate applicable for the purposes of obtaining the judgment and for calculating said conversion shall be the rate at which the Bank is able, on the appropriate date, in Montreal to sell the currency applicable to this agreement to purchase the other currency.

Any additional amount owing under this clause shall be due as a separate debt from that which gave rise to the judgment, which judgment shall not constitute res judicata.

8. LANGUAGE

The Customer has expressly requested that this document be drawn up and executed in the English language.

EXECUTED AT Calgary THIS 15 DAY OF August, 2011

NATIONAL BANK OF CANADA

LEGEND ENERGY CANADA LTD.

SIGNATURE (Bank)

SIGNATURE (Customer)

fw
David K. Forsyth
Director
Energy Group

SIGNATURE (Customer)

THIS IS EXHIBIT " D
referred to in the Affidavit of
Elizabeth Pineda
Sworn before me this 23
day of October, A.D. 201

GENERAL ASSIGNMENT OF BOOK DEBTS

1. FOR VALUABLE CONSIDERATION, receipt whereof is hereby acknowledged, the undersigned Debtor

LEGEND ENERGY CANADA LTD.
(Full name of Assignor)

of Suite 1750, 801 - 6th Avenue S.W. CALGARY AB T2P 3W2
(Full address of Assignor)

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA
Pantelis Kyriakakis
Barrister and Solicitor

- In the Province of Alberta, hereby assign(s) transfer(s) and grant(s) to NATIONAL BANK OF CANADA, a Chartered Bank having its Head Office at the City of Montreal in the Province of Quebec, and having a branch office at 2700, 530 - 8th Avenue S.W., in the City of Calgary, in the Province of Alberta (hereinafter called the "Bank") a continuing and specific security interest in all debts, proceeds, accounts, claims, money and choses in action which now are or which may at any time hereafter be due or owing to or owned by the undersigned and also all deeds, documents, writings, papers and books relating to or being records of goods or their proceeds, or by which goods or their proceeds are or may hereafter be secured, evidenced, acknowledged or made payable including Documents of Title, (and remaining debt Instruments) Chattel Paper, Securities and Instruments, and all contractual rights and insurance claims relating to collateral (hereinafter called the "Collateral").
- The undersigned agrees that the Collateral shall be held by the Bank as a general and continuing collateral security for the payment of all obligations, indebtedness and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, of the undersigned to the Bank, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, and as a first and prior claim upon the Collateral.
 - The undersigned covenants at all times to notify the Bank in writing promptly of any change in the information contained herein relating to the undersigned (including the name and location of the chief executive office, sole place of business or residence, as the case may be, of the undersigned aforesaid) and of any material default by any person in payment or other performance of obligations to the undersigned with respect to any of the Collateral.
 - So long as this assignment remains in effect, the undersigned covenants not to sell, or further assign or encumber the Collateral without the prior written consent of the Bank. The undersigned represents and warrants that the Collateral is genuine and owned by the undersigned free of all security interests or other encumbrances.
 - The Bank may collect, realize, sell or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times, whether before or after default, as may seem to it advisable and without notice to the undersigned. All moneys collected or received by the undersigned in respect of the Collateral shall be received as trustee for the Bank, and shall be forthwith paid over to the Bank by the undersigned.
 - The Bank shall not be bound to do, observe or perform or see to the observance or performance by the undersigned of any obligations or covenants imposed upon the undersigned nor shall the Bank be obliged to preserve rights against other persons in respect of any Securities or Records in its possession.
 - The Bank may apply the amounts collected or received by it on account of such parts of the indebtedness and liabilities of the undersigned to the Bank as to the Bank seems best or hold the same in a separate collateral account for such time as it may see fit and then apply the same as aforesaid, the whole without prejudice to its claim for any deficiency.
 - The Bank may compound, compromise, grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the debtors of the undersigned, the undersigned and others, and with the Collateral and other securities as the Bank may see fit, without prejudice to the liability of the undersigned or the Bank's right to hold and realize this security.
 - The Bank shall not be liable or accountable for any failure to collect, realize or obtain payment of the Collateral or any part thereof and the Bank shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any rights of the Bank, the undersigned or any other person, firm or corporation in respect of the same, and the Bank shall not be responsible for any loss or damage which may occur in consequence of the negligence of any officer, agent or solicitor employed in the collection or realization thereof.
 - The Bank may charge on its own behalf and also pay to others reasonable sums for expenses incurred and for services rendered (expressly including legal advices and services) in or in connection with collecting, realizing and/or obtaining payment of the Collateral or any part thereof and may add the amount of such sums to the indebtedness of the undersigned.
 - So long as this assignment remains in effect, the undersigned covenants and agrees to deliver to the Bank from time to time promptly upon request any Documents of Title (and remaining debt Instruments), Instruments, Securities and Chattel Papers constituting, representing or relating to the Collateral; all books of account and all records, ledgers, reports, correspondence, schedules, documents, statements, lists and other writings relating to the Collateral for the purpose of inspecting, auditing or copying the same; all financial statements prepared by or for the undersigned regarding the undersigned's business; all policies and certificates of insurance relating to the Collateral, and such information concerning the Collateral, the undersigned, the undersigned's business and affairs as the Bank may reasonably request.
 - The undersigned shall from time to time forthwith on the Bank's request do, make and execute all such financing statements, further assignments, documents, acts, matters and things as may be required by the Bank of or with respect to the Collateral or any part

thereof or as may be required to give effect to these presents, and the undersigned hereby constitutes and appoints the Manager or Acting Manager for the time being of the above mentioned branch of the Bank the true and lawful attorney of the undersigned irrevocable with full power of substitution to do, make and execute all such statements, assignments, documents, acts, matters or things with the right to use the name of the undersigned whenever and wherever it may be deemed necessary or expedient.

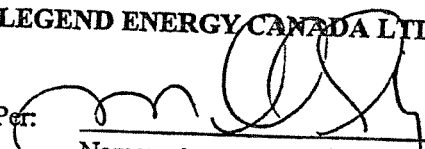
13. This agreement shall be a continuing agreement in every respect, and shall be binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. No remedy for the enforcement of the rights of the Bank hereunder shall be exclusive of or dependent on any other such remedy, but any one or more of such remedies may from time to time be exercised independently or in combination. The security interest created or provided for by this agreement is intended to attach when this agreement is signed by the undersigned and delivered to the Bank. The undersigned acknowledges and confirms that there has been no agreement between the Bank and the undersigned to postpone the time for attachment of the security interest hereby attached.
14. Nothing in this assignment contained shall or shall be deemed to restrict the rights and remedies at law or in equity or under any applicable personal property security legislation or otherwise, of the Bank against the undersigned and the Collateral, it being hereby agreed by the undersigned that the Bank has and shall have all such rights and remedies as if the same were herein at length set forth and by this reference the same are incorporated in and form a part hereof.
15. Should the undersigned be entitled to a release or discharge or amendment to any financing statement registered by the Bank relating to this assignment, then the undersigned will pay to the Bank all costs, charges, expenses and lawyer's fees and disbursements (as between a solicitor and his own client on a full indemnity basis) incurred by the Bank in connection with such release, discharge or amendment.
16. For greater certainty it is declared that any and all future loans, advances or other value which the Bank may in its discretion make or extend to or for the account of the undersigned shall be secured by this agreement. If more than one person executes this agreement their obligations hereunder shall be joint and several.
17. This assignment shall be governed by and construed in accordance with the law of the Province of Alberta as the same may from time to time be in effect, including, where applicable, the *Personal Property Security Act*.
18. The undersigned hereby acknowledges receiving a copy of this assignment and waives all rights to receive from the Bank a copy of any financing statement, financing charge statement or verification statement filed or issued at any time in respect of this assignment.
19. **NAME, ETC. OF DEBTOR**
The full, true and correct legal name and address of Debtor and, where applicable, birth date and sex of Debtor is hereby declared by Debtor to be as follows:

BUSINESS DEBTOR

NAME OF BUSINESS DEBTOR LEGEND ENERGY CANADA LTD.			
ADDRESS OF BUSINESS DEBTOR Suite 1750, 801 - 6 th Avenue S.W.	CITY Calgary	PROVINCE AB	POSTAL CODE T2P 3W2
NAME OF BUSINESS DEBTOR			
ADDRESS OF BUSINESS DEBTOR	CITY	PROVINCE	POSTAL CODE

IN WITNESS WHEREOF, the undersigned Debtor has executed this Assignment this 19th day of October, 2011.

LEGEND ENERGY CANADA LTD.

Per:  c/s
 Name: Marshall Diamond-Goldberg
 Title: President

THIS IS EXHIBIT " E "
referred to in the Affidavit of
Elizabeth Pineda

Sworn before me this 23
day of October, A.D. 2011

LEGEND ENERGY CANADA LTD.

(incorporated under the laws of the Province of Alberta)

FIXED AND FLOATING CHARGE DEMAND DEBENTURE

A COMMISSIONER FOR OATHS
IN AND FOR THE PROVINCE OF ALBERTA

Pantelis Kyriakakis
Barrister and Solicitor

1. **LEGEND ENERGY CANADA LTD.** a body corporate having its head office at the City of Calgary, in the Province of Alberta (hereinafter called the "Borrower"), for value received hereby acknowledges itself indebted and promises to pay to **NATIONAL BANK OF CANADA** (who and whose successors and assigns are hereinafter called the "Bank"), on demand or on such earlier date as the principal sum hereby secured may become payable hereunder, the sum of **Twenty-Five Million Dollars (\$25,000,000.00)** in lawful money of Canada (hereinafter called the "Principal Sum") at **NATIONAL BANK OF CANADA, 2700, 530 - 8th Avenue S.W.,** at the City of Calgary, in the Province of Alberta, Canada T2P 3S8, and to pay on demand in the same money and at the same place interest on the Principal Sum or on so much thereof as remains from time to time unpaid at the rate of seven percent (7.0%) per annum more than the annual rate of interest announced from time to time by the Bank as a reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada, and designated as the "prime rate" by the Bank, reckoned from the date or dates the Principal Sum or any part thereof is due and payable. Any sum owing by way of interest that is not paid on demand shall bear interest at such rate from the date of demand until paid. This Debenture secures payment by the Borrower to the Bank of all debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not at any time owing by the Borrower to the Bank, whether arising from dealings between the Bank and the Borrower or from any other dealings or proceedings by which the Bank may be or become in any manner whatsoever a creditor of the Borrower, and whenever incurred, and whether incurred by the Borrower alone or with another or others and whether as principal or surety, including without limitation all interest, commissions, legal and other expenses and charges, all of which shall be deemed included in the Principal Sum.

2. The Borrower, as security for the payment of the Principal Sum, interest and all other monies from time to time secured hereby and as security for the performance and observance of the covenants and agreements on the part of the Borrower herein contained, hereby:

- (a) the Borrower mortgages and charges to and in favour of the Bank as and by way of a fixed and specific mortgage, charge and security interest all of its present and after-acquired right, title, estate and interest in and to that property described and referred to from time to time in Schedule "A" hereto, including proceeds thereof, together with any and all accretions and accessions thereto, substitutions therefor and any and all attachments and other property at any time or times placed upon or associated with, or as may be necessary for the effective use and operation of the property described in Schedule "A" hereto and which forms part thereof, all of which, together with any other property subsequently acquired and specifically mortgaged and charged as herein provided for, is hereinafter collectively referred to as the "Specifically Mortgaged Property"; and
- (b) the Borrower mortgages, charges, grants and assigns to and in favour of the Bank as and by way of a first floating mortgage, charge and security interest all of its present and after-acquired right, title estate and interest in and to all real property that is not subject to the fixed and specific mortgage, charge and security interest provided for in clause 2(a) including proceeds thereof together with any and all accretions and accessions thereto, substitutions therefor and any and all fixtures and attachments and other property at any

time or time placed upon or associated with, or as may be necessary for the effective use and operation of, such property; and

- (c) the Borrower mortgages, charges, grants, creates and assigns to and in favour of the Bank as and by way of a first mortgage, charge and continuing security interest, and the Bank hereby takes a continuing security interest, in all of the Borrower's present and after-acquired personal property of whatsoever nature and kind and wheresoever situate including, without limitation, its goods, chattel paper, securities, documents of title, instruments, money and intangibles, as those terms are defined in the *Personal Property Security Act* (Alberta), together with any and all other property and undertakings not included in clause 2(a) and (b) above.

For the purposes of this Debenture, the words "Mortgaged Premises" mean and include all present, after acquired and future undertakings, property and assets of the Borrower, all as described in subclauses (a), (b) and (c) of this clause 2. The Bank acknowledges that the Mortgaged Premises are subject to the permitted encumbrance as defined and more particularly described in Appendix C to the Offering Letter (as defined in clause 3(a) below), as defined below (the "Permitted Encumbrances").

Until the security hereby constituted shall have become enforceable and the Bank shall have determined to enforce the same (and except as hereinafter provided), the Borrower may, in the ordinary course of the business of the Borrower and for the purpose of carrying on the same, sell, assign, lease, dispose of and deal with the Mortgaged Premises; **PROVIDED THAT** the Borrower shall not, and the Borrower hereby covenants that it will not, without the prior written consent of the Bank, make, give, create, grant, incur or assume any mortgage, pledge, hypothec, lien, charge, encumbrance, assignment, security interest or other security, upon the Mortgaged Premises or any part thereof, other than the Permitted Encumbrances, ranking or purporting to rank in priority to or *pari passu* with the grant, mortgage, charge, assignment, transfer and security interest created and secured hereby (hereinafter referred to as the "Charge").

TO HAVE AND TO HOLD the Mortgaged Premises and rights hereby conferred on the Bank for the use and purposes and with the power and authority and subject to the terms, conditions, provisos, covenants and stipulations herein expressed.

The Charge shall not extend or apply to the last day of the term of any lease, whether oral or written, now held or hereafter acquired by the Borrower but should such Charge become enforceable and the Bank shall have determined to enforce the same, the Borrower shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any person who may acquire such term or the part thereof hereby charged in the course of any enforcement of the said Charge or any realization of the subject matter thereof.

This Debenture shall also operate as security for the due observance and performance of all obligations of the Borrower under any guarantee made by the Borrower in favour of the Bank whether the same are made prior to, concurrent with or after the date hereof, and for the due payment of all monies that at any time and from time to time become payable by the Borrower to the Bank pursuant to any and all such guarantees.

3. The Borrower covenants and agrees with the Bank:

- (a) that the Borrower will perform and observe such affirmative and negative covenants and restrictions as specified, from time to time, by the Bank in writing to be performed and observed by the Borrower in respect of the provision of, *inter alia*, financial information, payment of dividends, capital expenditures, incurring of additional obligations (whether direct, indirect or contingent), reduction of capital, distribution of assets, amalgamation, repayment of loans, lending of money, sale and other disposition of assets or such other matters as the Bank provides, including, without limitation, the terms, conditions, covenants and provisions of the Offering Letter from the Bank to the Borrower dated August 12, 2011 and accepted by the Borrower dated August 15, 2011 and as further amended, revised, modified, supplemented, restated or replaced, from time to time (collectively the "Offering Letter");
- (b) that as of the date hereof the Borrower has good right, full power and lawful authority to charge the Mortgaged Premises according to the true intent and meaning of this Debenture;
- (c) that as of the date hereof the Mortgaged Premises are free and clear of all mortgages, liens, charges, encumbrances and security interests other than (i) the Charge, (ii) Permitted Encumbrances and (iii) any mortgage, lien, charge, encumbrance or security interest which is specifically permitted by the Bank pursuant to an instrument in writing executed by the Bank and addressed to the Borrower, which instrument shall refer to this Debenture and describe any such mortgage, lien, charge, encumbrance or security interest so permitted by the Bank;
- (d) to pay the Principal Sum, interest and other monies hereby secured in accordance with the terms of this Debenture;
- (e) to carry on and continuously conduct its business in a lawful, efficient, diligent and businesslike manner;
- (f) to warrant and forever defend all and singular the Mortgaged Premises unto the Bank against every person whomsoever lawfully claiming or attempting to claim the same or any part thereof;
- (g) to keep and maintain proper books of account and records accurately covering all aspects of the business and affairs of the Borrower and to permit authorized officers, employees or agents of the Bank to inspect the same during regular business hours;
- (h) to furnish such financial statements of the Borrower containing such information and details as the Bank may require pursuant to the Offering Letter;
- (i) to repair and keep in repair and in good working order and condition all buildings, structures, plant, machinery and apparatus that from time to time comprise and form a part of the Mortgaged Premises;
- (j) to promptly pay when due all business, income and profits taxes properly levied or assessed against the Borrower, its business, operations, revenues, incomes or profits, save and except when and so long as the validity of any such tax is in good faith contested by

the Borrower, in which event the Borrower shall, if required by the Bank, furnish security satisfactory to it for the full amount of any of such taxes being so contested;

- (k) to fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that may be levied, rated, charged or assessed against the Mortgaged Premises, or any part thereof, and if the Borrower fails to pay any of such taxes, rates, duties or assessments and if it is not in good faith contesting the same, the Bank may, but shall not be obligated to, pay the same, and any amounts so paid by the Bank shall become and form part of the Principal Sum secured hereby and shall bear interest at the rate aforesaid until paid;
 - (l) to at all times promptly observe, perform, execute and comply with all applicable laws, rules, requirements, orders, directions, by-laws, ordinances, work orders and regulations of every governmental authority and agency whether federal, provincial, municipal or otherwise, including, without limiting the generality of the foregoing, those dealing with zoning, use, occupancy, subdivision, parking, historical designations, fire, access, pollution of the environment, toxic materials or other environmental hazards, public health and safety, and all private covenants and restrictions affecting the Mortgaged Premises or any portion thereof, and from time to time, upon request of the Bank, to provide to the Bank evidence of such observance and compliance, and at its own expense to make any and all improvements thereon or alterations to the Mortgaged Premises, structural or otherwise, and to take all such other action as may be required at any time by any such present or future law, rule, requirement, order, direction, by-law, ordinance, work order or regulation;
 - (m) notify the Bank, without delay of any Event of Default; and
 - (n) provide the Bank with any information or document that it may reasonably require from time to time.
4. (a) The Borrower covenants that at all times during the continuation of this security, it will insure and keep insured against all insurable hazards with insurers acceptable to the Bank, all of the Mortgaged Premises which is of an insurable nature to the full extent of the insurable value thereof. Unless otherwise agreed to in writing by the Bank, the losses under all such insurance shall be payable as first loss payee to the Bank as its interest may appear.
- (b) The Borrower agrees that so long as it remains indebted to the Bank, it will, unless otherwise requested in writing by the Bank, maintain with reputable insurers third party public liability, blow-outs, "all risks" perils and property damage insurance covering all operations of the Borrower within limits of coverage usually carried by others owning or operating the same or a similar type and size of business as that being conducted by the Borrower.
- (c) The Borrower will, upon the request of the Bank, deliver to the Bank certified copies of all policies or contracts of insurance being carried by the Borrower pursuant to the terms hereof, together with such certificates of insurance as the Bank may reasonably require and evidence that the premiums on all such insurance have been paid.

- (d) If the Borrower should fail to take out or maintain all the insurance required to be carried by the Borrower pursuant to the terms of this Debenture, the Bank may, but shall not be obligated to, take out all or any of such insurance and all sums expended by the Bank in effecting such insurance shall forthwith become due and be payable by the Borrower to the Bank and until paid shall form part of the Principal Sum secured hereby and shall bear interest at the aforesaid rate.
- (e) In the event of loss under any of the insurance referred to in this clause 4, the Bank, at its option, may apply the insurance proceeds on account of the Principal Sum and interest secured hereby or may apply the same to rebuilding, repairing and restoring the Mortgaged Premises, or may apply the same partly for one purpose and partly for the other purpose.

5. The Borrower shall not and covenants that it will not, without the written consent of the Bank first had and received:

- (a) incur further secured indebtedness, create or suffer to be created any mortgage, hypothec, lien, charge, encumbrance or security interest upon its undertaking or any of its property and assets the subject of the Charge ranking in priority to or *pari passu* with the Charge save and except for the Permitted Encumbrances or any other security granted from time to time by the Borrower to the Bank for or in respect of any present or future indebtedness of the Borrower to the Bank; nor
- (b) guarantee to anyone other than to the Bank, the debts, liabilities or obligations of any person, firm or corporation whomsoever or become the endorser on any note or other obligation otherwise than in the ordinary course of the business of the Borrower; nor
- (c) reduce its capital, declare or pay any dividends on any shares of the Borrower or make any distribution, or redeem, purchase or otherwise retire or pay off any of the issued and outstanding shares for the time being of the Borrower unless such dividends, redemptions, purchaser payments or distributions do not affect the capacity of the Borrower to fulfil its obligations to the Bank, including repayment of its debt; nor
- (d) make any loans or investments to any of its non-guarantor subsidiaries or affiliates; nor
- (e) make any capital expenditures when it is in default under this Debenture; nor
- (f) sell, lease, transfer, convey or dispose of any Mortgaged Premises in the aggregate of greater than \$300,000 each calendar year, including sale and leaseback transactions on facilities, without the prior written consent of the Bank; nor
- (g) hedge or contract crude oil, natural gas liquids, or natural gas, on a fixed price basis, exceeding 50% of actual production volumes; nor
- (h) monetize or settle any fixed price financial hedge or contract; nor
- (i) allow a Change in Control (as defined in the Offering Letter) of the Borrower; nor
- (j) be a party to any amalgamation, merger, plan of arrangement or consolidation; nor

- (k) utilize any Advance (as defined in the Offering Letter) to finance a hostile acquisition; nor
- (l) move its property, assets or undertakings outside of the Province of Alberta or move its chief executive office from Alberta; nor
- (m) create, acquire or suffer to exist any subsidiary unless the subsidiary provides a guarantee and other security required by the Bank in its sole discretion; nor
- (n) experience a change in its executive management which, in the opinion of the Bank, acting in its sole discretion, has or may have a material adverse change in the financial condition of the Borrower.

6. The Borrower represents and warrants to the Bank that each account receivable and other debt due, owing or accruing due to the Borrower is enforceable in accordance with its terms against the party obligated to pay the same (the "Account Debtor"), and the amount represented by the Borrower to the Bank from time to time as owing by each Account Debtor or by all Account Debtors will be the correct amount actually and unconditionally owing by such Account Debtor or Account Debtors, except for normal cash discounts where applicable, and no Account Debtor will have any defence, set off, claim or counterclaim against the Borrower which can be asserted against the Bank, whether in any proceeding to enforce this Debenture or otherwise, and the Borrower will, at the request of the Bank, furnish the Bank with the names of all Account Debtors. After the occurrence of an Event of Default hereunder, the Bank may notify any or all Account Debtors and may direct such parties to make all payments to the Bank. The Borrower acknowledges that any such payments on or other proceeds of the Mortgaged Premises received by the Borrower from such Account Debtors or after an Event of Default under this Debenture shall be received and held by the Borrower in trust for the Bank and shall be turned over to the Bank upon request. Nothing contained in this clause 6 shall or shall be deemed to have the effect of making the Bank responsible to ascertain the Account Debtors or for the collection of any such accounts or amounts nor shall the Bank, by reason of this clause 6 or by reason of any steps, actions, notices or other proceedings, taken or given to enforce such rights be or be deemed to be a mortgagee in possession of the Mortgaged Premises or any part thereof nor be liable or accountable for any monies except those actually received.

7. The Borrower will at all times do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered all and every such further acts, deeds, mortgages, transfers and assurances in law as the Bank shall reasonably require for better assuring, mortgaging, assigning and confirming unto the Bank all and singular the undertaking and all of the property and assets of the Borrower hereby charged or intended so to be or which the Borrower may hereafter become bound to charge to and in favour of the Bank and for the better accomplishing and effectuating of the intentions of this Debenture.

8. Without limiting in any way the right of the Bank to make demand for payment at any time, the principal, interest and other monies secured by this Debenture shall become immediately due and payable, whether with or without prior demand therefor, and the security hereby constituted shall become immediately enforceable in each and every of the following events (each of such events being hereinafter called an "Event of Default"):

- (a) if the Borrower makes a default in the payment, in whole or in part, of the Principal Sum of or interest on this Debenture or any other monies secured hereby;

- (b) if the Borrower makes default in the observance or performance of any other covenant, agreement or condition on the part of the Borrower to be kept, observed or performed, whether herein or in any other agreement or instrument between the Borrower including the Offering Letter;
- (c) if the Borrower shall:
 - (i) institute or commence proceedings to be adjudicated a bankrupt or insolvent or consent to the filing of a bankruptcy or insolvency proceeding against it;
 - (ii) file, institute or commence or otherwise take any proceeding relating to reorganization, adjustment, arrangement, composition, compromise, stay of proceedings or relief similar to any of the foregoing under any applicable law regarding bankruptcy, insolvency, reorganization or relief of debts (including under the *Companies' Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act*);
 - (iii) consent to the filing of any such proceeding;
 - (iv) consent to the appointment of a receiver, liquidator, trustee or assignee in bankruptcy or similar official or to the liquidation, dissolution or winding-up of the Borrower or of all or a substantial part of its property and assets;
 - (v) make an assignment for the benefit of creditors;
 - (vi) admit in writing its inability to pay its debts generally as they become due;
 - (vii) generally not be paying its debts as they come due or otherwise be insolvent;
 - (viii) take any corporate or other action authorizing or in furtherance of any of the foregoing; or
- (d) if any proceeding is filed, instituted or commenced by any person seeking:
 - (i) to adjudicate the Borrower a bankrupt or insolvent or the liquidation, reorganization, winding-up, adjustment, arrangement, compromise, composition, stay of proceedings or similar relief of or for the Borrower under any applicable law regarding bankruptcy, insolvency, reorganization or relief of debtors (including under the *Companies' Creditors Arrangement Act* or the *Bankruptcy and Insolvency Act*); or
 - (ii) to appoint a receiver, liquidator, trustee or assignee in bankruptcy or similar official of the Borrower or of all or a substantial part of its property and assets;
- (e) if any execution, sequestration, writ of extent or any other process of any court becomes enforceable against the Borrower, or if a distress or analogous process, having a value in the aggregate of greater than \$300,000 is levied upon the property of the Borrower or any part thereof, provided that such execution, sequestration, writ of extent or other process is not in good faith being contested by the Borrower and security satisfactory to the Bank has been provided to the Bank;

- (f) if the Borrower ceases or threatens to cease to carry on its business or if the Borrower commits or threatens to commit any act of bankruptcy;
- (g) if the Borrower fails to make any payment of principal or interest in regard to any indebtedness whatsoever owed by it after the expiry of any applicable grace period and demand therefor, to any third party; or
- (h) if a Change in Control (as defined in Appendix C of the Offering Letter) in the Borrower occurs and the Bank has not consented to such change of control, in its sole discretion;
- (i) if the Borrower makes default in the due payment, performance or observance, in whole or in part, of any debt, liability or obligation of the Borrower to the Bank, whether secured hereby or otherwise;
- (j) if the Borrower is in default under the terms of any other contract, agreements or writings with any other creditor having liens on the property of the Borrower and such default could reasonably be expected to result in a Material Adverse Effect (as defined in Appendix C of the Offering Letter);
- (k) if the validity, enforceability or, where applicable, priority of the Offering Letter or this Debenture is prejudiced or endangered;
- (l) if any event of default under any material agreement, including the Offering Letter, to which the Borrower is a party occurs and is continuing, or any other event which constitutes or which with giving of notice or lapse of time or otherwise would constitute an event of default under any material agreement, including the Offering Letter, to which the Borrower is a party occurs;
- (m) if the Bank in good faith believes and has commercially reasonable grounds to believe that the prospect of repayment of any Advance (as defined in Appendix C of the Offering Letter) is or is about to be impaired or that the Mortgaged Premises is or is about to be placed in jeopardy; and
- (n) if there shall, in the opinion of the Bank acting reasonably, be a Material Adverse Effect (as defined in Appendix C of the Offering Letter) relating to the Borrower has occurred.

9. The Bank may waive any breach by the Borrower of any of the provisions contained in this Debenture or any default by the Borrower in the observance or performance of any covenant, agreement or condition required to be kept, observed or performed by the Borrower under the terms of this Debenture; **PROVIDED ALWAYS** that no act or omission of the Bank in the premises shall extend to or be taken in any manner whatsoever to affect any subsequent breach or default or to affect the rights of the Bank resulting therefrom.

10. (a) If an Event of Default shall have occurred and be continuing, the Bank may, in its discretion, appoint a receiver (which term shall herein include a receiver and manager) of the Mortgaged Premises, of the rents, issues, profits, revenues and income thereof or of any part or parts of any of the foregoing, and upon any such appointment by the Bank the following provisions shall apply:

- (i) the appointment of any receiver by the Bank hereunder shall be made in writing signed by the Bank and such writing shall be conclusive evidence

for all purposes of such appointment. The Bank may from time to time in the same manner remove any receiver so appointed and appoint another in his stead. Notwithstanding anything to the contrary hereby expressed or implied, in making any such appointment of a receiver hereunder, the Bank shall be deemed to be acting as the attorney for the Borrower and the Borrower does hereby irrevocably appoint the Bank as its attorney for that purpose;

- (ii) the Bank, in its discretion, may appoint one or more receivers hereunder in respect of all or any part or parts of the Mortgaged Premises, as may be designated in writing by the Bank when making any such appointment;
- (iii) any such receiver shall have the power:
 - (A) to take possession of, collect and to get in all or any part of the Mortgaged Premises and for that purpose to take proceedings in the name of the Borrower or otherwise and to make any arrangement or compromise;
 - (B) to carry on or concur in carrying on all or any part of the business of the Borrower; and
 - (C) to sell or to concur in selling all or any part of the Mortgaged Premises in such manner as may seem advisable to the receiver, and to effect such sale by conveying the same in the name and on behalf of the Borrower or otherwise in respect thereof;
- (iv) every such receiver may, in the discretion of the Bank, be vested with all or any of the powers and discretions conferred on the Bank under this Debenture;
- (v) the Bank may from time to time fix the reasonable remuneration of every such receiver and may direct the payment thereof (in priority to the Bank), out of the Mortgaged Premises and the rents, profits, revenues and income therefrom or the proceeds thereof;
- (vi) the Bank may from time to time require any receiver to give security for the performance of his duties as such receiver and may fix the nature and amount thereof, but the Bank shall not be bound to require any such security from the receiver;
- (vii) every such receiver may, with the consent in writing of the Bank, borrow money for the purpose of maintaining, protecting or preserving the Mortgaged Premises or any part thereof, or for the purpose of carrying on the business of the Borrower, and any receiver may issue certificates (in this sub clause called "Receiver's Certificates") for such sums as will, in the opinion of the Bank, be sufficient for obtaining security upon the Mortgaged Premises or any part thereof for the amounts from time to time so required by the receiver, and such Receiver's Certificates may be

payable either to order or to bearer and may be payable at such time or times, and shall bear such interest as the Bank may approve and the receiver may sell, pledge or otherwise dispose of the Receiver's Certificates in such manner and may pay such commission on the sale thereof, as the Bank may consider reasonable, and the amounts from time to time payable by virtue of such Receiver's Certificate shall form a charge upon the Mortgaged Premises in priority to the amounts secured under this Debenture;

- (viii) every such receiver shall, so far as concerns responsibility for his acts or omissions, be deemed to be the agent for the Borrower, and in no event the agent of the Bank. The Bank shall not, in making or consenting to such appointment, incur any liability to any receiver for his remuneration or otherwise howsoever be liable or responsible for the acts or omissions, including the negligence, misconduct or misfeasance, on the part of any such receiver;
 - (ix) except as may be otherwise directed in writing by the Bank, all monies from time to time received by such receiver shall be paid over to the Bank to be held by it as part of the Mortgaged Premises; and
 - (x) the Bank may pay over to any receiver any monies constituting part of the Mortgaged Premises to the extent that the same may be applied for the purposes hereof by such receiver, and the Bank may from time to time determine what funds the receiver shall be at liberty to keep on hand with a view to the performance of his duties hereunder as such receiver.
- (b) If an Event of Default shall have occurred and be continuing, the Bank may in its discretion, in lieu of appointing a receiver as provided for in subclause 10(a) hereof, apply to any court or courts of competent jurisdiction for the appointment of one or more receivers of the Mortgaged Premises, of the rents, issues, profits, revenues and income thereof or of any part or parts of any of the foregoing, with such powers as the court or courts making such appointment or appointments shall confer including, without limiting the generality thereof, all or any of the powers set forth in subclause 10(a) hereof. Any receiver or receivers so appointed by a court, shall be subject to the supervision of that court.
- (c) Nothing done by the Bank or by any receiver or receivers in possession of the Mortgaged Premises shall render the Bank a mortgagee in possession or responsible as such, or in any way limit or curtail the remedies of the Bank as a mortgagee or creditor under any applicable law or statute.

11. If the security hereby constituted shall become enforceable, the Bank may, subject to applicable law, either before or after any entry, sell and dispose of all or any part of the Mortgaged Premises either as a whole or in several portions thereof, at public auction or by public tender or by private sale at such time or times and on or subject to such terms and conditions as the Bank may determine, and it shall be lawful for the Bank to make such sale, either for cash or upon credit or partly for cash and partly upon credit, and with or without advertisement, and upon such reasonable conditions as to upset, reserve bid or price and as to terms of payment as the Bank may deem proper, and the Bank 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 Mortgaged Premises or any part thereof good and sufficient title to the same, the Bank being hereby constituted irrevocably the attorney of the Borrower for the purpose of making such sale and for executing all deeds and documents pertaining thereto and any such sale made as aforesaid shall be a perpetual bar both in law and in equity against the Borrower and all other persons claiming such property or any part thereof, by, from, through or under the Borrower.

12. (a) Notwithstanding any period of time provided to the Borrower to remedy an Event of Default as provided either herein or under the Offering Letter, the Bank may, contemporaneously with or during any such period, give the Borrower the Notice of Intent to Enforce Security required by the *Bankruptcy and Insolvency Act* (Canada), as amended, it being the intention of the parties that, at the Bank's option, the period to cure defaults, and then the ten (10) day period of Notice of Intention to Enforce Security, may run concurrently.
 - (b) The Borrower acknowledges that if a stay of proceedings is issued against the Borrower pursuant to *Bankruptcy and Insolvency Act*, the *Companies' Creditors Arrangements Act* or otherwise, the Bank would be irreparably harmed and materially prejudiced if any proceeds of the Mortgaged Premises were used for any purpose other than the repayment of the debts secured by this Debenture, and the Borrower hereby acknowledges and agrees that, without limiting the operation of clause 6 hereof, any proceeds of the Mortgaged Premises received by the Borrower while such stay is in effect shall be received by and held by the Borrower in trust for the Bank.
13. The Bank or an agent of the Bank may, at any time, enter upon the Mortgaged Premises to inspect the Mortgaged Premises, and the reasonable costs of such inspection shall be added to the debt secured by this Debenture.
14. If the Borrower should fail to comply with any covenant or agreement contained herein, the Bank or an agent of the Bank may, but shall not be obligated to, do whatever is necessary to rectify such failure, and all sums so expended by the Bank or its agent shall forthwith become due and be payable by the Borrower to the Bank and until paid shall form part of the Principal Sum secured hereby and shall bear interest at the aforesaid rate.
15. The Borrower agrees to pay to the Bank forthwith upon demand all costs, charges and expenses (including legal fees on a solicitor and his own client basis) of, or incurred by the Bank in connection with this Debenture or the Mortgaged Premises or any part thereof, or in recovering or enforcing payment of any of the monies owing hereunder including all costs, charges and expenses incurred in connection with taking possession, preserving, collecting or realizing upon the Mortgaged Premises, together with interest thereon at the aforesaid rate from the date of incurring such costs, charges and expenses.
16. Upon payment by the Borrower to the Bank of the Principal Sum, interest and all other monies secured by this Debenture and provided the security hereby constituted shall not have become enforceable, the Bank shall, upon the written request of the Borrower, deliver up this Debenture to the Borrower and shall, at the expense of the Borrower, release and discharge the security hereby constituted and execute and deliver to the Borrower such deeds or other documents as shall be requisite to release and discharge this Debenture and the security afforded hereby; provided, however, that this Debenture may be assigned, pledged, hypothecated or deposited by the Borrower as security for advances or loans to or for indebtedness or other obligations or liabilities of the Borrower and in such event this Debenture shall not

be deemed to have been discharged or redeemed by reason of the account of the Borrower having ceased to be in debit balance while this Debenture remains so assigned, pledged, hypothecated or deposited.

17. No postponement or partial release or discharge of the Charge in respect of all or any part of the Mortgaged Premises shall in any way operate or be construed so as to release and discharge the security hereby constituted in respect of the Mortgaged Premises except as therein specifically provided, or so as to release or discharge the Borrower from its liability to the Bank to fully pay and satisfy the Principal Sum, interest and all other monies due or remaining unpaid by the Borrower to the Bank.

18. The Borrower acknowledges and agrees that in the event it amalgamates with any other corporation or corporations it is the intention of the Borrower and the Bank that the term "Borrower" when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Charge shall secure the indebtedness of each of the amalgamating corporations and the amalgamated corporation to the Bank at the time of amalgamation and any indebtedness of the amalgamated corporation to the Bank thereafter arising. The Charge shall attach to all of the "Mortgaged Premises" owned by each corporation amalgamating with the Borrower, and by the amalgamated corporation, at the time of amalgamation, and shall attach to any "Mortgaged Premises" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

19. The Borrower will indemnify the Bank and its successors and assigns against any and all liabilities, actions, claims, judgments, costs, charges and legal fees that may be made against or incurred by the Bank, by reason of the assertion that the Bank has received funds that may be claimed by third persons, either before or after the payment in full of the Principal Sum, interest and other monies secured hereby and either before or after the release either wholly or partially of the Charge; and the Bank shall have the right to defend against any such claims, actions and charges and claim from the Borrower all expenses incurred by the Bank in connection therewith, together with all reasonable legal fees as may be paid by the Bank in connection therewith. It is understood and agreed that the covenants and conditions of this clause 19 shall at all times be construed to be a personal covenant in favour of the Bank and shall not run with the Mortgaged Premises, and that such covenants and indemnity shall remain in full force and effect notwithstanding the payment of the Principal Sum, interest and all other monies secured by this Debenture and the release, either partially or wholly, of the Charge, or any foreclosure hereof.

20. The Principal Sum, interest and other monies hereby secured will be paid by the Borrower and shall be assignable by the Bank free from any right of set-off or counterclaim by the Borrower or any equities between the Borrower and the Bank.

21. Neither the execution and delivery nor the registration of this Debenture shall for any reason whatsoever obligate or bind the Bank to advance any monies, or having advanced a portion obligate the Bank in any way to advance the balance thereof; but nevertheless the Charge shall take effect forthwith upon execution of this Debenture and shall operate as security for the actual amount of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Borrower to the Bank or remaining unpaid, notwithstanding that the balance owing hereunder may fluctuate and may from time to time and at any time be reduced to a nil balance and further notwithstanding that the advance of monies hereunder may be repaid and further advanced.

22. The security hereby constituted is in addition to, and not in substitution for, any other security now or hereafter held by the Bank and no payment to the Bank shall constitute payment on account of the Principal Sum, interest or other monies from time to time owing hereunder unless specifically so appropriated in writing by the Bank. The taking of any action or proceedings or remaining from so doing, or any other dealing with any other security for the monies secured hereby shall not release or affect the

security of this Debenture and the taking of the security hereby granted or any proceedings hereunder for the realization of the security hereby granted shall not release or affect any other security held by the Bank for the monies hereby secured.

23. Any notice that may be given by the Bank in accordance with this Debenture shall be in writing and may be given at any time either by delivering or by mailing the same addressed to the Borrower at its address specified on the signature page hereof. Any notice delivered to the Borrower shall be deemed to have been given on the business day during which the same was so delivered to the Borrower and any notice mailed to the Borrower shall be conclusively deemed to have been received by the Borrower on the third business day following that on which it was so mailed.

24. The Borrower hereby authorizes the Bank to file or register such financing statements, financing change statements and other documents as the Bank may deem appropriate to perfect on an ongoing basis and continue the Charge, and to protect and preserve the Mortgaged Premises and the Borrower hereby irrevocably constitutes and appoints any officer or director of the Bank the true and lawful attorney of the Borrower, with full power of substitution, to do any of the foregoing in the name of the Borrower whenever and wherever it may be deemed necessary or expedient.

25. The Borrower hereby acknowledges receipt of a copy of this Debenture, and waives its right to receive a copy of any financing statement, financing change statement or verification statement filed or registered by the Bank.

26. The Borrower shall be solely liable for all environmental damage, now or in the future, attributable to the Mortgaged Premises and, in addition, the Borrower shall indemnify and save harmless the Bank from and against all liability, loss, cost, claims, expenses, or damages (including legal costs on a solicitor/own client basis), suffered, sustained, paid, or incurred by the Bank arising out of or in connection with any abandonment or reclamation or any environmental liability now or in the future, relating to the Mortgaged Premises. This covenant and indemnity shall survive the satisfaction, release or enforcement of this Debenture or any security collateral hereto and the full repayment of the indebtedness of the Borrower to the Bank and shall continue in full force and in effect for the benefit of the Bank.

27. To the full extent that it may lawfully do so, the Borrower hereby:

- (a) waives and disclaims any benefit of, and shall not have or assert any right under any statute or rule of law pertaining to, the marshalling of assets, the exemption of homestead, the administration of estates, or any other matter whatever, to defeat, reduce or affect the rights of the Bank under the terms of this Debenture to a sale of the Mortgaged Premises or any part thereof or for the collection of all amounts secured hereby;
- (b) agrees that it shall not have or assert any right or equity of redemption or any right under any statute or otherwise to redeem the Mortgaged Premises or any part thereof after the sale hereunder to any person whether such sale is by the Bank, any receiver or otherwise, notwithstanding, if such should be the case, that the Bank may have purchased same;
- (c) agrees that the *Land Contracts (Actions) Act* (Saskatchewan) shall have no application to any action (as defined in such Act) taken with respect to any Charge herein; and
- (d) agrees that the *Limitation of Civil Rights Act* (Saskatchewan) shall have no application to:

- (i) this Debenture or any instrument or agreement in implementation hereof,
 - (ii) any Charge or security for the payment of money made, given or created pursuant to any of the foregoing instruments,
 - (iii) any instrument or agreement entered into at any time hereafter by the Borrower renewing or extending or collateral to this Debenture or to any of the foregoing instruments, or
 - (iv) the rights, powers or remedies of the Bank or any receiver under any of the foregoing instruments; and
- (e) agrees that the provisions of Part IV (excepting only section 46) of the *Saskatchewan Farm Security Act* shall have no application to this Debenture, any agreements, instruments or other security taken collateral thereto or in connection therewith, any mortgages or charges evidenced thereby, any renewals or extensions thereof or the rights, powers and remedies of the Bank or any other person under or in relation to any of the foregoing, or any future security instruments whatsoever granted by the Borrower in favour of the Bank.

28. Notwithstanding Section 31 of the *Property Law Act* (British Columbia) the doctrine of consolidation shall apply to this Debenture.

29. For all purposes, including any application to register a crystallized floating charge under the *Land Title Act* (British Columbia) against any real property, the floating charge created by the Debenture shall be crystallized and become a fixed charge upon the earliest of:

- (a) the occurrence of an Event of Default or the Bank making a demand for payment of any or all of the Principal Sum or any other monies owing by the Borrower to the Bank; or
- (b) the Bank taking any action pursuant to this Debenture to enforce and realize upon the security constituted by this Debenture.

and in any event upon the appointment by the Bank of a receiver pursuant to this Debenture.

30. The Borrower and the Bank have not agreed to postpone the time of attachment and the Charge is intended to attach when this Debenture is signed by the Borrower and, with respect to after-acquired property, when the Borrower acquires an interest in such property.

31. Nothing in this Debenture or any other agreement between the Borrower and the Bank shall be construed as affecting or limiting the Bank's right to make demand for payment of any or all indebtedness, liabilities and obligations of the Borrower to the Bank under the Offering Letter or this Debenture. The Bank may, in its sole and absolute discretion, demand (whether or not a Default, as defined in the Offering Letter, or Event of Default has occurred) at any time payment in part or in full of all indebtedness, liabilities and obligations of the Borrower to the Bank under the Offering Letter and this Debenture.

32. This Debenture is freely assignable by the Bank and may be assigned by the Bank without the consent of or prior notice to the Borrower.

33. This Debenture and all its provisions shall enure to the benefit of the Bank, its successors and assigns and shall be binding upon the Borrower, its successors and assigns.

34. Wherever the singular or masculine or neuter is used in this Debenture, the same shall be construed as meaning the plural or feminine or body corporate and vice versa, where the context so requires.

35. The Borrower will assist the Bank to ensure that this Debenture and all supplementary and corrective instruments and all additional mortgage and security documents described in clause 7, and all documents, caveats, cautions, memorials, security notices, financing statements and assurances in respect thereof are promptly filed and refiled, registered and re-registered and deposited and re-deposited in such manner, in such offices and places, and at such times and as often as may be required by law or as may be necessary or desirable to perfect and preserve the Charge created or intended to be created hereby as a first priority Charge and the rights conferred or intended to be conferred upon the Bank by the Charge herein contained.

36. The Borrower shall, as soon as practicable following receipt by the Borrower of a request by the Bank to provide fixed charge security over the producing petroleum and natural gas properties of the Borrower (and in any event not more than five (5) Business Days (as defined in Appendix C of the Offering Letter) following such request), the Borrower shall furnish or cause to be furnished to the Bank, at the sole cost and expense of the Borrower, fixed charge security over such producing and natural gas properties of the Borrower as are specified by the Bank, and in the form of a supplemental debenture to this Debenture if so required by the Bank.

37. No waiver of any right of the Bank hereof shall be valid unless in writing delivered to the Borrower as herein provided. No amendment hereunder shall be valid or effective for any purpose unless consented to in writing by the Bank.

38. The provisions of the Offering Letter are not superseded by or merged in the execution or registration of this Debenture and the provisions of the Offering Letter shall remain in full force and effect until all of the conditions thereof to be observed or performed by the Corporation have been fully paid and satisfied, provided however, that in the event of a conflict or inconsistency between the terms of the Offering Letter and the terms of this Debenture, the terms of the Offering Letter shall prevail. Notwithstanding the foregoing, if there is a right or remedy of the Bank set out in this Debenture which is not set out or provided for in the Offering Letter, such additional right shall not constitute a conflict or inconsistency.

39. This Debenture is a composite debenture that may from time to time cover property of the Borrower located in various Provinces of Canada and elsewhere and, as to portions of the property located in such separate jurisdictions, this Debenture shall be a separate debenture enforceable against the Borrower without regard to the application of this Debenture to portions of the Mortgage Premises located in other jurisdictions. All provisions hereof shall be applicable separately to the portions of the property located in each separate jurisdiction with the same effect as if a separate debenture with respect thereto had been executed and delivered. Upon request of the Bank, the Borrower shall prepare at its expense a separate mortgage and/or debenture covering the portion of the property located in any such jurisdiction or jurisdictions, such separate mortgage and debenture to be in registrable form with substantially the same covenants and remedies as set forth in this Debenture except for such modifications as shall be required by the fact that such mortgage and debenture relates only to the property of the Borrower located in such jurisdiction or jurisdictions or as may be required by the Bank in connection

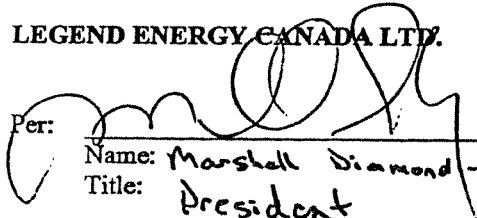
therewith. The Borrower hereby agrees to execute and deliver to the Bank all such separate mortgage and debentures, together with legal opinions, which may be so requested in form and substance reasonably satisfactory to the Bank. At the request of the Bank, but at the expense of the Borrower, the Borrower shall record, register and file, and keep recorded, registered and filed, such separate mortgage and debentures to the extent required hereby, so as to make the same valid, binding and enforceable obligations of the Borrower and to make effective the Charge created hereby and thereby. For greater certainty, the Bank shall be entitled to all rights and remedies available pursuant to legislation in such other Provinces of Canada that is equivalent to the *Personal Property Security Act* (Alberta), including the *Personal Property Security Act* (Saskatchewan).

40. In the event that any term or provision in this Debenture shall, to any extent, be invalid or unenforceable, the remaining terms and provisions of this Debenture shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by applicable law.

41. This Debenture shall be governed by and construed in accordance with the laws in force in the Province of Alberta and for the purposes of any legal proceedings in respect of this Debenture, the Borrower irrevocably submits to the jurisdiction of the courts of the Province of Alberta. There shall be no application of any conflict of laws rule which is inconsistent with this section.

IN WITNESS WHEREOF the Borrower has executed this Debenture by its proper officers duly authorized in that behalf as of the 19th day of October, 2011.

LEGEND ENERGY CANADA LTD.

Per:  c/s
Name: Marshall Diamond-Goldberg
Title: President

ADDRESS OF BORROWER:

1750, 801 - 6th Avenue S.W.
Calgary AB T2P 3W2

SCHEDULE "A"

to the Debenture

**Between LEGEND ENERGY CANADA LTD. (the "Borrower")
and NATIONAL BANK OF CANADA (the "Bank")
pursuant to or in connection with the Offering Letter**

Specifically Mortgaged Property

The Specifically Mortgaged Property referred to in clause 2(a) to the Debenture of Legend Energy Canada Ltd. (the "Borrower") to the Bank to which this Schedule "A" forms part consists of all of the present and after-acquired right, title and interest of the Borrower in and to:

- (a) all petroleum, natural gas and related hydrocarbons or minerals in place or in storage within, upon or under the lands from time to time set forth in Exhibit "1" hereunto annexed (as the same may be amended, supplemented or replaced from time to time) and made part of this Schedule "A" (the interest of the undersigned therein being represented to be not less than that set forth in Exhibit "1"); and
- (b) all rights, licences, agreements, leases and permits now owned or hereafter acquired by the undersigned to obtain and remove such hydrocarbons or minerals and to enter upon and use any lands from or on which such hydrocarbons or minerals are or may be extracted, mined or produced; and
- (c) all the estate or interest of the undersigned in or to any of the said hydrocarbons or minerals, rights, licences, permits and lands; and
- (d) all the right, title and interest of the undersigned in the casing and equipment used or to be used in extracting, mining or producing or seeking to extract, mine or produce and storing any of such hydrocarbons or minerals;

and in particular, but without limitation, the rights and interest of the undersigned referred to in Exhibit "1" hereto.

EXHIBIT "1" to SCHEDULE "A"

to the Debenture

**Between LEGEND ENERGY CANADA LTD. (the "Borrower")
and NATIONAL BANK OF CANADA (the "Bank")
pursuant to or in connection with the Offering Letter**

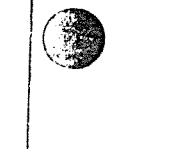
WELLS LANDS LEASE INTEREST APPLICABLE
ROYALTIES ROFR

(This Exhibit "1" shall include and consist of such interests and rights of the Borrower as be pledged by it to the Bank pursuant to the Offering Letter and the Negative Pledge and Undertaking dated the same date as this Debenture to which this Exhibit "1" forms part together with such other interests and rights of the Borrower as it and the Bank may by agreement from time to time add hereto)

SCHEDULE 1

LANDS, LEASES, HYDROCARBON INTERESTS AND PRODUCTION ENCUMBRANCES

LINE	DATE	DESCRIPTION	AMOUNT	DEBIT	CREDIT	MEMO
11210	11/21/88	11/21/88				
11211	11/21/88	11/21/88				
11212	11/21/88	11/21/88				
11213	11/21/88	11/21/88				
11214	11/21/88	11/21/88				
11215	11/21/88	11/21/88				
11216	11/21/88	11/21/88				
11217	11/21/88	11/21/88				
11218	11/21/88	11/21/88				
11219	11/21/88	11/21/88				
11220	11/21/88	11/21/88				
11221	11/21/88	11/21/88				
11222	11/21/88	11/21/88				
11223	11/21/88	11/21/88				
11224	11/21/88	11/21/88				
11225	11/21/88	11/21/88				
11226	11/21/88	11/21/88				
11227	11/21/88	11/21/88				
11228	11/21/88	11/21/88				
11229	11/21/88	11/21/88				
11230	11/21/88	11/21/88				
11231	11/21/88	11/21/88				
11232	11/21/88	11/21/88				
11233	11/21/88	11/21/88				
11234	11/21/88	11/21/88				
11235	11/21/88	11/21/88				
11236	11/21/88	11/21/88				
11237	11/21/88	11/21/88				
11238	11/21/88	11/21/88				
11239	11/21/88	11/21/88				
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11241	11/21/88	11/21/88				
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11243	11/21/88	11/21/88				
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11246	11/21/88	11/21/88				
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11262	11/21/88	11/21/88				
11263	11/21/88	11/21/88				
11264	11/21/88	11/21/88				
11265	11/21/88	11/21/88				
11266	11/21/88	11/21/88				
11267	11/21/88	11/21/88				
11268	11/21/88	11/21/88				
11269	11/21/88	11/21/88				
11270	11/21/88	11/21/88				
11271	11/21/88	11/21/88				
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11273	11/21/88	11/21/88				
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11293	11/21/88	11/21/88				
11294	11/21/88	11/21/88				
11295	11/21/88	11/21/88				
11296	11/21/88	11/21/88				
11297	11/21/88	11/21/88				
11298	11/21/88	11/21/88				
11299	11/21/88	11/21/88				
11300	11/21/88	11/21/88				



SCHEDULE 2

TANGIBLES

WELLS

[NTD: Insert well ID]

ABANDONED WELLS

[NTD: Insert well ID]

OTHER TANGIBLES

[NTD: Insert description with land descriptor]

UWI	Wt %	Field Name	Tangible Property
100/06-35-013-16W4/2	80.00%	ENCHANT	Wellhead; 2 phase vertical separator; Dry gas meter run; 100 bbl DW tank
102/14-30-014-20W4/0	44.45%	LITTLE BOW	Wellhead; 2 phase vertical separator; Dry gas meter run; 100 bbl DW tank
100/15-25-014-21W4/0	50.00%	LITTLE BOW	Wellhead; 2 phase vertical separator; Dry gas meter run; 100 bbl DW tank
100/07-36-014-21W4/2	50.00%	LITTLE BOW	Wellhead; 2 phase vertical separator; Dry gas meter run; 100 bbl DW tank; 200 hp compressor
100/18-35-058-14W4/0	4.17%	PROVOST	Wellhead
100/10-02-043-25W4/0	50.00%	PONOKA	Wellhead
102/13-14-048-20W4/0	40.00%	IOARCAM	Wellhead; Hydraulic pumpjack; 400 bbl SW tank
100/13-10-047-20W4/0	40.00%	IOARCAM	Wellhead; Hydraulic pumpjack; 400 bbl SW tank
47-4W4 Unit	2.79%	WILDMERE	Multiple wellheads, separators, injectors, storage, metering, & treating facilities
100/12-13-048-25W4/3	100.00%	LEDUC-WOODBEND	Wellhead
100/05-17-089-21W4/0	10.00%	LIEGE	Wellhead; Wet Gas Metering Unit
100/11-18-089-21W4/0	10.00%	LIEGE	Wellhead; Wet Gas Metering Unit
100/10-11-089-22W4/0	10.00%	LIEGE	Wellhead; Wet Gas Metering Unit
100/06-13-089-22W4/0	10.00%	LIEGE	Wellhead; Wet Gas Metering Unit
100/07-14-089-22W4/0	10.00%	LIEGE	Wellhead; Wet Gas Metering Unit
100/16-22-089-22W4/0	10.00%	LIEGE	Wellhead; Injection Pump, Separator, & Storage Tank
102/10-23-089-22W4/0	10.00%	LIEGE	Wellhead; Wet Gas Metering Unit
100/03-24-089-22W4/0	10.00%	LIEGE	Wellhead; Wet Gas Metering Unit
100/05-30-038-02W5/0	91.50%	MEDICINE RIVER	Wellhead; 2 phase vertical separator; Dry gas zedi metering unit; Plungerlift controller; 400 bbl DW tank
102/05-30-038-02W5/0	91.50%	MEDICINE RIVER	Wellhead; 2 phase vertical separator; Dry gas zedi metering unit; 400 bbl DW tank
100/16-30-038-02W5/0	63.27%	MEDICINE RIVER	Wellhead; 3 phase vertical separator; Dry gas meter run; Plungerlift controller; 210 bbl SW tank
100/01-31-038-02W5/0	50.37%	MEDICINE RIVER	Wellhead; 2 phase vertical separator; Dry gas meter run; 100 bbl DW tank; 85 hp compressor
102/06-31-038-02W5/0	100.00%	MEDICINE RIVER	Wellhead
100/02-25-038-03W5/2	46.50%	MEDICINE RIVER	Wellhead; 2 phase vertical separator; Dry gas meter run; 400 bbl DW tank
102/02-25-038-03W5/2	72.83%	MEDICINE RIVER	Wellhead; 2 phase vertical separator; Dry gas zedi metering unit; 400 bbl DW tank
100/11-27-038-03W5/0	100.00%	MEDICINE RIVER	Wellhead
102/06-21-039-01W5/2	75.00%	PREVO	Wellhead; 3 phase vertical separator; Dry gas meter run; Plungerlift controller; 100 bbl DW tank
100/03-27-059-10W5/0	100.00%	BLURIDGE	Wellhead
100/01-01-063-14W5/2	96.00%	SAKWATAMAJU	Wellhead
100/16-36-064-10W5/2	100.00%	SWAN HILLS	Wellhead
100/10-27-066-15W5/2	25.00%	MEERWAP	Wellhead; 2 phase vertical separator; Conventional Pumpjack; 400 bbl DW tank
104/10-36-067-24W5/2	25.00%	ANTE CREEK N	Wellhead
100/02-11-082-24W5/2	100.00%	BERWYN	Wellhead; 3 phase vertical separator; Dry gas zedi metering unit; 400 bbl DW tank
100/07-11-082-24W5/0	100.00%	BERWYN	Wellhead; 3 phase vertical separator; Dry gas zedi metering unit; 400 bbl DW tank
102/10-17-084-22W5/0	75.00%	GRIMSHAW	Wellhead
100/09-14-094-25W5/0	100.00%	HOTCHKISS	Wellhead
100/12-16-083-12W6/0	31.60%	BOUNDARY LAKE S	Wellhead; 2 phase vertical separator; Dry gas zedi metering unit; 100 bbl DW tank
100/07-17-083-12W6/4	40.00%	BOUNDARY LAKE S	Wellhead; 2 phase vertical separator; Dry gas zedi metering unit; 100 bbl DW tank
100/02-14-083-13W6/0	40.00%	BOUNDARY LAKE S	Wellhead; 2 phase vertical separator; Dry gas zedi metering unit; 100 bbl DW tank
100/11-15-083-13W6/0	26.67%	BOUNDARY LAKE S	Wellhead; 2 phase vertical separator; Dry gas zedi metering unit; 100 bbl DW tank
100/14-05-083-18W6/0	7.50%	FT ST JOHN	Wellhead; 2 phase vertical separator; Dry gas meter run; 100 bbl DW tank
100/14-07-084-13W6/0	1.22%	BOUNDARY LK	Wellhead; 2 phase vertical separator; Conventional Pumpjack; 400 bbl SW tank
100/16-05-084-14W6/0	10.87%	BOUNDARY LK	Wellhead; 2 phase vertical separator; Conventional Pumpjack; 400 bbl SW tank

100/06-07-084-14W6/0	13.29%	BOUNDARY LK	Wellhead; 2 phase vertical separator; Conventional Pumpjack; 400 bbl SW tank
100/08-08-084-14W6/0	6.64%	BOUNDARY LK	Wellhead; 2 phase vertical separator; Conventional Pumpjack; 400 bbl SW tank
100/06-08-084-14W6/0	8.01%	BOUNDARY LK	Wellhead; 2 phase vertical separator; Conventional Pumpjack; 400 bbl SW tank
100/16-19-085-23W6/0	90.00%	INGA	Wellhead; Conventional Pumpjack
100/01-30-110-07W6/0	50.00%	RAINBOW	Wellhead
200/C-018-E/094-A-15/0	50.00%	MAPLE	Wellhead
200/D-078-F/084-H-03/0	1.75%	UMBACH	Wellhead; 2 phase vertical separator; Dry gas meter run; 100 bbl DW tank
200/C-052-F/094-J-10/0	25.00%	CLARKE LAKE	Wellhead; Wet Gas SCADA metering unit
200/C-054-F/094-J-10/0	18.75%	CLARKE LAKE	Wellhead; Wet Gas SCADA metering unit
200/D-054-G/094-J-10/2	16.66%	CLARKE LAKE	Wellhead; Wet Gas SCADA metering unit
200/A-065-G/094-J-10/0	16.66%	CLARKE LAKE	Wellhead; Injection pump
200/D-066-G/094-J-10/0	9.38%	CLARKE LAKE	Wellhead; Wet Gas SCADA metering unit
200/B-074-G/094-J-10/2	16.66%	CLARKE LAKE	Wellhead; Injection pump

PLEDGE

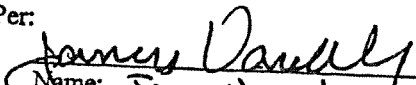
WHEREAS LEGEND ENERGY CANADA LTD. (the "Borrower"), a corporation incorporated under the laws of the Province of Alberta, has executed a fixed and floating demand debenture dated as of the date of this Pledge payable to the NATIONAL BANK OF CANADA (the "Bank") in the principal amount of TWENTY-FIVE MILLION (\$25,000,000.00) DOLLARS (hereinafter referred to as the "Debenture"), the Borrower, in consideration of the premises and other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, hereby covenants and agrees with the Bank as follows:

1. The Debenture is hereby assigned, transferred, pledged and hypothecated to and in favour of the Bank as general and continuing collateral security for the payment and fulfillment of all debts, liabilities and obligations, present and future, direct or indirect, matured or not, of the Borrower to the Bank of whatsoever nature and kind and whether arising from any agreement, offering letter (including the offering letter dated August 12, 2011 from the Bank and accepted by the Borrower on August 15, 2011 as same may be amended, revised, modified, supplemented, restated or replaced from time to time) guarantee or other dealings between the Bank and the Borrower or from any agreement or dealings between the Bank and any third party by which the Bank may be or become in any manner whatsoever a creditor of the Borrower or howsoever otherwise arising and whether the Borrower be bound alone or with another or others and whether as principal or surety including without limitation any indebtedness or liability pursuant to any revolving demand credit agreements and/or promissory notes granted from time to time in connection therewith (the "Liabilities").
2. In the event of any default in payment of any part of the monies secured under the Debenture or in the observance or performance of any other obligation of the undersigned to the Bank, including those contained in the Debenture, the Bank may at any time during the continuance of any such default realize upon the Debenture by sale, transfer or delivery, or exercise and enforce all the rights and remedies of a holder of the Debenture as if the Bank were absolute owner thereof, without notice to or control by the Borrower, and any such remedy may be exercised separately or in combination and shall be in addition to and not in substitution for any other rights of the Bank however created, provided that the Bank shall not be bound to exercise any such right or remedy.
3. The records of the Bank as to payment of the debts, liabilities and obligations being in default or of any demand in payment having been made will be prima facie evidence of such default or demand.
4. The Bank may grant extensions of time and other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Borrower and all other parties and securities as the Bank may see fit, all without prejudice to the debts, liabilities and obligations of the Borrower under the Debenture, or the Bank's rights in respect of the Debenture and the security thereby and hereby constituted.

5. The proceeds of the Debenture may be applied by the Bank on account of such part of the Liabilities as it chooses without prejudice to the Bank's claim upon the Borrower for any deficiency.
6. Payment by the Borrower to the Bank of interest as may be provided for in any agreement between the Borrower and the Bank for any period in respect of the Liabilities shall be deemed to be payment in full satisfaction of any interest payment due and payable by the Borrower for the same period provided for under the terms of the Debenture.
7. During the currency of the Debenture and so long as the Debenture is held as continuing security the Borrower will duly observe and perform all its covenants and agreements in favour of the Bank contained in the Debenture.
8. Notwithstanding the principal sum of the Debenture and the interest rate provided for therein on such principal sum, the obligations secured by the deposit thereof to the Bank pursuant hereto shall not exceed the amount of the Liabilities from time to time owing by the Borrower, together with the amounts, other than the principal sum and interest on the principal sum, from time to time owing by the Borrower as provided in the Debenture.
9. The Debenture and the security hereby constituted are in addition to and not in substitution for any other security now or hereafter held by the Bank and shall not operate as a merger of any simple contract debt or suspend the fulfillment of, or affect the rights, remedies or powers of the Bank in respect of any present or future debts, liabilities or obligations of the Borrower to the Bank or any securities now or hereafter held by the Bank for the payment or fulfillment thereof, and no judgment recovered by the Bank shall operate by way of merger or in any way affect the security of the Debenture.
10. Upon full, final and indefeasible payment of all of the Liabilities and the cancellation of any further obligations of the Bank to extend credit in respect of the Liabilities, all obligations of the Borrower in respect of the Debenture, including without limitation the obligation to make payments of principal and interest thereunder, shall terminate, and upon the request of the Borrower, the Bank shall deliver the Debenture to the Borrower for cancellation.
11. This agreement shall be binding upon the Borrower and its successors and assigns and shall enure to the benefit of the Bank and its successors and assigns.

IN WITNESS WHEREOF the Borrower has caused this agreement to be executed under its corporate seal attested by the hand of its proper officer duly authorized in that behalf as of the 19th day of October, 2011.

LEGEND ENERGY CANADA LTD.

Per:  c/s
Name: Jim Vanenberg
Title: Chief Financial Officer