



COURT FILE NUMBER: 2201- 02699
 COURT COURT OF QUEEN'S BENCH
 OF ALBERTA
 JUDICIAL CENTRE CALGARY
 APPLICANT NATIONAL BANK OF CANADA

RESPONDENTS BALANCED ENERGY OILFIELD SERVICES INC.,
 BALANCED ENERGY OILFIELD SERVICES (USA)
 INC., BALANCED ENERGY HOLDINGS INC.,
 MICHELLE THOMAS, NEIL SCHMEICHEL,
 DARREN MILLER, and CODIE BELLAMY

COM
 March 7 2022

DOCUMENT: **AFFIDAVIT (Appointment of Receiver)**

ADDRESS FOR SERVICE AND
 CONTACT INFORMATION OF
 PARTY FILING THIS DOCUMENT

MLT AIKINS LLP
 2100, 222 - 3rd Ave SW
 Calgary, AB T2P 0B4
 Telephone: 403.693.5420/4347
 Fax: 403.508.4349
 Attention: Ryan Zahara/Catrina Webster
 File: 0002330.00382

AFFIDAVIT OF DANA ADES-LANDY

Sworn on February 28, 2022

I, Dana Ades-Landy, of the City of Montreal, in the Province of Quebec, **SWEAR AND SAY THAT:**

1. I am a Senior Manager in the Special Loans Group with National Bank of Canada ("**NBC**"). I have been directly involved with the accounts of Balanced Energy Oilfield Services Inc., Balanced Energy Oilfield Services (USA) Inc., and Balanced Energy Holdings Inc. and have also had the opportunity to review the business records of NBC relevant to these accounts. I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based upon information, in which case I believe the same to be true.
2. I am authorized to make this Affidavit on behalf of NBC.

A. OVERVIEW

3. Balanced Energy Oilfield Services Inc. ("**BCAN**") is a company incorporated pursuant to the laws of the Province of Alberta with its registered office in the City of Lethbridge in the

DAL

Province of Alberta. Attached hereto and marked as **Exhibit "A"** is a copy of an Alberta Corporate Registry search for BCAN.

4. Balanced Energy Oilfield Services (USA) Inc. ("**BUSA**"; together with BCAN, the "**Borrowers**") is a company incorporated pursuant to the laws of the State of Delaware. Attached hereto and marked as **Exhibit "B"** is a copy of a Corporate Registry search for BUSA.
5. Balanced Energy Holdings Inc. ("**BEH**") is a company incorporated pursuant to the laws of the Province of Alberta with its registered office in City of Lethbridge in the Province of Alberta. Attached hereto and marked as **Exhibit "C"** is a copy of an Alberta Corporate Registry search for BEH.
6. NBC advanced funds to BCAN and BUSA pursuant to the following:
 - (a) an offer of financing dated June 8, 2020 between NBC, BCAN, and BUSA and accepted by BCAN and BUSA on June 10, 2020 (the "**Offer of Financing**"). Attached hereto and marked as **Exhibit "D"** is a copy of the Offer of Financing;
 - (b) a forbearance and amending agreement effective as of March 2, 2021 (the "**Forbearance Agreement**"). Attached hereto and marked as **Exhibit "E"** is a copy of the Forbearance Agreement;
 - (c) a first amending agreement to the Forbearance Agreement effective as of March 31, 2021 (the "**First Amending Agreement**"). Attached hereto and marked as **Exhibit "F"** is a copy of the First Amending Agreement;
 - (d) a renewal and amending agreement to the Offer of Financing effective as of June 30, 2021 (the "**Second Amending Agreement**"). Attached hereto and marked as **Exhibit "G"** is a copy of the Second Amending Renewal;
 - (e) an amending agreement to the Offer of Financing and Forbearance Agreement effective as of August 18, 2021 (the "**Third Amending Agreement**"). Attached hereto and marked as **Exhibit "H"** is a copy of the Third Amending Agreement; and

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- (f) an extension and amending agreement effective as of August 27, 2021 (the "**Fourth Amending Agreement**"). Attached hereto and marked as **Exhibit "I"** is a copy of the Fourth Amending Agreement.
7. NBC also advanced additional funds to BCAN pursuant to an offer of financing dated June 25, 2021 between the Lender and BCAN respecting a Highly Affected Sectors Availability Program Term Loan ("**HASCAP Offer of Financing**"; together with the Forbearance Agreement, the First Amending Agreement, the Second Amending Agreement, the Third Amending Agreement and the Fourth Amending Agreement, the "**Offers of Financing**"). Attached hereto and marked as **Exhibit "J"** is a copy of the HASCAP Offer of Financing.
8. BEH, Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy guaranteed the indebtedness of BCAN and BUSA pursuant to the Offers of Financing and BEH granted a general security agreement in favour of NBC as security for the indebtedness of BCAN and BUSA for the amounts borrowed under the terms of the Offers of Financing.
9. BUSA, BEH, Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy guaranteed the indebtedness of BCAN pursuant to the HASCAP Offer of Financing and BUSA granted a security agreement and BEH granted a general security agreement in favour of NBC as security for the indebtedness of BCAN for the amounts borrowed under the terms of the HASCAP Offer of Financing.
10. NBC believes that the liquidation and distribution of the assets of BCAN, BUSA, and BEH will most efficiently be completed by a receiver. Accordingly, NBC is making this application to appoint a receiver over the assets, property, and undertakings of BCAN, BUSA, and BEH pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**").

B. THE LOANS

11. In accordance with the Offers of Financing, NBC extended credit under the following credit facilities (the "**OF Facilities**") to BCAN and BUSA and as of January 26, 2022, the following amounts are outstanding under the OF Facilities, exclusive of legal and

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professional fees, costs, charges, disbursements, and expenses incurred by NBC prior to or after January 26, 2022:

	Amount in CAD\$ as of January 26,
Demand Revolving Operating Line of Credit	
Principal	\$18,740,196.70
Interest	\$113,578.60
Total	\$18,853,775.30
BCAP Demand Loan	
Principal	\$4,659,572.00
Interest	\$27,567.14
Total	\$4,687,139.14
Mastercard Credit Card	
Principal	\$154,802.80
Interest	\$0.00
Total	\$154,802.80
TOTAL	\$23,695,717.24

12. In accordance with the HASCAP Offer of Financing, NBC extended credit under a Highly Affected Sectors Availability Program Term Loan (the "**HASCAP Facility**", collectively, with the OF Facilities, the "**Facilities**") to BCAN and as of January 26, 2022, the following amounts are outstanding on the HASCAP Facility, exclusive of legal and professional fees, costs, charges, disbursements, and expenses incurred by NBC prior to January 26, 2022:

	Amount in CAD\$ as of January
HASCAP Term Loan	
Principal	\$1,000,000.00
Interest	\$3,397.26
Total	\$1,003,397.26

13. The Facilities are repayable by BCAN and BUSA on demand from NBC.
14. As of January 26, 2022, the total indebtedness of BCAN and BUSA to NBC pursuant to the OF Facilities is \$23,695,717.24 and of BCAN to NBC pursuant to the HASCAP Facility is \$1,003,397.26 which collectively amount to \$24,699,114.50, with interest accruing thereafter at the rates set out in the Offers of Financing, plus all legal and other costs and expenses incurred by NBC in respect of the Offers of Financing on a solicitor and own client (full-indemnity) basis (collectively, the "**Outstanding Indebtedness**").

15. Pursuant to the Offers of Financing, a Business Credit Availability Program (BCAP) demand loan (the “**BCAP Loan**”) was issued in the amount of \$4,000,000.00, and increased to \$5,175,000.00 pursuant to the terms of the Third Amending Agreement which forms part of the OF Facilities. The BCAP Loan was issued under the Economic Development Corporation (“**EDC**”) backed demand loan program to provide additional liquidity for the working capital needs of BCAN and BUSA that were the result of COVID-19 impacts on business. On February 25, 2021, under a BCAP guarantee granted by EDC and the BCAP Loan, EDC guaranteed 80% of the indebtedness owing under the BCAP Loan in favour of NBC.
16. Pursuant to the HASCAP Offer of Financing, the HASCAP Facility was issued in the amount of \$1,000,000.00 pursuant to the Highly Affected Sectors Availability Loan Guarantee Program. On January 19, 2021, pursuant to a HASCAP guarantee agreement granted by BDC and the HASCAP Offer of Financing, Business Development Corporation (“**BDC**”) guaranteed loans issued under the HASCAP Facility to support BCAN’s business as a result of the negative impacts of COVID-19.

C. THE GUARANTEES

17. As security for all amounts owing by BCAN to NBC, on February 20, 2018, BEH granted a guarantee in favour of NBC regarding the indebtedness of BCAN in an unlimited amount, plus interest payable from the date of demand, including all legal fees on a solicitor and own client (full-indemnity) basis (the “**BEH Guarantee**”). Attached hereto and marked as **Exhibit “K”** is a copy of the BEH Guarantee.
18. As further security for all amounts owing by BCAN to NBC, on July 6, 2021, BUSA granted a guarantee in favour of NBC regarding the indebtedness of BCAN in an unlimited amount, plus interest payable from the date of demand, including all legal fees on a solicitor and own client (full-indemnity) basis (the “**BUSA Guarantee**”). Attached hereto and marked as **Exhibit “L”** is a copy of the BUSA Guarantee.
19. As further security for all amounts owing by BCAN and BUSA, each of Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy (collectively, the “**Individual**

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Guarantors") granted the following guarantees (collectively, the "**Individual Guarantees**"):

- (a) a guarantee in favour of NBC by Michelle Thomas in the amount of \$300,000 - attached hereto and marked as **Exhibit "M"**;
- (b) a guarantee in favour of NBC by Neil Schmeicher in the amount of \$300,000 - attached hereto and marked as **Exhibit "N"**,
- (c) a guarantee in favour of NBC by Darren Miller in the amount of \$300,000 - attached hereto and marked as **Exhibit "O"**,
- (d) a guarantee in favour of NBC by Codie Bellamy in the amount of \$300,000 - attached hereto and marked as **Exhibit "P"**.

D. THE SECURITY

- 20. As security for all amounts owing by BCAN and BUSA to NBC, on February 20, 2018, BCAN granted a General Security Agreement in favour of NBC (the "**BCAN GSA**"). Attached hereto and marked as **Exhibit "Q"** is a copy of the BCAN GSA.
- 21. On February 16, 2018, NBC registered the BCAN GSA against BCAN at the Alberta Personal Property Registry ("**PPR**"). Attached hereto and marked as **Exhibit "R"** is a copy of the Alberta PPR search report in respect of BCAN dated January 19, 2021.
- 22. As further security for all amounts owing by BCAN and BUSA to NBC and as further security for the obligations pursuant to the BUSA Guarantee, on September 26, 2018, BUSA granted a Security Agreement in favour of NBC (the "**BUSA SA**"). Attached hereto and marked as **Exhibit "S"** is a copy of the BUSA SA.
- 23. On September 27, 2018, NBC registered the BUSA SA in the Uniform Commercial Code Filing Registry ("**UCC**"). Attached hereto and marked as **Exhibit "T"** is a copy of the UCC Search Report for the Jurisdiction of Delaware in respect of BUSA dated January 22, 2021.

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24. As further security for the obligations pursuant to the BEH Guarantee, on February 20, 2018, BEH granted a General Security Agreement in favour of NBC (the "**BEH GSA**"). Attached hereto and marked as **Exhibit "U"** is a copy of the BEH GSA.
25. On February 16, 2018, NBC registered the BEH GSA against BEH at the Alberta PPR. Attached hereto and marked as **Exhibit "V"** is a copy of the Alberta PPR search report in respect of BEH dated January 19, 2021.
26. The BCAN GSA, the BUSA GSA, and the BEH GSA and are collectively referred to herein as the "**Security**".

E. FORBEARANCE TERM AND FINANCIAL DIFFICULTY

27. Beginning in December 2020, BCAN began experiencing financial difficulty and defaulted under the terms of the Offers of Financing. As a result, on March 2, 2021, NBC entered into the Forbearance Agreement with BCAN and the related guarantors to provide the parties an opportunity to find alternative financing or other sources of equity to improve its balance sheet.
28. Pursuant to the Forbearance Agreement, BCAN acknowledged the occurrence of Events of Default as defined under the Offer of Financing, including the following:
 - (a) Breach of BCAN's undertaking to maintain a funded debt to EBITDA coverage ratio of not more than 6.75, effective September 30, 2020, and 13.75;1, effective December 31, 2020; and
 - (b) Breach of BCAN's undertaking to maintain a fixed charge coverage ratio of at least 1.500:1.00 based on consolidated financial statements of BCAN provided on a quarterly basis for the periods ending September 30, 2020 and December 31, 2020.
29. The terms of the Forbearance Agreement included, among others, the following:
 - (a) BCAN would repay the Outstanding Indebtedness by August 31, 2021 (the "**Forbearance Term**");

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- (b) BCAN would provide certain financial disclosure to NBC, including a 2021 baseline budget (the “**Budget**”) along with monthly variance reporting;
 - (c) BCAN would maintain an EBITDA of no less than 85% of the cumulative monthly EBITDA contained in the Budget for the period of March 1, 2021 to August 31, 2021;
 - (d) NBC would forbear from enforcing its rights against BCAN until the termination or expiration of the Forbearance Agreement; and
 - (e) NBC would engage FTI Consulting Canada Inc. (“**FTI**”) as a financial advisor to provide financial and other advisory services to NBC in respect of BCAN and BUSA and the Offers of Financing.
30. The Forbearance Agreement was amended by certain amendments including the Third Amending Agreement which extended the Forbearance Term to December 31, 2021.

a. CASH FLOW SHORTFALL

31. I am advised by FTI and do believe that, on August 18, 2021, in accordance with the Third Amending Agreement, BCAN provided a Budget for the period of July 1, 2021 to December 31, 2021 (the “**Revised Budget**”).
32. I am advised by FTI and do believe that, a cumulative variance analysis was completed by FTI respecting the Revised Budget which illustrated a negative revenue variance of \$2,300,000 primarily due to lower revenue than forecast. Further, the cumulative EBITDA was \$2,100,000 lower than projected resulting in BCAN being offside its requirement to maintain an EDITDA of no less than 85% of the cumulative monthly EBITDA as required under the Forbearance Agreement.
33. Notwithstanding the additional liquidity received from the BCAP Loan and the HASCAP Facility during the summers of 2020 and 2021, BCAN underperformed against the Revised Budget and continued to experience liquidity constraints and failed to meet its EBITDA Covenant.

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34. On November 16, 2021 and November 26, 2021, BCAN provided its 2022 cash flow forecast (the “**2022 Forecast**”) and its proposed operational and structural changes to improve BCAN’s profitability which included liquidating portions of the fleet in order to repay \$2,000,000 towards the Outstanding Indebtedness owing to NBC and pursuing financing from Maynbridge Capital in the amount of \$2,000,000 to generate an additional \$900,000 in available cash for the Borrowers.
35. The 2022 Forecast also demonstrated that there would be negative cash flow, with insufficient funds available under the Offers of Financing to pay operating expenses over the summer months. The amount of additional funds required to bridge the gap during this cash flow negative period peaks at \$2,180,000.00 in August of 2022. Without additional financing the Borrowers will not have sufficient liquidity to bridge this negative cash flow period to their busy season. NBC is not required or prepared to provide additional liquidity to the Borrowers during this period.
36. Due to the material differences in the financial circumstances of BCAN under the Revised Budget and the 2022 Forecast, the proposed solutions to the Borrowers’ operations would not be material enough to resolve the Borrowers’ liquidity crisis and financial challenges generally.
37. Given the anticipated reduction in revenue from the upcoming business slowdown which is projected to commence in approximately June 2022 and without additional financing, NBC believes that it is in the best interest of all stakeholders for a sale of the assets and a continuation of the business in some form in order to preserve jobs for employees and any enterprise value remaining within the business. Any transaction of this nature will be able to be completed by a receiver as soon and as efficiently as possible. Any further delays in the appointment of a receiver could negatively impact the potential realization received by the creditors of the Borrowers.

b. DAMAGED EQUIPMENT AND DELAYS

38. On January 22, 2022, BCAN advised FTI that the outer frame on the landing gear for one of the BCAN rig units was severely damaged while being transported on a trailer. This incident resulted in the landing gear for this rig unit being split 90% of the way through on

both sides of the reel trailer. As a result of this incident, the rig unit would be unavailable for approximately 2-4 weeks further impacting the profitability of BCAN. This incident will also likely materially altered the 2022 Forecast and cash flow for this period that was previously presented to NBC. It will also likely result in BCAN failing to meet its very high January 2022 and February 2022 revenue projections.

c. UNPAID TRADE PAYABLES

39. As of January 23, 2022, BCAN and BUSA have outstanding accounts payable to trade creditors in the amount of \$10,118,000.
40. Of the total outstanding accounts payable, over 50% have been outstanding for over 90 days.

d. ATTEMPTS TO COMPLETE SALES PROCESS

41. On February 9, 2021, BEH retained BDO Canada LLP ("**BDO**") to provide the following services: (i) to provide transactional advisory services to BEH in considering potential financing options; (ii) to provide assistance and advise to BEH with the evaluation and negotiation of potential transactions and closing of a transaction; and (iii) to manage and assist with any due diligence process as required by a potential investor and assist with communications and presentations with potential purchasers (collectively, the "**Sales and Investment Process**").
42. From February 2021 to July 2021, BDO sought potential investors and purchasers in accordance with the Sales and Investment Process.
43. In July 2021, NBC was advised by BEH that all avenues and options had been exhausted under the Sales and Investment Process and no investors or purchasers were identified.
44. Since February 2021, the Borrowers have proposed and attempted multiple options to repay the Outstanding Indebtedness including running a sales and investment process through BDO seeking various refinancing options, none of which were successful or provided for the full repayment of the Outstanding Indebtedness.

45. While these measures would provide some improvement to the Borrowers' business, the improvement would be incremental and inadequate to materially address its liquidity concerns. Further, no proposal has been presented which would result in a full repayment of the Outstanding Indebtedness to NBC. Following the expiration of the December 31, 2021 Forbearance Term, the Borrowers failed to repay the Outstanding Indebtedness.
46. On February 2, 2022, Dustin Olver of FTI provided a Consent to Act as Receiver if so appointed. Attached hereto and marked as **Exhibit "W"** is a copy of the Consent to Act as Receiver.

F. DEMAND AND NOTICE OF INTENTION TO ENFORCE SECURITY

47. On January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to BCAN (the "**BCAN Demand**"), which required full payment of the Outstanding Indebtedness. Attached hereto and marked as **Exhibit "X"** is a copy of the BCAN Demand.
48. Also on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to BUSA (the "**BUSA Demand**"; together with the BCAN Demand, the "**Demands**"), which required full payment of the indebtedness owing pursuant to the Loan Agreements. Attached hereto and marked as **Exhibit "Y"** is a copy of the BUSA Demand.
49. Also on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to BUSA (the "**BUSA HASCAP Demand**"), which required full payment of the indebtedness owing pursuant to the HASCAP Facility pursuant to the BUSA Guarantee. Attached hereto and marked as **Exhibit "Z"** is a copy of the BUSA HASCAP Demand.
50. Also on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to the guarantor, BEH, which required full payment of the Outstanding Indebtedness pursuant to the terms of the BEH Guarantee (the "**BEH Demand**"). Attached hereto and marked as **Exhibit "AA"** is a copy of the BEH Demand.

51. Also on January 26, 2022, NBC issued demand letters to each of Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy (collectively, the “**Individual Guarantors’ Demands**”) requiring full payment in the amount of \$300,000 from each of the Individual Guarantors pursuant to the terms of the Individual Guarantees. Attached hereto and marked as **Exhibits “BB” – “EE”** are copies of the Individual Guarantors’ Demands.
52. Following the issuance of the Demands and in accordance with NBC’s obligations to EDC and BDC under the BCAP Loan and the HASCAP Offer of Financing, NBC notified EDC and BDC of the defaults of BCAN and BUSA. NBC further advised that the Facilities had been demanded upon and the Outstanding Indebtedness was required to be repaid in full and Notices of Intention to Enforce were issued to the Borrowers.
53. BCAN, BUSA, BEH have been and remain unable to pay the entire amount of the Outstanding Indebtedness that is due and owing to NBC. The failure of BCAN, BUSA, and BEH to pay amounts owed to NBC when due and owing is a further Event of Default pursuant to the terms of the Offers of Financing, the BEH Guarantee, and the Security.
54. The ability of the Borrowers to continue as going concern businesses is dependent upon the ongoing support and financing from NBC. NBC is no longer prepared to extend any further credit to the Borrowers.
55. The BCAN GSA, the BUSA SE, and the BEH GSA each provide that, upon an Event of Default by BCAN, BUSA, or BEH, NBC is entitled to, among other things, apply for the appointment of a receiver.

G. DISCUSSIONS ON PROPOSED TRANSACTION WITH PROPOSED RECEIVER

56. NBC has engaged in discussions with the proposed Receiver and the former principals of the Borrowers. One of the former principals has incorporated a new entity, XDI Energy Solutions (“**XDI**”), that is looking to purchase the operating assets and inventory (among other things) of the Borrowers as soon as reasonably possible from the Receiver.
57. NBC understands that the intention would be for XDI to continue the ongoing business of the Borrowers only in Canada and preserve the ongoing operations (including retaining most of the current employees) in the new entity.

58. NBC has entered into a term sheet (the “**Term Sheet**”) with the proposed Receiver and XDI that outlines the terms of the proposed transaction (the “**Transaction**”). The benefits of this is that it ensures that the business operations will continue and that there is a substantial realization for the value of those assets by the Receiver, without the need to liquidate those assets and shut-down the operations of the Borrowers.
59. The Term Sheet contains confidential and sensitive information regarding the proposed price to be paid by XDI for the purchased assets and any disclosure of the Term Sheet could cause significant and irreparable damage should the Receiver be required to run a fulsome sales process for a sale of the assets of the Borrowers within the receivership proceedings or in the event that the Transaction is unable to be closed in accordance with its terms. Attached hereto and marked as **Confidential Exhibit “1”** is a copy of the Term Sheet.
60. The Receiver, should it be appointed, would continue to operate the business in the interim and collect all of outstanding receivables of the Borrowers for the benefits of the creditors of the Borrowers until the Transaction can be approved by the Court and closed. The Transaction provides certainty that there will be a purchaser for the operating assets of the Borrowers that will continue the ongoing operations and that some of the enterprise value of the operating business is realized through this process. The Transaction will also benefit employees, customers and suppliers of the Borrowers by ensuring that the business continues to operate after the receivership.
61. The Transaction is also preferable as it will reduce the significant costs associated with a standard liquidation process (including collection of the equipment from various sites and payment of any fees to a sale agent or auction bidder) and will significantly simplify the amount of assets that the Receiver will need to monetize within the receivership proceedings.
62. NBC understands that, if appointed, the Receiver would try to bring forward the Transaction for approval by the Court as soon as reasonably possible with closing to occur as soon as possible after court approval is obtained. At the time of closing of the Transaction, control of the operations and assets of the Borrowers would transfer over to XDI to continue the business of the Borrowers.

63. NBC does not expect that in the event the Transaction proceeds after the appointment of the Receiver that it will be repaid in full the entire amount of the Outstanding Indebtedness and that it will still suffer a shortfall in the amounts owed to it.

H. NECESSITY OF THE APPOINTMENT OF A RECEIVER

64. The Borrowers are not able to meet their obligations generally as they become due, are no longer able to make payments to their creditors, and no longer have any liquidity to fund the ongoing operations of their businesses.

65. The Borrowers have made multiple attempts to try and find a solution to their cash flow problems and repay NBC in full. None of the attempts to date have been successful. The quantum of unpaid trade creditors continues to increase and the Borrowers are unlikely to be able to continue operations in the normal course much longer.

66. The Borrowers have had a significant amount of time to obtain refinancing or sell their assets, both of which have ultimately been unsuccessful.

67. The former principals of the Borrowers have proposed the Transaction to the proposed Receiver. NBC supports the Transaction and believe that this Transaction can be most efficiently and quickly be completed by a Receiver and with approval of the Court.

68. NBC believes that the appointment of the Receiver will be the most effective and efficient way to realize on the value of the remaining assets and minimize the costs associated with this process.

69. As a result of the foregoing, I believe that the appointment of a receiver pursuant to section 243 of the BIA over the assets, undertakings, and properties of BCAN, BUSA, and BEH is just and convenient and necessary to protect the interests of NBC and to preserve and realize on the Security in an orderly fashion.

70. I believe that a Receiver is needed to preserve the collateral that is subject to NBC's Security.

71. I believe it is appropriate in all of the circumstances that the Receiver be appointed over the assets, undertaking, and properties of BCAN, BUSA, and BEH pursuant to section 243 of the BIA.
72. I swear this Affidavit in support of NBC's Application for the appointment of a receiver in respect of BCAN, BUSA, and BEH.

SWORN before me at the City of)
 Calgary in the Province of Alberta, this 28th day)
 of February 2022)
)
)
)
)
 _____)
 A Commissioner of Oaths in and for the Province of Alberta)

Dana Ades-Landy

_____)
 Dana Ades-Landy

This affidavit was sworn using video technology as Dana Ades-Landy was not physically present before the Commissioner, but was linked with the Commissioner utilizing video technology. The process for remote commissioning of affidavits was thoroughly followed as outlined in the Notice to the Profession and Public – Remote Commissioning 2020-02 by the Court of Queen’s Bench on March 25, 2020.

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Sworn on February 28, 2022

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1. I am a Senior Manager in the Special Loans Group with National Bank of Canada ("NBC"). I have been directly involved with the accounts of Balanced Energy Oilfield Services Inc., Balanced Energy Oilfield Services (USA) Inc., and Balanced Energy Holdings Inc. and have also had the opportunity to review the business records of NBC relevant to these accounts. I have personal knowledge of the matters deposed to in this Affidavit, except where stated to be based upon information, in which case I believe the same to be true.
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- (f) an extension and amending agreement effective as of August 27, 2021 (the "**Fourth Amending Agreement**"). Attached hereto and marked as **Exhibit "I"** is a copy of the Fourth Amending Agreement.
7. NBC also advanced additional funds to BCAN pursuant to an offer of financing dated June 25, 2021 between the Lender and BCAN respecting a Highly Affected Sectors Availability Program Term Loan ("**HASCAP Offer of Financing**"; together with the Forbearance Agreement, the First Amending Agreement, the Second Amending Agreement, the Third Amending Agreement and the Fourth Amending Agreement, the "**Offers of Financing**"). Attached hereto and marked as **Exhibit "J"** is a copy of the HASCAP Offer of Financing.
8. BEH, Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy guaranteed the indebtedness of BCAN and BUSA pursuant to the Offers of Financing and BEH granted a general security agreement in favour of NBC as security for the indebtedness of BCAN and BUSA for the amounts borrowed under the terms of the Offers of Financing.
9. BUSA, BEH, Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy guaranteed the indebtedness of BCAN pursuant to the HASCAP Offer of Financing and BUSA granted a security agreement and BEH granted a general security agreement in favour of NBC as security for the indebtedness of BCAN for the amounts borrowed under the terms of the HASCAP Offer of Financing.
10. NBC believes that the liquidation and distribution of the assets of BCAN, BUSA, and BEH will most efficiently be completed by a receiver. Accordingly, NBC is making this application to appoint a receiver over the assets, property, and undertakings of BCAN, BUSA, and BEH pursuant to section 243(1) of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3 (the "**BIA**").

B. THE LOANS

11. In accordance with the Offers of Financing, NBC extended credit under the following credit facilities (the "**OF Facilities**") to BCAN and BUSA and as of January 26, 2022, the following amounts are outstanding under the OF Facilities, exclusive of legal and

professional fees, costs, charges, disbursements, and expenses incurred by NBC prior to or after January 26, 2022:

	Amount in CAD\$ as of January 26,
Demand Revolving Operating Line of Credit	
Principal	\$18,740,196.70
Interest	\$113,578.60
Total	\$18,853,775.30
BCAP Demand Loan	
Principal	\$4,659,572.00
Interest	\$27,567.14
Total	\$4,687,139.14
Mastercard Credit Card	
Principal	\$154,802.80
Interest	\$0.00
Total	\$154,802.80
TOTAL	\$23,695,717.24

12. In accordance with the HASCAP Offer of Financing, NBC extended credit under a Highly Affected Sectors Availability Program Term Loan (the "**HASCAP Facility**", collectively, with the OF Facilities, the "**Facilities**") to BCAN and as of January 26, 2022, the following amounts are outstanding on the HASCAP Facility, exclusive of legal and professional fees, costs, charges, disbursements, and expenses incurred by NBC prior to January 26, 2022:

	Amount in CAD\$ as of January
HASCAP Term Loan	
Principal	\$1,000,000.00
Interest	\$3,397.26
Total	\$1,003,397.26

13. The Facilities are repayable by BCAN and BUSA on demand from NBC.
14. As of January 26, 2022, the total indebtedness of BCAN and BUSA to NBC pursuant to the OF Facilities is \$23,695,717.24 and of BCAN to NBC pursuant to the HASCAP Facility is \$1,003,397.26 which collectively amount to \$24,699,114.50, with interest accruing thereafter at the rates set out in the Offers of Financing, plus all legal and other costs and expenses incurred by NBC in respect of the Offers of Financing on a solicitor and own client (full-indemnity) basis (collectively, the "**Outstanding Indebtedness**").

15. Pursuant to the Offers of Financing, a Business Credit Availability Program (BCAP) demand loan (the “**BCAP Loan**”) was issued in the amount of \$4,000,000.00, and increased to \$5,175,000.00 pursuant to the terms of the Third Amending Agreement which forms part of the OF Facilities. The BCAP Loan was issued under the Economic Development Corporation (“**EDC**”) backed demand loan program to provide additional liquidity for the working capital needs of BCAN and BUSA that were the result of COVID-19 impacts on business. On February 25, 2021, under a BCAP guarantee granted by EDC and the BCAP Loan, EDC guaranteed 80% of the indebtedness owing under the BCAP Loan in favour of NBC.
16. Pursuant to the HASCAP Offer of Financing, the HASCAP Facility was issued in the amount of \$1,000,000.00 pursuant to the Highly Affected Sectors Availability Loan Guarantee Program. On January 19, 2021, pursuant to a HASCAP guarantee agreement granted by BDC and the HASCAP Offer of Financing, Business Development Corporation (“**BDC**”) guaranteed loans issued under the HASCAP Facility to support BCAN’s business as a result of the negative impacts of COVID-19.

C. THE GUARANTEES

17. As security for all amounts owing by BCAN to NBC, on February 20, 2018, BEH granted a guarantee in favour of NBC regarding the indebtedness of BCAN in an unlimited amount, plus interest payable from the date of demand, including all legal fees on a solicitor and own client (full-indemnity) basis (the “**BEH Guarantee**”). Attached hereto and marked as **Exhibit “K”** is a copy of the BEH Guarantee.
18. As further security for all amounts owing by BCAN to NBC, on July 6, 2021, BUSA granted a guarantee in favour of NBC regarding the indebtedness of BCAN in an unlimited amount, plus interest payable from the date of demand, including all legal fees on a solicitor and own client (full-indemnity) basis (the “**BUSA Guarantee**”). Attached hereto and marked as **Exhibit “L”** is a copy of the BUSA Guarantee.
19. As further security for all amounts owing by BCAN and BUSA, each of Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy (collectively, the “**Individual**

Guarantors") granted the following guarantees (collectively, the "**Individual Guarantees**"):

- (a) a guarantee in favour of NBC by Michelle Thomas in the amount of \$300,000 - attached hereto and marked as **Exhibit "M"**;
- (b) a guarantee in favour of NBC by Neil Schmeicher in the amount of \$300,000 - attached hereto and marked as **Exhibit "N"**,
- (c) a guarantee in favour of NBC by Darren Miller in the amount of \$300,000 - attached hereto and marked as **Exhibit "O"**,
- (d) a guarantee in favour of NBC by Codie Bellamy in the amount of \$300,000 - attached hereto and marked as **Exhibit "P"**.

D. THE SECURITY

- 20. As security for all amounts owing by BCAN and BUSA to NBC, on February 20, 2018, BCAN granted a General Security Agreement in favour of NBC (the "**BCAN GSA**"). Attached hereto and marked as **Exhibit "Q"** is a copy of the BCAN GSA.
- 21. On February 16, 2018, NBC registered the BCAN GSA against BCAN at the Alberta Personal Property Registry ("**PPR**"). Attached hereto and marked as **Exhibit "R"** is a copy of the Alberta PPR search report in respect of BCAN dated January 19, 2021.
- 22. As further security for all amounts owing by BCAN and BUSA to NBC and as further security for the obligations pursuant to the BUSA Guarantee, on September 26, 2018, BUSA granted a Security Agreement in favour of NBC (the "**BUSA SA**"). Attached hereto and marked as **Exhibit "S"** is a copy of the BUSA SA.
- 23. On September 27, 2018, NBC registered the BUSA SA in the Uniform Commercial Code Filing Registry ("**UCC**"). Attached hereto and marked as **Exhibit "T"** is a copy of the UCC Search Report for the Jurisdiction of Delaware in respect of BUSA dated January 22, 2021.

24. As further security for the obligations pursuant to the BEH Guarantee, on February 20, 2018, BEH granted a General Security Agreement in favour of NBC (the "**BEH GSA**"). Attached hereto and marked as **Exhibit "U"** is a copy of the BEH GSA.
25. On February 16, 2018, NBC registered the BEH GSA against BEH at the Alberta PPR. Attached hereto and marked as **Exhibit "V"** is a copy of the Alberta PPR search report in respect of BEH dated January 19, 2021.
26. The BCAN GSA, the BUSA GSA, and the BEH GSA and are collectively referred to herein as the "**Security**".

E. FORBEARANCE TERM AND FINANCIAL DIFFICULTY

27. Beginning in December 2020, BCAN began experiencing financial difficulty and defaulted under the terms of the Offers of Financing. As a result, on March 2, 2021, NBC entered into the Forbearance Agreement with BCAN and the related guarantors to provide the parties an opportunity to find alternative financing or other sources of equity to improve its balance sheet.
28. Pursuant to the Forbearance Agreement, BCAN acknowledged the occurrence of Events of Default as defined under the Offer of Financing, including the following:
 - (a) Breach of BCAN's undertaking to maintain a funded debt to EBITDA coverage ratio of not more than 6.75, effective September 30, 2020, and 13.75;1, effective December 31, 2020; and
 - (b) Breach of BCAN's undertaking to maintain a fixed charge coverage ratio of at least 1.500:1.00 based on consolidated financial statements of BCAN provided on a quarterly basis for the periods ending September 30, 2020 and December 31, 2020.
29. The terms of the Forbearance Agreement included, among others, the following:
 - (a) BCAN would repay the Outstanding Indebtedness by August 31, 2021 (the "**Forbearance Term**");

- (b) BCAN would provide certain financial disclosure to NBC, including a 2021 baseline budget (the "**Budget**") along with monthly variance reporting;
 - (c) BCAN would maintain an EBITDA of no less than 85% of the cumulative monthly EBITDA contained in the Budget for the period of March 1, 2021 to August 31, 2021;
 - (d) NBC would forbear from enforcing its rights against BCAN until the termination or expiration of the Forbearance Agreement; and
 - (e) NBC would engage FTI Consulting Canada Inc. ("**FTI**") as a financial advisor to provide financial and other advisory services to NBC in respect of BCAN and BUSA and the Offers of Financing.
30. The Forbearance Agreement was amended by certain amendments including the Third Amending Agreement which extended the Forbearance Term to December 31, 2021.

a. CASH FLOW SHORTFALL

31. I am advised by FTI and do believe that, on August 18, 2021, in accordance with the Third Amending Agreement, BCAN provided a Budget for the period of July 1, 2021 to December 31, 2021 (the "**Revised Budget**").
32. I am advised by FTI and do believe that, a cumulative variance analysis was completed by FTI respecting the Revised Budget which illustrated a negative revenue variance of \$2,300,000 primarily due to lower revenue than forecast. Further, the cumulative EBITDA was \$2,100,000 lower than projected resulting in BCAN being offside its requirement to maintain an EDITDA of no less than 85% of the cumulative monthly EBITDA as required under the Forbearance Agreement.
33. Notwithstanding the additional liquidity received from the BCAP Loan and the HASCAP Facility during the summers of 2020 and 2021, BCAN underperformed against the Revised Budget and continued to experience liquidity constraints and failed to meet its EBITDA Covenant.

34. On November 16, 2021 and November 26, 2021, BCAN provided its 2022 cash flow forecast (the "**2022 Forecast**") and its proposed operational and structural changes to improve BCAN's profitability which included liquidating portions of the fleet in order to repay \$2,000,000 towards the Outstanding Indebtedness owing to NBC and pursuing financing from Maynbridge Capital in the amount of \$2,000,000 to generate an additional \$900,000 in available cash for the Borrowers.
35. The 2022 Forecast also demonstrated that there would be negative cash flow, with insufficient funds available under the Offers of Financing to pay operating expenses over the summer months. The amount of additional funds required to bridge the gap during this cash flow negative period peaks at \$2,180,000.00 in August of 2022. Without additional financing the Borrowers will not have sufficient liquidity to bridge this negative cash flow period to their busy season. NBC is not required or prepared to provide additional liquidity to the Borrowers during this period.
36. Due to the material differences in the financial circumstances of BCAN under the Revised Budget and the 2022 Forecast, the proposed solutions to the Borrowers' operations would not be material enough to resolve the Borrowers' liquidity crisis and financial challenges generally.
37. Given the anticipated reduction in revenue from the upcoming business slowdown which is projected to commence in approximately June 2022 and without additional financing, NBC believes that it is in the best interest of all stakeholders for a sale of the assets and a continuation of the business in some form in order to preserve jobs for employees and any enterprise value remaining within the business. Any transaction of this nature will be able to be completed by a receiver as soon and as efficiently as possible. Any further delays in the appointment of a receiver could negatively impact the potential realization received by the creditors of the Borrowers.

b. DAMAGED EQUIPMENT AND DELAYS

38. On January 22, 2022, BCAN advised FTI that the outer frame on the landing gear for one of the BCAN rig units was severely damaged while being transported on a trailer. This incident resulted in the landing gear for this rig unit being split 90% of the way through on

both sides of the reel trailer. As a result of this incident, the rig unit would be unavailable for approximately 2-4 weeks further impacting the profitability of BCAN. This incident will also likely materially altered the 2022 Forecast and cash flow for this period that was previously presented to NBC. It will also likely result in BCAN failing to meet its very high January 2022 and February 2022 revenue projections.

c. UNPAID TRADE PAYABLES

39. As of January 23, 2022, BCAN and BUSA have outstanding accounts payable to trade creditors in the amount of \$10,118,000.
40. Of the total outstanding accounts payable, over 50% have been outstanding for over 90 days.

d. ATTEMPTS TO COMPLETE SALES PROCESS

41. On February 9, 2021, BEH retained BDO Canada LLP ("**BDO**") to provide the following services: (i) to provide transactional advisory services to BEH in considering potential financing options; (ii) to provide assistance and advise to BEH with the evaluation and negotiation of potential transactions and closing of a transaction; and (iii) to manage and assist with any due diligence process as required by a potential investor and assist with communications and presentations with potential purchasers (collectively, the "**Sales and Investment Process**").
42. From February 2021 to July 2021, BDO sought potential investors and purchasers in accordance with the Sales and Investment Process.
43. In July 2021, NBC was advised by BEH that all avenues and options had been exhausted under the Sales and Investment Process and no investors or purchasers were identified.
44. Since February 2021, the Borrowers have proposed and attempted multiple options to repay the Outstanding Indebtedness including running a sales and investment process through BDO seeking various refinancing options, none of which were successful or provided for the full repayment of the Outstanding Indebtedness.

45. While these measures would provide some improvement to the Borrowers' business, the improvement would be incremental and inadequate to materially address its liquidity concerns. Further, no proposal has been presented which would result in a full repayment of the Outstanding Indebtedness to NBC. Following the expiration of the December 31, 2021 Forbearance Term, the Borrowers failed to repay the Outstanding Indebtedness.
46. On February 2, 2022, Dustin Olver of FTI provided a Consent to Act as Receiver if so appointed. Attached hereto and marked as **Exhibit "W"** is a copy of the Consent to Act as Receiver.

F. DEMAND AND NOTICE OF INTENTION TO ENFORCE SECURITY

47. On January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to BCAN (the "**BCAN Demand**"), which required full payment of the Outstanding Indebtedness. Attached hereto and marked as **Exhibit "X"** is a copy of the BCAN Demand.
48. Also on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to BUSA (the "**BUSA Demand**"; together with the BCAN Demand, the "**Demands**"), which required full payment of the indebtedness owing pursuant to the Loan Agreements. Attached hereto and marked as **Exhibit "Y"** is a copy of the BUSA Demand.
49. Also on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to BUSA (the "**BUSA HASCAP Demand**"), which required full payment of the indebtedness owing pursuant to the HASCAP Facility pursuant to the BUSA Guarantee. Attached hereto and marked as **Exhibit "Z"** is a copy of the BUSA HASCAP Demand.
50. Also on January 26, 2022, NBC issued a demand letter and Notice of Intention to enforce its security pursuant to section 244 of the BIA to the guarantor, BEH, which required full payment of the Outstanding Indebtedness pursuant to the terms of the BEH Guarantee (the "**BEH Demand**"). Attached hereto and marked as **Exhibit "AA"** is a copy of the BEH Demand.

51. Also on January 26, 2022, NBC issued demand letters to each of Michelle Thomas, Neil Schmeichel, Darren Miller, and Codie Bellamy (collectively, the “**Individual Guarantors’ Demands**”) requiring full payment in the amount of \$300,000 from each of the Individual Guarantors pursuant to the terms of the Individual Guarantees. Attached hereto and marked as **Exhibits “BB” – “EE”** are copies of the Individual Guarantors’ Demands.
52. Following the issuance of the Demands and in accordance with NBC’s obligations to EDC and BDC under the BCAP Loan and the HASCAP Offer of Financing, NBC notified EDC and BDC of the defaults of BCAN and BUSA. NBC further advised that the Facilities had been demanded upon and the Outstanding Indebtedness was required to be repaid in full and Notices of Intention to Enforce were issued to the Borrowers.
53. BCAN, BUSA, BEH have been and remain unable to pay the entire amount of the Outstanding Indebtedness that is due and owing to NBC. The failure of BCAN, BUSA, and BEH to pay amounts owed to NBC when due and owing is a further Event of Default pursuant to the terms of the Offers of Financing, the BEH Guarantee, and the Security.
54. The ability of the Borrowers to continue as going concern businesses is dependent upon the ongoing support and financing from NBC. NBC is no longer prepared to extend any further credit to the Borrowers.
55. The BCAN GSA, the BUSA SE, and the BEH GSA each provide that, upon an Event of Default by BCAN, BUSA, or BEH, NBC is entitled to, among other things, apply for the appointment of a receiver.

G. DISCUSSIONS ON PROPOSED TRANSACTION WITH PROPOSED RECEIVER

56. NBC has engaged in discussions with the proposed Receiver and the former principals of the Borrowers. One of the former principals has incorporated a new entity, XDI Energy Solutions (“**XDI**”), that is looking to purchase the operating assets and inventory (among other things) of the Borrowers as soon as reasonably possible from the Receiver.
57. NBC understands that the intention would be for XDI to continue the ongoing business of the Borrowers only in Canada and preserve the ongoing operations (including retaining most of the current employees) in the new entity.

58. NBC has entered into a term sheet (the "**Term Sheet**") with the proposed Receiver and XDI that outlines the terms of the proposed transaction (the "**Transaction**"). The benefits of this is that it ensures that the business operations will continue and that there is a substantial realization for the value of those assets by the Receiver, without the need to liquidate those assets and shut-down the operations of the Borrowers.
59. The Term Sheet contains confidential and sensitive information regarding the proposed price to be paid by XDI for the purchased assets and any disclosure of the Term Sheet could cause significant and irreparable damage should the Receiver be required to run a fulsome sales process for a sale of the assets of the Borrowers within the receivership proceedings or in the event that the Transaction is unable to be closed in accordance with its terms. Attached hereto and marked as **Confidential Exhibit "1"** is a copy of the Term Sheet.
60. The Receiver, should it be appointed, would continue to operate the business in the interim and collect all of outstanding receivables of the Borrowers for the benefits of the creditors of the Borrowers until the Transaction can be approved by the Court and closed. The Transaction provides certainty that there will be a purchaser for the operating assets of the Borrowers that will continue the ongoing operations and that some of the enterprise value of the operating business is realized through this process. The Transaction will also benefit employees, customers and suppliers of the Borrowers by ensuring that the business continues to operate after the receivership.
61. The Transaction is also preferable as it will reduce the significant costs associated with a standard liquidation process (including collection of the equipment from various sites and payment of any fees to a sale agent or auction bidder) and will significantly simplify the amount of assets that the Receiver will need to monetize within the receivership proceedings.
62. NBC understands that, if appointed, the Receiver would try to bring forward the Transaction for approval by the Court as soon as reasonably possible with closing to occur as soon as possible after court approval is obtained. At the time of closing of the Transaction, control of the operations and assets of the Borrowers would transfer over to XDI to continue the business of the Borrowers.

63. NBC does not expect that in the event the Transaction proceeds after the appointment of the Receiver that it will be repaid in full the entire amount of the Outstanding Indebtedness and that it will still suffer a shortfall in the amounts owed to it.

H. NECESSITY OF THE APPOINTMENT OF A RECEIVER

64. The Borrowers are not able to meet their obligations generally as they become due, are no longer able to make payments to their creditors, and no longer have any liquidity to fund the ongoing operations of their businesses.

65. The Borrowers have made multiple attempts to try and find a solution to their cash flow problems and repay NBC in full. None of the attempts to date have been successful. The quantum of unpaid trade creditors continues to increase and the Borrowers are unlikely to be able to continue operations in the normal course much longer.

66. The Borrowers have had a significant amount of time to obtain refinancing or sell their assets, both of which have ultimately been unsuccessful.

67. The former principals of the Borrowers have proposed the Transaction to the proposed Receiver. NBC supports the Transaction and believe that this Transaction can be most efficiently and quickly be completed by a Receiver and with approval of the Court.


68. NBC believes that the appointment of the Receiver will be the most effective and efficient way to realize on the value of the remaining assets and minimize the costs associated with this process.

69. As a result of the foregoing, I believe that the appointment of a receiver pursuant to section 243 of the BIA over the assets, undertakings, and properties of BCAN, BUSA, and BEH is just and convenient and necessary to protect the interests of NBC and to preserve and realize on the Security in an orderly fashion.

70. I believe that a Receiver is needed to preserve the collateral that is subject to NBC's Security.

- 71. I believe it is appropriate in all of the circumstances that the Receiver be appointed over the assets, undertaking, and properties of BCAN, BUSA, and BEH pursuant to section 243 of the BIA.
- 72. I swear this Affidavit in support of NBC's Application for the appointment of a receiver in respect of BCAN, BUSA, and BEH.

SWORN before me at the City of)
 Calgary in the Province of Alberta, this 28th day)
 of February 2022)


 _____)
 A Commissioner of Oaths in and for the Province)
 of Alberta)


 Dana Ades-Landy

KYLE R. SMITH
STUDENT-AT-LAW

This affidavit was sworn using video technology as Dana Ades-Landy was not physically present before the Commissioner, but was linked with the Commissioner utilizing video technology. The process for remote commissioning of affidavits was thoroughly followed as outlined in the Notice to the Profession and Public – Remote Commissioning 2020-02 by the Court of Queen’s Bench on March 25, 2020.



THIS IS EXHIBIT "A" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

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

Date of Search: 2021/01/19
Time of Search: 11:45 AM
Search provided by: MLT AIKINS LLP (CALGARY)
Service Request Number: 34708518
Customer Reference Number: 2330.382/jdc

Corporate Access Number: 2016819340
Business Number: 851582965
Legal Entity Name: BALANCED ENERGY OILFIELD SERVICES INC.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Method of Registration: Amalgamation
Registration Date: 2012/06/04 YYYY/MM/DD

Registered Office:

Street: 1003 - 4 AVENUE
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J0P7

Records Address:

Street: 1003 - 4 AVENUE
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J0P7

Email Address: CORP@MMHLAWYERS.COM

Directors:

Last Name: BELLAMY
First Name: CODIE
Street/Box Number: 10 BLUE HERON VIEW
City: LAKE NEWELL RESORT
Province: ALBERTA
Postal Code: T1R0X5

Last Name: SCHMEICHEL
First Name: NEIL

Street/Box Number: PO BOX 1865
City: BROOKS
Province: ALBERTA
Postal Code: T1R1C6

Last Name: THOMAS
First Name: MICHELLE
Street/Box Number: 71 FAIRVIEW WAY
City: BROOKS
Province: ALBERTA
Postal Code: T1R0N6

Voting Shareholders:

Legal Entity Name: BALANCED ENERGY HOLDINGS INC.
Corporate Access Number: 2018211082
Street: PO BOX 1865
City: BROOKS
Province: ALBERTA
Postal Code: T1R1C6
Percent Of Voting Shares: 55.29

Last Name: BELLAMY
First Name: CODIE
Street: 10 BLUE HERON VIEW
City: LAKE NEWELL RESORT
Province: ALBERTA
Postal Code: T1R0X5
Percent Of Voting Shares: 9.41

Last Name: MILLER
First Name: DARREN
Street: BOX 1865
City: BROOKS
Province: ALBERTA
Postal Code: T1R1C6
Percent Of Voting Shares: 7.06

Last Name: SCHMEICHEL
First Name: NEIL
Street: BOX 1865
City: BROOKS
Province: ALBERTA
Postal Code: T1R1C6

Percent Of Voting Shares: 14.12

Last Name: THOMAS
First Name: MICHELLE
Street: 71 FAIRVIEW WAY
City: BROOKS
Province: ALBERTA
Postal Code: T1R0N6
Percent Of Voting Shares: 14.12

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: SEE ATTACHED SCHEDULE OF SHARE PROVISIONS.

Share Transfers Restrictions: THE TRANSFER OF SHARES IS RESTRICTED; NO SHARE OF THE CORPORATION MAY BE TRANSFERRED WITHOUT APPROVAL OF THE BOARD OF DIRECTORS EXPRESSED BY RESOLUTION.

Min Number Of Directors: 1

Max Number Of Directors: 7

Business Restricted To: NONE.

Business Restricted From: NONE.

Other Provisions: SEE ATTACHED SCHEDULE OF OTHE PROVISIONS.

Other Information:

Amalgamation Predecessors:

Corporate Access Number	Legal Entity Name
2016786887	1678688 ALBERTA LTD.
2012444606	BALANCED ENERGY OILFIELD SERVICES INC.

Last Annual Return Filed:

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File Year	Date Filed (YYYY/MM/DD)
2020	2020/07/14

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2012/06/04	Amalgamate Alberta Corporation
2017/07/14	Change Address
2020/01/28	Change Director / Shareholder
2020/02/21	Update BN
2020/07/14	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Statutory Declaration	10000500000421069	2012/06/04
Share Structure	ELECTRONIC	2012/06/04
Other Rules or Provisions	ELECTRONIC	2012/06/04

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



THIS IS EXHIBIT "B" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW



CORPORATE STATUS REPORT

Report Date: January 22, 2021

Project/Client Reference: 351137

NAME SEARCHED: BALANCED ENERGY OILFIELD SERVICES (USA) INC.

JURISDICTION: DELAWARE

FILE NUMBER: 6801660

STATUS: GOOD STANDING

ENTITY KIND: CORPORATION

RESIDENCY: DOMESTIC

INCORPORATION/FORMATION DATE: 3/16/2018

ENTITY TYPE: GENERAL

STATE: DELAWARE

REGISTERED AGENT: THE CORPORATION TRUST COMPANY
1209 ORANGE STREET
WILMINGTON, DE 19801
NEW CASTLE COUNTY

FILING HISTORY:

FILING TYPE	FILING DATE	NOTES
INCORPORATION	3/16/2018	

FEIN #:

CORPORATE STATUS REPORT

PHONE NUMBER: 701-818-0388

PRINCIPAL OFFICE ADDRESS: BUILDING 3 2515 31 STREET SOUTH EAST MINOT, ND 58701

STOCK INFORMATION: 100 COMMON SHARES @ \$0.0100 PAR VALUE

**OFFICER NAMES, TITLES
AND ADDRESSES:**

TITLE	NAME	ADDRESS
PRESIDENT	NEIL SCHMEICHEL	2D, 333 2 ND STREET WEST BROOKS, ALBERTA T1R 1G4 CA

**DIRECTOR NAMES AND
ADDRESSES:**

NAME	ADDRESS
NEIL SCHMEICHEL	2D, 333 2 ND STREET WEST BROOKS, ALBERTA T1R 1G4 CA
CODIE BELLAMY	10 BLUE HERON VIEW LAKE NEWELL RESORT, ALBERTA T1R 0X5 CA
MICHELLE THOMAS	71 FAIRVIEW WAY BROOKS, ALBERTA T1R 0N6 CA

TOTAL NUMBER OF DIRECTORS: 3

THIS IS EXHIBIT "C" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

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

Date of Search: 2021/01/19
Time of Search: 11:46 AM
Search provided by: MLT AIKINS LLP (CALGARY)
Service Request Number: 34708532
Customer Reference Number: 2330.382/jdc

Corporate Access Number: 2018211082
Business Number: 812225175
Legal Entity Name: BALANCED ENERGY HOLDINGS INC.

Legal Entity Status: Active
Alberta Corporation Type: Named Alberta Corporation
Registration Date: 2014/05/08 YYYY/MM/DD

Registered Office:

Street: 1003 - 4 AVENUE SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J0P7

Records Address:

Street: 1003 - 4 AVENUE SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J0P7

Mailing Address:

Post Office Box: 1003 - 4 AVENUE SOUTH
City: LETHBRIDGE
Province: ALBERTA
Postal Code: T1J0P7

Email Address: CORP@MMHLAWYERS.COM

Directors:

Last Name: BELLAMY
First Name: CODIE
Street/Box Number: 10 BLUE HERON VIEW
City: LAKE NEWELL RESORT

Province: ALBERTA
Postal Code: T1R0X5

Last Name: SCHMEICHEL
First Name: NEIL
Street/Box Number: BOX 1865
City: BROOKS
Province: ALBERTA
Postal Code: T1R1C6

Last Name: THOMAS
First Name: MICHELLE
Street/Box Number: 71 FAIRVIEW WAY
City: BROOKS
Province: ALBERTA
Postal Code: T1R1C6

Voting Shareholders:

Legal Entity Name: 1821109 ALBERTA LTD.
Corporate Access Number: 2018211090
Street: 71 FAIRVIEW WAY
City: BROOKS
Province: ALBERTA
Postal Code: T1R0N6
Percent Of Voting Shares: 31.58

Legal Entity Name: 1821113 ALBERTA LTD.
Corporate Access Number: 2018211132
Street: 10 BLUE HERON VIEW
City: LAKE NEWELL RESORT
Province: ALBERTA
Postal Code: T1R0X5
Percent Of Voting Shares: 21.05

Legal Entity Name: 1821118 ALBERTA LTD.
Corporate Access Number: 2018211181
Street: BOX 1865
City: BROOKS
Province: ALBERTA
Postal Code: T1R1C6
Percent Of Voting Shares: 15.79

Legal Entity Name: KAYLYN INDUSTRIES INC.

Corporate Access Number: 208293639
Street: BOX 1865
City: BROOKS
Province: ALBERTA
Postal Code: T1R1C6
Percent Of Voting Shares: 31.58

Details From Current Articles:

The information in this legal entity table supersedes equivalent electronic attachments

Share Structure: THE ATTACHED SCHEDULE "A" IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Share Transfers Restrictions: THE TRANSFER OF SHARES IS RESTRICTED; NO SHARE OF THE CORPORATION MAY BE TRANSFERRED WITHOUT APPROVAL OF THE BOARD OF DIRECTORS EXPRESSED BY RESOLUTION.

Min Number Of Directors: 1

Max Number Of Directors: 7

Business Restricted To: NONE.

Business Restricted From: NONE.

Other Provisions: THE ATTACHED SCHEDULE "B" IS INCORPORATED INTO AND FORMS PART OF THIS FORM.

Holding Shares In:

Legal Entity Name
BALANCED ENERGY OILFIELD SERVICES INC.

Other Information:

Last Annual Return Filed:

File Year	Date Filed (YYYY/MM/DD)
2020	2020/05/21

Filing History:

List Date (YYYY/MM/DD)	Type of Filing
2014/05/08	Incorporate Alberta Corporation
2017/03/21	Change Address
2017/08/03	Change Director / Shareholder
2020/02/21	Update BN
2020/05/21	Enter Annual Returns for Alberta and Extra-Provincial Corp.

Attachments:

Attachment Type	Microfilm Bar Code	Date Recorded (YYYY/MM/DD)
Share Structure	ELECTRONIC	2014/05/08
Other Rules or Provisions	ELECTRONIC	2014/05/08
Letter - Spelling Error	10000307122712302	2016/04/29

The Registrar of Corporations certifies that, as of the date of this search, the above information is an accurate reproduction of data contained in the official public records of Corporate Registry.



THIS IS EXHIBIT "D" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW



June 8, 2020

BALANCED ENERGY OILFIELD SERVICES INC.
Box 1865
Brooks, Ab
T1R 1C6

Attention: Mr. Neil Schmeichel

RE: Offer of Financing

Dear Sir,

National Bank of Canada (hereinafter the "Bank") is pleased to offer to **Balanced Energy Oilfield Services Inc.** ("BCAN") and **Balanced Energy Oilfield Services (USA) Inc.** ("BUSA") hereinafter collectively, the "Borrower" or the "Borrowers") the following financing solution, for which the terms and conditions are more fully described in Schedule A. This Offer of Financing ("Offer") replaces the previous Offer dated January 22, 2019 (the "Original Offer"), with any borrowings outstanding under the Original Offer deemed to be borrowings hereunder under the related facility referenced herein:

Credit Facilities	Status	Section
Demand Revolving Operating Credit in the amount of \$21,000,000	New	1.1
Business Credit Availability Program (BCAP) Demand Loan	New	1.2
MasterCard Cards in the amount of \$100,000	Amended	1.3
Global Net Risk Line in the amount of \$500,000	Renewed	1.4
Electronic Funds Transfer Settlement Risk in the amount of \$3,000,000	Renewed	1.5

Please indicate your acceptance of this Offer by returning the duly signed copy before **1:00 p.m. on June 18, 2020** to the attention of **Darrell Stelmack, Director, Energy Services Group**. After that date, the Bank reserves the right to cancel or amend this Offer, without notice.

Yours truly,

NATIONAL BANK OF CANADA

By: 

Darrell Stelmack
Director, Energy Services Group

By: 

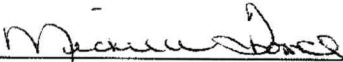
Jason Anderson
Director, Energy Services Group


ACCEPTANCE

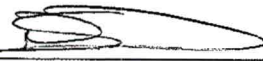
We declare that we have read and understood this Offer and accept the terms, conditions and obligations hereof.

Signed at Brooks, in the Province of Alberta, on this 10 day of June, 2020.

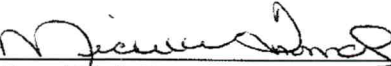
BALANCED ENERGY OILFIELD SERVICES INC.

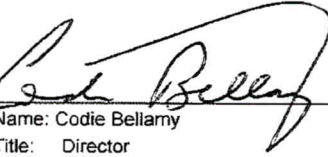
By: 
Name: Michelle Thomas
Title: Director


By: 
Name: Codie Bellamy
Title: Director

By: 
Name: Neil Schmeichel
Title: Director

BALANCED ENERGY OILFIELD SERVICES (USA) INC.

By: 
Name: Michelle Thomas
Title: Director

By: 
Name: Codie Bellamy
Title: Director

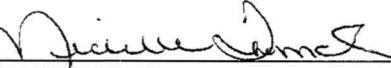
By: 
Name: Neil Schmeichel
Title: Director

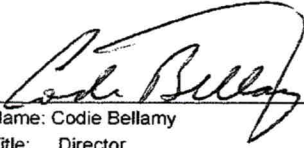
GUARANTORS


We declare that we have read and understood this Offer and accept the terms, conditions and obligations hereof, are satisfied herewith and acknowledge that we are bound by our obligations hereof.

Signed at Brooks, in the Province of Alberta, on this 10 day of June, 2020.

BALANCED ENERGY HOLDINGS INC.

By: 
Name: Michelle Thomas
Title: Director

By: 
Name: Codie Bellamy
Title: Director

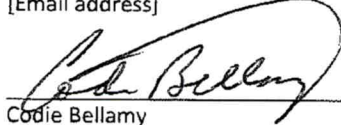
By: 
Name: Neil Schmeichel
Title: Director



Neil Schmeichel

nschmeichel@balancedcoil tubing.com

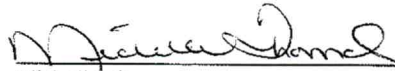
[Email address]



Codie Bellamy

cbellamy@balancedcoil tubing.com


[Email address]



Michelle Thomas

mthomas@balancedcoil tubing.com

[Email address]



Darren Miller

dmliller@balancedcoil tubing.com

[Email address]

SCHEDULE A

SECTION 1. CREDIT FACILITIES

1.1 Demand Revolving Operating Credit

1.1.1 Credit

Revolving operating credit, payable in full on demand by the Bank, up to an amount not exceeding **\$21,000,000** in aggregate in Canadian dollars, or the Equivalent Amount in US dollars, to be used (i) to finance the Borrower's day-to-day operations, (ii) working capital, (iii) capital expenditures, (iv) to provide for future repayment of existing capital loans and (v) to repay and replace the committed revolving operating credit previously provided by the Bank.

1.1.2 Drawdown

The credit can be used and re-used by way of any of the following options or any combination thereof:

- a) Floating-rate advances; and/or
- b) Letters of guarantee and/or commercial letters of credit up to an amount not exceeding **\$1,000,000**; and/or
- c) Advances by way of bankers' acceptances and/or LIBOR up to **80%** of the authorized credit; and/or
- d) Electronic funds transfer settlement risk payment, as outlined in **Section 1.5** below, up to an amount not exceeding **\$3,000,000**, which is to be used for electronic funds transfers issued by the Bank on behalf of the Borrower; and/or
- e) Availability designated by way of (i) **Canadian or United States dollars**, and/or (ii) **limit allocations to either one or both Borrowers**; all as designated by a Borrower from time to time in writing to the Bank with a minimum of 2 business days advance notice of any requested change in allocation and as accepted by the Bank at its sole discretion.

1.1.3 Interest rate and other fees

Revolving credit advances in Canadian or United States dollars.

The Interest rate is based on the trailing four quarter Funded Debt to EBITDA ratio calculation (as defined herein) in accordance to the grid below. Interest shall be calculated daily and paid monthly in arrears on the 26th day (or such other day designated by the Bank) of each month, or if such day is not a "Business day" (a day in which the Bank is open for business), on the next business day by way of automatic debit to the Borrower's account.

It is agreed that when the Funded Debt to EBITDA ratio, calculated not later than 45 days following the Borrower's immediately preceding first quarter (Funded Debt to EBITDA as defined herein) is achieved, the interest rate charged will be amended on a quarterly basis, effective the 1st day of the Borrower's following fiscal quarter after the calculation period in accordance with the grid outlined below. In the event the Funded Debt to EBITDA ratio calculation is not provided within the required 45 day period then the interest rate will default to Level 8 until such calculation is provided:

Level	FD/EBITDA Ratio	Prime	US Base	B/A or LC & LG	LIBO	Standby Fee
1	< 1.00:1	250	275	350	375	87.50
2	≥ 1.00:1 < 1.50:1	275	300	375	400	93.75
3	≥ 1.50:1 < 1.75:1	300	325	400	425	100.00
4	≥ 1.75:1 < 2.00:1	350	375	450	475	112.50
5	≥ 2.00:1 < 2.50:1	375	400	475	500	118.75
6	≥ 2.50:1 < 3.00:1	400	425	500	525	125.00
7	≥ 3.00:1 ≤ 3.25:1	425	450	525	550	131.25
8	> 3.25:1	450	475	550	575	137.50

The above notwithstanding, level 7 pricing shall be effective upon execution of this agreement until the next quarterly update.

Zero Floor: In the event the Prime Rate, Base Rate, BA Rate, CDOR Rate or LIBO Rate is below 0%, such rate shall be deemed to be 0.00% for the purpose of this pricing grid.

Issuing and renewal fees for letters of credit ("LC") / guarantee ("LG"): based on the Funded Debt to EBITDA ratio in accordance with the above grid. Minimum of \$250.00. Additional costs related to preparation and delivery in accordance to standard bank fee schedules are payable at issuance.

Stamping fee: on Banker's Acceptances ("BA") based on the Funded Debt to EBITDA ratio in accordance with the above grid.

Stand-by fees: 0.875% to 1.375% per annum on the unused portion of the revolving operating credit based on the Funded Debt to EBITDA ratio in accordance with the above grid;

Monthly Administration Fee: a monthly monitoring fee of **\$3,000.00**;

NBC Upfront Fee: Annual NBC Fee: 0.25% or **\$52,500.00** payable on acceptance of this letter and to be collected at funding and subject to an annual review fee of a minimum of 0.25% of the authorized amount.

1.1.4 Disbursements and repayments

The disbursements to be made and the repayments to be collected on the credit shall be made or collected in multiples of **\$100,000**.

Disbursements to be made by way of **Bankers Acceptances or LIBOR** shall be in the minimum amount of **\$2,000,000 and in multiples of \$100,000 thereafter**.

If not extended at the sole discretion of the Bank, all advances under the credit facility shall be due and payable in full at maturity.

1.2 Business Credit Availability Program (BCAP) Demand Loan

1.2.1 Credit

Demand loan, up to an amount not exceeding **\$4,000,000** in Canadian dollars provided under the Economic Development Corporation ("EDC") backed Business Credit Availability Program demand loan program to provide additional liquidity for working capital needs as a result of COVID-19 impacts on the business.

1.2.2 Drawdown

Single disbursement to be made no later than 15 days following acceptance of this Offer subject to conditions precedent outlined herein. Funding in Canadian Dollars is available by way of:

- a) Floating-rate advances; and/or
- b) Advances by way of bankers' acceptances up to **80%** of the reducing authorized credit.

1.2.3 Interest rate and other fees

Credit available in Canadian dollars only.

The Interest rate is based on the trailing four quarter Funded Debt to EBITDA ratio calculation (as defined herein) in accordance to the grid below. Interest shall be calculated daily and paid monthly in arrears on the 26th day (or such other day designated by the Bank) of each month, or if such day is not a "Business day" (a day in which the Bank is open for business), on the next business day by way of automatic debit to the Borrower's account.

It is agreed that when the Funded Debt to EBITDA ratio, calculated not later than 45 days following the Borrower's immediately preceding first quarter (Funded Debt to EBITDA as defined herein) is achieved, the interest rate charged will be amended on a quarterly basis, effective the 1st day of the Borrower's following fiscal quarter after the calculation period in accordance with the grid outlined below. In the event the Funded Debt to EBITDA ratio calculation is not provided within the required 45 day period then the interest rate will default to Level 8 until such calculation is provided:

Level	FD/EBITDA Ratio	Prime	B/A
1	< 1.00:1	250	350
2	≥ 1.00:1 < 1.50:1	275	375
3	≥ 1.50:1 < 1.75:1	300	400
4	≥ 1.75:1 < 2.00:1	350	450
5	≥ 2.00:1 < 2.50:1	375	475
6	≥ 2.50:1 < 3.00:1	400	500
7	≥ 3.00:1 < 3.25:1	425	525
8	> 3.25:1	450	550

The above notwithstanding, level 7 pricing shall be effective upon execution of this agreement until the next quarterly update.

Zero Floor: In the event the Prime Rate, Base Rate, BA Rate, CDOR Rate or LIBO Rate is below 0%, such rate shall be deemed to be 0.00% for the purpose of this pricing grid.

Stamping fee: on **Banker's Acceptances ("BA")** based on the Funded Debt to EBITDA ratio in accordance with the above grid.

EDC BCAP Fee: 1.8% or \$72,000.00 due upon receipt of invoice from EDC approximately 6 months from funding. Payable in 4 quarterly payments per EDC program guidelines subject to the sole discretion of EDC and payable in full if requested by the Bank.

Annual NBC Fee: 0.25% or \$10,000.00 payable on acceptance of this letter and to be collected at funding and subject to annual renewal fee of 0.25% of then outstanding balances.

1.2.4 Repayments

Disbursements made by way of **Bankers Acceptances** shall be in the minimum amount of **\$2,000,000 and in multiples of \$100,000 thereafter.**

If the EDC BCAP guarantee is not extended at the sole discretion of EDC, all advances under the credit facility shall be due and payable in full.

Advances outstanding in the credit facility are payable in full on demand by the Bank at the Banks sole discretion.

Without restricting the demand nature of the credit, the facility shall be subject to interest payments on a monthly basis on the 25th day of each month from funding, plus payments of principal in the amount of **\$75,000.00 commencing on the 25th day of January, 2021** and on the 25th day of each month thereafter until paid in full.

Without restricting the demand nature of the credit, the credit facility is subject to maintenance of the EDC loan guarantee acceptable to the Bank which is subject to expire on June 30, 2021. **Application to renew the guarantee shall be made 90 days prior to the expiry and all funds are payable in full on June 30, 2021** if an extension of such guarantee is not provided by EDC at its sole discretion.

1.3 Credit – MasterCard Cards

Revolving credit, payable on demand, up to an amount not exceeding **\$100,000**, in Canadian dollars, to be used by way of credit cards issued by the Bank in the name of BCAN and affiliated with the Mastercard International Inc. network.

The issuance and maintenance by the Bank of Mastercard credit cards in the name of BCAN and affiliated with the Mastercard International Inc. system are subject to BCAN signing of and compliance with any agreement, document or other writing or instrument required by the Bank providing for, in particular, enrolment conditions, payment terms and conditions, and the liability of BCAN and the Bank.

1.4 Credit – Global Net Risk Line for Foreign Exchange Transactions and Derivatives

Global net risk line for derivatives up to an aggregate maximum amount of **\$500,000**, in Canadian dollars and subject to the conditions set out in Section 2 hereof.

1.5 Credit – Electronic Funds Transfer Settlement Risk

Settlement risk up to an amount not exceeding **\$3,000,000**, in Canadian dollars, which is to be used for electronic funds transfers effected by the Bank on behalf of the Borrower and subject to the conditions set out in Section 2 hereof.

SECTION 2. SPECIFIC CONDITIONS FOR THE FACILITIES

2.1 Financing Conditions for the Demand Revolving Operating Credit

2.1.1 The advances made under the credit facilities described in section 1.1, in principal, interest and fees, shall at no time exceed the aggregate of:

- a) 80% of the Borrower's Canadian net uninsured accounts receivable** acceptable to the Bank, excluding holdbacks receivable, contra or inter-company accounts, accounts of doubtful quality, all accounts aged **90 days** or more and all Prior Claims;
- b) 75% of the Borrower's United States net uninsured accounts receivable** acceptable to the Bank, excluding holdbacks receivable, contra or inter-company accounts, accounts of doubtful quality, all accounts aged **90 days** or more and all Prior Claims;
- c) 90% of the Borrower's Canadian and foreign net insured accounts receivable** insured by one of the following insurers: Export Development Canada, COFACE Canada, ACIC/Euler, The Guarantee Company of North America, Lloyd's Underwriting (by Kiln Syndicate 510), Atradius, or AIG Insurance Company in accordance with the terms and conditions deemed acceptable by the Bank and aged **120 days** or more;

- d) **85% of the Borrower's Canadian net uninsured investment grade accounts receivable** acceptable to the Bank, owed by entities that have a Standard & Poor's published risk rating of BBB+ or higher, excluding holdbacks receivable, contra or inter-company accounts, accounts of doubtful quality, all accounts aged **120 days** or more and all Prior Claims;
 - e) **50% of the lesser of cost or net book value, both after deduction of \$1,000,000.00 as an obsolescence provision, of the Borrower's unencumbered inventory** of finished products (net of any 30 day supplier rights) until Dec 31, 2021 and then thereafter subject to a maximum reliance on inventory up to an amount not exceeding **\$3,000,000**; and,
 - f) **65% of the net book value of the Borrower's unencumbered Property, Plant, and Equipment fixed assets** when calculated for the period including September 1 to May 31, and when calculated for the period including **June 1 to August 31 then the lesser of: (i) 70% of the appraised orderly liquidation value, or (ii) 65% of the appraised fair market value** of the Borrower's unencumbered Property, Plant, and Equipment fixed assets. Such appraisal shall be addressed to the benefit of the Bank and be completed by an accredited appraiser acceptable to the Bank at its sole discretion.
- 2.1.2** The value of the property, assets and/or securities described hereinabove shall be established, from time to time, by the Bank in accordance with its internal policies, **excluding, in particular, Prior Claims.**
- For the purposes hereof, the term "**Prior Claims**" means any claim which, under any legislation, regulation or other instrument, ranks prior to or may rank prior to the Bank's security. Without limiting the foregoing, Prior Claims include, in particular, any amount owing to a federal, provincial, state, municipal or other government authority or crown corporation, any actual or deemed trust, or trust created under legislation, any amount withheld or deduction at source, any accrued and unpaid salary, including any vacation pay, and any amounts due to any person with a right, charge or a trust ranking prior to the Bank's security.
- 2.1.3** At the Bank's request and **no later than the 45th day after the end of each month**, the Borrower shall furnish the Bank with the following lists: **a list of its accounts receivable, a list of its accounts payable, a list of its inventory**, with items classified by currency and age, as of the last day of the previous period.
- 2.1.4** Should the Borrower fail to provide the lists on time, the Bank shall debit a fee of **\$250** from the Borrower's current account for each week, or portion of a week, of delay.

2.2 Conditions Applicable to Letters of Guarantee

The issue and renewal of all letters of guarantee are subject to the following additional conditions and the signing of the documents in use at the Bank (including, without limitation, the issue request):

- 2.2.1** Issuing fees are payable at the time of issue and/or renewal and may be revised from time to time by the Bank upon giving 30 days' prior written notice to the Borrower;
- 2.2.2** The amount of the credit available shall be reduced by the face value of all the letters of guarantee when issued and 100% of the amount of the letters of guarantee shall be added to the amount of the advances for the purposes of the financing conditions; upon payment, they become floating-rate advances under the credit facility affected by the drawdown; and
- 2.2.3** The approval of each issue or renewal request is subject to the Bank's discretion.

2.3 Conditions Applicable to Commercial Letters of Credit

The issue and renewal of all commercial letters of credit are subject to the following additional conditions and the signing of documents in use at the Bank (including, without limitation, the issue request):

- 2.3.1** Issuing fees are payable at the time of issue and/or renewal and may be revised from time to time by the Bank upon giving 30 days' prior written notice to the Borrower;
- 2.3.2** The amount of the credit available shall be reduced by the face value of all the letters of credit when issued and 100% of this amount shall be added to the amount of the advances for the purposes of the financing conditions; upon payment, the letters of credit become floating-rate advances under the credit facility affected by the drawdown; and

2.3.3 The approval of each issue or renewal request is subject to the Bank's discretion.

2.4 Conditions Applicable to Bankers' Acceptances

Acceptance by the Bank of the bankers' acceptances issued by the Borrower is subject to the following additional conditions and the documents in use at the Bank:

- 2.4.1 The drawing, renewal or conversion option by way of bankers' acceptances may be exercised upon prior written notice of not less than two (2) business days to the Bank, in accordance with the form in use at the Bank;
- 2.4.2 The drawing, renewal or conversion pursuant to a revolving credit shall be for an aggregate minimum amount of **\$2,000,000** and in multiples of **\$100,000** for any sum in excess thereof;
- 2.4.3 The period chosen shall not be less than 30 days and not more than 364 days, shall not include any grace period and, as applicable, shall at no time exceed the term of the credit;
- 2.4.4 **Bankers' acceptances cannot be repaid prior to their maturity date;**
- 2.4.5 Stamping fees are payable upon acceptance by the Bank and may be revised from time to time by the Bank upon giving 30 days' prior written notice to the Borrower;
- 2.4.6 In the case of a drawing by way of bankers' acceptances, the Bank shall give the Borrower the discounted proceeds of the bankers' acceptances less the stamping fees;
- 2.4.7 In the case of a renewal of a bankers' acceptance by issuing a new bankers' acceptance, the discounted proceeds of the new bankers' acceptance shall be applied to the repayment of the expired bankers' acceptance and the Borrower shall pay to the Bank (i) the stamping fees for issuing the new bankers' acceptance, plus (ii) an amount equal to the difference between the nominal value of the expired bankers' acceptance and the discounted proceeds of the new bankers' acceptance, failing which the Bank shall not be obligated to comply with the request for renewal;
- 2.4.8 If the bankers' acceptances are not renewed by the Borrower at maturity, the bankers' acceptances become floating-rate advances;
- 2.4.9 In the case of a conversion by way of a bankers' acceptance, the discounted proceeds of the bankers' acceptance shall be applied to the repayment of the floating-rate advance covered by the conversion and the Borrower shall pay to the Bank the stamping fees for issuing the new bankers' acceptance, failing which the Bank shall not be obligated to comply with the request for conversion; and
- 2.4.10 Notwithstanding the foregoing, the drawing, renewal or conversion option by way of bankers' acceptances may be reviewed or revoked at any time by the Bank, without condition or prior notice. The acceptance by the Bank of any request is subject to the Bank's discretion.

For the purposes hereof, the following terms are defined as follows:

"**Discount**" means, in the context of a bankers' acceptance, the difference, as determined by the Bank in accordance with its normal practices, between the nominal value of the bankers' acceptance and the price at which a bankers' acceptance with the same maturity date and the same nominal value accepted by the Bank could normally be sold at about 10:00 a.m. on the date the bankers' acceptance is issued.

"**Stamping fees**" means the fees charged by the Bank to stamp bankers' acceptances issued by the Borrower at a rate established in accordance herewith.

"**Discounted proceeds**" means, in the context of issuing a bankers' acceptance, the proceeds that the Bank must disburse, the amount of which corresponds to the nominal value of the bankers' acceptance less the Discount.

2.5 Conditions Applicable to the Global Net Risk Line for Derivatives

Net risk line for derivatives, on a non-speculative basis, available when the **Funded Debt to EBITDA ratio is under 2.75:1**, up to an aggregate maximum amount outlined in Section 1 above, in Canadian dollars, allowing BCAN to conclude with the Bank contracts with respect to:

- i) **Interest rate derivatives** in Canadian dollars, for a maximum term of the lessor of **3 year(s)** or the maturity date of the revolving operating credit pursuant to Section 1.1.1 hereof; and/or,

- ii) The **sale or purchase of foreign currencies** freely negotiated by the Bank and for a maximum term of the lessor of **1.5 year(s)** or the maturity date of the revolving operating credit pursuant to Section 1.1.1 hereof, and/or,
 - iii) **Commodity derivatives** in Canadian dollars for a maximum term of **1.5 year(s)** or the maturity date of the revolving operating credit pursuant to Section 1.1.1 hereof, and/or,
 - iv) Other treasury products offered by the Bank, subject to the conditions then set by the Bank,
- the whole subject to the following terms and conditions:

- a) BCAN shall sign any agreement or any other document required by the Bank, including, without limitation, the declaration of the risks relating to credit with interest rate swaps (held) and which forms an integral part hereof, the foreign currency conversion agreement, the standard agreement of the International Swaps and Derivatives Association ("ISDA"), the Credit Support Annex ("CSA") and the confirmation, as applicable, of any transaction, in accordance with the documents then in use at the Bank, providing, *inter alia*, for the rate terms and fees payable to the Bank;
- b) BCAN shall provide the Bank, prior to the interest rate derivative transaction, with a **Legal Entity Identifier or LEI** that can be required under provincial legislation, as applicable;
- c) The amount of the risk of each transaction shall be determined by the Bank in accordance with the applicable level of risk and fee schedule then in effect at the Bank;
- d) Derivative transactions may not exceed the global net risk limit, nor each sub-limit for each product category, and the Bank may refuse to carry out any transaction having the effect of causing such overrun; however, the Bank may at its sole discretion, in particular in the context of uncontrollable market events, tolerate an aggregate limit or sub-limit overrun, in which case BCAN shall, upon request from the Bank, take appropriate measures to reduce its transactions to the authorized limits; and
- e) The existing global net risk line for derivatives may be reviewed or revoked at any time by the Bank, without condition or prior notice. The acceptance by the Bank of any transaction request is subject to the Bank's sole discretion.

2.6 **Conditions Applicable to Electronic Funds Transfer Settlement Risk**

The settlement risk for electronic funds transfers made available to the Borrower by the Bank is subject to the following conditions:

- 2.6.1 The Borrower shall sign and comply with any agreement, document or other writing or instrument required by the Bank, which sets out in particular the service charges, liability and obligations of the Borrower and the Bank, as well as the conditions of use; and
- 2.6.2 The settlement risk may be reviewed or revoked at any time by the Bank, with no conditions or notice. The acceptance by the Bank of any transaction request is subject to the Bank's sole discretion.

SECTION 3. SECURITY

Unless otherwise specified, all the present and future, direct and indirect, obligations of the Borrower towards the Bank, are now and/or shall at all times be secured by the following security, in accordance with the documents in use at the Bank, namely:

3.1 **Security Given by the Borrower(s)**

- 3.1.1 A first-ranking general security agreement charging all of BCAN's personal property, present and after-acquired, tangible and intangible, registered in the provinces of British Columbia, Alberta, Saskatchewan, and Manitoba and in any future jurisdictions in which BCAN conducts business including but not limited initially to North Dakota (held);
- 3.1.2 A first-ranking specific security agreement charging BCAN serialized goods rolling stock fixed assets all its accessories registered in the provinces of British Columbia, Alberta, Saskatchewan, and Manitoba and in any future jurisdictions in which BCAN conducts business including but not limited initially to North Dakota: (held);

- 3.1.3** A first-ranking set-off and security agreement with respect to deposits held on account at any financial institution not affiliated with the Bank and held by BUSA or BCAN, as well as a control agreement granting the Bank control of such account(s) at its discretion: (to be obtained if/when applicable).
- Deposit Account Control Agreement over accounts of BUSA at Wells Fargo, Minot, North Dakota (Held);
- 3.1.4** A first-ranking general security agreement charging all of BUSA's personal property, present and after-acquired, tangible and intangible, registered in any future jurisdictions in which BUSA conducts business including but not limited initially to Delaware and North Dakota: (held);
- 3.1.5** A first-ranking specific security agreement charging BUSA's serialized goods rolling stock fixed assets all its accessories registered in any future jurisdictions in which BUSA conducts business including but not limited initially to Delaware and North Dakota: (held); and
- 3.1.6** A copy of any lease regarding equipment entered into between either Borrower, as Lessor and Lessee, including any amendment, renewal or replacement if applicable, which lease shall not, in particular, contain any clause unfavorable to the Bank's security; and, an assignment of such lease in favor of the Bank: (Held).

3.2 **Security Provided by the Guarantor(s)**

- 3.2.1** Unlimited guarantee from **Balanced Energy Holdings Ltd.** and all of its future direct and indirect subsidiaries; to secure the facilities described herein which guarantee shall at all times be secured by: (held)
- a) A first-ranking general security agreement charging all the guarantor(s) personal property, present and after-acquired, tangible and intangible, registered in the provinces of British Columbia, Alberta, Saskatchewan, and Manitoba and any future jurisdiction in which the guarantor conducts business: (held);
- 3.2.2. Personal Guarantee** in the limited amount of **\$300,000.00** individually from each of:
- Neil Schmeichel (To Be Obtained)
 - Michelle Thomas (To Be Obtained)
 - Codie Bellamy (To Be Obtained)
 - Darren Miller (To Be Obtained)

3.3 **Other Security, Documents or Agreements**

- 3.3.1** Postponement and subordination agreements over all loans, advances, or debts from any shareholder and relating to the redemption of all the shares of the Borrower and the payment of all claims and sums that are or shall become due by the Borrower to any shareholder. (held).
- Shareholder advances in BCAN shall total not less than \$3,300,000 at any time;
- 3.3.2** An assignment with respect to a life insurance policy in the minimum amount of: \$2,000,000 on the life of C. Bellamy, \$5,000,000 on the life of M. Thomas, and \$5,000,000 on the life of N. Schmeichel: (held); (**Form 10027 Confirmation of the Banks Assignment to be obtained**)
- 3.3.3** Rider designating the Bank as the beneficiary of the proceeds of the insurance policy covering all the Borrower's insured accounts receivable claims: (to be obtained if and when such insurance is purchased);
- 3.3.4** Rider designating the Bank as the beneficiary of the proceeds of the insurance policies covering the property given as security, up to its full replacement value as well as a copy of the insurance policy: (held) (additional rider to be obtained if separate insurance is obtained for assets located in the US);
- 3.3.5** **EDC 80% Loan Loss BCAP Guarantee evidenced by:**
- a) Bank Form 15609 - Application for Opening a Business Account (Held);

- b) Bank Form 26564 – Consent to the Collection, Use and Disclosure of Information **(To be Obtained)**;
- c) EDC BCAP online application email confirmation (Held);
- d) EDC BCAP Transaction Detail Form **(To Be Obtained)**;
- e) EDC BCAP Declaration and Acknowledgement **(To Be Obtained)**;
- f) EDC BCAP Waiver **(To Be Obtained)**;
- g) General Security Agreement by the Borrower – To be registered in Canadian jurisdictions in second position to NBC subject to existing priorities, **(To Be Obtained)**; and,
- h) Confirmation of annual renewal and extension from EDC (To be obtained annually as required).

3.3.6 Updated F28835 Application for Foreign Exchange Products and Derivatives to be obtained (new bank form); (To Be Obtained);

3.3.7 Solicitor Opinion Letter in a form acceptable to the bank (To Be Obtained), and,

3.3.8 Any other security document, agreement or document that the Bank may deem appropriate, from time to time, at its sole discretion, in order to, in particular, confer or preserve the rank of the security granted in favour of the Bank as set out herein: *(to be obtained)*.

3.4 Acknowledgement of Security

3.4.1 BCAN and the guarantors hereby acknowledge and agree that, notwithstanding anything contained in this Offer, each of the security documents granted by BCAN and the guarantors as described in Section 3.1, Section 3.2, and Section 3.3 hereof to the Bank in connection with the Original Offer continues in full force and effect, without in any way impairing or derogating from any of the mortgages, pledges, charges, assignments, security interests and covenants therein contained or thereby constituted, as continuing security for all indebtedness, liabilities and obligations of the Borrowers and the guarantors to the Bank, arising or incurred in connection with the Original Offer and the security documents. The Borrowers and the guarantors acknowledge and agree that the Bank is relying on this Section 3.4.1 in connection with its commitments under this Offer and further acknowledges and agrees that references in the security documents to the "Offer", the "Loan Agreement" or the "Credit Agreement" (as applicable) shall include this Offer, as the same may be amended, modified, supplemented, restated or replaced, from time to time, and the other documents, instruments and agreements entered into pursuant thereto.

SECTION 4. REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Borrower and Guarantors

The Borrower and each guarantor, respectively represent and warrant to the Bank that:

- 4.1.1** It is a duly constituted and registered entity that complies with the legislation governing it, and it has the powers, permits and licences required to operate its company and to own, manage and administer its property;
- 4.1.2** There has been no adverse material change in its financial situation since the date of its most recent annual financial statements and/or other financial information provided to the Bank. Such statements and information fairly represent the Borrower's financial situation at the date that they were drawn up. The Borrower does not foresee incurring any significant liabilities which have not already been disclosed to the Bank;
- 4.1.3** It is not involved in any dispute or legal proceeding likely to have an adverse material impact on its financial situation or on its capacity to operate its business;

- 4.1.4 It has good and marketable title to all its property, which is free and clear of all prior claims, security or any other similar charges, liens or encumbrances, except for (i) the encumbrances granted in favour of the Bank, and (ii) the encumbrances on specific equipment permitted by the Bank and granted in favour of LBC Capital, totaling not more than **\$1,518,000** in aggregate and on a reducing basis;
- 4.1.5 It is not in default under any agreement, including those entered into with the Bank;
- 4.1.6 Any taxes, assessments, income taxes or other levies payable by the Borrower or imposed on its property have been paid, without subrogation in favour of any third party;
- 4.1.7 Neither the Borrower nor any subsidiary of the Borrower is, to the extent applicable to such person: (i) a person described or designated under the provisions of the *Special Economic Measures Act (Canada)* or the *United Nations Act (Canada)* or any associated regulations (each a "Canadian Sanctions Designated Person"), or (ii) engages in any dealings or transactions with any Canadian Sanctions Designated Person;
- 4.1.8 Neither Borrower nor any subsidiary thereof has violated or is in violation of the Anti-Money Laundering and Anti-Terrorism Laws, except to the extent any such violations, in the aggregate, do not and shall not result in a Material Adverse Effect, neither Borrower nor any subsidiary thereof is a Blocked Person and the Borrower shall not directly, or to its knowledge, indirectly, use any proceeds of any advance to finance the activities of a Blocked Person, except as the same is licensed or otherwise approved by the applicable Canadian governmental/judicial body or OFAC, as applicable;
- 4.1.9 Each of the Borrowers and each of the guarantors are in compliance with applicable Anti-Corruption Laws, except to the extent any such non-compliance, in the aggregate, does not and shall not result in a Material Adverse Effect; and
- 4.1.10 The Borrowers and each of the guarantors have given to the Bank all material information in the possession of or available to them and relevant to the assessment of the credit facilities of the type herein contemplated and, in addition, all information necessary to make any statements contained herein not misleading in the light of the circumstances in which they were given at the time of preparation thereof, and neither the Borrowers and each of the guarantors are aware of any fact or event which has not been disclosed in writing to the Bank, the occurrence of which could reasonably be expected to have a Material Adverse Effect.

4.2 Survival of Representations and Warranties

The Borrower and any guarantor, if applicable, respectively undertake to ensure that each representation and warranty contained in this section remains true and accurate at all times.

SECTION 5. CONDITIONS PRECEDENT

5.1 Required Documents and Other Conditions

Before the **increase**, disbursement and/or renewal of the credit facility(ies) described herein, the Borrower and any guarantor, as applicable, shall provide, execute or accomplish the following to the Bank's satisfaction:

- 5.1.1 Any signed writing or document that may reasonably be requested by the Bank, including without limitation, any notes and security documents (except security documents required at a future date as identified pursuant to Section 3) duly registered at the rank required by the Bank;
- 5.1.2 A true copy of up-to-date constating documents of each of the Borrowers and/or any guarantor, if applicable, and any amendments thereto, if applicable (*held*);
- 5.1.3 Payment in full of the fees and expenses required by the Bank including, without limitation, the fees and expenses for preparing this Offer and the security documents, if applicable;
- 5.1.4 The consolidated interim financial statements, listings of accounts receivable, accounts payable and inventory, a calculation of the borrowing base, and a compliance certificate all as at March 31, 2019 of the Borrower; (*held*)
- 5.1.5 The duly completed environmental questionnaire used by the Bank; (*held*)

- 5.1.6 Personal Financial Statement of each personal Guarantor; **(to be obtained)**
- 5.1.7 Draft or duly signed true copy of any shareholder agreement or amendments thereto;
- 5.1.8 True copy of any lease or sublease entered into or to be entered into for the premises where the Borrower carries out its activities as Lessee, including any amendment, renewal or replacement, if applicable, which lease or sublease shall not, in particular, contain any clause unfavourable to the Bank's security or permit the rescission or cancellation thereof before term in the absence of any default committed by either signatory thereof;
- 5.1.9 Written opinion of the legal advisors mandated by the Bank on the publication or registration and rank of the security provided in this Offer and confirming that security granted to the Bank is the property of the Borrower, by good, valid and marketable title, and free and clear of all security and other charges;
- 5.1.10 Written opinion of the legal advisors of the Borrower and any corporate guarantor, if applicable, regarding their corporate status and their capacity to contract the obligations described herein and in the security documents;
- 5.1.11 **Confirmation of establishment of the EDC BCAP loan Guarantee for losses not less than 80% of the BCAP loan facility; and,**
- 5.1.12 Any other document that may reasonably be requested by the Bank.

SECTION 6. COVENANTS

6.1 Financial Commitments

6.1.1 Financial statements

The Borrower shall keep adequate accounts and other accounting registers in keeping with generally accepted accounting principles and shall provide the Bank with the following financial statements, to the Bank's satisfaction:

- a) Each of the Borrowers' **audited non-consolidated annual financial statements, the Guarantor's audited non-consolidated annual financial statements, and a Notice to Reader combined annual financial statement prepared by an accounting firm having completed an audit of a Borrower which combines the financial statements of the Borrowers and the Guarantor(s); all within 120 days of the end of its fiscal year (such fiscal year end to be the same for all Borrowers and Guarantors).**

Additionally, **combined interim financial statements of the Borrowers and Guarantor(s), on a monthly basis, within 45 days of the end of each period.**

Should the Borrower fail to provide its financial statements on time, the Bank shall debit, directly from the Borrower's current account, a monthly late fee of \$500 for its annual financial statements as of the 121st day following the end of the Borrower's fiscal year and each month or portion of each month thereafter until delivered and \$250 for its interim financial statements as of their scheduled delivery date or each week or portion of each week thereafter until delivered;

- b) A Compliance Certificate and supporting covenant calculations in a form acceptable to the Bank shall accompany all Financial Statements provided to the Bank;
- c) A written allocation in a form satisfactory to the Bank allocating the limit outlined in Section 1.1.1 relative to the currency and the applicable co-Borrower to be so allocated to two business days prior to the change being implemented if agreed to by the Bank;
- d) At the Bank's request and no later than the 45th day after the end of each month, the Borrower shall furnish the Bank with the following lists: a list of its accounts receivable, list of its accounts payable, list of its inventory, with items classified by currency and age, as of the last day of the previous period; **along with a confirmation that quarterly GST and Source Deduction payments have been made and are current;**

- e) A Borrowing Base Certificate in a format acceptable to the Bank shall accompany the lists outlined above;
- f) The Borrowers' budget prepared on a quarterly basis for a minimum two year period and to the maturity date of Facility A within 120 days of the end of its fiscal year in Excel format and including but not limited a projection of the Borrowers' Balance Sheet, Income Statement, Cash Flow Statement, Capital Expenditure Budget, borrowing base estimates, and covenant compliance;
- g) A copy of the Borrower and Guarantors' Annual Corporate Returns within 90 days of filing at Alberta Corporate Registry and all other relevant jurisdictions in which either of the Borrowers carry on business;
- h) **A copy of each of the personal guarantors personal net worth financial statements in a form acceptable to the bank to be provided annually within 120 days of each fiscal year end of the Borrower;**
- i) An appraisal of the Borrowers' Property Plant and Equipment fixed assets on an annual basis effective in the month of June, addressed to the Bank, and in a form satisfactory to the Bank and by an acceptable accredited appraisal firm and calculating the orderly liquidation value and fair market value of such fixed assets; and
- j) Notwithstanding the foregoing, the Bank reserves the right to require from the Borrower interim financial statements on a basis other than the one set out above.

6.1.2 Financial requirements

For the following financial ratios, the Borrower undertakes:

- a) To maintain a **fixed charge coverage ratio of at least 1.50:1.00, decreasing to at least 1.25:1.00 effective March 31, 2021, decreasing to at least 1.01:1.00 effective June 30, 2021 and increasing to at least 1.10:1 effective Sept 30, 2021** based on the consolidated financial statements of the Borrower on a quarterly basis, calculated as follows:

$$\frac{\text{Cash Flow} - [\text{dividends} - \text{cash taxes}]}{\text{Interest charges} + \text{scheduled principal payments due in the trailing twelve month period, but excluding BCAP loan payments prior to Sept 30, 2022} + \text{repayment of shareholder loans}}$$

"Cash Flow" means: earnings + interest + depreciation + amortization +/- current and deferred income taxes

- b) To maintain a **Funded Debt to EBITDA coverage ratio of not more than**
 - **6.00:1 effective Apr 1/20**
 - **6.75:1 effective Sep 30/20**
 - **13.75:1 effective Dec 31/20**
 - **12.75:1 effective Mar 31/21**
 - **9.00:1 effective Jun 30/21**
 - **5.75:1 effective Sep 30/21**

based on the consolidated financial statements of the Borrower on a quarterly basis, calculated as follows:

$$\frac{\text{Funded Debt}}{\text{EBITDA}}$$

EBITDA

"EBITDA" means, in respect of any financial period, the net income of the Borrower on a consolidated basis for such period, plus (in each case, on a consolidated basis of the Borrower and without duplication):

- (a) finance charges, current income taxes; non-cash items, including, without limitation, depletion, depreciation, amortization, and future income tax liabilities; minority equity losses, extraordinary, non-recurring losses, any non-cash impairment charges, and any other non-cash charges; non-cash losses resulting from marking-to-market the outstanding swaps of the Borrower; and share based compensation; all to the extent deducted in the calculation of net income; less,
- (b) earnings attributable to minority (non-guarantor) interests and extraordinary and non-recurring earnings and gains of the Borrower; non-cash gains resulting from marking-to-market the outstanding swaps of the Borrower; all cash payments during such period relating to non-cash charges which were added back in determining EBITDA in any prior period.

"Funded Debt" means, with respect to any person, and with respect to the Borrower and Guarantors determined on a consolidated basis:

- (a) money borrowed (including, without limitation, by way of overdraft and purchase money obligations) or indebtedness represented by notes payable and drafts accepted representing extensions of credit;
- (b) bankers' acceptances and similar instruments;
- (c) letters of credit, letters of guarantee, and surety bonds;
- (d) all obligations (whether or not with respect to the borrowing of money) that are evidenced by bonds, debentures, notes or other similar instruments, whether or not any such instruments are convertible into capital but including without limitation, any indebtedness or liabilities of such person that may be satisfied by the delivery of shares of such person to the holder thereof or to another person on behalf of the holder, or that are not so evidenced but that would be considered by GAAP to be indebtedness for borrowed money;
- (e) all obligations as lessee including those under sale and lease-back transactions and financial leases;
- (f) all obligations of such person in respect of the deferred purchase or acquisition price of property or services including, without limitation, obligations secured by any Purchase Money Security Interests;
- (g) all obligations of such person for or in respect of the purchase price from such person of any of its property, assets or undertaking, the purchase price in respect of which has been prepaid by the purchaser;
- (h) for greater certainty, **excluding** trade payables, deferred income taxes, and any **subordinated or postponed advances**; and,
- (i) all **LESS cash held on deposit** at an account with the National Bank of Canada or at an account where a set-off and security agreement is held and supported by a Deposit Account Control Agreement satisfactory to the Bank.

6.2 Positive Covenants

The Borrower undertakes to comply with all its commitments towards the Bank under any credit agreement, present and future. Furthermore, the Borrower and any guarantor, if applicable, respectively, undertakes to:

- 6.2.1 Operate its business in a diligent and continuous manner while complying with legislation and obtaining and maintaining the required permits and licences;
- 6.2.2 Use the proceeds of the financing granted for the purposes stipulated herein;
- 6.2.3 Provide the Bank with any information or document that the Bank may from time to time reasonably request and give, at all times, to the Bank representatives or agents the right to inspect its establishments and access thereto, and shall further permit the Bank's representatives to examine its books of account and other records and take extracts therefrom or make copies thereof;
- 6.2.4 Permit the Bank to engage external advisors on account of the Borrower that the Bank may from time to time reasonably request and give, at all times, to such external advisors the right to inspect its establishments and access thereto, and shall further permit the Bank's representatives to examine its books of account and other records and take extracts therefrom or make copies thereof;
- 6.2.5 Maintain, at all times, insurance coverage on its property against loss or damage caused by fire and any other risk as is customarily maintained by companies carrying on a similar business;
- 6.2.6 Transact all or most of its banking business with the Bank, and where accounts are not held with the Bank then such accounts must be granted a control agreement in favor of the Bank;
- 6.2.7 Punctually pay all taxes, assessments, deductions at source, income taxes or other levies for which the payment is secured by privilege, prior claim, legal hypothec, security or other lien or charge, with no subrogation or consolidation;
- 6.2.8 Notify the Bank, without delay, of any event of default or any other event which, following notice or the expiry of a time period, may constitute an event of default; and
- 6.2.9 Provide the Bank any additional information requested that it may reasonably require.

6.3 Negative Covenants

The Borrower and any guarantor, respectively undertake to obtain the Bank's prior written consent before they:

- 6.3.1 Materially change the nature of their respective operations or business;
- 6.3.2 Acquire or amalgamate with any other entity, continue its existence under the laws of another jurisdiction or initiate its dissolution, liquidation or file a notice of intention, an assignment of bankruptcy, a proposal seeking a reorganization or an arrangement with its creditors, under the bankruptcy and insolvency laws of Canada, the United States of America or similar laws of any foreign jurisdiction;
- 6.3.3 Hypothecate, encumber, pledge, or otherwise give as security any of its movable/personal or immovable/real property in excess of **\$1,000,000 other than existing permitted loans or leases on a reducing basis as specified in section 4.1.4 above;**
- 6.3.4 Obtain credit cards from any financial institution other than the Bank other than **US based cards provided by a US bank to a maximum of \$250,000 USD** when the Bank is not able to provide similar cards in US dollar denominations (**Wells Fargo visa card program is permitted under this limit**);
- 6.3.5 Grant advances to its officers, directors, shareholders, partners or related parties other than in the normal course of its business;
- 6.3.6 Grant financial assistance, make an investment or provide a guarantee to a third party other than a subsidiary;
- 6.3.7 Modify the control, direct or indirect, of BCAN, BUSA or B HOLD which is currently held by N. Schmeichel, M. Thomas, C. Bellamy and D. Miller;
- 6.3.8 Purchase by mutual agreement or redeem the shares of any category of the capital stock of the Borrower;
- 6.3.9 **Declare or pay dividends on any category of shares;**
- 6.3.10 Make any type of distribution to its partners or shareholders, other than salary expenses in the usual and normal course of business;

- 6.3.11 Establish, sponsor, maintain, become a party or contribute to or become obligated to sponsor, maintain or contribute to any Multiemployer Plan or any Employee Plan (or permit any of its ERISA Affiliates to do any of the foregoing), unless doing so does not and shall not result in a Material Adverse Effect;
- 6.3.12 Violate or permit any of their Subsidiaries to violate any Anti-Money Laundering and Anti-Terrorism Law, except to the extent any such violations, in the aggregate, do not and shall not result in a Material Adverse Effect;
- 6.3.13 Conduct or permit any of their Subsidiaries to conduct any business with or for the benefit of a Blocked Person or a Canadian Sanctions Designated Person;
- 6.3.14 Become or permit any of their Subsidiaries to become a Blocked Person or a Canadian Sanctions Designated Person;
- 6.3.15 Act or attempt to act in any manner which would subject either of the Borrowers or any guarantor to liability under any Anti-Corruption Law, except to the extent any such liabilities, in the aggregate, do not and shall not result in a Material Adverse Effect;
- 6.3.16 (A) contribute to or assume an obligation to contribute to any defined benefit Canadian Pension Plan, (B) acquire an interest in any person if such person sponsors, maintains or contributes to, or at any time in the five-year period preceding such acquisition has sponsored, maintained or contributed to a defined benefit Canadian Pension Plan, or (C) wind-up any defined benefit Canada Pension Plan, in whole or in part, unless it has obtained written advice from the actuary for such plan that the plan (or in the case of a partial windup, the relevant part of such plan) is fully funded or has no unfunded liability at the effective date of the windup, unless doing so does not and shall not result in a Material Adverse Effect;
- 6.3.17 Use proceeds of the Credit Facilities to accumulate and or maintain cash or cash equivalents in depository accounts or investments. The Bank may at its discretion refuse to fund drawdowns for such purpose and the Borrower shall repay such proceeds upon request by the Bank;
- 6.3.18 Hold cash in accounts not under control of a Deposit Account Control Agreement if favor of the Bank in excess of \$1,000,000 CDN in aggregate if any funds are drawn and are outstanding on the credit facility described in Section 1.1.1;
- 6.3.19 Relocate property into any jurisdiction that the Bank has not yet perfected a first charge security interest over such property; and,
- 6.3.20 **Exceed annual capital expenditures by more than 10% of the Bank approved budget. For the fiscal year ending Sept 30, 2020, the approved capital expenditure budget is \$2,500,000 including deposits for future expenditures.**

6.4 Environmental Obligations

The Borrower and any guarantor, if applicable, respectively undertake to:

- 6.4.1 Comply with all legislative and regulatory environmental requirements (the "**Environmental Requirements**") with respect to its property and all the sites where it operates its company;
- 6.4.2 Immediately notify the Bank in the event that it does not comply with the Environmental Requirements relating to its property, its activities, or any neighbouring property, and immediately transmit to the Bank any notice or order it may receive or any fine that it may be ordered to pay in relation to the Environmental Requirements;
- 6.4.3 At the request of and in accordance with the conditions set by the Bank and, at its own cost, furnish any information with respect to its environmental situation, including any report prepared by a firm acceptable to the Bank;
- 6.4.4 In the event that any Environmental Requirements are not being respected, render all necessary work in order to ensure that its company and property comply with the Environmental Requirements and do so, within a period acceptable to the Bank; and,
- 6.4.5 Indemnify the Bank for any damage which the Bank may suffer or any liability which it may incur as a result of non-compliance with the Environmental Requirements.

The provisions, undertakings and indemnification set out in this section shall survive the cancellation and release of the security, and/or the final payment in full of any amount owing by the Borrower to the Bank.

SECTION 7. DEFAULT

7.1 Events of Default

Without limiting the demand nature of the credits, as applicable, the occurrence of one or more of the following events shall constitute a default hereunder:

- 7.1.1 If the Borrower fails to pay any payment of principal or any interest, fees and incidental charges or any other amount payable hereunder or under any of the security documents when due and payable;
- 7.1.2 If the Borrower or any guarantor, if applicable, made a representation or warranty to the Bank which proves to be incorrect, erroneous or inaccurate;
- 7.1.3 If the Borrower, any guarantor or any intervenor, if applicable, fails to perform any of its obligations hereunder or pursuant to any of the security documents;
- 7.1.4 If the Borrower or any guarantor, if applicable, becomes insolvent or bankrupt, is in the process of winding up, makes an assignment of its property for the benefit of its creditors, files a proposal or gives notice of its intention to file such a proposal, is being reorganized, ceases to operate its business or if a material adverse change affects its financial situation;
- 7.1.5 If proceedings are instituted by the Borrower, any guarantor or a third party with respect to the Borrower or any guarantor, as applicable, or their operations for the bankruptcy, dissolution, winding-up, reorganization, composition, arrangement or readjustment of the indebtedness;
- 7.1.6 If a creditor, trustee in bankruptcy, receiver or other third party takes possession of all or a significant portion of the property of the Borrower or any guarantor, if applicable, or if in the Bank's opinion such property is subject to a prior notice of the exercise of a hypothecary right or an enforcement of security notice or a notice to withdraw authorization to collect claims, or is seized;
- 7.1.7 If the Borrower or any guarantor, if applicable, is in default under the terms of any other contract, agreement or writing with the Bank, any financial institution or government entity or any other creditor having any liens on the property of the Borrower or any guarantor, if applicable;
- 7.1.8 If this offer, any security document or other document related thereto ceases to be in force, including, without limitation, if a security ceases to retain the ranking provided for herein;
- 7.1.9 If any event causes a material adverse effect to the Borrower, its operations, or financial status and such material adverse effect is not remedied or is not able to be remedied within a period of ten (10) business days from the date of such event or written notice by the Bank to the Borrower of such event or from the date when the Borrower became aware of such event; or
- 7.1.10 if the Borrower or any guarantor, if applicable, does not observe or perform any of the conditions contained in this agreement.

7.2 Rights and Remedies of the Bank

Without limiting the Bank's rights hereunder, under the security or related documents and subject to its other rights and remedies, in the event of default:

- 7.2.1 The Bank may terminate any credit facility and declare liquid and payable all monetary obligations of the Borrower not yet due at that time and claim from the Borrower or any guarantor, if applicable, without further notice or demand, immediate payment of all amounts owing;
- 7.2.2 The Bank may charge the Borrower reasonable analysis, administration and follow-up charges and may also retain the services of legal counsel, accountants or other professionals (and pay their fees) with respect to protecting and enforcing the Bank's security;
- 7.2.3 Any amount collected or received by the Bank, including the balance of any proceeds from the realization on the security, may be withheld by the Bank and, at its discretion, be applied to any

portion of the Borrower's indebtedness to the Bank (on the understanding that any amount disbursed by the Bank to realize, retain or preserve any right or security given hereunder shall bear interest until payment in full, at the Bank's Canadian Prime Rate plus 3%).

The preceding provisions shall apply notwithstanding the fact that any of the beneficiaries or bearers of commercial letters of credit, letters of guarantee or bankers' acceptances issued hereunder, if applicable, has not requested payment in full or in part or has requested partial payment only from the Bank.

Each of the Borrower and the Guarantor acknowledges and agrees that the Bank is relying on this Section 7 in connection with its commitments under this Offer and further acknowledges and agrees that references in the security documents under Section of the Offer to the "Offer", the "Offer to Finance", the "Loan Agreement" or the "Credit Agreement" (as applicable) shall include this Offer, as the same may be amended, modified, supplemented, restated or replaced, from time to time, and the other documents, instruments and agreements entered into pursuant thereto.

7.3 Waiver, Omission and Cumulative Remedies

The Bank may set time limits, accept or waive security, accept arrangements, grant discharges and acknowledge cancellation/discharge, and transact with the Borrower, as it shall deem appropriate without in any way reducing the liability of the Borrower or any guarantor, or affecting the rights of the Bank hereunder, under the security provided herein or under any related document.

Any omission on the part of the Bank to notify the Borrower or any guarantor of any event of default hereunder or to avail itself of any of its rights hereunder shall not be construed as a waiver by the Bank to take recourse in such event of default or to exercise any right.

Acceptance by the Bank, following any default by the Borrower, of any sum owing to it or its exercising of any right or remedy shall not preclude the Bank from exercising any other right or remedy, which it may have, whether pursuant to any agreement or otherwise provided by law, said rights and remedies of the Bank being cumulative and not alternative, and in addition to and not in substitution for, any other right or remedy of the Bank.

7.4 Increased Risk

Should a material change, deemed unfavourable by the Bank, occur in the (i) level of inherent risk in the financing, (ii) the financial situation of the Borrower and/or any guarantor, (iii) the value of the property given as security to the Bank by the Borrower and/or any guarantor or the value of their enterprises (operations), (iv) the rank of the security granted in favour of the Bank, or (v) the Borrower's capacity to meet its obligations to the Bank, pursuant to the law or the terms and conditions of any contract deemed material by the Bank, the Bank reserves the right to cancel any credit facility at its sole discretion and demand repayment of any amount already disbursed in this respect.

SECTION 8. MISCELLANEOUS PROVISIONS

8.1 Accounting Terms

Each accounting term used herein, unless otherwise defined, shall have the meaning ascribed to it in the generally accepted accounting principles of the Canadian Institute of Chartered Accountants in effect at the time this Offer is accepted, and any financial information provided to the Bank by the Borrower must be prepared in accordance with those principles. Should there be a change in the way these accounting principles are interpreted or applied, in particular, with respect to the Borrower, which affects the calculation of certain ratios and other financial commitments, the Bank reserves the right to review these ratios and financial commitments, whether or not the financing has expired.

8.2 Specifications concerning term loans

Terms and conditions for term loans may be agreed upon verbally and confirmed to the Borrower by email or regular mail. If the Bank and the Borrower choose to extend the term before the term loan expires, the new term, applicable interest rate and the payment date (as applicable) may be agreed upon verbally with the loan remaining subject to the other applicable conditions. These terms and conditions may then be confirmed to the Borrower and Guarantor by email or regular mail. Neither the Bank nor the Borrower shall be obligated to extend a term loan at expiry, the Borrower could then repay the loan in full and the Bank could require payment of said loan.

8.3 Definitions

In this Offer, including the recitals and the schedules hereto and in all notices given pursuant to this Offer, unless something in the subject matter or context is inconsistent therewith, capitalized words used herein shall have the meanings ascribed thereto in such provisions and the following words and phrases shall have the following meanings:

"AML Legislation" has the meaning ascribed thereto in Section 8.19.

"Anti-Corruption Laws" means any anti-bribery and anti-corruption laws of any relevant jurisdiction that are applicable to the relevant Borrower or any guarantor.

"Anti-Money Laundering and Anti-Terrorism Laws" means any terrorism or money laundering laws of any relevant jurisdiction that are applicable to the relevant Borrower or any guarantor, including, without limitation: (a) any AML Legislation, (b) the U.S. Money Laundering Control Act of 1986, (c) the U.S. Bank Secrecy Act, (d) the USA PATRIOT Act and (e) the laws, regulations and executive orders administered by the United States Department of the Treasury's Office of Foreign Assets Control (the "OFAC"), and as any of the foregoing laws may, from time to time, be amended or replaced.

"Blocked Person" includes any person listed on the list of Specially Designated Nationals and Blocked Persons published by the OFAC.

"Business day": means any day, other than Saturday or Sunday, on which the offices of the Bank are open in the province identified in the last section herein titled "Governing Law."

"Canadian Employee Benefits Legislation" means the Canada Pension Plan (Canada), the *Pension Benefits Standards Act* (Canada) and any similar Canadian federal, provincial or local laws that may apply to any Canadian employee or any Canadian Employee Plan and the *Income Tax Act* (Canada), in each case, as such legislation may be amended from time to time, and the regulations thereunder.

"Canadian Employee Plan" means any employee benefit, health, welfare, supplemental unemployment benefit, bonus, pension (other than a Canadian Pension Plan), supplemental pension, profit sharing, retiring allowance, severance, deferred compensation, stock compensation, stock purchase, retirement, life, hospitalization insurance, medical, dental, disability or other employee group or similar benefit or employment plans or supplemental arrangements maintained by a governmental authority.

"Canadian Pension Plan" means any "pension plan" required to be registered under the *Income Tax Act* (Canada) and contributed to by a either Borrower or any guarantor for its Canadian employees (within the meaning of the Canadian Employee Benefits Legislation), but does not include the Canada Pension Plan maintained by the Government of Canada or, if applicable, the Quebec Pension Plan maintained by the Government of Quebec.

"Canadian Prime Rate": means the annual floating interest rate announced publicly by the Bank from time to time and used to determine the interest rates applicable to commercial loans in Canadian dollars granted by the Bank in Canada.

"Canadian Sanctions Designated Person" has the meaning ascribed thereto in Section 4.1.7.

"Employee Plan" means an employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) and subject to Title IV of ERISA and maintained for employees of either the Borrower or any guarantor or any of its ERISA Affiliates.

"Equivalent Amount" means, where any amount expressed in any currency has to be converted or expressed in another currency, or where its equivalent in another currency has to be determined (or vice versa), the calculation is made at the mid-point spot rate announced or quoted by the Bank of Canada in accordance with its normal practices at or around noon on the previous Business day for the relevant currency against the other currency (or vice versa).

"ERISA" means the U.S. *Employee Retirement Income Security Act* of 1974, as amended.

"ERISA Affiliate" means, with respect to any person, any trade or business (whether or not incorporated) which is a member of a group of which such person is a member and which would be deemed to be a "controlled group" within the meaning of Sections 414(b), (c), (m) and (o) of the U.S. Internal Revenue Code.

"Excess generated funds": means [net income + amortization +/- deferred income taxes for a given fiscal year] - [principal payments made during the given fiscal year].

"Exchange Rate" means, on any day, with respect to the exchange of one currency (in this definition, the "First Currency") into another currency (in this definition, the "Other Currency"), the noon day spot rate of the Bank of Canada for the preceding day for purchases of the First Currency with the Other Currency.

or if such rate is not or has not yet been quoted on such day, the last preceding noon day spot rate of the Bank.

"Floating rate" means the interest rate applicable to floating-rate advances in Canadian or U.S. dollars, as applicable, made hereunder.

"LIBO Rate" means, with respect to any LIBOR Advance, the annual rate of interest determined by the Bank as being the average rate for deposits in US Dollars in the London interbank market which is shown on the Libor 01 page (or any successor page) of the Reuters service as of 11:00 a.m. (London, England time) on the second Business day prior to the commencement of the applicable LIBOR Advance and for a comparable period, or if such rate is not available, the annual rate (rounded to the nearest 0.01%) which the Bank is prepared to offer in the London interbank market for taking deposits in US Dollars at approximately 11:00 a.m. (London time) on the second Business day prior to the commencement of the applicable LIBOR Advance and for a comparable period.

"LIBOR Advance" means any advance in US dollars bearing interest based on the LIBO Rate.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA and subject to Title IV of ERISA to which either Borrower or any guarantor or any of its ERISA Affiliates is obligated to contribute.

"OFAC" means the United States Department of the Treasury's Office of Foreign Assets Control.

"OFAC Sanctions Programs" means the U.S. sanctions laws, regulations and executive orders administered by OFAC, including, without limitation, Executive Order No. 13224 on Terrorist Financing, in each case, as renewed, extended, amended, or replaced.

"Rate offered": means the annual interest rate determined from time to time by the Bank, for the term chosen by the Borrower, as being the fixed interest rate applicable to its commercial fixed-rate term loans granted by the Bank in Canada for the same term.

"USA PATRIOT Act" means The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and *Obstruct Terrorism Act* of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)).

"U.S. Base Rate" or "Base Rate": means the annual floating interest rate announced publicly by the Bank from time to time and used to determine the interest rates applicable to commercial loans in U.S. dollars granted by the Bank in Canada.

8.4 Calculation of Interest and Arrears

Unless otherwise stipulated herein or in any related document relating to this Offer, including without limitation, all demand and term notes, interest and arrears shall be calculated as follows:

- 8.4.1** Interest on any amount due hereunder shall be calculated daily and not in advance on the basis of a 365-day year. For the purposes of the *Interest Act* (Canada) in the case of a leap year, the annual interest rate corresponding to the interest calculated on the basis of a 365-day year is equal to the interest rate thus calculated multiplied by 366 and divided by 365;
- 8.4.2** Interest shall be payable on the 26th day of each month, with a minimum charge of \$10 per credit payable on demand. However, under no circumstances shall the interest payable (or any amount considered interest under the law) exceed the maximum interest amount permitted by law. As applicable, the interest amount will be reduced so as not to exceed this maximum; and
- 8.4.3** Any amount of principal, interest, commission, discount or of any other nature remaining unpaid at maturity shall bear interest at the rate of the credit concerned. The interest on arrears shall be compounded monthly and payable on demand.

8.5 Records

The Bank shall keep records evidencing the amounts payable under this financing, including but not limited to the principal repayment and interest payment conditions as well as applicable fees. Unless expressly indicated otherwise, the content of these records shall provide evidence as to the indebtedness to which they attest.

Converting advances or loans, during the term of credit or at expiry, based on the terms and conditions set out for the applicable credit, as well as any change in a credit name or number in the Bank's records shall not result in the novation of credits or the Borrower's indebtedness, regardless of the transaction entry or processing by the Bank's computer systems.

8.6 Currency of Payments; Judgement Currency

- 8.6.1** All amounts due by the Borrower hereunder shall be paid by the Borrower to the Bank in the currency of the relevant credit. Whenever an amount in Canadian dollars is to be converted into or expressed in U.S. dollars, or the Equivalent Amount in U.S. dollars (or inversely) must be determined by reference to any Exchange Rate, the Bank may calculate this conversion or equivalence in accordance with its normal practices.
- 8.6.2** If a judgment is rendered against the Borrower for an amount owed hereunder and if the judgment is rendered in a currency ("**other currency**") other than that in which such amount is owed under this Agreement ("**currency of the Agreement**"), the Borrower will pay, if applicable, at the date of payment of the judgment, an additional amount equal to the excess of (a) the said amount owed under this Agreement, expressed into the other currency as at the date of payment of the judgment, over (b) the amount of the judgment. For the purposes of obtaining the judgment and making the calculation referred to in (a), the Exchange Rate will be the spot rate at which the Bank, on the relevant date, may in Toronto, sell the currency of this Offer to obtain the other currency. Any additional amount owed under this Section will constitute a cause of action distinct from the cause of action which gave rise to the judgment, and said judgment shall not constitute res judicata in that respect.

8.7 Credit Facility Overrun

Should the indebtedness owing to the Bank under a credit facility hereof exceed the authorized credit amount hereunder and the Bank has not formally authorized this situation, the Borrower shall be required to repay the Bank, without further notice or demand, an amount equal to such excess amount. If, however, the Bank were to tolerate an amount in excess of the authorized credit facility, the Borrower hereby undertakes to pay the overlimit fees required at such time by the Bank, failing which the Borrower shall be required to repay such excess amount to the Bank.

8.8 Additional Costs

The Borrower undertakes to pay the Bank for the following costs, as determined by the Bank:

- 8.8.1** Should a statute, regulation, or administrative policy or order have the effect of increasing the costs of the credit facility for the Bank (namely as a result of the imposition of any reserves, taxes or capital adequacy requirements for the Bank), the Borrower shall pay this additional cost on demand;
- 8.8.2** All fees and charges relating to the direct charges from any advisor or consultant required by the bank in its sole discretion; and,
- 8.8.3** All taxes or additional costs that may arise from the application of any federal, provincial or municipal legislation.

8.9 Payments and Debit to the Account(s)

The Borrower 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 it may owe to the Bank hereunder. If the payment is payable on a non-business day, this payment may be made on the next business day and this delay shall be taken into consideration when calculating the interest.

8.10 Set-off

In addition to all its other rights, the Bank may offset any amount owing hereunder with any sum due by the Bank to the Borrower or a guarantor (including in accordance with any deposit made with the Bank), even if this sum is not due or is payable in another currency (in which case the Bank can convert this amount into the currency of the amount due to the Bank). To do any of the foregoing, the Bank may debit any account held by the Borrower or a guarantor with the Bank.

Without limiting the foregoing, the Borrower authorizes the Bank to establish every day, or at any other interval the Bank may determine, the position or net position, as applicable, of the Borrower's deposit account(s) with the Bank (the "**Deposit Account**"), and it is understood that:

- 8.10.1** If the position or net position of the Deposit Account represents a credit balance, the Bank may apply all or part of this credit to the repayment of the advances under any revolving credit made

available to the Borrower and shall debit the Deposit Account for the amount paid, rounded to the amount of the minimum repayment applicable to the relevant credit; and

- 8.10.2** If the position or net position of the Deposit Account represents a debit balance, the Bank shall grant an advance under any revolving credit made available to the Borrower to create a credit balance or a net credit balance in the Deposit Account and increase the advances for such revolving credit by an equivalent amount without however exceeding the authorized credit amount; the advance shall be rounded to the amount of the minimum disbursement applicable to the relevant credit, if applicable.

8.11 **Assignment**

The Borrower cannot assign its rights hereunder. The Bank may, however, assign or transfer all or part of its rights and obligations under this Offer (or grant participations), without notifying the Borrower or any guarantor.

8.12 **Presumption of Accuracy of Information**

All documents and information provided to the Bank by the Borrower, regardless of the medium (paper, electronic, verbal or other form) whether or not they are signed by one of the Borrower's representatives, shall be deemed by the Bank to be accurate and validly issued by the Borrower, without further formality. Moreover, the Bank shall not be held liable for any fees or delays which may be caused when an instruction is sent and which could be due to a technical problem attributable to the systems in use at the Bank.

8.13 **Final Agreement, Interpretation and Counterparts**

Once accepted and signed by the Borrower, this Offer of Financing shall constitute the final agreement between the parties, with the exception of any subsequent written amendments agreed upon by the parties, and it shall supersede any prior agreements, verbal or written, with respect to the financing solution described herein.

This Offer is made without novation to the credits already granted to the Borrower, if applicable, and without derogation to the rights, hypothecs, security, mortgages, guarantees, suretyships, remedies, recourses and priority ranking arising from any previous offer of financing and the security documents, and the other writings related thereto, which shall continue to secure all the terms, conditions and obligations of such credits, whether covered or not by this Offer.

In the event of inconsistency between this Offer and any other prior agreement relating to the credits described herein already granted in favour of the Borrower, the terms and conditions of this Offer shall prevail. This Offer amends and restates, in its entirety, the Original Offer.

This Offer may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and all such counterparts taken together shall constitute one and the same document.

8.14 **Indemnification**

The Borrower and each guarantor agree to indemnify and save harmless the Bank, its officers, administrators, employees and agents against all losses, liability, claims, damages and fees suffered or incurred by them, in any manner whatsoever, arising from or in connection with this offer (notably further to the Borrower's failure to abide comply with any applicable law or regulation, including failure to comply with fiscal law or regulation), except if these losses, liability, damages or fees result from the gross negligence or intentional fault of the Bank, its officers, administrators, employees or agents. This provision shall survive the cancellation of the security or full and final payment of any amount owing by the Borrower to the Bank.

8.15 **Liability**

When the term "Borrower" designates more than one person, each one shall be jointly and severally (Canada except Quebec) or solidarity (Quebec) liable for the obligations stipulated herein including, without limitation, those resulting from advances made by the Bank.

8.16 **Review**

The terms and conditions of the credits granted by the Bank to the Borrower hereunder are subject to periodic review, at the Bank's discretion.

8.17 Fees and Charges

Non-refundable fees in the aggregate amount of \$62,500.00 outlined in Section 1 of this agreement shall be earned, due and payable by the Borrower and shall be collected directly from the Borrower's current account on acceptance of this Offer or otherwise at the Banks discretion.

Review fees for the credit facilities shall be collected at least annually from the Borrower's current account.

In addition, non-refundable fees for preparing and maintaining the movable/personal property security plus fees for each cession of rank required, if applicable, are payable to the Bank in addition to the other fees already provided for herein and shall be collected directly from the Borrower's current account, on acceptance of this Offer or during their preparation for cessions of rank. Fees are also applicable for any changes that could be made to the security, including a reduction.

All fees charged to the Bank by Export Development Canada or any other such insurer to obtain any guarantee or suretyship regarding any credit described herein shall be payable by the Borrower and shall be collected directly from the Borrower's current account.

Monthly fees in the amount of \$3,000 shall be collected by the Bank to monitor financing conditions as previously noted in in section 1 above.

Whether or not the following proposed transaction is carried out or whether or not the financing is disbursed, the following costs, charges and expenses, if applicable, are payable by the Borrower, in addition to the other fees already provided for herein:

- (i) All the costs to register security documents required herein; and
- (ii) All the professional fees, charges and expenses (in particular, appraisal, audit, notary and lawyer fees) incurred under this Offer and other documents covered by this Offer.

8.18 Collection, Use and Disclosure of Information

The Borrower, the guarantor(s), if applicable, and their representative(s) hereby authorize the Bank to use the necessary information pertaining to them which the Bank has or may have for the purpose of granting credit and insurance products (where permitted by law) and further authorize the Bank to disclose such information to its affiliates and subsidiaries for this same purpose. Moreover, they hereby authorize the Bank to obtain personal information pertaining to them from any party likely to have such information (financial intermediaries, depositaries, credit-reporting agencies, financial institutions, creditors, employers, professionals, tax authorities, public entities, persons with whom they have business relations, and Bank affiliates and subsidiaries) in order to verify the accuracy of all information provided to the Bank and to ensure the solvency of the Borrower, the guarantor(s), if applicable, and their representative(s).

8.19 AML Legislation

- (a) Each of the Borrowers and each of the guarantors acknowledges that, pursuant to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), the USA Patriot Act and any other applicable anti-money laundering, anti-terrorist financing, government sanction and "know your client" laws (collectively, including any guidelines or orders thereunder, "**AML Legislation**"), the Bank and the Agent may be required to obtain, verify and record information regarding the Borrowers, the guarantors, their respective directors, authorized signing officers, direct or indirect shareholders or other persons in control of the Borrowers or the guarantors, as the case may be, and the transactions contemplated hereby. Each of the Borrowers shall promptly provide all such information, including supporting documentation and other evidence, as may be reasonably requested by any Bank or the Agent, or any prospective assignee or participant of a Bank or the Agent, from time to time, in order to comply with any applicable AML Legislation, whether now or hereafter in existence.

Notwithstanding the preceding sentence and except as may otherwise be agreed in writing, each of the Banks agrees that the Agent has no obligation to ascertain the identity of the Borrowers and each of the guarantors or any authorized signatories of the Borrowers and each of the guarantors on behalf of any Bank, or to confirm the completeness or accuracy of any information it obtains from the Borrowers and each of the guarantors or any such authorized signatory in doing so.

8.20 Confidentiality

The Borrower shall not make any public announcements, and keep confidential any agreement or other documentation as well as any information or communication, written or verbal, between the Bank, any member of its group, any individual involved or any representative and any individual who is part of the Borrower, all regarding the transaction proposed herein and the reasons motivating it.

8.21 Demand Credit Facilities

Notwithstanding any provision to the contrary, the Borrower agrees and acknowledges that (i) the credit facilities payable on demand in this Offer constitute demand credits and, are therefore payable at any time at the Bank's sole discretion and (ii) the Bank may, at any time, before or after a request for reimbursement, terminate these credit facilities and stop making new advances, without delay or notice to the Borrower.

8.22 Invalidity of Any Provisions Herein

This Offer does not constitute an indivisible whole. Any decision by a court rendering any of the provisions hereof null or unenforceable shall in no way affect, invalidate or render unenforceable the other provisions hereof.

8.23 Governing Law

This Offer shall be construed and interpreted in accordance with the laws of the Province of Alberta.

THIS IS EXHIBIT "E" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

FORBEARANCE AND AMENDING AGREEMENT

THIS AGREEMENT is made effective as of March, 2nd, 2021.

BY AND AMONG:

NATIONAL BANK OF CANADA
as lender (the "**Lender**")

WITH

BALANCED ENERGY OILFIELD SERVICES INC.
as borrower (the "**Borrower**")

BALANCED ENERGY HOLDINGS INC.
as guarantor

MICHELLE THOMAS
as guarantor

NEIL SCHMEICHEL
as guarantor

DARREN MILLER
as guarantor

- and -

CODIE BELLAMY
as guarantor

(and together with Balanced Energy Holdings Inc., Michelle Thomas, Neil Schmeichel, Cody Bellamy, and Darren Miller, the "**Guarantors**")

WHEREAS the Borrower, as borrower, and National Bank of Canada ("**NBC**" or the "**Lender**"), as lender, are party to the following:

- a. Offer of Financing between the Lender and the Borrower (including any amendments thereto) dated June 8, 2020,

(collectively, the "**Offer of Financing**");

AND WHEREAS the Borrower entered into a general security agreement in favor of the Lender on February 20, 2018 (the "**Borrower's Security**") in respect of the credit facilities issued pursuant to the Offer of Financing;

AND WHEREAS the Guarantors entered into certain guarantees (the "**Guarantees**") with respect to the credit facilities issued pursuant to the Offer of Financing;

AND WHEREAS the following facilities were made available to the Borrower: (i) a demand revolving operating line of credit in the amount of \$21,000,000.00; (ii) a Business Credit Availability Program (“**BCAP**”) demand loan in the amount of up to \$4,000,000.00 (iii) a Mastercard credit card in the maximum amount of \$100,000.00; (iv) a global net risk line in the amount of \$500,000.00; and (v) electronic funds transfer (“**EFT**”) settlement risk in the amount of \$3,000,000.00 (collectively, the “**Facilities**”);

AND WHEREAS there is currently the following amounts outstanding under the terms of the Facilities as at March 1, 2021:

Demand Revolving Operating Line of Credit	Canadian Dollars
Principal	\$19,172,750.00
Interest	\$10,927.39
Total	\$19,183,677.39
BCAP Demand Loan	Canadian Dollars
Principal	\$3,925,000.00
Interest	\$2,242.09
Total	3,927,242.09
Mastercard Credit Card	Canadian Dollars
Principal	\$67,915.63
Total	\$67,915.63
	(collectively, the “ Outstanding Indebtedness ”)

AND WHEREAS each of the Borrower and the Guarantors acknowledge the occurrence of the following Defaults and further acknowledged that the same have not been cured as of the effective date of this Agreement:

- (a) breach of the Borrower’s undertaking to maintain a funded debt to EBITDA coverage ratio of not more than 6.75, effective September 30, 2020, and 13.75:1, effective December 31, 2020; and
- (b) breach of the Borrower’s undertaking to maintain a fixed charge coverage ratio of at least 1.50:1.00 based on consolidated financial statements of the Borrower provided on a quarterly basis for the periods ending September 30, 2020 and December 31, 2020.

AND WHEREAS the Lender, the Borrower and the Guarantors have agreed to the terms and conditions under which the Lender shall tolerate the Defaults, shall forbear from the exercise of its rights and recourses resulting therefrom, and shall continue to finance the operations of the Borrower pursuant to the Offer of Financing up to and until August 31, 2021 (the “**Forbearance Term**”), subject to certain conditions as outlined in this Agreement;

AND WHEREAS the Offer of Financing and Security will remain in full force and effect, subject to the compliance with the terms and conditions of this Agreement for the Forbearance Term, and the Lender continues to reserve all rights and does not waive any existing Defaults

or Event of Default;

NOW THEREFORE, in consideration of the foregoing, the covenants, and the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the parties, the parties agree as follows:

1. **Definitions/Preamble Incorporation**. Capitalized terms used in this Agreement, including in the recitals hereto, will have the meanings attributed to such terms in the Offer of Financing unless otherwise defined herein. Unless stated otherwise, all monetary amounts stated herein shall be deemed to be stated in Canadian Dollars. The Preamble to this Agreement is expressly incorporated into and forms part of this Agreement.
2. **No Creditor Protection without Consent**. The Borrower covenants and agrees that it will not, without the prior written consent of the Lender, such consent not to be unreasonably withheld, make any filing or seek any creditor protection, including a stay of proceedings, pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "**BIA**"), the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"), or otherwise at law or in equity (collectively, a "**Filing**"), and that any Filing made in respect to the Borrower will contain the following provisions:
 - (a) the terms of this Agreement will continue to bind the Borrower;
 - (b) the Lender will not be affected by any stay or other order in such proceedings;
 - (c) the Lender will be an unaffected creditor in any plan or proposal unless the Lender consents to being treated otherwise;
 - (d) the Borrower irrevocably consents to the variation of any stay or order in such proceedings which would purport to affect the Lender; and
 - (e) the Borrower will not make or support any application which would have the effect of:
 - i. creating any charge ranking in priority to the Offer of Financing, Security, or in priority to any other rights of the Lender; or
 - ii. altering or varying the rights of the Lender under the terms of the Offer of Financing, Security, or this Agreement.
3. **Engagement of a Financial Advisor**. The Lender has engaged FTI Consulting Canada Inc. (the "**Financial Advisor**") to provide financial and other advisory services to the Lender. The Lender has the right to extend the engagement of the Financial Advisor for such term as it considers appropriate and at least until the end of the Forbearance Term. In particular, the Borrower agrees and acknowledges that the Financial Advisor may attend at the premises of the Borrower to conduct a detailed review of the business and financial affairs of the Borrower, including, without limitation, the condition and value of the Borrower's lands, equipment, accounts receivable, other personal property, and the viability of the business operated by the Borrower to be completed at the sole discretion of the Lender. The Borrower and the Guarantors shall

be liable for all costs of the Financial Advisor, if so retained, which shall be added to Outstanding Indebtedness. Nothing herein shall preclude the Financial Advisor from acting in any other capacity, including, but not limited to, as the court-appointed receiver and manager of the property, assets and undertakings of the Borrower or as trustee in bankruptcy for any of the estates of the Borrower.

4. **EDC Guarantee**. By no later than May 1, 2021, the Guarantee granted by Export Development Canada (the “**EDC Guarantee**”) shall be renewed and extended for one year, and copies of the documents or amendments of the extension of the EDC Guarantee shall be delivered forthwith to the Lender upon execution of those documents.
5. **Borrowing Base Calculation**. The borrowing base calculation (the “**Borrowing Base Calculation**”) for the Demand Revolving Operating Facility under the Offer of Financing is temporarily amended such that section 2.1.1(f) shall be amended and replaced with the following:

“65% of the net book value of the Borrower’s unencumbered Property, Plant, and Equipment fixed assets when calculated for the period including September 1, 2020 to February 28, 2021 and when calculated for the period including March 1, 2021 to August 31, 2021, then the lesser of: (i) 70% of the appraised orderly liquidation value, or (ii) 65% of the appraised fair market value of the Borrower’s unencumbered Property, Plant, and Equipment fixed assets...”

This temporary amendment to the calculation of the Borrowing Base under the Offer of Financing shall automatically expire at the end of the Forbearance Term. The appraisal required under section 2.1.1(f) of the Offer of Financing shall be provided to the Lender by no later than June 1, 2021, and shall be addressed to the benefit of the Lender and be completed by an accredited appraiser acceptable to the Lender in its sole discretion.

6. **BDO Canada LLP Financing**. The Borrower shall, from time to time, and forthwith upon the receipt of a request of the Lender, but not less than once a month, within 7 days of each month end starting on March 7, 2021, provide updates in writing to the Lender on its efforts to obtain refinancing through the engagement of BDO Canada LLP.
7. **Temporary Amendment to Offer of Financing Financial Requirements**.
 - (a) The financial covenant contained in section 6.1.2(a) is hereby amended to temporarily suspend the requirements for the fixed charge coverage ratio under the Offer of Financing for periods ending March 31, 2021 and June 30, 2021, but compliance with the requirements of section 6.1.2(a) for fixed charge coverage ratio will continue to be effective September 30, 2021 and thereafter; and
 - (b) The financial covenant contained in section 6.1.2(b) is hereby amended to temporarily suspend the requirements for the Funded Debt to EBITDA cover ratio for periods ending March 31, 2021 and June 30, 2021 but compliance with the requirements of section 6.1.2(b) for the Funded Debt to EBITDA coverage ratio will continue to be effective September 30, 2021 and thereafter.
8. **EBITDA**. For the period from March 1, 2021 to August 31, 2021, EBITDA of the Borrower shall be as set out in the budget (the “**Budget**”) attached hereto as Schedule “A” and shall be calculated on a cumulative monthly basis with the first month of the calculation commencing in March 2021. The EBITDA shall also be calculated on a

cumulative monthly basis going forward but must be no less than 85% of the cumulative EBITDA contained in the Budget for each month during the period from March 1, 2021 to August 31, 2021. The Borrower shall provide an update on the EBITDA calculation for this provision each month within 7 days of month end, including an explanation of any variances in actual EBITDA for such month to the EBITDA contained in the Budget.

9. **Reporting Requirements.**

From March 1, 2021 until the end of the Forbearance Term, within seven (7) days after the end of each month, the Borrower shall provide to the Lender:

- (a) a monthly receivables report for the purposes of satisfying section 2.1.3 of the Offer of Financing and the 45 day period contained in section 2.1.3 is hereby temporarily amended to 7 days from month end for the Forbearance Term;
- (b) the Borrowing Base Calculation;
- (c) a rolling 13-week cash flow to be updated every 8th week; and
- (d) a monthly update on revenue by customer, upcoming contract bookings, and any other pertinent information on the retention of key customers and developments with new customers.

From March 1, 2021 until the end of the Forbearance Term, within thirty (30) days after the end of each month, the Borrower shall provide to the Lender:

- (e) a monthly update on the actual financial statements versus those contained in the Budget, with an explanation of any variance between the results contained in the Budget and the actual results;

The Financial Advisor shall monitor and review on a monthly basis the Borrower's reporting requirements, EBITDA covenant, and any other elements pertaining to the Borrower's obligations pursuant to this Agreement.

- 10. **No Access to Bankers Acceptances.** The Borrower will have no ability to issue any Bankers' Acceptances as set out in section 1.1.2(c) of the Offer of Financing under the Demand Revolving Operating Credit throughout the Forbearance Term.
- 11. **No Distributions to Shareholders.** The Borrower shall not make any payment or distribution of funds or property of any kind to the shareholders of the Borrower, except in respect of the payment of salaries to officers or principals and other employees of the Borrower to the extent such officers or employees are also shareholders of the Borrower.
- 12. **Conditions Precedent to Agreement.** This Agreement is subject to the following conditions:
 - (a) the terms of this Forbearance Agreement must be approved by the credit committee of the Lender, in its sole discretion;
 - (b) the Borrower and Guarantors, as applicable, shall execute any outstanding security documents and deliver the same to the Lender;

- (c) the Borrower shall pay the Lender a monthly fee of \$6,000.00 (the “**Forbearance Fee**”) for the additional time incurred and to be incurred, and the costs borne and to be borne, in connection with the administration of the Offer of Financing and in monitoring the performance under this Agreement. The Forbearance Fee shall be fully earned and payable monthly by the Borrower upon execution of this Forbearance Agreement. The Borrower hereby authorizes the Lender to debit any of the accounts of the Borrower for some or all of amount of the Forbearance Fee upon execution of the Forbearance Agreement.

13. **Forbearance, Acknowledgements, and additional terms to effectiveness of Agreement.**

- (a) Subject to the terms and conditions hereinafter set out, the Lender agrees to forbear from enforcement of its rights under the Offer of Financing and the Security until the expiry of the Forbearance Term, unless extended by the Lender, following which the Outstanding Indebtedness will become immediately due and payable.
- (b) In consideration of the Lender's forbearance, each of the Borrower and the Guarantors acknowledge and agree that, if they are unable to comply with their obligations under the Offer of Financing, except as permitted herein, then the Lender will be entitled to immediately commence efforts to enforce its rights under the Offer of Financing and the Security.
- (c) Each of the Borrower and the Guarantors acknowledge, confirm, and agree that the security created in favor of the Lender under the Offer of Financing and the Security has not been discharged, waived, or varied, that it is binding upon each of the Borrower and the Guarantors, as applicable, and is enforceable against such Borrower or Guarantors in accordance with its terms.

14. **Forbearance Terminating Event.** Notwithstanding anything contained herein, the following constitute terminating events under this Agreement:

- (a) any of the Borrower or the Guarantors fail to comply with their obligations under this Agreement, including the provisions and/or milestones contained in sections 3, 4, 5, 9, 7, 8, and 11 on or before the expiration of the Forbearance Term;
- (b) the EDC Guarantee is not renewed or is terminated for any reason by EDC during the Forbearance Term;
- (c) any of the Borrower or Guarantors are ordered into bankruptcy, make a proposal, or file an assignment for the benefit of creditors under the *BIA*, the *CCAA*, or similar legislation in Canada or any other jurisdiction, or if there is an order by or against the Borrower seeking its liquidation, winding-up, dissolution, reorganization, or any arrangement or composition of its debts;
- (d) a receiver, trustee, custodian, or similar official is appointed in respect of any of the Borrower or the Guarantors or their assets (except respecting this Agreement);
- (e) Judgment(s) is (are) awarded against any of the Borrower or the Guarantors (other than as disclosed to the Lender in writing prior to the execution of this Agreement), which the Lender determines, acting reasonably, to be materially adverse to the Security;

- (f) any enforcement proceedings are issued or taken by any other creditors against any of the Borrower or the Guarantors;
- (g) any of the Borrower or the Guarantors grant, create, or permit to exist any purchase money security interest, mortgage, hypothec pledge, charge, lien or other encumbrance with respect to the assets or property of the Borrower or the Guarantors, as the case may be, other than those existing as at the date of this Agreement, without the prior written consent of the Lender;
- (h) any Material Adverse Effect occurs after the date hereof in the financial condition of any of the Borrower or the Guarantors, or if any step is taken or event should occur that would materially prejudice or jeopardize the Security, all as determined by the Lender acting reasonably; or
- (i) any representation, warranty, or statement made by or on behalf of the Borrower or the Guarantors to the Lender, as contained herein, is untrue in any material respect at the time when it was made,
(each, a "**Forbearance Terminating Event**").

Upon the occurrence of a Forbearance Terminating Event, the Lender will be entitled to immediately terminate this Agreement and proceed to take such steps as it may deem appropriate to realize upon its Security.

15. **No Waiver.** The Borrower and the Guarantors each acknowledge, confirm, and agree that the existence of the Defaults entitle the Lender to exercise any and all of its rights and remedies provided to it in the Offer of Financing and the Security, by law or otherwise, and:
- (a) the Lender has not waived, and does not intend to waive, any default, including without limitation, the Defaults or any right, entitlement, privilege, benefit, or remedy which the Lender may have now or at any time in the future as a result of or in connection with any such default or Defaults, and nothing contained herein or the transactions contemplated thereby shall be deemed to constitute such waiver;
 - (b) no waiver by the Lender of any default, breach, or non-compliance under this Agreement will be effective unless in writing. No waiver will be inferred from or implied by any failure to act or delay in acting by the Lender in respect of any default, breach, or non-observance or by anything done or omitted to be done by any of the Borrower or the Guarantors. No waiver by the Lender will operate as a waiver of any right of the Lender under this Agreement in respect of any subsequent default, breach, or non-observance (whether of the same or any other nature); and
 - (c) the Lender hereby provides notice to the Borrower and the Guarantors that the Lender reserves its rights at any time to exercise any rights, remedies, power, and privileges afforded by law or under the Offer of Financing and the Security with respect to the Defaults or any Forbearance Terminating Event.
16. **Release.** In consideration of the Lender agreeing to forbear as set out in this Agreement, each of the Borrower and the Guarantors, on their own behalf and on behalf of their successors and assigns, remise, releases, and forever discharges the Lender and its

employees, agents, officers, directors, successors, and assigns from any and all actions, causes of action, claims, demands, damages, costs, and expenses whatsoever at law or in equity in which they ever had, now have, or which they shall have against the Lender or its employees, agents, officers, directors, successors, and assigns by reason of any manner, cause, or thing whatsoever existing up to the date hereof (the "**Claims**"), provided that this release will not release any person for criminal acts, gross negligence, or willful misconduct. None of the Borrower or the Guarantors will make any Claims or take any proceedings against any other person, firm, corporation, or other legal entity who might claim contribution or indemnity against the Lender in respect of any cause, matter, or thing whatsoever arising out of, related to, or in any manner connected with the Claims released herein.

17. **Fees.** The Borrower and the Guarantors acknowledge, confirm, and agree that they shall be solely responsible for all costs and fees (the "**Fees**") of the Lender, including all solicitor and his own client (full indemnity) fees and any fees of the Financial Advisor, incurred in relation to and arising from the preparation of this Agreement and incurred during the Forbearance Term. The Borrower agree to pay such Fees forthwith upon being presented by the Lender with any outstanding invoices for such Fees.
18. **Entire Agreement.** This Agreement represents the entire agreement among the parties in respect of the matters provided for in this Agreement, and any changes or variations made to this agreement are only effective if made in writing and signed by all parties.
19. **Conflicts.** The Lender and each of the Borrower and the Guarantors each acknowledge and agree that if any provision of the Offer of Financing, the Security, this Agreement, or any other agreement to which the Lender and any of the Borrower or the Guarantors are parties, conflicts with any provision herein contained, the provisions herein, to the extent of any such conflict, shall prevail.
20. **Representations.** Each of the Borrower and the Guarantors (each as applicable) agrees with and confirms to the Lender that, on and as of the date hereof, each of the representations and warranties in the Offer of Financing is true and accurate unless expressly specified otherwise in the Offer of Financing. Each of the Borrower and the Guarantors hereby also represents and warrants to the Lender that:
 - (a) the execution and delivery of this Agreement and the performance of its obligations hereunder: (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constating documents or by-laws;
 - (b) this Agreement is a legal, valid, and binding obligation of each of the Borrower and the Guarantors, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium, or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity;
 - (c) they fully understand the terms of this Agreement and the consequences of the execution and delivery of this Agreement;
 - (d) they have been given the opportunity to have this Agreement reviewed by such independent legal counsel as they may wish; and

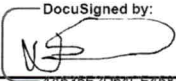
- (e) they have entered into this Agreement and executed the same of their own free will and without threat, duress, or other coercion of any kind by any person.
21. **Governing Law.** The parties agree that this Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Agreement, or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Lender to take proceedings in other jurisdictions.
22. **Invalidity.** If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof, and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.
23. **Further Assurances.** Each of the Borrower and the Guarantors will from time to time forthwith at the Lender's request, and at each of the Borrower or the Guarantors own cost and expense, make, execute, and deliver, or cause to be done, made, executed, and delivered, all such further documents, financing statements, security documents, assignments, acts, matters, and things which may be reasonably required by the Lender and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Agreement.
24. **Time.** Time is of the essence with respect to this Agreement.
25. **Successors and Assigns.** This Agreement shall enure to the benefit of and be binding upon the parties hereto and the successors and assigns of the parties hereto.
26. **Confirmation.** Each of the parties acknowledges and agrees that the Offer of Financing and the Security, and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
27. **Counterparts.** This Agreement may be executed in any number of counterparts, including by facsimile or other electronic transmission, each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Agreement by signing any counterpart.

Each of the parties has signed this Agreement effective as of the day and year first written above.

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BORROWER:

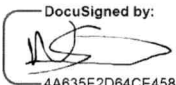
BALANCED ENERGY OILFIELD SERVICES INC., as Borrower

DocuSigned by:

By: _____
Name: Balanced Energy Oilfield Services Inc.
Title: Director

GUARANTORS:

**BALANCED ENERGY HOLDINGS INC.,
as Guarantor**

**MICHELLE THOMAS,
as Guarantor**

DocuSigned by:

Per: _____
Name: Balanced Energy Holdings Inc.
Title: Director

DocuSigned by:
Michelle Thomas
Per: _____
Name: Michelle Thomas
Title: 3/3/2021

**NEIL SCHMEICHEL,
as Guarantor**

**DARREN MILLER,
as Guarantor**

DocuSigned by:
Neil Schmeichel
Per: _____
Name: Neil Schmeichel
Title: 3/3/2021

Per: _____

**CODIE BELLAMY,
as Guarantor**

Per: _____

LENDER:

NATIONAL BANK OF CANADA, as Lender

DocuSigned by:
Jillian Friedman
By: _____
Name: Jillian Friedman
Title: Senior Manager

By: *Dana Ades-Landy*
Name: Dana Ades-Landy
Title: Senior Manager

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SCHEDULE "A" – BUDGET

Conversions at average rate	Budget												
	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Total
Revenue*	4,263	2,003	2,128	913	2,341	3,242	2,272	1,322	3,943	4,375	4,130	4,293	35,225
Subsidy Income	111	111	45	35	56	124	148	148	24	-	-	-	803
COGS:													
Equip rental	111	54	62	27	54	71	48	29	87	101	99	102	843
Freight	43	21	21	9	23	32	23	13	39	44	41	43	353
Fuel/Oil	126	61	95	41	57	67	41	27	84	109	114	116	939
Repairs & maint	147	71	98	42	66	81	51	33	101	126	128	131	1,075
Materials	698	338	263	113	284	391	274	159	476	530	502	522	4,551
Subcontract	762	369	298	128	328	454	318	185	552	612	578	601	5,186
Substance	96	46	42	18	26	25	15	10	32	44	47	47	449
*Wages & benefits	810	508	712	457	756	945	742	542	1,093	1,183	1,132	1,166	10,046
Total COGS	2,794	1,467	1,591	835	1,593	2,067	1,510	998	2,465	2,750	2,641	2,729	23,441
Expenses:													
Admin Wages	239	239	239	239	239	239	239	239	239	239	239	239	2,868
Advertising, promotion, meals	3	3	11	11	11	11	11	11	11	11	11	11	112
Bad debts	-	-	-	-	-	-	-	-	-	-	-	-	-
Bank service charges & FX	24	24	61	61	61	61	61	61	61	61	61	61	656
NBC monitor/ann review & BCAP fees	-	-	39	3	56	40	3	3	21	3	3	21	191
Commissions	44	22	14	6	45	70	53	29	83	82	71	75	592
Facilities rent	92	92	108	108	108	108	108	108	108	108	108	108	1,263
Insurance	82	82	74	74	74	74	74	74	74	74	74	74	905
Licencing	38	38	62	62	62	62	62	62	62	62	62	62	692
Office expense & general	4	4	13	13	13	13	13	13	13	13	13	13	135
Professional fees	21	21	45	45	45	45	45	45	45	45	45	45	496
PST	-	-	6	6	6	6	6	6	6	6	6	6	60
PCT	9	9	7	7	7	7	7	7	7	7	7	7	87
Safety supplies & program expense	4	4	8	8	8	8	8	8	8	8	8	8	87
Shop supplies & small tools	-	-	11	11	11	11	11	11	11	11	11	11	113
Telephone & utilities	26	26	26	26	26	26	26	26	26	26	26	26	308
Employee training	3	3	8	8	8	8	8	8	8	8	8	8	89
Total Expenses	587	564	732	688	779	787	734	710	782	763	752	774	8,653
EBITDA	993	83	(150)	(575)	25	511	176	(238)	720	862	736	790	3,934
COGS %	65.5%	73.3%	74.8%	91.5%	68.1%	63.8%	66.5%	75.5%	62.5%	62.9%	64.0%	63.6%	66.5%
EBITDA %	23.3%	3.9%	(6.9)%	(60.7)%	1.1%	15.2%	7.3%	(16.2)%	18.2%	19.7%	17.8%	18.4%	10.9%

THIS IS EXHIBIT "F" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

**FIRST AMENDING AGREEMENT TO THE
FORBEARANCE AND AMENDING AGREEMENT**

THIS AGREEMENT is made effective as of March, 31, 2021.

BY AND AMONG:

NATIONAL BANK OF CANADA
as lender (the "**Lender**")

WITH

**BALANCED ENERGY OILFIELD SERVICES INC. ("BCAN") and BALANCED ENERGY
OILFIELD SERVICES (USA) INC. ("BUSA"),**
as borrowers (collectively, the "**Borrower**")

BALANCED ENERGY HOLDINGS INC.
as guarantor

MICHELLE THOMAS
as guarantor

NEIL SCHMEICHEL
as guarantor

DARREN MILLER
as guarantor

- and -

CODIE BELLAMY
as guarantor

(and together with Balanced Energy Holdings Inc., Michelle Thomas, Neil Schmeichel, and
Darren Miller, the "**Guarantors**")

WHEREAS:

- A. the parties previously entered into a forbearance and amending agreement effective as of March 2, 2021 (the "**Forbearance Agreement**");
- B. the parties have agreed to amend the Forbearance Agreement in accordance with the terms of this Amending Agreement; and
- C. capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Forbearance Agreement.

AND WHEREAS the Offer of Financing and Security will remain in full force and effect, subject to the compliance with the terms and conditions of the Forbearance Agreement for the Forbearance Term, and the Lender continues to reserve all rights and does not waive any existing Defaults or Event of Default;

NOW THEREFORE, in consideration of the foregoing, the covenants, and the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the parties, the parties agree as follows:

1. **Amendment to Forbearance Agreement**. The Forbearance Agreement is hereby amended by inserting the following sections:

(a) The preamble to the Forbearance Agreement is amended by replacing the description of the Borrower as follows:

“BALANCED ENERGY OILFIELD SERVICES INC. (“BCAN”) and BALANCED ENERGY OILFIELD SERVICES (USA) INC. (“BUSA”), as borrowers (collectively, the “Borrower”)”

(b) The preamble to the Forbearance Agreement is amended by replacing the description of the Borrower’s Security as follows:

“AND WHEREAS:

A. BCAN entered into a general security agreement in favor of the Lender on February 20, 2018;

B. BUSA entered into a security agreement (the “**US Security Agreement**”) in favor of the Lender dated September 26, 2018; and

C. BUSA entered into a Deposit Account Control Agreement with the Lender and Wells Fargo Bank, National Association dated August 20, 2019,

(collectively, the “**Borrower’s Security**”) in respect of the credit facilities issued pursuant to the Offer of Financing”;

(c) Section 14(a) is hereby amended by deleting it in its entirety and replacing it with the following:

“(a) any of the Borrower or the Guarantors fail to comply with their obligations under this Agreement, including the provisions and/or milestones contained in sections 3, 4, 5, 9, 7, 8, 11, 28 and 29 on or before the expiration of the Forbearance Term”;

(d) Section 28 is hereby added to the Forbearance Agreement as follows:

“28. **BUSA Additional Covenants**.

(a) BUSA hereby agrees to provide at least 30 days notice to the Lender prior to agreeing or allowing any registrations under the Uniform Commercial Code (the “**UCC**”) against the Collateral (as defined in the US Security Agreement);

- (b) BUSA hereby agrees to fully cooperate with the Lender, including, but not limited to, by providing any certificates of title, original copies of security or notes payable to BUSA necessary for the Lender to register its security interest against any specific Collateral and in the event that the Lender determines, in its sole and absolute discretion, that it is required to register its security against any of the specific Collateral”;
- (e) Section 29 is hereby added to the Forbearance Agreement as follows:

“29. **BUSA Additional Reporting Requirements**. BUSA shall provide to the Lender upon request and in any event by no later than April 15, 2021 for the month of March 2021 (and thereafter on the 15th of each month thereafter for the preceding month), confirmation that: (i) all taxes have been paid to all taxing authorities, including but not limited to each state in which BUSA operates and the Internal Revenue Service (the “IRS”) in respect of BUSA; (ii) the representations of BUSA in section 4.08 of the US Security Agreement are correct and up to date in respect of Collateral (except for the Security Agreement dated January 1, 2020 granted by BUSA to BCAN); and (iii) BUSA has been paying all contractors, subcontractors, materialmen and suppliers on a current basis and there are no other statutory liens, including, but not limited to mechanic’s liens, being claimed by anyone capable of claiming such rights or that have been registered against any of the Collateral.”.

- 2. **BUSA and the Forbearance Agreement**. BUSA is hereby novated into, accepts and agrees to be bound by the terms of the Forbearance Agreement, including to be bound by, observe, carry out, perform and fulfil all of the covenants, conditions, obligations and liabilities of the Borrower under the Forbearance Agreement to the same extent as if BUSA had been originally named as a party thereto.
- 3. **No Waiver**. The Borrower and the Guarantors each acknowledge, confirm, and agree that the existence of the Defaults entitle the Lender to exercise any and all of its rights and remedies provided to it in the Offer of Financing and the Security, by law or otherwise, and:
 - (a) the Lender has not waived, and does not intend to waive, any default, including without limitation, the Defaults or any right, entitlement, privilege, benefit, or remedy which the Lender may have now or at any time in the future as a result of or in connection with any such default or Defaults, and nothing contained herein or the transactions contemplated thereby shall be deemed to constitute such waiver;
 - (b) no waiver by the Lender of any default, breach, or non-compliance under this Agreement will be effective unless in writing. No waiver will be inferred from or implied by any failure to act or delay in acting by the Lender in respect of any default, breach, or non-observance or by anything done or omitted to be done by any of the Borrower or the Guarantors. No waiver by the Lender will operate as a waiver of any right of the Lender under this Agreement in respect of any subsequent default, breach, or non-observance (whether of the same or any other nature); and
 - (c) the Lender hereby provides notice to the Borrower and the Guarantors that the Lender reserves its rights at any time to exercise any rights, remedies, power, and privileges afforded by law or under the Offer of Financing and the Security

with respect to the Defaults or any Forbearance Terminating Event.

4. **Fees.** The Borrower and the Guarantors acknowledge, confirm, and agree that they shall be solely responsible for all costs and fees (the "**Fees**") of the Lender, including all solicitor and his own client (full indemnity) fees and any fees of the Financial Advisor, incurred in relation to and arising from the preparation of this Agreement and incurred during the Forbearance Term. The Borrower agree to pay such Fees forthwith upon being presented by the Lender with any outstanding invoices for such Fees.
5. **Entire Agreement.** This Agreement represents the entire agreement among the parties in respect of the matters provided for in this Agreement, and any changes or variations made to this agreement are only effective if made in writing and signed by all parties.
6. **Conflicts.** The Lender and each of the Borrower and the Guarantors each acknowledge and agree that if any provision of the Offer of Financing, the Security, this Agreement, or any other agreement to which the Lender and any of the Borrower or the Guarantors are parties, conflicts with any provision herein contained, the provisions herein, to the extent of any such conflict, shall prevail.
7. **Representations.** Each of the Borrower and the Guarantors (each as applicable) agrees with and confirms to the Lender that, on and as of the date hereof, each of the representations and warranties in the Offer of Financing is true and accurate unless expressly specified otherwise in the Offer of Financing. Each of the Borrower and the Guarantors hereby also represents and warrants to the Lender that:
 - (a) the execution and delivery of this Agreement and the performance of its obligations hereunder: (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constating documents or by-laws;
 - (b) this Agreement is a legal, valid, and binding obligation of each of the Borrower and the Guarantors, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium, or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity;
 - (c) they fully understand the terms of this Agreement and the consequences of the execution and delivery of this Agreement;
 - (d) they have been given the opportunity to have this Agreement reviewed by such independent legal counsel as they may wish; and
 - (e) they have entered into this Agreement and executed the same of their own free will and without threat, duress, or other coercion of any kind by any person.
8. **Governing Law.** The parties agree that this Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this

Agreement, or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Lender to take proceedings in other jurisdictions.

9. **Invalidity**. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof, and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.
10. **Further Assurances**. Each of the Borrower and the Guarantors will from time to time forthwith at the Lender's request, and at each of the Borrower or the Guarantors own cost and expense, make, execute, and deliver, or cause to be done, made, executed, and delivered, all such further documents, financing statements, security documents, assignments, acts, matters, and things which may be reasonably required by the Lender and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Agreement.
11. **Time**. Time is of the essence with respect to this Agreement.
12. **Successors and Assigns**. This Agreement shall enure to the benefit of and be binding upon the parties hereto and the successors and assigns of the parties hereto.
13. **Confirmation**. Each of the parties acknowledges and agrees that the Offer of Financing and the Security, and all other documents executed and delivered pursuant thereto or in connection therewith, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
14. **Counterparts**. This Agreement may be executed in any number of counterparts, including by facsimile or other electronic transmission, each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Agreement by signing any counterpart.

Each of the parties has signed this Agreement effective as of the day and year first written above.

[Remainder of page left blank]

BORROWERS:

BALANCED ENERGY OILFIELD SERVICES INC., as Borrower

DocuSigned by:
Neil Schmeichel
By: _____
4A635E2D64CF458
Name: 2021-04-08

BALANCED ENERGY OILFIELD SERVICES (USA) INC., as Borrower

DocuSigned by:
Neil Schmeichel
By: _____
4A635E2D64CF458
Name:
Title: 2021-04-08

GUARANTORS:

**BALANCED ENERGY HOLDINGS INC.,
as Guarantor**

DocuSigned by:
Neil Schmeichel
Per: _____
4A635E2D64CF458
Name:
Title: 2021-04-08

**MICHELLE THOMAS,
as Guarantor**

DocuSigned by:
Michelle Thomas
Per: _____
950007AE5E09407...
2021-04-08

**NEIL SCHMEICHEL,
as Guarantor**

DocuSigned by:
Neil Schmeichel
Per: _____
4A635E2D64CF458
2021-04-08

**DARREN MILLER,
as Guarantor**

DocuSigned by:
Per: _____
37E1274031904AD...
2021-04-08

**CODIE BELLAMY,
as Guarantor**

DocuSigned by:
Codie Bellamy
Per: _____
D8ERE44490EEAC0
2021-04-08

LENDER:

NATIONAL BANK OF CANADA, as Lender

DocuSigned by:
By: Jillian Friedman
Name: Jillian Friedman 2021-04-08
Title: Senior Manager

DocuSigned by:
By: Dana Ades-Landy
Name: Dana Ades-Landy 2021-04-08
Title: Senior Manager

Certificate Of Completion

Envelope Id: 52291FBE856240C6978A87628B9731F3 Status: Completed
 Subject: Please DocuSign: Amending Agreement to Forbearance and Amending Agreement - Balanced Energy Oil...
 *Modèle(s) appliqué(s)? / Template(s) applied?: Oui
 Source Envelope:
 Document Pages: 7 Signatures: 9 Envelope Originator:
 Certificate Pages: 4 Initials: 0 Jillian Friedman
 AutoNav: Enabled Jillian.Friedman@bnc.ca
 Envelopeld Stamping: Enabled IP Address: 142.225.11.250
 Time Zone: (UTC-05:00) Eastern Time (US & Canada)

Record Tracking

Status: Original Holder: Jillian Friedman Location: DocuSign
 4/8/2021 9:47:39 AM Jillian.Friedman@bnc.ca

Signer Events

Codie Bellamy
 cbellamy@balancedcoiltubing.com
 Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

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Timestamp

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 Signed: 4/8/2021 10:28:17 AM

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 Using IP Address: 207.228.78.232
 Signed using mobile

Electronic Record and Signature Disclosure:
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Dana Ades-Landy
 dana.adeslandy@nbc.ca
 Senior Manager Special Loans
 Commercial FIN-Transact
 Security Level: Email, Account Authentication (None)

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 Signed: 4/8/2021 10:50:06 AM

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 Using IP Address: 142.225.3.253

Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Darren Miller
 dmiller@balancedcoiltubing.com
 Security Level: Email, Account Authentication (None)

DocuSigned by:

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 Signed using mobile

Electronic Record and Signature Disclosure:
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Jillian Friedman
 jillian.friedman@bnc.ca
 Security Level: Email, Account Authentication (None)

DocuSigned by:

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Signature Adoption: Pre-selected Style
 Using IP Address: 142.225.11.250

Electronic Record and Signature Disclosure:
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Signer Events

Michelle Thomas
 mthomas@balancedcoiltubing.com
 Security Level: Email, Account Authentication (None)

Signature

DocuSigned by:

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Signature Adoption: Pre-selected Style
 Using IP Address: 70.75.237.227
 Signed using mobile

Timestamp

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Electronic Record and Signature Disclosure:
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Neil Schmeichel
 nschmeichel@balancedcoiltubing.com
 President
 Balanced Energy Oilfield Services (USA) Inc
 Security Level: Email, Account Authentication (None)

DocuSigned by:

 4A635E2D64CE458...

Signature Adoption: Pre-selected Style
 Using IP Address: 96.45.14.52

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In Person Signer Events**Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp**

Ryan Zahara
 RZahara@mltaikins.com
 Security Level: Email, Account Authentication (None)

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Electronic Record and Signature Disclosure:
 Not Offered via DocuSign

Zinaida David
 Zinaida.David@bnc.ca
 Commercial FIN-Transact
 Security Level: Email, Account Authentication (None)

COPIED

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Electronic Record and Signature Disclosure:
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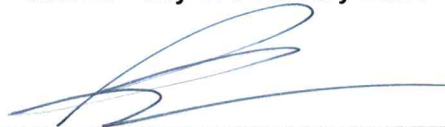
Witness Events**Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

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Signing Complete	Security Checked	4/8/2021 11:30:46 AM
Completed	Security Checked	4/8/2021 11:30:46 AM

Payment Events**Status****Timestamps**

Any agreement signed using DocuSign will be deemed as duly and validly delivered and be deemed to be an original and valid document and will have the same legal effect as an agreement signed by hand. Electronic signatures will be deemed originals and compliant with applicable law.

THIS IS EXHIBIT "G" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

RENEWAL AND AMENDING AGREEMENT TO OFFER OF FINANCING

THIS AGREEMENT is made effective as of June 30, 2021 (this "**Amending Agreement**").

BY AND AMONG:

NATIONAL BANK OF CANADA
as lender (the "**Lender**")

WITH

BALANCED ENERGY OILFIELD SERVICES INC. ("BCAN"), as borrower, and **BALANCED ENERGY OILFIELD SERVICES (USA) INC. ("BUSA")**, as borrower and guarantor (collectively, the "**Borrower**")

BALANCED ENERGY HOLDINGS INC.
as guarantor

MICHELLE THOMAS
as guarantor

NEIL SCHMEICHEL
as guarantor

DARREN MILLER
as guarantor

- and -

CODIE BELLAMY
as guarantor

(and together with Balanced Energy Holdings Inc., Michelle Thomas, Neil Schmeichel, and Darren Miller, the "**Guarantors**")

WHEREAS:

- A. the parties previously entered into (i) an offer of financing effective as of June 8, 2020 (as amended, restated, modified and supplemented, the "**Offer of Financing**"); and (ii) a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement (as further amended, restated, modified and supplemented the "**Forbearance Agreement**");
- B. the parties have agreed to amend the Offer of Financing in accordance with the terms of this Amending Agreement; and
- C. capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Offer of Financing.

NOW THEREFORE, in consideration of the foregoing, the covenants, and the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the parties, the parties agree as follows:

1. Amendments to Offer of Financing.

(a) Section 1.2 of the Offer of Financing is hereby replaced and amended as follows:

1.2 Renewal of the Business Credit Availability Program (BCAP) Term Loan to BCAN

1.2.1 Credit

Renewal of the loan to BCAN, as sole borrower, at the original amount of \$4,000,000 in Canadian dollars provided under the Economic Development Corporation ("EDC") backed Business Credit Availability Program term loan program to provide additional liquidity for working capital needs as a result of COVID-19 impacts on the business, the balance of which as of the date hereof is \$3,625,000 in Canadian dollars.

1.2.2 Interest rate and other fees

Credit available in Canadian dollars only.

The Interest rate is based on the trailing four quarter Funded Debt to EBITDA ratio calculation (as defined herein) in accordance to the grid below. Interest shall be calculated daily and paid monthly in arrears on the 26th day (or such other day designated by the Bank) of each month, or if such day is not a "Business day" (a day in which the Bank is open for business), on the next business day by way of automatic debit to the BCAN's account.

It is agreed that when the Funded Debt to EBITDA ratio, calculated not later than 45 days following the Borrower's immediately preceding first quarter (Funded Debt to EBITDA as defined herein) is achieved, the interest rate charged will be amended on a quarterly basis, effective the 1st day of the Borrower's following fiscal quarter after the calculation period in accordance with the grid outlined below. In the event the Funded Debt to EBITDA ratio calculation is not provided within the required 45 day period then the interest rate will default to Level 8 until such calculation is provided:

Level	FD/EBITDA Ratio	Prime	B/A
1	< 1.00:1	250	350
2	≥ 1.00:1 < 1.50:1	275	375
3	≥ 1.50:1 < 1.75:1	300	400
4	≥ 1.75:1 < 2.00:1	350	450
5	≥ 2.00:1 < 2.50:1	375	475
6	≥ 2.50:1 < 3.00:1	400	500
7	≥ 3.00:1 < 3.25:1	425	525
8	> 3.25:1	450	550

The above notwithstanding, level 8 pricing shall be effective upon execution of this agreement until the next quarterly update.

Zero Floor: In the event the Prime Rate, Base Rate, BA Rate, CDOR Rate or LIBO Rate is below 0%, such rate shall be deemed to be 0.00% for the purpose of this pricing grid.

Stamping fee: on Banker's Acceptances ("**BA**") based on the Funded Debt to EBITDA ratio in accordance with the above grid.

EDC BCAP Fee: 1.8% or \$72,000.00 due upon receipt of invoice from EDC approximately 6 months from funding. Payable in 4 quarterly payments per EDC program guidelines subject to the sole discretion of EDC and payable in full if requested by the Bank.

Annual NBC Fee: 0.25% or \$10,000.00 payable on acceptance of this letter and to be collected at funding and subject to annual renewal fee of 0.25% of then outstanding balances.

1.2.3 Repayments

The credit facility is a term loan and shall be due and payable in full upon the earlier of (a) May 31st 2022, and (b) the date on which the EDC BCAP guarantee is not extended.

The facility shall be subject to interest payments on a monthly basis on the 26th day of each month, plus payments of principal in the amount of \$75,000.00 on the 26th day of each month thereafter until paid in full.

Without limiting the foregoing, the credit facility is subject to maintenance of the EDC loan guarantee acceptable to the Bank which is currently subject to expire on **June 10, 2022**. Application to renew the guarantee shall be made 90 days prior to the expiry and all funds are payable in full on May 31st, 2022 if an extension of such guarantee is not provided by EDC at its sole discretion. The foregoing renewal terms shall apply *mutatis mutandis* annually.

(b) The following shall be inserted into the Offer of Financing as Subsection 3.1.7:

3.1.7 Unlimited guarantee from BUSA and all of its future direct and indirect subsidiaries.

2. **Fees.** The Borrower and the Guarantors acknowledge, confirm, and agree that they shall be solely responsible for all costs and fees (the "**Fees**") of the Lender, including all solicitor and his own client (full indemnity) fees, incurred in relation to and arising from the preparation of this Amending Agreement. The Borrower agrees to pay such Fees forthwith upon being presented by the Lender with any outstanding invoices for such Fees.
3. **Entire Agreement.** This Amending Agreement represents the entire agreement among the parties in respect of the matters provided for in this Amending Agreement, and any changes or variations made to this Amending Agreement are only effective if made in writing and signed by all parties.
4. **Conflicts.** The Lender and each of the Borrower and the Guarantors each acknowledge and agree that if any provision of the Offer of Financing, the Security, this Amending Agreement, or any other agreement to which the Lender and any of the Borrower or the

Guarantors are parties, conflicts with any provision herein contained, the provisions herein, to the extent of any such conflict, shall prevail.

5. **Representations.** Each of the Borrower and the Guarantors (each as applicable) agrees with and confirms to the Lender that, on and as of the date hereof, each of the representations and warranties in the Offer of Financing is true and accurate unless expressly specified otherwise in the Offer of Financing. Each of the Borrower and the Guarantors hereby also represents and warrants to the Lender that:
- (a) if a corporation, the execution and delivery of this Amending Agreement and the performance of its obligations hereunder: (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constating documents or by-laws;
 - (b) if an individual, is the full age or majority and is legally competent to, and has all requisite capacity and authority to, execute and deliver and to perform each of its obligations pursuant to this Agreement;
 - (c) this Amending Agreement is a legal, valid, and binding obligation of each of the Borrower and the Guarantors, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium, or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity;
 - (d) they fully understand the terms of this Amending Agreement and the consequences of the execution and delivery of this Amending Agreement;
 - (e) they have been given the opportunity to have this Amending Agreement reviewed by such independent legal counsel as they may wish; and
 - (f) they have entered into this Amending Agreement and executed the same of their own free will and without threat, duress, or other coercion of any kind by any person.
6. **Governing Law.** The parties agree that this Amending Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Amending Agreement, or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Lender to take proceedings in other jurisdictions.
7. **Invalidity.** If any provision of this Amending Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof, and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.
8. **Further Assurances.** Each of the Borrower and the Guarantors will from time to time forthwith at the Lender's request, and at each of the Borrower or the Guarantors own

cost and expense, make, execute, and deliver, or cause to be done, made, executed, and delivered, all such further documents, financing statements, security documents, assignments, acts, matters, and things which may be reasonably required by the Lender and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Amending Agreement.

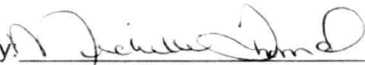
9. **Time**. Time is of the essence with respect to this Amending Agreement.
10. **Successors and Assigns**. This Amending Agreement shall enure to the benefit of and be binding upon the parties hereto and the heirs, administrators, personal representatives, successors and assigns of the parties hereto.
11. **Confirmation**. Each of the parties acknowledges and agrees that the Offer of Financing and the Security, and all other documents executed and delivered pursuant thereto or in connection therewith, including, without limitation, the Forbearance Agreement, will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein.
12. **Counterparts**. This Amending Agreement may be executed in any number of counterparts, including by facsimile or other electronic transmission, each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument. Any party may execute this Amending Agreement by signing any counterpart.

Each of the parties has signed this Amending Agreement effective as of the day and year first written above.


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BORROWERS:

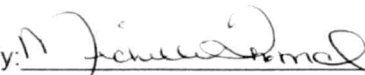
BALANCED ENERGY OILFIELD SERVICES INC., as Borrower


By: 
Name: Michelle Thomas
Title: Director

By: 
Name: Codie Bellamy
Title: Director

By: 
Name: Neil Schmeichel
Title: Director

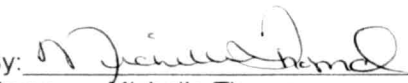
BALANCED ENERGY OILFIELD SERVICES (USA) INC., as Borrower and Guarantor

By: 
Name: Michelle Thomas
Title: Director

By: 
Name: Codie Bellamy
Title: Director

By: 
Name: Neil Schmeichel
Title: Director

BALANCED ENERGY HOLDINGS INC., as Guarantor

By: 
Name: Michelle Thomas
Title: Director

By: 
Name: Codie Bellamy
Title: Director

By: 
Name: Neil Schmeichel
Title: Director



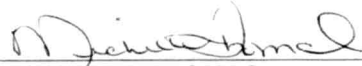
NEIL SCHMEICHEL,
as Guarantor



DARREN MILLER,
as Guarantor



CODIE BELLAMY
as Guarantor



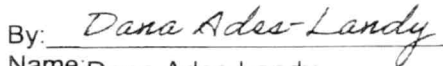
MICHELLE THOMAS,
as Guarantor

LENDER:

NATIONAL BANK OF CANADA, as Lender

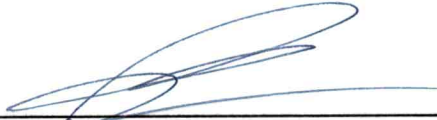


By: _____
Name: Jillian Friedman
Title: Senior Manager, Special Loans



By: _____
Name: Dana Ades Landy
Title: Senior Manager, Special Loans

THIS IS EXHIBIT "H" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

AMENDING AGREEMENT TO OFFER OF FINANCING AND FORBEARANCE AGREEMENT

THIS AGREEMENT (the “**Amending Agreement**”) is made effective as of August 18, 2021 (the “**Effective Date**”).

BY AND AMONG:

NATIONAL BANK OF CANADA
as lender (the “**Lender**”)

WITH

BALANCED ENERGY OILFIELD SERVICES INC. (“BCAN”), as borrower, and BALANCED ENERGY OILFIELD SERVICES (USA) INC. (“BUS”),
as borrower and guarantor (collectively, the “**Borrower**”)

BALANCED ENERGY HOLDINGS INC.
as guarantor

MICHELLE THOMAS
as guarantor

NEIL SCHMEICHEL
as guarantor

DARREN MILLER
as guarantor

- and -

CODIE BELLAMY
as guarantor

(and together with Balanced Energy Holdings Inc., Michelle Thomas, Neil Schmeichel, and Darren Miller, the “**Guarantors**”)

WHEREAS:

- A. the parties previously entered into (i) an offer of financing effective as of June 8, 2020 (as amended, restated, modified and supplemented, the “**Offer of Financing**”); (ii) a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement (the “**Forbearance Agreement**”); and (iii) a renewal and amending agreement to offer of financing effective June 30, 2021 renewing and further amending the Offer of Financing;
- B. the parties have agreed to further amend the Offer of Financing and the Forbearance Agreement in accordance with the terms of this Amending Agreement; and

- C. capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Offer of Financing.

NOW THEREFORE, in consideration of the foregoing, the covenants, and the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the parties, the parties agree as follows:

1. **Amendments to Offer of Financing.**

- (a) Section 1.2.1 of the Offer of Financing is hereby replaced and amended as follows with effect as of the Approval Date:

1.2.1 Credit

Term loan to BCAN, as sole borrower, in an amount of \$5,175,000 in Canadian dollars provided under the Export Development Corporation (“EDC”) backed Business Credit Availability Program term loan program to provide additional liquidity for working capital needs as a result of COVID-19 impacts on the business.

For certainty, as of the Effective Date, 2021, the outstanding principal amount of the term loan is \$3,475,000, and the remaining undrawn credit of \$1,700,000 shall be available for a period of 5 days from and after the Effective Date (the “Expiry Date”) by way of a single drawdown, provided that any amount of the additional credit which remains undrawn at the close of business on the Expiry Date shall be irrevocably cancelled and terminated without any further act of the Bank or consent of BCAN.

The single drawdown available hereunder shall be in Canadian Dollars by way of a floating rate advance.

- (b) Section 1.2.3 of the Offer of Financing is hereby replaced and amended as follows with effect as of the Approval Date:

1.2.3 Repayments

The credit facility is a term loan and shall be due and payable in full upon the earlier of (a) May 31st 2022, and (b) the date on which the Bank receives notice from EDC that the EDC BCAP guarantee will not be extended.

The facility shall be subject to interest payments on a monthly basis on the 26th day of each month, plus payments of principal in the amount of \$110,007.00 on the 26th day of each month, with the balance payable in full on maturity.

Without limiting the foregoing, the credit facility is subject to maintenance of the EDC loan guarantee acceptable to the Bank which is currently subject to expire on **June 10, 2022**. Application to renew the guarantee shall be made 90 days prior to the expiry and all funds are payable in full on May 31st, 2022 if an extension of such guarantee is not provided by EDC at its sole discretion.

2. **Amendments to Forbearance Agreement.**

- (a) The seventh (7th) paragraph of the preamble to the Forbearance Agreement is hereby replaced and amended as follows as of the Effective Date:

AND WHEREAS the Lender, the Borrower and the Guarantors have agreed to the terms and conditions under which the Lender shall tolerate the Defaults, shall forbear from the exercise of its rights and recourses resulting therefrom, and shall continue to finance the operations of the Borrower pursuant to the Offer of Financing up to and until December 31, 2021 (the "**Forbearance Term**"), subject to certain conditions as outlined in this Agreement;

- (b) Section 5 of the Forbearance Agreement is hereby replaced and amended as follows with effect as of the Approval Date:

5. **Borrowing Base Calculation**. The borrowing base calculation (the "**Borrowing Base Calculation**") for the Demand Revolving Operating Facility under the Offer of Financing is temporarily amended such that section 2.1.1(f) shall be amended and replaced with the following:

"65% of the net book value of the Borrower's unencumbered Property, Plant, and Equipment fixed assets when calculated for the period including September 1, 2020 to February 28, 2021 and when calculated for the period including March 1, 2021 to December 31, 2021, then the lesser of: (i) 70% of the appraised orderly liquidation value, or (ii) 65% of the appraised fair market value of the Borrower's unencumbered Property, Plant, and Equipment fixed assets..."

This temporary amendment to the calculation of the Borrowing Base under the Offer of Financing shall automatically expire at the end of the Forbearance Term.

- (c) Section 8 of the Forbearance Agreement is hereby replaced and amended as follows with effect as of the Approval Date:

8. **EBITDA**. For the period of July 2021 through to December 2021 (*inclusive*) (the "**Test Period**"), Borrower covenants and agrees to maintain cumulative monthly EBITDA of no less than 85% of the cumulative monthly budgeted EBITDA as set out in Schedule "A" attached hereto (the "**Budget**"). Compliance with the foregoing financial covenant shall be tested monthly commencing as of the end of August 2021 (to initially include, for certainty, cumulative July and August 2021 EBITDA) and, in connection therewith, Borrower shall provide a written report to Bank setting out its monthly EBITDA for each month of the Test Period within 7 days of the prior month end, which written report shall include an explanation of any variances in actual EBITDA for such month to the EBITDA contained in the Budget. For certainty, any non-compliance with this Section 8 shall be a Forbearance Terminating Event and a default pursuant to section 7.1.3 of the Offer of Financing.

- (d) Schedule "A" of the Forbearance Agreement is hereby replaced and amended by Schedule "A" appended hereto with effect as of the Approval Date.

3. **Overdraft**. Notwithstanding any other agreement, whether oral or written, between the Lender and the Borrower, the Borrower and Guarantors acknowledge and agree that the \$1,000,000 margin deficit facility and any other accommodations between the Lender

and the Borrower permitting the Borrower to exceed the \$21,000,000 cap on the Demand Revolving Operating Credit as described in Section 1.1 of the Offer of Financing shall be hereby cancelled and terminated effective as of the Effective Date and shall, to the extent outstanding, be repaid and satisfied from the proceeds of the further advance of the BCAP term loan to be advanced pursuant to Section 1.2.1 of the Offer of Financing.

4. **Closing Deliverables.** In conjunction with the execution of this Amending Agreement, the Borrower and Guarantors shall provide the following documents to the Lender within fifteen (15) days of the execution of this Amending Agreement in each case, in a form and substance satisfactory to the Bank:
 - (a) authorizing Resolutions from each Borrower and corporate Guarantors authorizing the execution and delivery of this Amending Agreement;
 - (b) an Officer's Certificate from each Borrower and corporate Guarantors;
 - (c) *Guarantees Acknowledgement Act* (Alberta) certificates from each of the individual Guarantors; and
 - (d) an opinion from the solicitor for the Borrower and Guarantors confirming the authorization, execution and delivery of this Amending Agreement by each Borrower and Guarantor.

The obligations of the Borrower and Guarantor under this Section 4 shall be, and shall be deemed to be, covenants under and pursuant to the Offer of Financing.

5. **Fees.** The Borrower and the Guarantors acknowledge, confirm, and agree that they shall be solely responsible for all costs and fees (the "**Fees**") of the Lender, including all solicitor and their own client (full indemnity) fees, incurred in relation to and arising from the preparation of this Amending Agreement. The Borrower agrees to pay such Fees forthwith upon being presented by the Lender with any outstanding invoices for such Fees.
6. **Entire Agreement.** This Amending Agreement represents the entire agreement among the parties in respect of the matters provided for in this Amending Agreement, and any changes or variations made to this Amending Agreement are only effective if made in writing and signed by all parties.
7. **Conflicts.** The Lender and each of the Borrower and the Guarantors each acknowledge and agree that if any provision of the Offer of Financing, the Security Documents (as defined below), this Amending Agreement, or any other agreement to which the Lender and any of the Borrower or the Guarantors are parties, conflicts with any provision herein contained, the provisions herein, to the extent of any such conflict, shall prevail.
8. **Representations.** Each of the Borrower and the Guarantors (each as applicable) agrees with and confirms to the Lender that, on and as of the date hereof, each of the representations and warranties in the Offer of Financing is true and accurate unless expressly specified otherwise in the Offer of Financing. Each of the Borrower and the Guarantors hereby also represents and warrants to the Lender that:
 - (a) if a corporation, the execution and delivery of this Amending Agreement and the performance of its obligations hereunder: (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) have received

all necessary governmental approval (if any required), and (iv) do not and will not contravene or conflict with any provision of any applicable law or of its constating documents or by-laws;

- (b) if an individual, is the full age or majority and is legally competent to, and has all requisite capacity and authority to, execute and deliver and to perform each of its obligations pursuant to this Amending Agreement;
 - (c) this Amending Agreement is a legal, valid, and binding obligation of each of the Borrower and the Guarantors, enforceable in accordance with its terms except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, winding-up, moratorium, or similar applicable laws relating to the enforcement of creditors' rights generally and by general principles of equity;
 - (d) they fully understand the terms of this Amending Agreement and the consequences of the execution and delivery of this Amending Agreement;
 - (e) they have been given the opportunity to have this Amending Agreement reviewed by such independent legal counsel as they may wish; and
 - (f) they have entered into this Amending Agreement and executed the same of their own free will and without threat, duress, or other coercion of any kind by any person.
9. **EDC Approval Condition.** Notwithstanding anything to the contrary herein, this Amending Agreement, and the parties rights and obligations hereunder, are expressly subject to the Lender obtaining approval from Export Development Corporation in respect to the amendments to the Offer of Financing set out in Section 1 hereof (the "**EDC Approval**"). In the event the Lender does not obtain the EDC Approval within 10 days of the Effective Date, this Amending Agreement shall become null and void (which event shall, for certainty, have no affect or impact on the Offer of Financing or Forbearance Agreement which shall remain binding obligations of the parties thereto). The date on which the Lender receives the EDC Approval shall herein be referred to as the "**Approval Date**".
10. **Governing Law.** The parties agree that this Amending Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of law or other rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Amending Agreement. The parties hereto do hereby irrevocably submit and attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Amending Agreement, or any of the transactions contemplated hereby or by any thereof, without prejudice to the rights of the Lender to take proceedings in other jurisdictions.
11. **Invalidity.** If any provision of this Amending Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof, and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.
12. **Further Assurances.** Each of the Borrower and the Guarantors will from time to time forthwith at the Lender's request, and at each of the Borrower or the Guarantors own

cost and expense, make, execute, and deliver, or cause to be done, made, executed, and delivered, all such further documents, financing statements, security documents, assignments, acts, matters, and things which may be reasonably required by the Lender and as are consistent with the intention of the parties as evidenced herein, with respect to all matters arising under this Amending Agreement.

13. **Time.** Time is of the essence with respect to this Amending Agreement.
14. **Successors and Assigns.** This Amending Agreement shall enure to the benefit of and be binding upon the parties hereto and the heirs, administrators, personal representatives, successors and assigns of the parties hereto.
15. **Confirmations.**
 - (a) Each of the parties acknowledges and agrees that the Offer of Financing and Forbearance Agreement, and all other documents executed and delivered pursuant thereto or in connection therewith will be and continue in full force and effect and are hereby confirmed and the rights and obligations of all parties thereunder will not be effected or prejudiced in any manner except as specifically provided herein. This Amending Agreement amends the Offer of Financing and Forbearance Agreement and is not a novation of the Offer of Financing or Forbearance Agreement. All indebtedness, liabilities and obligations of the Borrower and Guarantors under the Offer of Financing and Forbearance Agreement shall continue as indebtedness, liabilities and obligations of the Borrower and Guarantors and this Amending Agreement shall not evidence or result in a novation of such indebtedness, liabilities or obligations.
 - (b) The Borrower and the Guarantors hereby acknowledge, agree and confirm that, notwithstanding anything contained in this Amending Agreement, each of the security documents granted by any of the Borrower and/or Guarantors to the Lender in connection with the Offer of Financing (collectively, the "**Security Documents**"): (i) continue in full force and effect, without in any way impairing or derogating from any of the mortgages, pledges, charges, assignments, security interests and covenants therein contained or thereby constituted, as continuing security for all indebtedness, liabilities and obligations of the Borrower and the Guarantors to the Bank, including, without limitation, all indebtedness, liabilities and obligations of the Borrower and the Guarantors to the Bank arising or incurred in connection with the Offer of Financing as amended hereby; and (ii) constitute valid and legally binding obligations of the Borrower and the Guarantors, as applicable, enforceable in accordance with their terms, subject to applicable bankruptcy, reorganization, moratorium and other laws of similar application affecting the rights of creditors generally.
 - (c) The Borrower and the Guarantors acknowledge and agree that the Lender is relying on this Section 14 in connection with its commitments under this Amending Agreement and further acknowledge and agree that references in the Security Documents to the "Offer", the "Loan Agreement" or the "Credit Agreement" (as applicable) shall include both the Offer of Financing as further amended by this Amending Agreement, as the same may be amended, modified, supplemented, restated or replaced, from time to time, and the other documents, instruments and agreements entered into pursuant thereto.

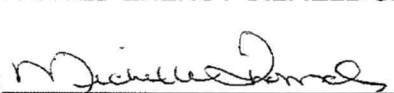
16. **Counterparts.** This Amending Agreement may be executed in any number of counterparts, including by facsimile or other electronic transmission, each of which when executed and delivered will be deemed to be an original, but all of which when taken together constitutes one and the same instrument.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


[Remainder of page left blank]


Each of the parties has signed this Amending Agreement effective as of the day and year first written above.

BORROWERS:


BALANCED ENERGY OILFIELD SERVICES INC., as Borrower


By: 
Name: Michelle Thomas
Title: Director


By: 
Name: Codie Bellamy
Title: Director

By: 
Name: Neil Schmeichel
Title: Director

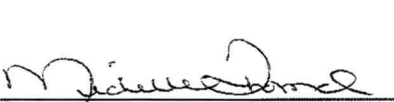
BALANCED ENERGY OILFIELD SERVICES (USA) INC., as Borrower and Guarantor


By: 
Name: Michelle Thomas
Title: Director

By: 
Name: Codie Bellamy
Title: Director

By: 
Name: Neil Schmeichel
Title: Director

BALANCED ENERGY HOLDINGS INC., as Guarantor

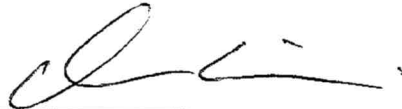
By: 
Name: Michelle Thomas
Title: Director

By: 
Name: Codie Bellamy
Title: Director

By: 
Name: Neil Schmeichel
Title: Director



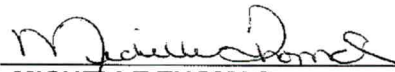
NEIL SCHMEICHEL,
as Guarantor



DARREN MILLER,
as Guarantor



CODIE BELLAMY,
as Guarantor



MICHELLE THOMAS,
as Guarantor

LENDER:

NATIONAL BANK OF CANADA, as Lender

By: Dana Ades-Landy Digitally signed by Dana Ades-Landy
DN: cn=Dana Ades-Landy, o=Banque
Nationale, ou=Special Loans/Unité
d'intervention,
email=dana.adeslandy@nbc.ca, c=CA
Date: 2021.08.20 13:47:53 -04'00'

Name:

Title:

By: Louis Latendresse Louis Latendresse
cn=Louis Latendresse, o=Banque
Nationale du Canada, ou=Unité
d'intervention,
email=Louis.Latendresse@nbc.ca, c=CA
Montréal
2021.08.20 14:05:01 -04'00'

Name:

Title:

SCHEDULE "A"

(see attached)

USD Conversion at 1.26x

	Budget					Total	
	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21		Dec-21
Revenue	3,302	3,916	4,068	4,084	4,236	3,857	23,463
Subsidy Income	-	200	423	-	-	-	623
COGS:							
Equipment rental	(101)	(115)	(242)	(369)	(371)	(363)	(1,561)
Freight	(83)	(98)	(102)	(102)	(106)	(96)	(587)
Fuel/Oil	(171)	(214)	(217)	(218)	(213)	(187)	(1,219)
Repairs & maintenance	(165)	(196)	(203)	(204)	(212)	(193)	(1,173)
Materials	(391)	(465)	(482)	(484)	(501)	(456)	(2,780)
Subcontract	(448)	(546)	(481)	(247)	(242)	(212)	(2,175)
Subsistence	(89)	(106)	(110)	(110)	(114)	(104)	(634)
Wages & benefits	(922)	(1,088)	(1,132)	(1,137)	(1,144)	(1,041)	(6,464)
Total COGS	(2,369)	(2,826)	(2,970)	(2,872)	(2,903)	(2,652)	(16,592)
Expenses:							
Administrative Wages	(275)	(275)	(275)	(275)	(275)	(275)	(1,650)
Advertising, promotion, meals	(10)	(10)	(10)	(10)	(10)	(10)	(62)
Bank service charges & FX	(8)	(8)	(8)	(8)	(8)	(8)	(46)
NBC monitor/ann review & BCAP fees	(9)	(9)	(27)	(9)	(62)	(27)	(143)
Commissions	(24)	(28)	(25)	(25)	(28)	(28)	(159)
Facilities rent	(109)	(109)	(109)	(109)	(109)	(109)	(655)
Insurance	(73)	(73)	(73)	(73)	(73)	(73)	(439)
Licencing	(60)	(60)	(60)	(60)	(60)	(60)	(362)
Office expense & general	(13)	(13)	(13)	(13)	(13)	(13)	(76)
Professional fees	(46)	(46)	(46)	(46)	(46)	(46)	(278)
PST	(3)	(3)	(3)	(3)	(3)	(3)	(18)
PCT	(10)	(10)	(10)	(10)	(10)	(10)	(60)
Safety supplies & program expense	(8)	(8)	(8)	(8)	(8)	(8)	(47)
Shop supplies & small tools	(11)	(11)	(11)	(11)	(11)	(11)	(68)
Telephone & utilities	(30)	(30)	(30)	(30)	(30)	(30)	(179)
Employee training	(9)	(9)	(9)	(9)	(9)	(9)	(51)
Total Expenses	(698)	(702)	(717)	(699)	(755)	(720)	(4,292)
EBITDA	235	588	804	513	578	485	3,203
Gross Margin	28%	28%	27%	30%	31%	31%	29%

THIS IS EXHIBIT "I" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

EXTENSION AND AMENDING AGREEMENT

This Extension and Amending Agreement (the “**Agreement**”) is made as among National Bank of Canada (“**Lender**”), as lender, Balanced Energy Oilfield Services Inc. (the “**Borrower**”), as borrower, and Balanced Energy Oilfield Services (USA) Inc., Balanced Energy Holdings Inc., Neil Schmeichel, Darren Miller, Codie Bellamy and Michelle Thomas (collectively, the “**Guarantors**”), as guarantors, with effect as of August 27, 2021 (the “**Effective Date**”).

In consideration of the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged between the parties, the parties agree as follows:

1. Reference is made to an offer of financing effective as of June 8, 2020 (as amended, restated, modified and supplemented, the “**Offer of Financing**”); (ii) a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement ; (iii) a renewal and amending agreement to offer of financing effective June 30, 2021; and (iv) an amendment to offer of financing and forbearance agreement effective August 18, 2021 (the “**August Amendment**”).
2. All terms and expressions used herein but not otherwise defined shall have the same meanings herein as are ascribed thereto in the Offer of Financing.
3. The parties hereby agree to amend section 9 of the August Amendment with effect as of the Effective Date by deleting section 9 in its entirety and replacing it with the following:
 9. **EDC Approval Condition.** Notwithstanding anything to the contrary herein, this Amending Agreement, and the parties rights and obligations hereunder, are expressly subject to the Lender obtaining approval from Export Development Corporation in respect to the amendments to the Offer of Financing set out in Section 1 hereof (the “EDC Approval”). In the event the Lender does not obtain the EDC Approval within 25 days of the Effective Date, this Amending Agreement shall become null and void (which event shall, for certainty, have no affect or impact on the Offer of Financing or Forbearance Agreement which shall remain binding obligations of the parties thereto). The date on which the Lender receives the EDC Approval shall herein be referred to as the “Approval Date”.
4. Except as expressly amended herein, the August Amendment remains in full force and effect and is hereby ratified and confirmed, there being no novation or merger of the August Amendment as amended pursuant to this Agreement.
5. This Agreement may be executed in any number of counterparts, and each such counterpart may be delivered by facsimile or other electronic (including pdf) transmission. Each such counterpart so executed and delivered shall be deemed to be an original and all such counterparts when taken together shall be deemed to constitute one and the same agreement.

[Signature page to follow.]

DATED effective as of the date first written above.

NATIONAL BANK OF CANADA


Per: Dana Ades-Landy Digitally signed by Dana Ades-Landy
DN: cn=Dana Ades-Landy, o=Banque Nationale,
ou=Special Loans/Unité d'intervention,
email=dana.adeslandy@nbcc.ca, c=CA
Date: 2021.09.07 11:48:16 -04'00'

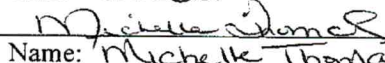
Name: Dana Ades-Landy
Title: Senior Manager, Special Loans


Per:  Chantal Tremblay
2021.09.07 12:41:20
-04'00'

Name: Chantal Tremblay
Title: Senior Manager, Special Loans


**BALANCED ENERGY OILFIELD SERVICES
INC.**

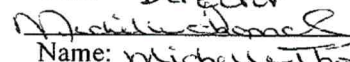
Per: 
Name: Neil Schmeichel
Title: Director

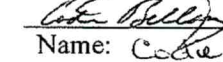
Per: 
Name: Michelle Thomas
Title: Director

Per: 
Name: Codie Bellamy
Title: Director

**BALANCED ENERGY OILFIELD
SERVICES (USA) INC.**

Per: 
Name: Neil Schmeichel
Title: Director


Per: 
Name: Michelle Thomas
Title: Director

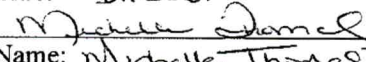
Per: 
Name: Codie Bellamy
Title: Director



NEIL SCHMEICHEL

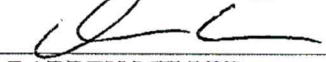

CODIE BELLAMY

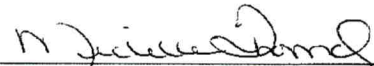
BALANCED ENERGY HOLDING INC.

Per: 
Name: Neil Schmeichel
Title: Director

Per: 
Name: Michelle Thomas
Title: Director

Per: 
Name: Codie Bellamy
Title: Director


DARREN MILLER


MICHELLE THOMAS

THIS IS EXHIBIT "J" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW



**NATIONAL
BANK**

Powering your ideas™

June 25, 2021

BALANCED ENERGY OILFIELD SERVICES INC.

Box 1865
Brooks, AB
T1R 1C6

Attention: Mr. Neil Schmeichel

RE: Offer of Financing

Dear Sir,

National Bank of Canada (hereinafter the "**Bank**") is pleased to offer to **Balanced Energy Oilfield Services Inc.** (hereinafter the "**Borrower**"), as guaranteed by Balanced Energy Holdings Inc. ("**Holdings**"), Balanced Energy Oilfield Services (USA) Inc. ("**BUSA**"), Neil Schmeichel ("**Neil**"), Michelle Thomas ("**Michelle**"), Codie Bellamy ("**Codie**"), Darren Miller ("**Darren**") and together with Holdings, BUSA, Neil, Michelle, Codie and any other party that may in the future provide a guarantee in favour of the Bank in respect of the Borrower's obligations to the Bank hereunder, the "**Guarantors**"), the following financing solution, for which the terms and conditions are more fully described in Schedule A:

Credit Facilities	Status	Section
HASCAP (Highly Affected Sectors Availability Program) Term Loan in the amount of \$1,000,000	New	1.1

Please indicate your acceptance of this Offer by returning the duly signed copy before **1:00 p.m. on June 30th, 2021** to the attention of **Jillian Friedman and Dana Ades-Landy, Senior Managers, Special Loans**. After that date, the Bank reserves the right to cancel or amend this Offer, without notice.

Yours truly,

NATIONAL BANK OF CANADA

By: Jillian Friedman
Jillian Friedman
Senior Manager

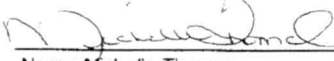
By: Dana Ades-Landy
Dana Ades-Landy
Senior Manager

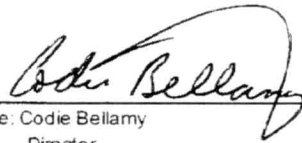
ACCEPTANCE


We declare that we have read and understood this Offer and accept the terms, conditions and obligations hereof.

Signed at Brooks in the Province of Alberta, on this 25 day of June, 2021.

BALANCED ENERGY OILFIELD SERVICES INC.

By: 
Name: Michelle Thomas
Title: Director

By: 
Name: Codie Bellamy
Title: Director

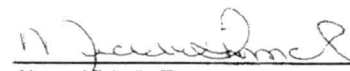
By: 
Name: Neil Schmeichel
Title: Director

GUARANTORS


We declare that we have read and understood this Offer and accept the terms, conditions and obligations hereof, are satisfied herewith and acknowledge that we are bound by our obligations hereof.

Signed at Brooks in the Province of Alberta, on this 25 day of June, 2020.

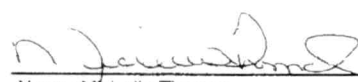
BALANCED ENERGY HOLDINGS INC.

By: 
Name: Michelle Thomas
Title: Director


By: 
Name: Codie Bellamy
Title: Director

By: 
Name: Neil Schmeichel
Title: Director

BALANCED ENERGY OILFIELD SERVICES (USA) INC.

By: 
Name: Michelle Thomas
Title: Director

By: 
Name: Codie Bellamy
Title: Director

By: 
Name: Neil Schmeichel
Title: Director



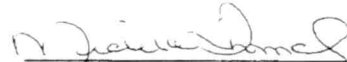
Neil Schmeichel

nschmeichel@balancedcoil tubing.com
[Email address]



Codie Bellamy

cbellamy@balancedcoil tubing.com
[Email address]



Michelle Thomas

mthomas@balancedcoil tubing.com
[Email address]



Darren Miller

dmliller@balancedcoil tubing.com
[Email address]

SCHEDULE A

SECTION 1. CREDIT FACILITIES

- 1.1. Highly Affected Sectors Availability Program ("HASCAP") Term Loan**
- 1.1.1 Credit**
Term loan in the maximum amount of \$1,000,000.00 provided under the HASCAP Loan guarantee program provided by the Business Development Corporation ("BDC") to support working capital negatively impacted by the effects of Covid-19 by providing additional liquidity for financing of the business.
- 1.1.2 Term**
Initial term of 36 months to June 30, 2024 based on a 120-month amortization period including a 12 month principal payment moratorium from funding date.
- 1.1.3 Interest rates and fees**
4.0% of which 1% shall be paid as a monthly fee to BDC by the Bank under HASCAP program parameters.

Prepayment is subject to a 3-month interest differential break-up fee to be calculated by the Bank in accordance with its standard practices.
- 1.1.4 Disbursement**
Single disbursement to be made no later than July 7th, 2021 subject to program availability.
- 1.1.5 Repayment**
Principal payments of \$9,259.26 payable monthly on the 26th day of each month commencing as of the month in which the 12 month anniversary of the disbursement of the HASCAP Term Loan occurs. Balance due in full if guarantee not extended under HASCAP program parameters and at term maturity.

Interest paid monthly commencing July 26th, 2021.
- 1.1.6** Borrower BDC HASCAP Unique ID Code: 9889-1107-6026-1207

SECTION 2. [INTENTIONALLY DELETED]

SECTION 3. SECURITY

Unless otherwise specified, all the present and future, direct and indirect, obligations of the Borrower towards the Bank, are now and/or shall at all times be secured by the following security, in accordance with the documents in use at the Bank, namely:

- 3.1 Security Given by the Borrower**
- 3.1.1** A first-ranking general security agreement charging all of the Borrower's personal property, present and after-acquired, tangible and intangible, registered in the provinces of British Columbia, Alberta, Saskatchewan, and Manitoba and in any future jurisdictions in which the Borrower conducts business including but not limited initially to North Dakota (*held*);

- 3.1.2 A first-ranking specific security agreement charging the Borrower's serialized goods rolling stock fixed assets all its accessories registered in the provinces of British Columbia, Alberta, Saskatchewan, and Manitoba and in any future jurisdictions in which the Borrower conducts business including but not limited initially to North Dakota: *(held)*;
- 3.1.3 A first-ranking set-off and security agreement with respect to deposits held on account at any financial institution not affiliated with the Bank and held by the Borrower, as well as a control agreement granting the Bank control of such account(s) at its discretion: (to be obtained if/when applicable); and
- 3.1.4 A copy of any lease regarding equipment entered into between the Borrower, as Lessor and Lessee, including any amendment, renewal or replacement if applicable, which lease shall not, in particular, contain any clause unfavorable to the Bank's security, and, an assignment of such lease in favor of the Bank.

3.2 **Security Provided by the Guarantors**

- 3.2.1 Unlimited guarantee from **Holdings** and all of its future direct and indirect subsidiaries; to secure the facilities described herein which guarantee shall at all times be secured by: *(held)*
 - a) A first-ranking general security agreement charging all the Balanced Energy Holding Ltd.'s personal property, present and after-acquired, tangible and intangible, registered in the provinces of British Columbia, Alberta, Saskatchewan, and Manitoba and any future jurisdiction in which Balanced Energy Holding Ltd. conducts business: *(held)*;
- 3.2.2 Unlimited guarantee from **BUSA** and all of its future direct and indirect subsidiaries; to secure the facilities described herein which guarantee shall at all times be secured by: *(to be obtained)*
 - a) A first-ranking general security agreement charging all of BUSA's personal property, present and after-acquired, tangible and intangible, registered in any future jurisdictions in which BUSA conducts business including but not limited initially to Delaware and North Dakota: *(amendment to existing general security agreement to cover all present and future obligations of BUSA to the Bank to be obtained)*; and
 - b) Deposit Account Control Agreement over accounts of BUSA at Wells Fargo, Minot, North Dakota *(held)*.
- 3.2.3. **Personal Guarantee** in the limited amount of **\$300,000.00** individually from each of:
 - Neil *(held)*
 - Michelle *(held)*
 - Codie *(held)*
 - Darren *(held)*

3.3 **Other Security, Documents or Agreements**

- 3.3.1 Postponement and subordination agreements over all loans, advances, or debts from any shareholder and relating to the redemption of all the shares of the Borrower and the payment of all claims and sums that are or shall become due by the Borrower to any shareholder *(held)*.
- 3.3.2 An assignment with respect to a life insurance policy in the minimum amount of: \$6,000,000 on the life of Codie, \$12,000,000 on the life of Michelle, and \$6,000,000 on the life of Neil *(held)*.
- 3.3.3 Rider designating the Bank as the beneficiary of the proceeds of the insurance policy covering all the Borrower's insured accounts receivable claims: *(to be obtained if and when such insurance is purchased)*;
- 3.3.4 Rider designating the Bank as the beneficiary of the proceeds of the insurance policies covering the property given as security, up to its full replacement value as well as a copy of the insurance policy: *(held)* *(additional rider to be obtained if separate insurance is obtained for assets located in the US)*;

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- 3.3.5 BDC Form Eligible Borrower's Representations and Warranties completed by the Borrower (**to be obtained**);
 - 3.3.6 BDC Form of Waiver completed by each of the Guarantors (**to be obtained**);
 - 3.3.7 Updated *Guarantees Acknowledgment Act* certificates from each of the personal Guarantors (**to be obtained**);
 - 3.3.8 Solicitor Opinion Letter in a form acceptable to the bank (**to be obtained**); and,
 - 3.3.9 Any other security document, agreement or document that the Bank may deem appropriate, from time to time, at its sole discretion, in order to, in particular, confer or preserve the rank of the security granted in favour of the Bank as set out herein.

3.4 **Acknowledgement and Confirmation of Security**

- 3.4.1 The Borrower and the Guarantors hereby acknowledge, agree and confirm that, notwithstanding anything contained in this Offer, each of the security documents granted by the Borrower and the Guarantors as described in Section 3.1, Section 3.2, and Section 3.3 hereof (the "**Security Documents**") to the Bank in connection with the Offer of Financing dated June 8, 2020 from the Bank to the Borrower and BUSA as amended, modified, supplemented, restated or replaced, from time to time (the "**Existing Offer**"), as supplemented and amended by a forbearance and amending agreement dated March 2, 2021, as the same was amended by a first amending agreement to the forbearance and amending agreement dated March 31, 2021, as may be further amended, modified, supplemented, restated or replaced, from time to time (together, the "**Forbearance Agreement**"): (i) continue in full force and effect, without in any way impairing or derogating from any of the mortgages, pledges, charges, assignments, security interests and covenants therein contained or thereby constituted, as continuing security for all indebtedness, liabilities and obligations of the Borrower and the Guarantors to the Bank, including, without limitation, all indebtedness, liabilities and obligations of the Borrower and the Guarantors to the Bank arising or incurred in connection with the Existing Offer, the Forbearance Agreement, this Offer and the Security Documents; and (ii) constitute valid and legally binding obligations of the Borrower and the Guarantors, as applicable, enforceable in accordance with their terms, subject to applicable bankruptcy, reorganization, moratorium and other laws of similar application affecting the rights of creditors generally.
- 3.4.2 The Borrower and the Guarantors acknowledge and agree that the Bank is relying on the above Section 3.4.1 in connection with its commitments under this Offer and further acknowledge and agree that references in the Security Documents to the "Offer", the "Loan Agreement" or the "Credit Agreement" (as applicable) shall include both the Existing Offer, the Forbearance Agreement and this Offer, as the same may be amended, modified, supplemented, restated or replaced, from time to time, and the other documents, instruments and agreements entered into pursuant thereto.

SECTION 4. REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties of the Borrower and Guarantors**

Each of the Borrower and Guarantors, respectively represent and warrant to the Bank that:

- 4.1.1 It is a duly constituted and registered entity that complies with the legislation governing it, and it has the powers, permits and licences required to operate its company and to own, manage and administer its property;
- 4.1.2 There has been no adverse material change in its financial situation since the date of its most recent annual financial statements and/or other financial information provided to the Bank. Such statements and information fairly represent the Borrower's financial situation at the date that they were drawn up. The Borrower does not foresee incurring any significant liabilities which have not already been disclosed to the Bank;
- 4.1.3 It is not involved in any dispute or legal proceeding likely to have an adverse material impact on its financial situation or on its capacity to operate its business;

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- 4.1.4 It has good and marketable title to all its property, which is free and clear of all prior claims, security or any other similar charges, liens or encumbrances, except for (i) the encumbrances granted in favour of the Bank, and (ii) the encumbrances on specific equipment permitted by the Bank and granted in favour of LBC Capital, totaling not more than **\$1,142,560** in aggregate and on a reducing basis;
 - 4.1.5 It is not in default under any agreement, including those entered into with the Bank;
 - 4.1.6 Any taxes, assessments, income taxes or other levies payable by the Borrower or imposed on its property have been paid, without subrogation in favour of any third party;
 - 4.1.7 Neither the Borrower nor any subsidiary of the Borrower is, to the extent applicable to such person: (i) a person described or designated under the provisions of the *Special Economic Measures Act* (Canada) or the *United Nations Act* (Canada) or any associated regulations (each a "Canadian Sanctions Designated Person"), or (ii) engages in any dealings or transactions with any Canadian Sanctions Designated Person;
 - 4.1.8 Neither the Borrower nor any subsidiary thereof has violated or is in violation of the Anti-Money Laundering and Anti-Terrorism Laws, except to the extent any such violations, in the aggregate, do not and shall not result in a Material Adverse Effect, neither the Borrower nor any subsidiary thereof is a Blocked Person and the Borrower shall not directly, or to its knowledge, indirectly, use any proceeds of any advance to finance the activities of a Blocked Person, except as the same is licensed or otherwise approved by the applicable Canadian governmental/judicial body or OFAC, as applicable;
 - 4.1.9 Each of the Borrower and the Guarantors are in compliance with applicable Anti-Corruption Laws, except to the extent any such non-compliance, in the aggregate, does not and shall not result in a Material Adverse Effect; and
 - 4.1.10 Each of the Borrower and the Guarantors have given to the Bank all material information in the possession of or available to them and relevant to the assessment of the credit facilities of the type herein contemplated and, in addition, all information necessary to make any statements contained herein not misleading in the light of the circumstances in which they were given at the time of preparation thereof, and none of the Borrower or the Guarantors are aware of any fact or event which has not been disclosed in writing to the Bank, the occurrence of which could reasonably be expected to have a Material Adverse Effect.

4.2 Survival of Representations and Warranties

The Borrower and the Guarantors, if applicable, respectively undertake to ensure that each representation and warranty contained in this section remains true and accurate at all times.

SECTION 5. CONDITIONS PRECEDENT

5.1 Required Documents and Other Conditions

Before the increase, disbursement and/or renewal of the credit facility(ies) described herein, the Borrower and the Guarantors, as applicable, shall provide, execute or accomplish the following to the Bank's satisfaction:

- 5.1.1 Any signed writing or document that may reasonably be requested by the Bank, including without limitation, any notes and security documents (except security documents required at a future date as identified pursuant to Section 3) duly registered at the rank required by the Bank;
- 5.1.2 A true copy of up-to-date constating documents of the Borrower and/or any of the Guarantors, if applicable, and any amendments thereto, if applicable (**held**);
- 5.1.3 Payment in full of the fees and expenses required by the Bank including, without limitation, the fees and expenses for preparing this Offer and the Security Documents, if applicable;
- 5.1.4 The consolidated interim financial statements, listings of accounts receivable, accounts payable and inventory, and a compliance certificate all as at May 31st 2021 of the Borrower; (**held**)
- 5.1.5 The duly completed environmental questionnaire used by the Bank; (**held**)
- 5.1.6 Personal Financial Statement of each of the personal Guarantors; (**to be obtained**)

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- 5.1.7 Draft or duly signed true copy of any shareholder agreement or amendments thereto in respect of the Borrower and the Guarantors, as applicable;
 - 5.1.8 True copy of any lease or sublease entered into or to be entered into for the premises where the Borrower carry out its activities as Lessee, including any amendment, renewal or replacement, if applicable, which lease or sublease shall not, in particular, contain any clause unfavourable to the Bank's security or permit the rescission or cancellation thereof before term in the absence of any default committed by either signatory thereof;
 - 5.1.9 Written opinion of the legal advisors mandated by the Bank on the publication or registration and rank of the Security Documents provided in this Offer and confirming that security granted to the Bank is the property of the Borrower, by good, valid and marketable title, and free and clear of all security and other charges;
 - 5.1.10 Written opinion of the legal advisors of the Borrower and any corporate Guarantors, if applicable, regarding their corporate status and their capacity to contract the obligations described herein and in the Security Documents;
 - 5.1.11 Confirmation of availability and establishment of the BDC loan guarantee under the HASCAP loan program; and,
 - 5.1.12 Any other document that may reasonably be requested by the Bank.

SECTION 6. COVENANTS

6.1 Financial Commitments

6.1.1 Financial statements

The Borrower shall keep adequate accounts and other accounting registers in keeping with generally accepted accounting principles and shall provide the Bank with the following financial statements, to the Bank's satisfaction:

- a) Each of the Borrower's audited non-consolidated annual financial statements, the Guarantors' audited non-consolidated annual financial statements, and a Notice to Reader combined annual financial statement prepared by an accounting firm having completed an audit of the Borrower which combines the financial statements of the Borrower and the Guarantors; all within 120 days of the end of its fiscal year (such fiscal year end to be the same for all Borrower and Guarantors).

Additionally, combined interim financial statements of the Borrower and Guarantors, on a monthly basis, within 45 days of the end of each period.

Should the Borrower fail to provide their financial statements on time, the Bank shall debit, directly from the Borrower's current account, a monthly late fee of \$500 for its annual financial statements as of the 121st day following the end of the Borrower's fiscal year and each month or portion of each month thereafter until delivered and \$250 for its interim financial statements as of their scheduled delivery date or each week or portion of each week thereafter until delivered;

- b) A Compliance Certificate and supporting covenant calculations in a form acceptable to the Bank shall accompany all Financial Statements provided to the Bank;
- c) At the Bank's request and no later than the 45th day after the end of each month unless according to a schedule otherwise agreed upon, the Borrower shall furnish the Bank with the following lists: a list of its accounts receivable, list of its accounts payable, list of its inventory, with items classified by currency and age, as of the last day of the previous period; along with a confirmation that quarterly GST and Source Deduction payments have been made and are current;
- d) The Borrower's budget prepared on a quarterly basis for a minimum two year period within 120 days of the end of its fiscal year in Excel format and including but not limited a projection of the Borrower's Balance Sheet, Income Statement,

Cash Flow Statement, Capital Expenditure Budget, borrowing base estimates, and covenant compliance;

- e) A copy of the Borrower's and corporate Guarantors' Annual Corporate Returns, within 90 days of filing at Alberta Corporate Registry and all other relevant jurisdictions in which either of the Borrower carry on business;
- f) A copy of each of the personal Guarantors' personal net worth financial statements in a form acceptable to the bank to be provided annually within 120 days of each fiscal year end of the Borrower;
- g) An appraisal of the Borrower's Property Plant and Equipment fixed assets on an annual basis effective in the month of June, addressed to the Bank, and in a form satisfactory to the Bank and by an acceptable accredited appraisal firm and calculating the orderly liquidation value and fair market value of such fixed assets; and
- h) Notwithstanding the foregoing, the Bank reserves the right to require from the Borrower interim financial statements on a basis other than the one set out above

6.1.2 **Financial requirements**

For the following financial ratios, the Borrower and BUSA undertake:

- a) For the period from March 1, 2021 to August 31, 2021, EBITDA (as defined in Section 6.1.2(c) below) of the Borrower and BUSA shall be as set out in the Budget and shall be calculated on a cumulative monthly basis with the first month of the calculation commencing in March 2021. The EBITDA shall also be calculated on accumulative monthly basis going forward but must be no less than 85% of the cumulative EBITDA contained in the Budget for each month during the period from March 1, 2021 to August 31, 2021. The Borrower and BUSA shall provide an update on the EBITDA calculation for this provision each month within 7 days of month end, including an explanation of any variances in actual EBITDA for such month to the EBITDA contained in the Budget.
- b) To maintain a **fixed charge coverage ratio of at least 1.10:1 effective September 30, 2021** based on the consolidated financial statements of the Borrower and BUSA on a quarterly basis, calculated as follows:

Cash Flow – [dividends – cash taxes]

Interest charges + scheduled principal payments due in the trailing twelve month period, but **excluding BCAP loan payments prior to September 30, 2022** + repayment of shareholder loans

"Cash Flow" means: earnings + interest + depreciation + amortization +/- current and deferred income taxes

- c) To maintain a **Funded Debt to EBITDA coverage ratio of not more than 5.75:1 effective September 30, 2021** based on the consolidated financial statements of the Borrower and BUSA on a quarterly basis calculated as follows:

Funded Debt

EBITDA

"EBITDA" means, in respect of any financial period, the net income of the Borrower and BUSA on a consolidated basis for such period, plus (in each case, on a consolidated basis of the Borrower and BUSA and without duplication):

- (a) finance charges, current income taxes; non-cash items, including, without limitation, depletion, depreciation, amortization, and future income tax liabilities; minority equity losses, extraordinary, non-recurring losses, any non-cash impairment charges, and any other non-cash charges; non-cash

losses resulting from marking-to-market the outstanding swaps of the Borrower and BUSA; and share based compensation, all to the extent deducted in the calculation of net income; less,

- (b) earnings attributable to minority (non-guarantor) interests and extraordinary and non-recurring earnings and gains of the Borrower and BUSA; non-cash gains resulting from marking-to-market the outstanding swaps of the Borrower and BUSA; all cash payments during such period relating to non-cash charges which were added back in determining EBITDA in any prior period.

"Funded Debt" means, with respect to any person, and with respect to the Borrower and Guarantors determined on a consolidated basis:

- (a) money borrowed (including, without limitation, by way of overdraft and purchase money obligations) or indebtedness represented by notes payable and drafts accepted representing extensions of credit;
- (b) bankers' acceptances and similar instruments;
- (c) letters of credit, letters of guarantee, and surety bonds;
- (d) all obligations (whether or not with respect to the borrowing of money) that are evidenced by bonds, debentures, notes or other similar instruments, whether or not any such instruments are convertible into capital but including without limitation, any indebtedness or liabilities of such person that may be satisfied by the delivery of shares of such person to the holder thereof or to another person on behalf of the holder, or that are not so evidenced but that would be considered by GAAP to be indebtedness for borrowed money;
- (e) all obligations as lessee including those under sale and lease-back transactions and financial leases;
- (f) all obligations of such person in respect of the deferred purchase or acquisition price of property or services including, without limitation, obligations secured by any Purchase Money Security interests;
- (g) all obligations of such person for or in respect of the purchase price from such person of any of its property, assets or undertaking, the purchase price in respect of which has been prepaid by the purchaser;
- (h) for greater certainty, **excluding** trade payables, deferred income taxes, and any **subordinated or postponed advances**; and,
- (i) all **LESS cash held on deposit** at an account with the National Bank of Canada or at an account where a set-off and security agreement is held and supported by a Deposit Account Control Agreement satisfactory to the Bank.

6.2 Positive Covenants

The Borrower and the Guarantors undertake to comply with all their commitments towards the Bank under any credit agreement, present and future, including, without limitation, this Offer, the Existing Offer and the Forbearance Agreement. Furthermore, the Borrower and the Guarantors, if applicable, respectively, undertake to:

- 6.2.1 Operate its business in a diligent and continuous manner while complying with legislation and obtaining and maintaining the required permits and licences;
- 6.2.2 Use the proceeds of the financing granted for the purposes stipulated herein;

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- 6.2.3 Provide the Bank with any information or document that the Bank may from time to time reasonably request and give, at all times, to the Bank representatives or agents the right to inspect its establishments and access thereto, and shall further permit the Bank's representatives to examine its books of account and other records and take extracts therefrom or make copies thereof;
 - 6.2.4 Permit the Bank to engage external advisors on account of the Borrower that the Bank may from time to time reasonably request and give, at all times, to such external advisors the right to inspect its establishments and access thereto, and shall further permit the Bank's representatives to examine its books of account and other records and take extracts therefrom or make copies thereof;
 - 6.2.5 Maintain, at all times, insurance coverage on its property against loss or damage caused by fire and any other risk as is customarily maintained by companies carrying on a similar business;
 - 6.2.6 Transact all or most of its banking business with the Bank, and where accounts are not held with the Bank then such accounts must be granted a control agreement in favor of the Bank;
 - 6.2.7 Punctually pay all taxes, assessments, deductions at source, income taxes or other levies for which the payment is secured by privilege, prior claim, legal hypothec, security or other lien or charge, with no subrogation or consolidation;
 - 6.2.8 Notify the Bank, without delay, of any event of default or any other event which, following notice or the expiry of a time period, may constitute an event of default; and
 - 6.2.9 Provide the Bank any additional information requested that it may reasonably require.

6.3 Negative Covenants

The Borrower and the Guarantors, respectively undertake to obtain the Bank's prior written consent before they:

- 6.3.1 Materially change the nature of their respective operations or business;
- 6.3.2 Acquire or amalgamate with any other entity, continue its existence under the laws of another jurisdiction or initiate its dissolution, liquidation or file a notice of intention, an assignment of bankruptcy, a proposal seeking a reorganization or an arrangement with its creditors, under the bankruptcy and insolvency laws of Canada, the United States of America or similar laws of any foreign jurisdiction;
- 6.3.3 Hypothecate, encumber, pledge, or otherwise give as security any of its movable/personal or immovable/real property in excess of **\$500,000 other than existing permitted loans or leases on a reducing basis as specified in section 4.1.4 above;**
- 6.3.4 Obtain credit cards from any financial institution other than the Bank other than **US based cards provided by a US bank to a maximum of \$175,000 USD** when the Bank is not able to provide similar cards in US dollar denominations (**Wells Fargo visa card program is permitted under this limit**);
- 6.3.5 Grant advances to its officers, directors, shareholders, partners or related parties other than in the normal course of its business;
- 6.3.6 Grant financial assistance, make an investment or provide a guarantee to a third party other than a subsidiary;
- 6.3.7 Modify the control, direct or indirect, of the Borrower, BUSA or Holdings which are currently held by Neil, Michelle, Codie and Darren;
- 6.3.8 Purchase by mutual agreement or redeem the shares of any category of the capital stock of the Borrower;
- 6.3.9 Declare or pay dividends on any category of shares;
- 6.3.10 Make any type of distribution to its partners or shareholders, other than salary expenses in the usual and normal course of business;
- 6.3.11 Establish, sponsor, maintain, become a party or contribute to or become obligated to sponsor, maintain or contribute to any Multiemployer Plan or any Employee Plan (or permit any of its ERISA Affiliates to do any of the foregoing), unless doing so does not and shall not result in a Material Adverse Effect;

- 6.3.12 Violate or permit any of their Subsidiaries to violate any Anti-Money Laundering and Anti-Terrorism Law, except to the extent any such violations, in the aggregate, do not and shall not result in a Material Adverse Effect;
- 6.3.13 Conduct or permit any of their Subsidiaries to conduct any business with or for the benefit of a Blocked Person or a Canadian Sanctions Designated Person;
- 6.3.14 Become or permit any of their Subsidiaries to become a Blocked Person or a Canadian Sanctions Designated Person;
- 6.3.15 Act or attempt to act in any manner which would subject any of the Borrower or the Guarantors to liability under any Anti-Corruption Law, except to the extent any such liabilities, in the aggregate, do not and shall not result in a Material Adverse Effect;
- 6.3.16 (A) contribute to or assume an obligation to contribute to any defined benefit Canadian Pension Plan, (B) acquire an interest in any person if such person sponsors, maintains or contributes to, or at any time in the five-year period preceding such acquisition has sponsored, maintained or contributed to a defined benefit Canadian Pension Plan, or (C) wind-up any defined benefit Canada Pension Plan, in whole or in part, unless it has obtained written advice from the actuary for such plan that the plan (or in the case of a partial windup, the relevant part of such plan) is fully funded or has no unfunded liability at the effective date of the windup, unless doing so does not and shall not result in a Material Adverse Effect;
- 6.3.17 Use proceeds of the Credit Facilities to accumulate and or maintain cash or cash equivalents in depository accounts or investments. The Bank may at its discretion refuse to fund draw downs for such purpose and the Borrower shall repay such proceeds upon request by the Bank;
- 6.3.18 Hold cash in accounts not under control of a Deposit Account Control Agreement in favor of the Bank in excess of \$34,000,000 CDN in aggregate;
- 6.3.19 Relocate property into any jurisdiction that the Bank has not yet perfected a first charge security interest over such property;
- 6.3.20 Exceed annual capital expenditures by more than 10% of the Bank approved budget; and
- 6.3.21 Repay, or permit the repayment of, any loans, advances or debts owing by the Borrower to any shareholder.

6.4 Environmental Obligations

The Borrower and the Guarantors, if applicable, respectively undertake to:

- 6.4.1 Comply with all legislative and regulatory environmental requirements (the "**Environmental Requirements**") with respect to its property and all the sites where it operates its company;
- 6.4.2 Immediately notify the Bank in the event that it does not comply with the Environmental Requirements relating to its property, its activities, or any neighbouring property, and immediately transmit to the Bank any notice or order it may receive or any fine that it may be ordered to pay in relation to the Environmental Requirements;
- 6.4.3 At the request of and in accordance with the conditions set by the Bank and, at its own cost, furnish any information with respect to its environmental situation, including any report prepared by a firm acceptable to the Bank;
- 6.4.4 In the event that any Environmental Requirements are not being respected, render all necessary work in order to ensure that its company and property comply with the Environmental Requirements and do so, within a period acceptable to the Bank; and,
- 6.4.5 Indemnify the Bank for any damage which the Bank may suffer or any liability which it may incur as a result of non-compliance with the Environmental Requirements.

The provisions, undertakings and indemnification set out in this section shall survive the cancellation and release of the Security Documents, and/or the final payment in full of any amount owing by the Borrower to the Bank.

SECTION 7. DEFAULT

7.1 Events of Default

Without limiting the demand nature of the credits, as applicable, the occurrence of one or more of the following events shall constitute a default hereunder:

- 7.1.1 If the Borrower fails to pay any payment of principal or any interest, fees and incidental charges or any other amount payable hereunder or under any of the Security Documents when due and payable;
- 7.1.2 If any of the Borrower or the Guarantors, if applicable, made a representation or warranty to the Bank which proves to be incorrect, erroneous or inaccurate;
- 7.1.3 If any of the Borrower or the Guarantors or any intervenor, if applicable, fails to perform any of its obligations hereunder or pursuant to any of the Security Documents;
- 7.1.4 If any of the Borrower or the Guarantors, if applicable, becomes insolvent or bankrupt, is in the process of winding up, makes an assignment of its property for the benefit of its creditors, files a proposal or gives notice of its intention to file such a proposal, is being reorganized, ceases to operate its business or if a material adverse change affects its financial situation;
- 7.1.5 If proceedings are instituted by the Borrower, the Guarantors or a third party with respect to any of the Borrower or the Guarantors, as applicable, or their operations for the bankruptcy, dissolution, winding-up, reorganization, composition, arrangement or readjustment of the indebtedness;
- 7.1.6 If a creditor, trustee in bankruptcy, receiver or other third party takes possession of all or a significant portion of the property of the Borrower or the Guarantors, if applicable, or if in the Bank's opinion such property is subject to a prior notice of the exercise of a hypothecary right or an enforcement of security notice or a notice to withdraw authorization to collect claims, or is seized;
- 7.1.7 If any of the Borrower or the Guarantors, if applicable, is in default under the terms of any other contract, agreement or writing with the Bank, including, without limitation, the Existing Offer and the Forbearance Agreement, any financial institution or government entity or any other creditor having any liens on the property of any of the Borrower or the Guarantors, if applicable;
- 7.1.8 If this Offer, any of the Security Documents or other document related thereto ceases to be in force, including, without limitation, if any of the Security Documents cease to retain the ranking provided for herein;
- 7.1.9 If any event causes a material adverse effect to the Borrower, its operations, or financial status and such material adverse effect is not remedied or is not able to be remedied within a period of ten (10) business days from the date of such event or written notice by the Bank to the Borrower of such event or from the date when the Borrower became aware of such event; or
- 7.1.10 If any of the Borrower or the Guarantors, if applicable, do not observe or perform any of the conditions contained in this Offer.

In addition to and not in substitution for the provisions in this Offer, the Existing Offer, the Forbearance Agreement and the Security Documents, the Borrower and Guarantors each acknowledge, agree and confirm that a default or event of default under any of this Offer, the Existing Offer, the Forbearance Agreement or the Security Documents shall be deemed a default or an event of default under all of this Offer, the Existing Offer, the Forbearance Agreement and the Security Documents.

7.2 Rights and Remedies of the Bank

Without limiting the Bank's rights hereunder, under the Security Documents or related documents and subject to its other rights and remedies, in the event of default:

- 7.2.1 The Bank may terminate any credit facility and declare liquid and payable all monetary obligations of the Borrower not yet due at that time and claim from the Borrower or any of the Guarantors, if applicable, without further notice or demand, immediate payment of all amounts owing;

- 7.2.2 The Bank may charge the Borrower reasonable analysis, administration and follow-up charges and may also retain the services of legal counsel, accountants or other professionals (and pay their fees) with respect to protecting and enforcing the Bank's security; and
- 7.2.3 Any amount collected or received by the Bank, including the balance of any proceeds from the realization on the security, may be withheld by the Bank and, at its discretion, be applied to any portion of the Borrower's indebtedness to the Bank (on the understanding that any amount disbursed by the Bank to realize, retain or preserve any right or security given hereunder shall bear interest until payment in full, at the Bank's Canadian Prime Rate plus 3%).

Each of the Borrower and Guarantors acknowledge and agree that the Bank is relying on this Section 7 in connection with its commitments under this Offer and further acknowledge and agree that references in the Security Documents under Section of the Offer to the "Offer", the "Offer to Finance", the "Loan Agreement" or the "Credit Agreement" (as applicable) shall include both the Existing Offer, the Forbearance Agreement and this Offer, as the same may be amended, modified, supplemented, restated or replaced, from time to time, and the other documents, instruments and agreements entered into pursuant thereto.

7.3 Waiver, Omission and Cumulative Remedies

The Bank may set time limits, accept or waive security, accept arrangements, grant discharges and acknowledge cancellation/discharge, and transact with the Borrower, as it shall deem appropriate without in any way reducing the liability of the Borrower or the Guarantors, or affecting the rights of the Bank hereunder, under the security provided herein or under any related document.

Any omission on the part of the Bank to notify the Borrower or the Guarantors of any event of default hereunder or to avail itself of any of its rights hereunder shall not be construed as a waiver by the Bank to take recourse in such event of default or to exercise any right.

Acceptance by the Bank, following any default by the Borrower, of any sum owing to it or its exercising of any right or remedy shall not preclude the Bank from exercising any other right or remedy, which it may have, whether pursuant to any agreement or otherwise provided by law, said rights and remedies of the Bank being cumulative and not alternative, and in addition to and not in substitution for, any other right or remedy of the Bank.

7.4 Increased Risk

Should a material change, deemed unfavourable by the Bank, occur in the (i) level of inherent risk in the financing, (ii) the financial situation of any of the Borrower or Guarantors, (iii) the value of the property given as security to the Bank by the Borrower and/or the Guarantors or the value of their enterprises (operations), (iv) the rank of the security granted in favour of the Bank, or (v) the Borrower's capacity to meet its obligations to the Bank, pursuant to the law or the terms and conditions of any contract deemed material by the Bank, the Bank reserves the right to cancel any credit facility at its sole discretion and demand repayment of any amount already disbursed in this respect.

SECTION 8. MISCELLANEOUS PROVISIONS

8.1 Accounting Terms

Each accounting term used herein, unless otherwise defined, shall have the meaning ascribed to it in the generally accepted accounting principles of the Chartered Professional Accountants of Canada in effect at the time this Offer is accepted, and any financial information provided to the Bank by the Borrower must be prepared in accordance with those principles. Should there be a change in the way these accounting principles are interpreted or applied, in particular, with respect to the Borrower, which affects the calculation of certain ratios and other financial commitments, the Bank reserves the right to review these ratios and financial commitments, whether or not the financing has expired.

8.2 Specifications concerning term loans

Terms and conditions for term loans may be agreed upon verbally and confirmed to the Borrower by email or regular mail. If the Bank and the Borrower choose to extend the term before the term loan expires, the new term, applicable interest rate and the payment date (as applicable) may be agreed upon verbally with the loan remaining subject to the other applicable conditions. These terms and conditions may then be confirmed to the Borrower and Guarantors by email or regular mail. Neither the Bank nor the Borrower

shall be obligated to extend a term loan at expiry, the Borrower could then repay the loan in full and the Bank could require payment of said loan.

8.3 **Definitions**

In this Offer, including the recitals and the schedules hereto and in all notices given pursuant to this Offer, unless something in the subject matter or context is inconsistent therewith, capitalized words used herein shall have the meanings ascribed thereto in such provisions and the following words and phrases shall have the following meanings:

"AML Legislation" has the meaning ascribed thereto in Section 8.19.

"Anti-Corruption Laws" means any anti-bribery and anti-corruption laws of any relevant jurisdiction that are applicable to the relevant Borrower and Guarantors.

"Anti-Money Laundering and Anti-Terrorism Laws" means any terrorism or money laundering laws of any relevant jurisdiction that are applicable to the relevant Borrower or any of the Guarantors, including, without limitation: (a) any AML Legislation, (b) the U.S. Money Laundering Control Act of 1986, (c) the U.S. Bank Secrecy Act, (d) the USA PATRIOT Act and (e) the laws, regulations and executive orders administered by the United States Department of the Treasury's Office of Foreign Assets Control (the "OFAC"), and as any of the foregoing laws may, from time to time, be amended or replaced.

"Blocked Person" includes any person listed on the list of Specially Designated Nationals and Blocked Persons published by the OFAC.

"Budget" means the budget set out and attached as Schedule "A" to the Forbearance Agreement, as may be amended, supplemented or replaced from time to time.

"Business day" means any day, other than Saturday or Sunday, on which the offices of the Bank are open in the province identified in the last section herein titled "Governing Law."

"Canadian Employee Benefits Legislation" means the Canada Pension Plan (Canada), the *Pension Benefits Standards Act* (Canada) and any similar Canadian federal, provincial or local laws that may apply to any Canadian employee or any Canadian Employee Plan and the *Income Tax Act* (Canada), in each case, as such legislation may be amended from time to time, and the regulations thereunder.

"Canadian Employee Plan" means any employee benefit, health, welfare, supplemental unemployment benefit, bonus, pension (other than a Canadian Pension Plan), supplemental pension, profit sharing, retiring allowance, severance, deferred compensation, stock compensation, stock purchase, retirement, life, hospitalization insurance, medical, dental, disability or other employee group or similar benefit or employment plans or supplemental arrangements maintained by a governmental authority.

"Canadian Pension Plan" means any "pension plan" required to be registered under the *Income Tax Act* (Canada) and contributed to by either of the Borrower or any of the Guarantors for its Canadian employees (within the meaning of the Canadian Employee Benefits Legislation), but does not include the Canada Pension Plan maintained by the Government of Canada or, if applicable, the Quebec Pension Plan maintained by the Government of Quebec.

"Canadian Prime Rate" means the annual floating interest rate announced publicly by the Bank from time to time and used to determine the interest rates applicable to commercial loans in Canadian dollars granted by the Bank in Canada.

"Canadian Sanctions Designated Person" has the meaning ascribed thereto in Section 4.1.7.

"Employee Plan" means an employee pension benefit plan as defined in Section 3(2) of ERISA (other than a Multiemployer Plan) and subject to Title IV of ERISA and maintained for employees of either of the Borrower or any of the Guarantors or any of its ERISA Affiliates.

"Equivalent Amount" means, where any amount expressed in any currency has to be converted or expressed in another currency, or where its equivalent in another currency has to be determined (or vice versa), the calculation is made at the mid-point spot rate announced or quoted by the Bank of Canada in accordance with its normal practices at or around noon on the previous Business day for the relevant currency against the other currency (or vice versa).

"ERISA" means the U.S. *Employee Retirement Income Security Act* of 1974, as amended.

"ERISA Affiliate" means, with respect to any person, any trade or business (whether or not incorporated) which is a member of a group of which such person is a member and which would be deemed to be a "controlled group" within the meaning of Sections 414(b), (c), (m) and (o) of the U.S. Internal Revenue Code.

"Excess generated funds": means [net income + amortization +/- deferred income taxes for a given fiscal year] - [principal payments made during the given fiscal year].

"Exchange Rate" means, on any day, with respect to the exchange of one currency (in this definition, the **"First Currency"**) into another currency (in this definition, the **"Other Currency"**), the noon day spot rate of the Bank of Canada for the preceding day for purchases of the First Currency with the Other Currency, or if such rate is not or has not yet been quoted on such day, the last preceding noon day spot rate of the Bank.

"Floating rate" means the interest rate applicable to floating-rate advances in Canadian or U.S. dollars, as applicable, made hereunder.

"LIBO Rate" means, with respect to any LIBOR Advance, the annual rate of interest determined by the Bank as being the average rate for deposits in US Dollars in the London interbank market which is shown on the Libor 01 page (or any successor page) of the Reuters service as of 11:00 a.m. (London, England time) on the second Business day prior to the commencement of the applicable LIBOR Advance and for a comparable period, or if such rate is not available, the annual rate (rounded to the nearest 0.01%) which the Bank is prepared to offer in the London interbank market for taking deposits in US Dollars at approximately 11:00 a.m. (London time) on the second Business day prior to the commencement of the applicable LIBOR Advance and for a comparable period.

"LIBOR Advance" means any advance in US dollars bearing interest based on the LIBO Rate.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA and subject to Title IV of ERISA to which either of the Borrower or any of the Guarantors or any of its ERISA Affiliates is obligated to contribute.

"OFAC" means the United States Department of the Treasury's Office of Foreign Assets Control.

"OFAC Sanctions Programs" means the U.S. sanctions laws, regulations and executive orders administered by OFAC, including, without limitation, Executive Order No. 13224 on Terrorist Financing, in each case, as renewed, extended, amended, or replaced.

"Rate offered": means the annual interest rate determined from time to time by the Bank, for the term chosen by the Borrower, as being the fixed interest rate applicable to its commercial fixed-rate term loans granted by the Bank in Canada for the same term.

"USA PATRIOT Act" means The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)).

"U.S. Base Rate" or "Base Rate": means the annual floating interest rate announced publicly by the Bank from time to time and used to determine the interest rates applicable to commercial loans in U.S. dollars granted by the Bank in Canada.

8.4 Calculation of Interest and Arrears

Unless otherwise stipulated herein or in any related document relating to this Offer, including without limitation, all demand and term notes, interest and arrears shall be calculated as follows:

8.4.1 Interest on any amount due hereunder shall be calculated daily and not in advance on the basis of a 365-day year. For the purposes of the *Interest Act* (Canada) in the case of a leap year, the annual interest rate corresponding to the interest calculated on the basis of a 365-day year is equal to the interest rate thus calculated multiplied by 366 and divided by 365.

8.4.2 Interest shall be payable on the 26th day of each month, with a minimum charge of \$10 per credit payable on demand. However, under no circumstances shall the interest payable (or any amount considered interest under the law) exceed the maximum interest amount permitted by law. As applicable, the interest amount will be reduced so as not to exceed this maximum; and

8.4.3 Any amount of principal, interest, commission, discount or of any other nature remaining unpaid at maturity shall bear interest at the rate of the credit concerned. The interest on arrears shall be compounded monthly and payable on demand.

8.5 Records

The Bank shall keep records evidencing the amounts payable under this financing, including but not limited to the principal repayment and interest payment conditions as well as applicable fees. Unless expressly indicated otherwise, the content of these records shall provide evidence as to the indebtedness to which they attest.

Converting advances or loans, during the term of credit or at expiry, based on the terms and conditions set out for the applicable credit, as well as any change in a credit name or number in the Bank's records shall not result in the novation of credits or the Borrower's indebtedness, regardless of the transaction entry or processing by the Bank's computer systems.

8.6 Currency of Payments; Judgement Currency

8.6.1 All amounts due by the Borrower hereunder shall be paid by the Borrower to the Bank in the currency of the relevant credit. Whenever an amount in Canadian dollars is to be converted into or expressed in U.S. dollars, or the Equivalent Amount in U.S. dollars (or inversely) must be determined by reference to any Exchange Rate, the Bank may calculate this conversion or equivalence in accordance with its normal practices.

8.6.2 If a judgment is rendered against the Borrower for an amount owed hereunder and if the judgment is rendered in a currency ("**other currency**") other than that in which such amount is owed under this Agreement ("**currency of the Agreement**"), the Borrower will pay, if applicable, at the date of payment of the judgment, an additional amount equal to the excess of (a) the said amount owed under this Agreement, expressed into the other currency as at the date of payment of the judgment, over (b) the amount of the judgment. For the purposes of obtaining the judgment and making the calculation referred to in (a), the Exchange Rate will be the spot rate at which the Bank, on the relevant date, may in Toronto, sell the currency of this Offer to obtain the other currency. Any additional amount owed under this Section will constitute a cause of action distinct from the cause of action which gave rise to the judgment, and said judgment shall not constitute res judicata in that respect.

8.7 [Intentionally Deleted]

8.8 Additional Costs

The Borrower undertakes to pay the Bank for the following costs, as determined by the Bank:

8.8.1 Should a statute, regulation, or administrative policy or order have the effect of increasing the costs of the credit facility for the Bank (namely as a result of the imposition of any reserves, taxes or capital adequacy requirements for the Bank), the Borrower shall pay this additional cost on demand;

8.8.2 All fees and charges relating to the direct charges from any advisor or consultant required by the bank in its sole discretion; and,

8.8.3 All taxes or additional costs that may arise from the application of any federal, provincial or municipal legislation.

8.9 Payments and Debit to the Account(s)

The Borrower 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 it may owe to the Bank hereunder. If the payment is payable on a non-business day, this payment may be made on the next business day and this delay shall be taken into consideration when calculating the interest.

8.10 Set-off

In addition to all its other rights, the Bank may offset any amount owing hereunder with any sum due by the Bank to any of the Borrower or Guarantors (including in accordance with any deposit made with the Bank), even if this sum is not due or is payable in another currency (in which case the Bank can convert this amount into the currency of the amount due to the Bank). To do any of the foregoing, the Bank may debit any account held by the Borrower or the Guarantors with the Bank.

Without limiting the foregoing, the Borrower authorizes the Bank to establish every day, or at any other interval the Bank may determine, the position or net position, as applicable, of the Borrower's deposit account(s) with the Bank (the "**Deposit Account**"), and it is understood that:

8.10.1 If the position or net position of the Deposit Account represents a credit balance, the Bank may apply all or part of this credit to the repayment of the advances under any revolving credit made available to the Borrower and shall debit the Deposit Account for the amount paid, rounded to the amount of the minimum repayment applicable to the relevant credit, and

- 8.10.2** If the position or net position of the Deposit Account represents a debit balance, the Bank shall grant an advance under any revolving credit made available to the Borrower to create a credit balance or a net credit balance in the Deposit Account and increase the advances for such revolving credit by an equivalent amount without however exceeding the authorized credit amount; the advance shall be rounded to the amount of the minimum disbursement applicable to the relevant credit, if applicable.
- 8.11** **Assignment**
The Borrower cannot assign its rights hereunder. The Bank may, however, assign or transfer all or part of its rights and obligations under this Offer (or grant participations), without notifying the Borrower or any of the Guarantors.
- 8.12** **Presumption of Accuracy of Information**
All documents and information provided to the Bank by the Borrower, regardless of the medium (paper, electronic, verbal or other form) whether or not they are signed by one of the Borrower's representatives, shall be deemed by the Bank to be accurate and validly issued by the Borrower, as applicable, without further formality. Moreover, the Bank shall not be held liable for any fees or delays which may be caused when an instruction is sent and which could be due to a technical problem attributable to the systems in use at the Bank.
- 8.13** **Final Agreement, Interpretation and Counterparts**
Once accepted and signed by the Borrower, this Offer shall constitute the final agreement between the parties, with the exception of any subsequent written amendments agreed upon by the parties, and it shall supersede any prior agreements, verbal or written, with respect to the financing solution described herein.
This Offer is made without novation to the credits already granted to the Borrower, if applicable, and without derogation to the rights, hypothecs, security, mortgages, guarantees, suretyships, remedies, recourses and priority ranking arising from any previous offer of financing, including, without limitation the Existing Offer, the Forbearance Agreement and the Security Documents, and the other writings related thereto, which shall continue to secure all the terms, conditions and obligations of such credits, whether covered or not by this Offer.
In the event of inconsistency between this Offer and any other prior agreement relating to the credits described herein already granted in favour of the Borrower, the terms and conditions of this Offer shall prevail.
This Offer may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and all such counterparts taken together shall constitute one and the same document.
- 8.14** **Indemnification**
The Borrower and the Guarantors agree to indemnify and save harmless the Bank, its officers, administrators, employees and agents against all losses, liability, claims, damages and fees suffered or incurred by them, in any manner whatsoever, arising from or in connection with this Offer (notably further to the Borrower's failure to abide comply with any applicable law or regulation, including failure to comply with fiscal law or regulation), except if these losses, liability, damages or fees result from the gross negligence or intentional fault of the Bank, its officers, administrators, employees or agents. This provision shall survive the cancellation of the security or full and final payment of any amount owing by the Borrower to the Bank.
- 8.15** **Liability**
When the terms "Borrowers" or "Guarantors" designates more than one person, each one shall be jointly and severally (Canada except Quebec) or solidarily (Quebec) liable for the obligations stipulated herein including, without limitation, those resulting from advances made by the Bank.
- 8.16** **Review**
The terms and conditions of the credits granted by the Bank to the Borrower hereunder are subject to periodic review, at the Bank's discretion.
- 8.17** **Fees and Charges**

In addition, non-refundable fees for preparing and maintaining the movable/personal property security plus fees for each cession of rank required, if applicable, are payable to the Bank in addition to the other fees already provided for herein and shall be collected directly from the Borrower's current account, on acceptance of this Offer or during their preparation for cessions of rank. Fees are also applicable for any changes that could be made to the security, including a reduction.

All fees charged to the Bank by BDC or any other such insurer to obtain any guarantee or suretyship regarding any credit described herein shall be payable by the Borrower and shall be collected directly from the Borrower's current account.

Whether or not the following proposed transaction is carried out or whether or not the financing is disbursed, the following costs, charges and expenses, if applicable, are payable by the Borrower, in addition to the other fees already provided for herein:

- (i) All the costs to register security documents required herein; and
- (ii) All the professional fees, charges and expenses (in particular, appraisal, audit, notary and lawyer fees) incurred under this Offer and other documents covered by this Offer.

8.18 Collection, Use and Disclosure of Information

The Borrower, the Guarantors, if applicable, and their representative(s) hereby authorize the Bank to use the necessary information pertaining to them which the Bank has or may have for the purpose of granting credit and insurance products (where permitted by law) and further authorize the Bank to disclose such information to its affiliates and subsidiaries for this same purpose. Moreover, they hereby authorize the Bank to obtain personal information pertaining to them from any party likely to have such information (financial intermediaries, depositaries, credit-reporting agencies, financial institutions, creditors, employers, professionals, tax authorities, public entities, persons with whom they have business relations, and Bank affiliates and subsidiaries) in order to verify the accuracy of all information provided to the Bank and to ensure the solvency of the Borrower, the Guarantors, if applicable, and their representative(s).

8.19 AML Legislation

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

8.20 Confidentiality

The Borrower shall not make any public announcements, and keep confidential any agreement or other documentation as well as any information or communication, written or verbal, between the Bank, any member of its group, any individual involved or any representative and any individual who is part of the Borrower, all regarding the transaction proposed herein and the reasons motivating it.

8.21 Demand Credit Facilities

Notwithstanding any provision to the contrary, the Borrower agree and acknowledge that (i) the credit facilities payable on demand in this Offer constitute demand credits and, are therefore payable at any time at the Bank's sole discretion and (ii) the Bank may, at any time, before or after a request for reimbursement, terminate these credit facilities and stop making new advances, without delay or notice to the Borrower.

8.22 Invalidity of Any Provisions Herein

This Offer does not constitute an indivisible whole. Any decision by a court rendering any of the provisions hereof null or unenforceable shall in no way affect, invalidate or render unenforceable the other provisions hereof.

8.23 Governing Law

This Offer shall be construed and interpreted in accordance with the laws of the Province of Alberta

Guarantees Acknowledgment Act
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1. **NEIL SCHMEICHEL**, the guarantor in the Offer of Financing dated June 25, 2021, including the acknowledgement and confirmation of security set out in Section 3.4 therein, made between, *inter alia*, **NEIL SCHMEICHEL** and **NATIONAL BANK OF CANADA**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he had executed the Offer of Financing.
2. I satisfied myself by examination of the guarantor that he is aware of the contents of the Offer of Financing and understands it.

CERTIFIED by Lance Friesen, Barrister and Solicitor at the Town of Brooks, in the Province of Alberta, this 6th day of July, 2021.



Lance Friesen
Barrister & Solicitor

STATEMENT OF GUARANTOR

I am the person named in this certificate.



NEIL SCHMEICHEL

Guarantees Acknowledgment Act
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1. **MICHELLE THOMAS**, the guarantor in the Offer of Financing dated June 25, 2021, including the acknowledgement and confirmation of security set out in Section 3.4 therein, made between, *inter alia*, **MICHELLE THOMAS** and **NATIONAL BANK OF CANADA**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that she had executed the Offer of Financing.
2. I satisfied myself by examination of the guarantor that she is aware of the contents of the Offer of Financing and understands it.

CERTIFIED by Lance Friesen, Barrister and Solicitor at the Town of Brooks, in the Province of Alberta, this 6th day of July, 2021.



Lance Friesen
Barrister & Solicitor

STATEMENT OF GUARANTOR

I am the person named in this certificate.



MICHELLE THOMAS

Guarantees Acknowledgment Act
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT

1. **CODIE BELLAMY**, the guarantor in the Offer of Financing dated June 25, 2021, including the acknowledgement and confirmation of security set out in Section 3.4 therein, made between, *inter alia*, **CODIE BELLAMY** and **NATIONAL BANK OF CANADA**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he had executed the Offer of Financing.
2. I satisfied myself by examination of the guarantor that he is aware of the contents of the Offer of Financing and understands it.


CERTIFIED by Lance Friesen, Barrister and Solicitor at the Town of Brooks, in the Province of Alberta, this 6th day of July, 2021.



Lance Friesen
Barrister & Solicitor

STATEMENT OF GUARANTOR

I am the person named in this certificate.


CODIE BELLAMY

Guarantees Acknowledgment Act
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1. **DARREN MILLER**, the guarantor in the Offer of Financing dated June 25, 2021, including the acknowledgement and confirmation of security set out in Section 3.4 therein, made between, *inter alia*, **DARREN MILLER** and **NATIONAL BANK OF CANADA**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he had executed the Offer of Financing.
2. I satisfied myself by examination of the guarantor that he is aware of the contents of the Offer of Financing and understands it.

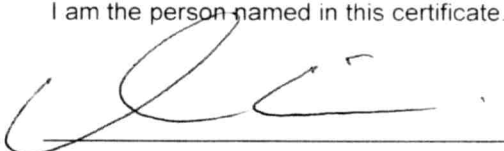
CERTIFIED by Lance Friesen, Barrister and Solicitor at the City of Lethbridge in the Province of Alberta, this 5th day of July, 2021.



Lance Friesen
Barrister & Solicitor

STATEMENT OF GUARANTOR

I am the person named in this certificate.



DARREN MILLER

THIS IS EXHIBIT "K" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

LETTER OF GUARANTEE

TO: NATIONAL BANK OF CANADA

In consideration of the National Bank of Canada (hereinafter referred to as the "**Bank**") dealing with **BALANCED ENERGY OILFIELD SERVICES INC.** (hereinafter referred to as the "**Customer**"), the undersigned and each of them, if more than one, hereby jointly and severally guarantee payment to the Bank of all present and future debts and liabilities (direct or indirect, absolute or contingent, matured or otherwise), now or at any time and from time to time hereafter due or owing to the Bank whether incurred by the Customer alone or jointly with any corporation, person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in view of recovering or attempting to recover said debts and liabilities. Provided, however, that the liability of the undersigned, and of each of the undersigned herein, is unlimited, with interest thereon from the date of demand of payment, at the rate agreed upon, between the Bank and the Customer.

1. In this guarantee, the word "**Guarantor**" shall mean the undersigned and if there is more than one, it shall mean each of them.
2. This guarantee shall not be affected by the death or loss or diminution of capacity of the Customer or of the Guarantor or by any change in the name of the Customer in the membership of the firm of the Customer through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, or by the acquisition of the business of the Customer by a corporation, firm or person, or by any change whatsoever in the objects, capital structure or constitution of the Customer, or by the Customer or the business of the Customer being amalgamated with a firm or corporation but shall, notwithstanding the happening of any such event, continue to exist and apply to the full extent as if such event has not happened. The Guarantor agrees to monitor changes in the financial position of the Customer and hereby releases the Bank from any liability resulting therefrom.
3. All monies, advances renewals and credits in fact borrowed or obtained from the Bank shall be deemed to form part of the debts and liabilities, notwithstanding any lack or limitation of status or of power, incapacity or disability of the Customer or of the directors, partners or agents thereof, or that the Customer may not be a legal or suable entity, or any irregularity, defect or informality in the borrowing or obtaining of such monies, advances, renewals or credits, the whole whether known to the Bank or not; and any sum which may not be recoverable from the Guarantor on the footing of a guarantee shall be recoverable from the Guarantor as sole and principal debtor in respect thereof and shall be paid to the Bank on demand with interest and accessories as herein provided.
4. This guarantee shall continue and be enforceable notwithstanding any amalgamation of the Bank with any other bank(s), financial institution(s) or other corporation(s), and any further amalgamation, in which event this guarantee shall also extend to all debts and liabilities then or thereafter owed by the Customer to the amalgamated bank. Furthermore, all security, real or personal, moveable or immovable, which have been or will be given by the Guarantor for the said debts and liabilities shall be valid in the hands of the Bank, as well as its successors and assigns.
5. It is further agreed that this shall be a continuing guarantee, and shall cover and secure any ultimate balance owing to the Bank.
6. This guarantee shall bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the branch of the Bank at which the account of the Customer is kept, but such termination by any of the guarantors or their respective heirs, successors, executors, administrators, legal representatives or assigns shall not prevent the continuance of the liability hereunder of any other guarantor. Such termination shall apply only to those debts or liabilities of the Customer incurred or arising after reception of the notice by the Bank, but not in respect of any prior debts or liabilities, matured or not. The notice of termination shall have no effect on those debts or liabilities incurred after reception of said notice which will result from express or implied commitments made prior to reception.
7. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. It is further agreed that the Bank, without exonerating in whole or in part the Guarantor, may grant time, renewals, extensions, indulgences, releases and discharges to, may take security from, and give up or release any or part of the security held, may abstain from taking, perfecting, registering or renewing security or from realizing on security, may accept compositions and otherwise deal with the Customer and with any other person or persons, including any of the guarantors, and dispose of any security held by the Bank as it may see fit, and that all dividends and monies received by the Bank from the Customer or from any other person, capable of being applied by the Bank in reduction of the debts and liabilities hereby guaranteed, shall be considered for all purposes as payment in gross which the Bank shall have the right to apply as it may see fit, not being bound by the law of imputation, and the Bank shall be entitled to prove against the estate of the Customer upon any insolvency or winding up, in respect of the whole said debts and liabilities. The Guarantor shall have no right to be subrogated to the Bank until the Bank shall have received payment in full of its claims against the Customer with interest and costs. For greater certainty and without limitation, this guarantee will continue to apply in accordance with its terms and conditions to all present and future debts and liabilities of the Customer howsoever created including such

debts and liabilities which may have matured or been expressly terminated by operation of law or any previous contract or instrument but revived, restated or recreated in any manner whatsoever and whether or not the undersigned has executed any contract or instrument other than this guarantee. A request for execution of the undersigned and failure to obtain it shall not amount to a waiver of this continuing obligation of the undersigned.

8. If any circumstances arise necessitating the Bank to file its claim against the estate of the Customer and to value its security, it will be entitled to place such valuation as the Bank may in its discretion see fit, and the filing of such claim and the valuation of its security shall in no way prejudice or restrict its rights against the Guarantor.

9. The Bank shall not be obliged to exhaust its recourse against the Customer or other persons or the security it may hold before being entitled to payment from the Guarantor of each and every of the debts and liabilities hereby guaranteed and it shall not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.

10. All indebtedness and liability, present and future of the Customer to the Guarantor are hereby assigned to the Bank and postponed to the present and future debts and liabilities of the Customer to the Bank. All monies received from the Customer or on his behalf by the Guarantor shall be held as in his capacity as agent, mandatary and trustee for the Bank and shall be paid over to the Bank forthwith. This provision will remain in full force and effect, notwithstanding the termination of the guarantee pursuant to the provisions of paragraph 7 in which event it will terminate when the debts and liabilities of the Customer to the Bank covered by this guarantee pursuant to paragraph 7 hereof have been paid in full.

11. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security by whomsoever given held at any time by the Bank and the Bank shall be under no obligation to marshal in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon.

12. The Guarantor shall be bound by any account settled between the Bank and the Customer and, if no such account has been so settled any account stated by the Bank shall be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Customer to the Bank.

13. The Guarantor shall make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand shall be deemed to have been effectually made when an envelope containing it addressed to the Guarantor at his last address known to the Bank is deposited postage prepaid in the Post Office. The liability of the Guarantor shall bear interest from the date of such demand at the rate or rates then applicable to the debts and liabilities of the Customer to the Bank.

14. This guarantee and agreement shall be operative and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank shall be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties shall be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of the Guarantor hereunder begins on the date of his signature on this letter of guarantee.

15. This guarantee shall be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Customer and also upon the heirs, executors, administrators and successors of the Guarantor and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity shall not affect the other provisions hereof which shall remain in force and be binding on the parties hereto.

16. The Guarantor acknowledges having read and taken cognizance of the present Letter of Guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained therein.

17. This Letter of Guarantee shall be construed in accordance with the laws of the Province of Alberta and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this Letter of Guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, providing that nothing herein shall limit the Bank's right to bring proceedings against the Guarantor elsewhere.

18. In this Letter of Guarantee:

- (i) capitalized terms, used herein which are not otherwise defined herein, have the meanings given to those terms in the offer to finance dated January 16, 2018 among the Customer, as borrower, the Bank, as lender, and the


Guarantor, as guarantor (as the same may be further amended, modified, supplemented, restated or replaced, from time to time, the "**Offer to Finance**"); and

- (ii) the Bank agrees and acknowledges that this Letter of Guarantee has been granted by the Guarantor to the Bank pursuant to the Offer to Finance and to the extent that any provisions of this Letter of Guarantee conflict or are inconsistent with any of the provisions of the Offer to Finance, the Offer to Finance shall govern and prevail to resolve such conflict or inconsistency in any and all circumstances, such that the provisions of the Offer to Finance shall be paramount to and supercede the provisions of this Letter of Guarantee.

[SIGNATURE PAGE FOLLOWS]

AS WITNESS the hand and seal of the Guarantor, at the City of Brooks, in the Province of Alberta this 20th day of February, 2018.


BALANCED ENERGY HOLDINGS INC.

Per: 
Name: Neil Schmeichel
Title: President

We hereby acknowledge that a copy of this Letter of Guarantee was handed over to us on the date hereof.

Signature of Guarantor.

BALANCED ENERGY HOLDINGS INC.

Per: 
Name: Neil Schmeichel
Title: President

[signature page to Guarantee]

THIS IS EXHIBIT "L" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

BALANCED ENERGY OILFIELD SERVICES INC.

(the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to

UNLIMITED in Canadian/U.S. dollars
(\$ N/A) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.
3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.
4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.
5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.
6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.
7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.
8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.
9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.
10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.
11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.
13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.
14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshal in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.
15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor

that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

- 16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.
- 17. This guarantee will be construed and governed in accordance with the laws of the Province of Alberta and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.
- 18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at the Town of Brooks in the Province of Alberta
this 6th day of July 2021.

SIGNED, SEALED AND DELIVERED

WITNESS

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

**BALANCED ENERGY OILFIELD
SERVICES (USA) INC.**

Per: 

Per: 

Per: 

THIS IS EXHIBIT "M" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

BALANCED ENERGY OILFIELD SERVICES INC. and BALANCED ENERGY OILFIELD SERVICES (USA) INC.

(the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to

THREE HUNDRED THOUSAND DOLLARS in Canadian dollars
(\$ 300,000.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.
3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.
4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.
5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.
6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.
7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.
8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.
9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.
10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.
11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.
13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.
14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshal in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.
15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been

complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee


- 16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof
- 17. This guarantee will be construed and governed in accordance with the laws of the Province of Alberta and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.
- 18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Brooks, Alberta
this 24 day of June, 2020

SIGNED, SEALED AND DELIVERED

WITNESS

GUARANTOR



THOMAS MACLACHLAN



MICHELLE THOMAS

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

Guarantees Acknowledgment Act
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1. **MICHELLE THOMAS**, the guarantor in the guarantee dated June 24, 2020 made between **MICHELLE THOMAS** and **NATIONAL BANK OF CANADA**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that she had executed the guarantee.
2. I satisfied myself by examination of the guarantor that she is aware of the contents of the guarantee and understands it.

CERTIFIED by THOMAS MACLACHLAN, Barrister and Solicitor at the Town of Brooks, in the Province of Alberta, this 24 day of June, 2020.



THOMAS MACLACHLAN

STATEMENT OF GUARANTOR

I am the person named in this certificate



MICHELLE THOMAS

THIS IS EXHIBIT "N" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

BALANCED ENERGY OILFIELD SERVICES INC and BALANCED ENERGY OILFIELD SERVICES (USA) INC.

(the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to

THREE HUNDRED THOUSAND DOLLARS in Canadian dollars
(\$ 300,000.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.
3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.
4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.
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6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.
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8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.
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Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

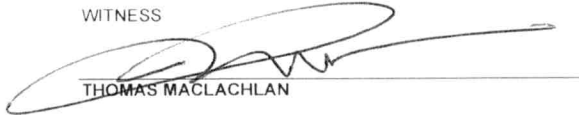
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13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.
14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshal in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.
15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been

complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

- 16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.
- 17. This guarantee will be construed and governed in accordance with the laws of the Province of Alberta and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.
- 18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Brooks, Alberta
this 24 day of June, 2020

SIGNED, SEALED AND DELIVERED

WITNESS

THOMAS MACLACHLAN

GUARANTOR

NEIL SCHMEICHEL

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

Guarantees Acknowledgment Act
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1. **NEIL SCHMEICHEL**, the guarantor in the guarantee dated June 24, 2020 made between **NEIL SCHMEICHEL** and **NATIONAL BANK OF CANADA**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he had executed the guarantee.
2. I satisfied myself by examination of the guarantor that he is aware of the contents of the guarantee and understands it.

CERTIFIED by THOMAS MACLACHLAN, Barrister and Solicitor at the Town of Brooks, in the Province of Alberta, this 24 day of June, 2020.



THOMAS MACLACHLAN

STATEMENT OF GUARANTOR

I am the person named in this certificate



NEIL SCHMEICHEL

**THIS IS EXHIBIT "O" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022**



A Commissioner for Oaths in and for the Province of Alberta

**KYLE R. SMITH
STUDENT-AT-LAW**

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with

BALANCED ENERGY OILFIELD SERVICES INC. and BALANCED ENERGY OILFIELD SERVICES (USA) INC.

(the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to

THREE HUNDRED THOUSAND DOLLARS in Canadian dollars
(\$ 300,000.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.

2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.
3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.
4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.
5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.
6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.
7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.
8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured Indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.
9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.
10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.
11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.

12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.
13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.
14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshal in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.
15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been


complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.


- 16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof
- 17. This guarantee will be construed and governed in accordance with the laws of the Province of Alberta and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.
- 18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Brooks, Alberta
this 24 day of June, 2020

SIGNED, SEALED AND DELIVERED

WITNESS


THOMAS MACLACHLAN

GUARANTOR

DARREN MILLER

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)

First name and last name (in block letters)


Guarantees Acknowledgment Act
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1. **DARREN MILLER**, the guarantor in the guarantee dated June 24, 2020 made between **DARREN MILLER** and **NATIONAL BANK OF CANADA**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he had executed the guarantee.
2. I satisfied myself by examination of the guarantor that he is aware of the contents of the guarantee and understands it.

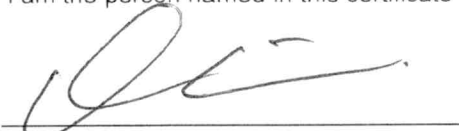
CERTIFIED by Thomas MacLachlan, Barrister and Solicitor at the Town of Brooks, in the Province of Alberta, this 24 day of June, 2020.



THOMAS MACLACHLAN

STATEMENT OF GUARANTOR

I am the person named in this certificate



DARREN MILLER

THIS IS EXHIBIT "P" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

To: NATIONAL BANK OF CANADA

1. In consideration of National Bank of Canada (hereinafter the "Bank") dealing with
BALANCED ENERGY OILFIELD SERVICES INC. and BALANCED ENERGY OILFIELD SERVICES (USA) INC.
(the "Client"), the undersigned and each of them, if more than one, jointly and severally guarantee(s) payment to the Bank of all present and future debts and liabilities of the Client (direct or indirect, absolute or contingent, matured or otherwise), whether incurred by the Client alone or jointly with any person or persons, or otherwise howsoever, including all costs and disbursements incurred by the Bank in recovering or attempting to recover said debts and liabilities (the "Secured Indebtedness"), provided they are limited to
THREE HUNDRED THOUSAND DOLLARS in Canadian dollars
(\$ 300,000.00) with interest thereon from the date payment is demanded, at the rate agreed upon between the Bank and the Client.
2. In this guarantee, the term "Guarantor" means the undersigned and, if there is more than one, each of them. This guarantee is a continuing guarantee and will subsist notwithstanding occasional repayment of the Secured Indebtedness in whole or in part.
3. All monies, advances, renewals and credits borrowed or effectively obtained by the Client from the Bank will be deemed to form part of the Secured Indebtedness, notwithstanding any lack of power, incapacity or disability of the Client or of the directors, partners or agents thereof, or that the Client may not be a legal or suable entity, or any irregularity, defect or invalidity in the borrowing or obtaining of such monies, advances, renewals or credits, in each case whether known to the Bank or not.
4. This guarantee will not be affected by any event, condition or circumstance or any act, delay, abstention or omission to act of any kind by the Client, the Bank or any other person, that might constitute a legal or equitable defence to or a discharge, limitation or reduction of the Guarantor's obligations hereunder, including (i) the death or loss or diminution of capacity of the Client or of the Guarantor, (ii) any change in the name of the Client or in the membership of the firm of the Client through the death or retirement of one or more partners or the introduction of one or more other partners or otherwise, (iii) the acquisition of the business of the Client by anyone, (iv) any change whatsoever in the objects, capital structure or constitution of the Client, (v) the Client or the business of the Client being amalgamated with a firm or corporation, or (vi) the bankruptcy, insolvency or winding up of the Client or any other person.
5. The Guarantor will be solely responsible for making his independent appraisal and investigation of the financial condition of the Client and for the assessment of the risks arising from this guarantee. The Bank will have no obligation to advise the Guarantor of any change in the financial condition of the Client or in the Bank's dealings with the Client.
6. This guarantee will not be diminished or modified on account of any act on the part of the Bank which would prevent subrogation from operating in favour of the Guarantor. The Bank, without exonerating in whole or in part the Guarantor, may (i) amend the terms and conditions of the debts and liabilities hereby guaranteed, (ii) grant time, renewals, extensions, indulgences, releases and discharges to and take security from the Guarantor, (iii) abstain from taking, perfecting, registering, renewing or realizing on security, (iv) accept compromises and (v) otherwise deal with the Client and with any other person or persons, including any other guarantors, as it may see fit.
7. All monies received by the Bank from the Client or from any other person, capable of being applied by the Bank in reduction of the Secured Indebtedness will be considered payments in gross and the Guarantor will have no right to claim them to reduce its liability under this guarantee. The Bank will have the right to apply these monies as it may see fit, not being bound by the law of imputation. The Guarantor will have no right to be subrogated to the Bank until the Bank will have received payment in full of its claims against the Client with interest and costs.
8. The Bank will not be obliged to exhaust its recourse against the Client or other persons or the security it may hold before being entitled to payment from the Guarantor of the Secured indebtedness and it will not be obliged to offer or deliver its security before its whole claim has been paid. The Guarantor waives all benefits of discussion and division.
9. The Guarantor will be bound by any account settled between the Bank and the Client and, if no such account has been so settled, any account stated by the Bank will be accepted by the Guarantor as conclusive evidence of the amount which at the date of the account so stated is due by the Client to the Bank.
10. The Guarantor will make payment to the Bank of the amount of his liability forthwith after demand therefor is made in writing. Such demand will be deemed to have been made when a postage-paid envelope containing it addressed to the Guarantor at his last address known to the Bank is mailed. The liability of the Guarantor will bear interest from the date of such demand at the rate or rates then applicable to the Secured Indebtedness of the Client to the Bank.
11. All indebtedness and liability, present and future, of the Client to the Guarantor are hereby postponed to the Secured Indebtedness of the Client to the Bank. All monies received from the Client or on his behalf by the Guarantor will be held in his capacity as agent and trustee for the Bank and will be paid over to the Bank forthwith. Any amount thereby received by the Guarantor will not reduce the Client's obligations to the Bank as long as this amount has not been paid to the Bank.

Any payment to which the Guarantor may be entitled to in the absence of this subordination will have to be made in favour of the Bank by the entity making the payment (i.e., the Client, a trustee in bankruptcy or further to a proposal by the Client, a liquidator, an entity carrying out a forced disposal of the assets of the Client or any other person). The Guarantor undertakes to give instructions to the entity making the payment to make this payment directly to the Bank.

Moreover, all indebtedness and liability, present and future, of the Client to the Guarantor are hereby assigned to the Bank as additional security for payment of the Secured Indebtedness. In the event that the guarantee is terminated pursuant to Section 13, this subordination and assignment will subsist until full payment of the Secured Indebtedness for which the Guarantor is liable on the date of termination.
12. This guarantee will bind the Guarantor together with his heirs, successors, executors, administrators, legal representatives and assigns until termination thereof by notice in writing to the manager of the Bank branch at which the Client's account is held, but such termination by the Guarantor or his heirs, successors, executors, administrators, legal representatives or assigns will not prevent the continuance of the liability hereunder of any other guarantor.
13. The Guarantor will indemnify the Bank for any loss suffered by the Bank if any of the debts and liabilities intended to be guaranteed hereunder is not recoverable from the Guarantor under the other provisions of this guarantee. The amount of the loss will be equal to the amount which the Bank would otherwise have been entitled to recover.
14. This guarantee is in addition to and not in substitution for any other guarantee, by whomsoever given, at any time held by the Bank, and without prejudice to any other security, by whomsoever given, held at any time by the Bank and the Bank will be under no obligation to marshal in favour of the Guarantor any such security or any of the funds or assets the Bank may be entitled to receive or have a claim upon. All the provisions of such other guarantee remain in force.
15. This guarantee and agreement will be valid and binding upon every signatory thereof notwithstanding the non-execution thereof by any other proposed signatory or signatories, and possession of this instrument by the Bank will be conclusive evidence against the Guarantor that this instrument was not delivered in escrow or pursuant to any agreement that it should not be effective until any condition has been

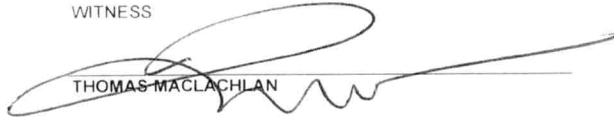
complied with. None of the parties will be bound by any representation or promise made by any person relative thereto which is not embodied herein. The liability of each Guarantor hereunder begins on the date of his signature on this guarantee.

16. This guarantee will be binding upon the undersigned and any of them, if more than one, jointly and severally between them and with the Client and also upon their heirs, executors, administrators and successors and will extend to and enure to the benefit of the successors and assigns of the Bank. Each and every provision hereof is severable and should any provision hereof be illegal or not enforceable for any reason whatsoever, such illegality or invalidity will not affect the other provisions hereof.
17. This guarantee will be construed and governed in accordance with the laws of the Province of Alberta and the Guarantor agrees that any legal suit, action or proceeding arising out of or relating to this guarantee may be instituted in the courts of such province, and the Guarantor hereby accepts and irrevocably submits to the jurisdiction of the said courts, and acknowledges their competence and agrees to be bound by any judgment thereof, provided that nothing herein will limit the Bank's right to bring proceedings against the Guarantor elsewhere.
18. The Guarantor acknowledges having read and taken cognizance of this guarantee before signing it and declares that he understands perfectly the terms, conditions and undertakings contained herein. The Guarantor also acknowledges having received a copy of this guarantee on the date hereof.

IN WITNESS WHEREOF the Guarantor has signed and affixed his seal at Brooks, Alberta
this 24 day of June, 2020

SIGNED, SEALED AND DELIVERED

WITNESS


THOMAS MACLACHLAN

GUARANTOR


CODIE BELLAMY

Guarantees Acknowledgment Act
(Section 3)

CERTIFICATE

I HEREBY CERTIFY THAT:

1. **CODIE BELLAMY**, the guarantor in the guarantee dated June 24, 2020 made between **CODIE BELLAMY** and **NATIONAL BANK OF CANADA**, which this certificate is attached to or noted on, appeared in person before me and acknowledged that he had executed the guarantee.
2. I satisfied myself by examination of the guarantor that he is aware of the contents of the guarantee and understands it.

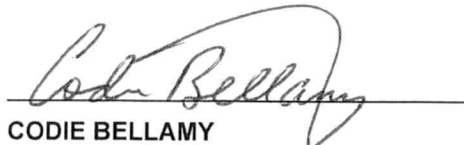
CERTIFIED by THOMAS MACLACHLAN, Barrister and Solicitor at the Town of Brooks, in the Province of Alberta, this 24 day of June, 2020.



THOMAS MACLACHLAN

STATEMENT OF GUARANTOR

I am the person named in this certificate



CODIE BELLAMY

THIS IS EXHIBIT "Q" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

GRANTED BY: BALANCED ENERGY OILFIELD SERVICES INC. (hereafter called the "Debtor")

TO NATIONAL BANK OF CANADA (hereafter called the "Bank").

1. GRANT OF SECURITY INTEREST

1.1 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Bank, the Debtor hereby grants to the Bank a security interest in all of the Debtor's present and after-acquired property and undertaking (collectively, the "Collateral") and also mortgages, charges and assigns the Collateral to the Bank. Without limitation, the Collateral includes all right, title and interest that the Debtor now has or may hereafter have or acquire in any manner whatsoever (including by way of an amalgamation) in all property of the following kinds:

- (a) Receivables: all debts, accounts, claims and choses in action for monetary amounts (collectively, the "Receivables");
- (b) Inventory: all inventory of whatever kind and wherever situated (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, vehicles and other goods which are not Inventory (collectively, the "Equipment");
- (d) Securities: all shares, bonds, debentures and other securities (collectively, the "Securities");
- (e) Instruments and Money: all bills, notes, cheques and other instruments (collectively, the "Instruments") and all money;
- (f) Documents of Title and Chattel Paper: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not, and all chattel paper;
- (g) Intangibles: all intangibles not otherwise described in this Section 1.1 including, without limitation, all goodwill and all patents, trademarks, copyrights and other intellectual property;
- (h) Real Property: all real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "Real Property"), and all rights under any lease or agreement relating to Real Property;
- (i) Books and Records: all books, invoices, documents and other records in any form evidencing or relating to the Collateral; and
- (j) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

1.2 Obligations Secured

The obligations secured by this Agreement include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise (collectively, the "Obligations").

1.3 Certain definitions

- (a) The terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act currently in effect in the province referred to in Section 6.12 below;
- (b) Any reference in this Agreement to the security granted hereby refers collectively to the security interest, mortgage, charge and assignment hereby granted in favour of the Bank.
- (c) Any reference to "Debtor" refers to the undersigned, if one, or to each undersigned, if more than one. When the term

"Debtor" designates more than one person or entity, each one shall be jointly and severally liable for the obligations stipulated herein.

1.4 Attachment of Security

The Debtor acknowledges that value has been given and agrees that the security granted hereby attaches upon the execution of this Agreement (or, in the case of any after-acquired property, at the time of acquisition by the Debtor of any rights therein).

1.5 Real Property

- (a) With respect to (and only to) Real Property, the security granted hereby is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the Obligations becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge;
- (b) The security granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Debtor will hold such last day in trust for the Bank and, upon the enforcement by the Bank of its security, will assign such last day as directed by the Bank.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties

The Debtor hereby represents and warrants to the Bank that:

- (a) the principal residence, chief executive office and registered office of the Debtor (as applicable) are located at the addresses specified in Schedule A; for the purposes of the Ontario *Personal Property Security Act*, the Debtor is governed by the law of the jurisdiction specified in Schedule A, if applicable;
- (b) the Inventory and Equipment of the Debtor are located at the addresses specified in Schedule A, except for goods in transit or on lease or consignment; and
- (c) all motor vehicles, trailers, mobile or manufactured homes, aircraft, boats and outboard motors ("Serial Numbered Goods") in which the Debtor has rights and used as equipment are fully and accurately described in Schedule "A"; the Debtor will advise the Bank promptly, in writing, of any other Serial Numbered Goods that are held as Equipment and will provide the Bank with full and complete descriptions of such Serial Numbered Goods.

2.2 Covenants

The Debtor covenants with the Bank that the Debtor will:

- (a) not change the location of its principal residence, chief executive office, registered office or its governing law, or move any of the Inventory or Equipment from the locations specified in Schedule A hereto, without the written consent of the Bank;
- (b) not change its name without first giving written notice to the Bank of its proposed new name and, if the Debtor is a corporation, not amalgamate with any other corporation without the prior written consent of the Bank;
- (c) preserve the value of the Collateral, and carry on its business in compliance with all applicable laws and regulations;
- (d) not permit any Collateral consisting of personal property to be affixed to real property or to other personal property so as to become a fixture or accession without the written consent of the Bank;
- (e) keep the Collateral free and clear of all liens, security interests, mortgages, charges, assignments and other encumbrances or interests except as permitted in writing by the Bank;

- (f) pay all taxes, levies, assessments and government fees or dues payable in respect of the Collateral as and when the same become due, and furnish to the Bank, when requested, evidence of such payment;
- (g) whenever requested by the Bank, furnish to the Bank in writing all information requested relating to the Collateral, and the Bank will be entitled from time to time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Bank will have access to all premises occupied by the Debtor or where the Collateral may be found;
- (h) ensure that the security granted hereby is at all times fully enforceable and perfected in respect of any Collateral; and
- (i) pay to the Bank forthwith upon demand all costs, fees and expenses (including, without limitation, all legal, receiver, consulting and accounting fees and expenses) incurred or charged by the Bank in connection with the preparation, perfection, administration and discharge of this Agreement and the preservation and exercise of the rights, powers and remedies of the Bank; and all such costs, fees and expenses will bear interest at the highest rate borne by any of the Obligations and will form part of the Obligations.

2.3 Schedule A

Each schedule referred to in this Agreement and attached hereto shall form part of this Agreement. Any subsequent modifications to a schedule will be deemed to replace and supersede the earlier version and form part of this Agreement.

3. INSURANCE

3.1 Insurance Covenant

The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limitation, loss by fire, theft, collision and such other risks as are customarily insured against for each type of Collateral, in an amount not less than the full insurable value thereof, with such insurers as are reasonably satisfactory to the Bank.

3.2 Bank loss payee

All insurance policies must name the Bank as an additional insured and loss payee and must provide that the insurer will give the Bank at least 15 days written notice of intended cancellation or non-renewal. At the Bank's request, the Debtor must furnish the Bank with evidence satisfactory to the Bank that the required insurance coverage is in effect. The Debtor must forthwith give the Bank notice of any loss or damage to the Collateral.

4. DEALING WITH COLLATERAL

4.1 Disposition of Collateral by the Debtor

The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Bank, except that the Debtor may, until an Event of Default occurs hereunder, dispose of Inventory in the ordinary course of its business, but all proceeds of any such disposition will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds received by the Debtor.

4.2 Notification of Account Debtors

The Bank may at any time (i) give notice of this Agreement and the security granted hereby to any account debtor of the Debtor or to any other person liable to the Debtor and (ii) give notice to any such account debtor or other person to make all further payments to the Bank. Any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor, whether before or after any notice is given by the Bank will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds.

4.3 Securities

The Bank may have any Securities registered in its name or in the name of its nominee and will be entitled, but not required, to exercise any of the rights that any holder of such Securities may at any time have. However, until an Event of Default occurs, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Bank or which would not violate this Agreement, all voting power from time to time exercisable in respect of the Securities. The Bank will not be responsible for any loss occasioned by its exercise of any of such rights. Before or after an Event of Default occurs

hereunder, the Debtor must deliver forthwith to the Bank those Securities requested by the Bank duly endorsed for transfer.

4.4 Proceeds held in Trust for the Bank

All proceeds received by the Debtor from the collection or disposition of Collateral or otherwise will be received by the Debtor as trustee for the Bank, must be held separate and apart from other property and must be paid over to the Bank upon request.

4.5 Application of Funds

All sums collected or received by the Bank in respect of the Collateral may be applied to such parts of the Obligations as the Bank in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Bank may be released to the Debtor, all without prejudice to the Bank's rights against the Debtor.

4.6 Collateral held by the Bank

In the holding of any Collateral, the Bank and any agent on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Bank and any agent on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Bank or its agent to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5. DEFAULT AND REMEDIES

5.1 Events of Default

The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor does not pay to the Bank when payable any sum owing under the Obligations;
- (b) the Debtor does not perform any of its covenants or obligations under this Agreement;
- (c) any representation or warranty made by the Debtor herein or in any document provided at any time to the Bank in connection with this Agreement is incorrect or misleading in any material respect;
- (d) the Debtor is in default under any other agreement with the Bank;
- (e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof;
- (f) the Debtor is insolvent;
- (g) the commencement of any proceeding or the taking of any step by or against the Debtor (i) for the bankruptcy, reorganization, liquidation, dissolution or winding-up of the Debtor, (ii) for an arrangement or compromise with its creditors, or (iii) for the appointment of a trustee, receiver, custodian, liquidator or any other person with similar powers with respect to the Debtor or any part of the Collateral;
- (h) the Collateral or any part thereof is seized or otherwise attached or is subject to a taking of possession by anyone and the same is not released or discharged within the shorter of a period of (i) 30 days and (ii) 10 days less than such period as would permit such property to be sold pursuant thereto; or
- (i) the Bank believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached.

5.2 Consequences of a Default

On or after the occurrence of any Event of Default, at the option of the Bank, (i) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease; and (iii) the security granted hereby will become immediately enforceable.

5.3 Remedies

In addition to any right or remedy otherwise provided herein or by law, on or after the occurrence of any Event of Default, the Bank will have the rights and remedies set out below, all of which may be enforced successively or concurrently:

- (a) the Bank may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Bank at such places as may be specified by the Bank;
- (b) the Bank may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
- (c) the Bank may carry on all or any part of the business of the Debtor;
- (d) the Bank may enforce any rights of the Debtor in respect of the Collateral;
- (e) the Bank may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit, upon such terms and conditions as the Bank may determine and without notice to the Debtor unless required by law;
- (f) the Bank may accept the Collateral in total or partial satisfaction of the Obligations in the manner provided by law;
- (g) the Bank may, for any purpose specified herein, borrow money on the security of the Collateral, which security will rank in priority to the security granted hereby;
- (h) the Bank may occupy and use all or any of the premises, buildings and plants occupied by the Debtor and use all or any of the Equipment and other property of the Debtor for such time as the Bank requires to facilitate the realization of the Collateral, free of charge; the Bank will not be liable for any rent, charges, depreciation or damages in connection with such actions; or
- (i) the Bank may appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the whole or any part of the Collateral and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral.

5.4 Powers of the Receiver

Any Receiver will have all of the rights and powers that the Bank is entitled to exercise pursuant to Section 5.3, but the Bank will not be in any way responsible for any misconduct or negligence of any such Receiver.

5.5 Liability of Bank

The Bank will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Bank, the Debtor or any other person in respect of the Collateral. This Agreement and the security granted hereby will not render the Bank liable to observe or perform any covenant or obligation of the Debtor in any agreement or document to which the Debtor is a party or by which it is bound. In the exercise of its rights and the performance of its obligations, the Bank will only be liable for gross negligence or wilful misconduct.

5.6 Proceeds of Realization

The Bank may apply any proceeds of realization of the Collateral to payment of costs, fees and expenses mentioned in Section 2.2(i), including those related to the realization of the Collateral, and the Bank may apply any balance to payment of all other Obligations in such order as the Bank sees fit. If there is any surplus remaining, the Bank may pay it to any person entitled thereto by law of whom the Bank has knowledge and any balance remaining may be paid to the Debtor. If the realization of the Collateral fails to satisfy the Obligations, the Debtor will be liable to pay any deficiency to the Bank.

6. GENERAL

6.1 Failure of Debtor to Perform

If the Debtor fails to perform any of its covenants or obligations under this Agreement, the Bank may, in its absolute discretion, but without being required to do so, perform any such covenant or obligation. If any such covenant or obligation requires the payment of monies, the Bank may make such payment. All sums so paid by the Bank will be payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such sums. No such performance or payment will relieve the Debtor from any default under this Agreement or any consequences of such default.

6.2 Power of Attorney

The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to do all things and execute and deliver, documents, financing statements, demands and assignments which the Debtor is obliged to do or execute or deliver hereunder and generally to act in the name of the Debtor in the exercise of any of the powers hereby conferred on the Bank.

6.3 Appointment of Consultant

The Bank will be entitled to appoint a consultant to provide such services and advice as the Bank may determine in its sole discretion, with power to enter the Debtor's premises, to inspect and evaluate the Collateral, to make copies of the Debtor's records, to review the Debtor's business plans and projections, to assess the conduct and viability of the Debtor's business, to prepare reports on the Debtor's affairs and to distribute such reports to the Bank or to other such persons as the Bank may direct. Such consultant will act as an agent for the Bank and will owe no duty to the Debtor. The consultant is to have no managerial or advisory capacity and will have no decision making responsibility. The Debtor authorizes the Bank to provide confidential information to the consultant. All fees and expenses in connection with the engagement of a consultant are payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such fees and expenses.

6.4 Waivers by Debtor

The Bank may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up any security, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) otherwise waive rights against the Debtor, debtors of the Debtor, guarantors and others and with respect to the Collateral and other security as the Bank sees fit. No such action or omission will reduce the Obligations or affect the Bank's rights hereunder.

6.5 Waivers of Legal Limitations

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any law which imposes limitations upon the powers, rights or remedies of a secured party, including any law which limits the rights of a secured party to both seize collateral and sue for any deficiency following realization of collateral. Without limitation, the Debtor (if a corporation) agrees that the *Limitation of Civil Rights Act* and Part IV of the *Saskatchewan Farm Securities Act* of the Province of Saskatchewan will not apply to this Agreement or any of the rights, remedies or powers of the Bank or any Receiver hereunder.

6.6 Copy of Documents and Consent to Filings

The Debtor acknowledges having received a copy of this Agreement and waives all rights to receive from the Bank a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Debtor confirms its consent to the filing by the Bank or on its behalf of any such financing statement or financing change statement.

6.7 Notices

Any notice to be given to a party in connection with this Agreement will be given in writing and will be given by personal delivery, by registered mail or by electronic means, addressed to the recipient at its address specified at the end of this Agreement or such other address as may be notified by any party to the other.

6.8 Additional Security and Other Remedies

This Agreement and the security granted hereby are in addition to and not in substitution for any other security or right now or hereafter held by the Bank. This Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Bank. The Bank may sue the Debtor and enforce all of its other rights and remedies in respect of the Obligations without being required to exercise or exhaust any of its rights and remedies hereunder.

6.9 Further Assurances

The Debtor must at its expense do all things and execute and deliver all such financing statements, further assignments and documents as may be reasonably requested by the Bank for the purpose of giving effect to this Agreement and establishing compliance with the obligations of the Debtor hereunder.

6.10 Discharge

The Debtor will be entitled to a discharge of this Agreement upon written request by the Debtor and full payment, performance and satisfaction of the Obligations. No discharge will be effective unless in writing and executed by the Bank.

6.11 Severability

If any provision of this Agreement were to be found invalid or unenforceable, the remaining terms and provisions of this Agreement will remain in full force and effect.

6.12 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the province in which the office of the Bank specified below is located, except that if such office is located in the province of Quebec, then this Agreement will be governed by and construed in accordance with the laws of the province of Ontario.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

2018 / 02 / 20
Date of Execution (YYYY MM DD)

BALANCED ENERGY OILFIELD SERVICES INC.

By: 

Neill Schmetchel

By: 

Michelle Thomas

NATIONAL BANK OF CANADA

By: 

(Authorized signature)

Darrell Stelmack
Director, Energy Services

Date of Execution (YYYY MM DD)

ADDRESS OF DEBTOR FOR NOTICE PURPOSES:

BOX 1865

BROOKS, ALBERTA T1R 1C6

ADDRESS OF BANK FOR NOTICE PURPOSES:

SUITE 600, 311 - 6TH AVENUE SW,

CALGARY, ALBERTA T2P 3H2

SCHEDULE A

[The information required on this Schedule must be repeated for each additional Debtor if applicable]

To a General Security Agreement made as of _____, 2018 between BALANCED ENERGY OILFIELD SERVICES INC., as Debtor and National Bank of Canada, as Bank.

1. ADDRESS(ES) OF PLACE(S) OF BUSINESS (Section 2.1(a))

Principal residence (for individuals only): _____
 Chief executive office (for businesses only)¹: Railway Ave E, Brooks, Alberta (4-14-18-28-SE)
 Registered office (for businesses only)²: 1003 4 Ave S, Lethbridge, AB
 Other place(s) of business³: 3351 50th St, Drayton Valley, Alberta (5;7;49;4;;13)
#1-10602 79 Ave, Clairmont, Alberta (Plan 0725791, Block 2, Lot 5)
 Governing law⁴: PROVINCE OF ALBERTA
 [indicate governing law for a trust or partnership (other than a limited partnership), otherwise indicate N/A]:

2. LOCATION OF INVENTORY AND EQUIPMENT (Section 2.1(b))

Address(es)⁵:
 Railway Ave E, Brooks, Alberta (4-14-18-28-SE)
 3351 50th St, Drayton Valley, Alberta (5;7;49;4;;13)
 #1-10602 79 Ave, Clairmont, Alberta (Plan 0725791, Block 2, Lot 5)

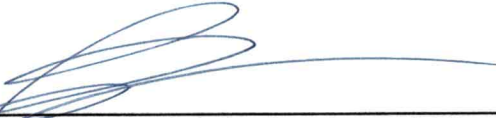
3. EQUIPMENT CONSISTING OF SERIAL NUMBER GOODS (Section 2.1(c))⁶

Coil Tubing	2007	Kenworth	T800	1NKDXBTX97R992855
Coil Tubing	2007	Kenworth	T800	1XKDPBTX77R934037
Coil Tubing	2007	Kenworth	T800	1XKDPBTX97R934038
Coil Tubing	2014	Kenworth	T800	1XKDP4TX7ER964793
Coil Tubing	2015	Kenworth	T800	1XKDP4TX3HJ986812
Coil Tubing	2016	Kenworth	T800	1NKDX4TX3GR978218
Coil Tubing	2012	Kenworth	T800	1XKDP4TX2CR958008
Nitrogen Pumper	2007	Western Star	Conventional	5KKPALAV37PY38059
Nitrogen Bulker	2014	Kenworth	T800	1XKDP4EXXEJ970017
Nitrogen Pumper	2014	Western Star	Conventional	5KKPALD13EPFV5086
Nitrogen Bulker	2015	Kenworth	T800	1XKDP4TX8FJ977388
Nitrogen Pumper	2015	Kenworth	T800	1NKDX4TX7FR974431
Support Picker	2007	Western Star	Conventional	5KKMAEDE67PY49941
Support Picker	2013	Kenworth	T440	1NKBL59XXDJ964388
Support Picker	2015	Kenworth	T470	1NKBJTX9FJ972880
45 Ton Crane	2014	Kenworth	Construct	1XKCP4TX9ER969666
60 Ton Crane	2015	Kenworth	Construct	1XKDP4TX7FR977318
110 Ton Crane	2017	Grove	TMS9000E	476S90006GS235517
Forklift	2004	JCB	520	SLP520404E1012451
High Capacity Reel Trailer	2016	Kenworth	Construct	1XKDP4TX2GR981956
Pickup	2013	Chev	Silverado	1GC4K1E80DF238675
Pickup	2013	Chev	Silverado	1GC4K1C83DF205706
Pickup	2014	Chev	Silverado	1GC4K1E80EF147343
Pickup	2015	Chev	Silverado	1GC4K0E85FF107965
Pickup	2015	Chev	Silverado	1GC4K0E88FF107510
Pickup	2015	Chev	Silverado	1GC4K0E84FF514577
Pickup	2015	Chev	Silverado	1GC4K0E81FF501463
Pickup	2015	Chev	Silverado	3GCUKSEC5FG185841
Pickup	2015	GMC	Sierra	1GT421C81FF189119
Pickup	2015	GMC	Sierra	1GT421C84FF188739
Pickup	2016	GMC	Sierra	1GT12SE81GF285517
Pickup	2016	GMC	Sierra	1GT12SE86GF206973
Pickup	2016	Chev	Silverado	1GC4KZC86GF289466
Pickup	2016	GMC	Sierra	1GT12SE87GF256474
Pickup	2017	GMC	Sierra	1GT42WCY0HF187717
Pickup	2017	GMC	Sierra	1GT42WCY0HF187328
Pickup	2017	GMC	Sierra	1GT42WCY6HF186698
Pickup	2017	GMC	Sierra	1GT42WCY3HF186612
SUV	2014	Cadillac	Escalade	1GYEK63N34R145099
Mud Tank	2007	Celtic Pride	Mud Tank	2C9MAS2337B193054
Mud Tank	2007	Celtic Pride	Mud Tank	2C9MA52167B193077
Mud Tank	2007	Celtic Pride	Mud Tank	2C9MAS2148B193080
Man Basket	2007	Trail Pro	Manlift Trailer	2T9EC52727T166599
Man Basket	2011	Homebuilt	Manlift Trailer	2ATB07119BU108002
Flat Deck Trailer	1998	Ardrie	Utility Trailer	2H9FH1820W1058243

Flat Deck Trailer	2006	Trail Pro	Utility Trailer	2T9EC62746T166995
Flat Deck Trailer	2015	Oasis	Utility Trailer	2SLFC8377FR007021
Flat Deck Trailer	2018	Oasis	Utility Trailer	2SLFC8370JR008861
Flat Deck Trailer	2018	Oasis	Utility Trailer	2SLFC8372JR008862
Side Spooler	2008	Celtic Pride	Utility Trailer	2C9SET2328B193081
Cargo Trailer	2015	Continental	Utility Trailer	5NHUVHV20FT625112

- 1 If the Debtor has only one place of business, indicate the address of that place of business. If the Debtor has more than one place of business, indicate the address of its place of business which is its principal decision-making centre.
- 2 Indicate "same as above" if the registered office (legal head office) is at the same address as the chief executive office.
- 3 Indicate "none" if the Debtor has no other place of business.
- 4 If the Debtor is a partnership (other than a limited partnership) or a trust, indicate the stated governing law in the partnership agreement or deed of trust.
- 5 Indicate "same as above" if the inventory and equipment of the Debtor are all located at the address(es) specified in 1.
- 6 Indicate make, model, year of manufacture, serial number and any registration or governmental mark or number.

THIS IS EXHIBIT "R" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

Search ID #: Z13439562

Transmitting Party

MLT AIKINS LLP

2100 – 222 3rd AVE SW
Calgary, AB T2P 0B4

Party Code: 60006660
Phone #: 403 693 4331
Reference #: 2330.382/jdc

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 14051327286

Registration Type: SECURITY AGREEMENT

Registration Date: 2014-May-13

Registration Status: Current

Expiry Date: 2039-May-13 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Current

Secured Party / Parties

Block

Status

1 BALANCED ENERGY HOLDINGS INC.
BOX 1865
BROOKS, AB T1R 1C6

Current

Collateral: General

Block

Description

Status

1 ALL PRESENT AND AFTER ACQUIRED PERSONAL PROPERTY.

Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 17071335973

Registration Date: 2017-Jul-13

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2027-Jul-13 23:59:59

Exact Match on: Debtor No: 1

Exact Match on: Debtor No: 2

Debtor(s)

Block

Status

Current

1 BALANCED ENERGY OILFIELD SERVICES INC.
PO BOX 1865
BROOKS, AB T1R 1C6

Block

Status

Current

2 BALANCED ENERGY OILFIELD SERVICES INC.
SE 1/4 - 28-18-14 WEST OF THE 4TH MERIDI
BROOKS, AB T1R 1C7

Secured Party / Parties

Block

Status

Current

1 LBEL INC.
1981, AV. MCGILL COLLEGE, BUREAU 1585
MONTREAL, QC H3A 3K3

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1XKDP4TX2CR958008	2012	Kenworth T800	MV - Motor Vehicle	Current
2	2PLC05136JBD18095	2018	Peerless CH-51-3	TR - Trailer	Current
3	2PLH01013JBJ18240	2018	Peerless 1014 Single Axle	TR - Trailer	Current
4	2PLH02721JBJ18239	2018	Peerless 1014 Tandem Axle	TR - Trailer	Current
5	1GT42WCY0HF187717	2017	GMC Sierra 3500	MV - Motor Vehicle	Current
6	1GT42WCY0HF187328	2017	GMC Sierra 3500	MV - Motor Vehicle	Current

Search ID #: Z13439562

7	1GT42WCY6HF186698	2017	GMC Sierra 3500	MV - Motor Vehicle	Current
8	1GT42WCY3HF186612	2017	GMC Sierra 3500	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	A security interest is taken in the following property (the	Current
2	"Property") and all other property in replacement of any of	Current
3	the Property (the "Replacements"), together with all	Current
4	accessions, attachments, parts, equipment and accessories now	Current
5	or at any time in future installed in or placed upon or	Current
6	appurtenant to or used in conjunction with any of the	Current
7	Property, Replacements or other Accessories, whether or not	Current
8	the same are affixed to any of the foregoing (collectively,	Current
9	the "Accessories"), as well as all rights, title and interest	Current
10	of the Debtor stemming from any present or future leasing	Current
11	contract affecting the Property (the "Leases") and all	Current
12	proceeds of any of the Property, Replacements, Accessories or	Current
13	Leases:	Current
14	CTU No. 7 - Tractor with Trailer Mounted Control Unit	Current
15	Tractor; 2012 Kenworth Model T800 tractor powered	Current
16	by Cummins ISX15 diesel engine rated at 600-hp	Current
17	1,800-rpm unitized with Eaton Model RTLO18918B	Current
18	18-speed manual transmission. Tractor has 20,000-lb	Current
19	tandem-steer front axles mounted on polished	Current
20	aluminium wheels fitted with 445/65R22.5 tires & airoperated	Current
21	brakes. Rear tri-drive axles are rated at	Current
22	54,000-lbs mounted on air-ride suspension, polished	Current
23	aluminium wheels fitted with 11R24.5 tires & airoperated	Current
24	brakes. Tractor is complete with	Current
25	conventional day cab, revolving beacons, drivers air -	Current
26	ride seat, 2-way radio, CB, tire chains etc.	Current

Search ID #: Z13439562

27	VIN - 1XKDP4TX2CR958008	Current
28	Engine - 79531432	Current
29	Odometer - 1,661-km	Current
30	Hours - 89	Current
31	Wet Kit; equipped with Namco 237B dual output	Current
32	gearbox driving hydraulic pumps. Injector drive	Current
33	powered by Denison P-11 bi-directional axial piston	Current
34	pump rated at 90-gpm. Hydraulic reservoir with 160-	Current
35	gallon capacity and (2) separated and sealed	Current
36	compartments. Independent 80-gallon compartment	Current
37	with pump dedicated to BOP circuit. Each	Current
38	compartment fitted with an in-tank return filter,	Current
39	breather assembly, oil level indicator and drain	Current
40	valves. 12kW diesel powered genset with rigsaver	Current
41	mounted on swing out mount of wet kit. c/w	Current
42	interconnecting piping, hoses & filters.	Current
43	Injector; Hydra Rig Model HR-6100 rated at 100,000-	Current
44	lbs continuous pull capacity 4,600-psi, 50,000-lbs	Current
45	continuous snubbing capacity, 2-speed operation; 160-	Current
46	feet per minute (90-gpm) maximum speed. S/N: CPW0712-73	Current
47	Hydra Rig Stripper Adapter; 15K Over/Under Stripper, pin on	Current
48	mount located on injector base Packer Part # M60DSU6-D563X	Current
49	New 2018 Trailer; Peerless Model CH-51-3 (12 wheel)	Current
50	tridem single drop deck design rated at 69,000-lbs. Equipped	Current
51	with folding ladders for access from ground to trailer deck.	Current
52	VIN: 2PLC05136JBD18095	Current
53	Hose Reels; (2) skid mounted on trailer hydraulically	Current
54	powered hose reels equipped with multiport hydraulic	Current
55	rotating swivels. (1) 12 port hose reel for BOP	Current
56	controls, fitted with 125-ft long control hoses. (1) 16-	Current

Search ID #: Z13439562

57	port hose reel for injector controls, fitted with 125-ft	Current
58	long control hoses.	Current
59	Control Cabin; approx. 8-ft x 8-ft x 7-ft with climate	Current
60	control, 52-in elevating scissor lift, folding stairs and	Current
61	handrails.	Current
62	Control Console; stainless steel split console design.	Current
63	Injector weight gauge, circulating pressure and	Current
64	wellhead pressure gauges mounted directly in front.	Current
65	Data Acquisition System / CT Monitoring Software;	Current
66	NOV CTES Orion V data acquisition system complete	Current
67	with monitoring software and portable computer with	Current
68	Cerberus modeling software. CTES Orion V Data	Current
69	Acquisition System (DAS); control box housed in	Current
70	stainless steel enclosure. Channels can be sampled,	Current
71	displayed, recorded and copied as well as printed in	Current
72	graphs. Channels include tubing depth running speed,	Current
73	tubing weight, circulating pressure and wellhead	Current
74	pressure.	Current
75	Lubricator and Flanges	Current
76	Mag Imaging Inspection Head	Current
77	New 2018 Peerless 1014 Single Axle Booster VIN:	Current
78	2PLH01013JBJ18240	Current
79	New 2018 Peerless 1014 Tandem Axle Jeep VIN:	Current
80	2PLH02721JBJ18239	Current
81	DID Conversion Skid - Hydra Rig Drop-In-Drum Reel Adapter	Current
82	Skid Part # 103879-000-1	Current
83	DID Spool - Hydra Rig Drop-In Drum Spool Part # 104570-000-1	Current
84	2-in Injector Conversion Kit	Current
85	2017 GMC Sierra 3500 Crew Truck VIN: 1GT42WCY0HF187717	Current

Search ID #: Z13439562

86	2017 GMC Sierra 3500 Crew Truck VIN: 1GT42WCY0HF187328	Current
87	2017 GMC Sierra 3500 Crew Truck VIN: 1GT42WCY6HF186698	Current
88	2017 GMC Sierra 3500 Crew Truck VIN: 1GT42WCY3HF186612	Current
89	OEM Inc. Artis-4 CTIS Coil Tubing inspection Head S/N 14775	Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 17081726664

Registration Type: SECURITY AGREEMENT

Registration Date: 2017-Aug-17

Registration Status: Current

Expiry Date: 2023-Aug-17 23:59:59

Exact Match on: Debtor No: 1

Exact Match on: Debtor No: 2

Debtor(s)

Block

Status

Current

1 BALANCED ENERGY OILFIELD SERVICES INC.
PO BOX 1865
BROOKS, AB T1R 1C6

Block

Status

Current

2 BALANCED ENERGY OILFIELD SERVICES INC.
SE 1/4 - 28-18-14 WEST OF THE 4TH MERIDI
BROOKS, AB T1R 1C6

Secured Party / Parties

Block

Status

Current

1 LAURENTIAN BANK OF CANADA
1981, AVENUE MCGILL COLLEGE
MONTREAL, QC H3A 3K3

Block

Status

Current

2 LBEL INC.
1981, AV. MCGILL COLLEGE, BUREAU 1585
MONTREAL, QC H3A 3K3

Collateral: General

Block

Description

Status

1 A security interest is taken in the following property (the

Current

2 "Property") and all other property in replacement of any of

Current

3 the Property (the "Replacements"), together with all

Current

Search ID #: Z13439562

4	accessions, attachments, parts, equipment and accessories now	Current
5	or at any time in future installed in or placed upon or	Current
6	appurtenant to or used in conjunction with any of the	Current
7	Property, Replacements or other Accessories, whether or not	Current
8	the same are affixed to any of the foregoing (collectively,	Current
9	the "Accessories"), as well as all rights, title and interest	Current
10	of the Debtor stemming from any present or future leasing	Current
11	contract affecting the Property (the "Leases") and all	Current
12	proceeds of any of the Property, Replacements, Accessories or	Current
13	Leases:	Current
14	(1) BOP, 5-1/8" 15L IH Quad S/N 030217NX-01	Current
15	(4) RAM Assy. 5" 10K/15K, Pipe, 2" Coil	Current
16	(2) Slip Insert, 2.00" Coil, 5" BOP	Current
17	(1) Multicoupler Assy, 5" 15K BOP Config F T Stucchi	Current
18	Multicouper Kit	Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 18021626047

Registration Date: 2018-Feb-16

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2023-Feb-16 23:59:59

Exact Match on: Debtor No: 3

Inexact Match on: Debtor No: 2

Amendments to Registration

18031916613	Amendment	2018-Mar-19
18041034543	Amendment	2018-Apr-10
18041112398	Amendment	2018-Apr-11

Debtor(s)

Block

1 BALANCE ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Deleted by
18031916613

Block

2 BALANCED ENERGY HOLDINGS INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Current

Block

3 BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Current by
18031916613

Secured Party / Parties

Block

1 NATIONAL BANK OF CANADA
SUITE 600, 311 - 6TH AVENUE SW
CALGARY, AB T2P 3H2

Status

Current

00187

Search ID #: Z13439562

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1NKDXBTX97R992855	2007	Kenworth T800	MV - Motor Vehicle	Current
2	1XKDPBTX77R934037	2007	Kenworth T800	MV - Motor Vehicle	Current
3	1XKDPBTX97R934038	2007	Kenworth T800	MV - Motor Vehicle	Current
4	1XKDP4TX7ER964793	2014	Kenworth T800	MV - Motor Vehicle	Current
5	1XKDP4TX3HJ986812	2015	Kenworth T800	MV - Motor Vehicle	Current
6	1NKDX4TX3GR978218	2016	Kenworth T800	MV - Motor Vehicle	Current
7	1XKDP4TX2CR958008	2012	Kenworth T800	MV - Motor Vehicle	Current
8	5KKPALAV37PY38059	2007	Western Star Conventional	MV - Motor Vehicle	Current
9	1XKDP4EXXEJ970017	2014	Kenworth T800	MV - Motor Vehicle	Current
10	5KKPALD13EPFV5086	2014	Western Star Conventional	MV - Motor Vehicle	Current
11	1XKDP4TX8FJ977388	2015	Kenworth T800	MV - Motor Vehicle	Current
12	1NKDX4TX7FR974431	2015	Kenworth T800	MV - Motor Vehicle	Current
13	5KKMAEDE67PY49941	2007	Western Star Conventional	MV - Motor Vehicle	Current
14	1NKBL59XXDJ964388	2013	Kenworth T440	MV - Motor Vehicle	Current
15	1NKBJTX9FJ972880	2015	Kenworth T470	MV - Motor Vehicle	Current
16	1XKCP4TX9ER969666	2014	Kenworth Construct	MV - Motor Vehicle	Current
17	1XKDP4TX7FR977318	2015	Kenworth Construct	MV - Motor Vehicle	Deleted By 18041112398
18	476S90006GS235517	2017	Grove TMS9000E	MV - Motor Vehicle	Deleted By 18041034543
19	1XKDP4TX2GR981956	2016	Kenworth Construct	TR - Trailer	Current
20	1GC4K1E80DF238675	2013	Chev Silverado	MV - Motor Vehicle	Current
21	1GC4K1C83DF205706	2013	Chev Silverado	MV - Motor Vehicle	Current
22	1GC4K1E80EF147343	2014	Chev Silverado	MV - Motor Vehicle	Current
23	1GC4K0E85FF107965	2015	Chev Silverado	MV - Motor Vehicle	Current
24	1GC4K0E88FF107510	2015	Chev Silverado	MV - Motor Vehicle	Current
25	1GC4K0E84FF514577	2015	Chev Silverado	MV - Motor Vehicle	Current
26	1GC4K0E81FF501463	2015	Chev Silverado	MV - Motor Vehicle	Current
27	3GCUKSEC5FG185841	2015	Chev Silverado	MV - Motor Vehicle	Current

Search ID #: Z13439562

28	1GT421C81FF189119	2015	GMC Sierra	MV - Motor Vehicle	Current
29	1GT421C84FF188739	2015	GMC Sierra	MV - Motor Vehicle	Current
30	1GT12SE81GF285517	2016	GMC Sierra	MV - Motor Vehicle	Current
31	1GT12SE86GF206973	2016	GMC Sierra	MV - Motor Vehicle	Current
32	1GC4KZC86GF269466	2016	GMC Sierra	MV - Motor Vehicle	Current
33	1GT12SE87GF256474	2016	GMC Sierra	MV - Motor Vehicle	Current
34	1GT42WCY0HF187717	2017	GMC Sierra	MV - Motor Vehicle	Current
35	1GT42WCY0HF187328	2017	GMC Sierra	MV - Motor Vehicle	Current
36	1GT42WCY6HF186698	2017	GMC Sierra	MV - Motor Vehicle	Current
37	1GT42WCY3HF186612	2017	GMC Sierra	MV - Motor Vehicle	Current
38	1GYEK63N34R145099	2014	Cadillac Escalade	MV - Motor Vehicle	Current
39	1GT42WCYXJF173524	2018	GMC Sierra	MV - Motor Vehicle	Current
40	1GT42WCYXJF173832	2018	GMC Sierra	MV - Motor Vehicle	Current
41	1GT42WCY5JF173236	2018	GMC Sierra	MV - Motor Vehicle	Current
42	1GT42WCY6JF173892	2018	GMC Sierra	MV - Motor Vehicle	Current
43	2C9MAS2337B193054	2007	Celtic Pride Mud Tank	MV - Motor Vehicle	Current
44	2C9MA52167B193077	2007	Celtic Pride Mud Tank	MV - Motor Vehicle	Current
45	2C9MAS2148B193080	2007	Celtic Pride Mud Tank	MV - Motor Vehicle	Current
46	2T9EC52727T166599	2007	Trail Pro Manlift Trailer	TR - Trailer	Current
47	2ATB07119BU108002	2011	Homebuilt Manlift Trailer	TR - Trailer	Current
48	2H9FH1820W1058243	1998	Ardrie Utility Trailer	TR - Trailer	Current
49	2T9EC62746T166995	2006	Trailer Pro Utility Trail	TR - Trailer	Current
50	2SLFC8377FR007021	2015	Oasis Utility Trailer	TR - Trailer	Current
51	2SLFC8370JR008861	2018	Oasis Utility Trailer	TR - Trailer	Current
52	2SLFC8372JR008862	2018	Oasis Utility Trailer	TR - Trailer	Current
53	2C9SET2328B193081	2008	CelticPrideUtilityTrailer	TR - Trailer	Current
54	5NHUVHV20FT625112	2015	ContinentalUtilityTrailer	TR - Trailer	Current
55	51501052	2017	Grove GMK5150L, 175	MV - Motor Vehicle	Current By 18041034543

Search ID #: Z13439562

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	All present and after-acquired personal property of the debtor.	Current
2	Proceeds: all goods, documents of title, chattel paper, instruments, money, investment property and intangibles.	Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 18021626631

Registration Date: 2018-Feb-16

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 3

Inexact Match on: Debtor No: 2

Amendments to Registration

18031916625

Amendment

2018-Mar-19

Debtor(s)

Block

1 BALANCE ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Deleted by
18031916625

Block

2 BALANCED ENERGY HOLDINGS INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Current

Block

3 BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Current by
18031916625

Secured Party / Parties

Block

1 NATIONAL BANK OF CANADA
SUITE 600, 311 - 6TH AVENUE SW
CALGARY, AB T2P 3H2

Status

Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 18032027354

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-Mar-20

Registration Status: Current

Expiry Date: 2028-Mar-20 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status

Current

1 BALANCED ENERGY OILFIELD SERVICES INC.
1003 - 4 AVENUE SOUTH
LETHBRIDGE, AB T1J 0P7

Secured Party / Parties

Block

Status

Current

1 LAURENTIAN BANK OF CANADA
1981 MCGILL COLLEGE SUITE 1585
MONTREAL, QC H3A 3K3

Block

Status

Current

2 LBC CAPITAL INC.
5035 SOUTH SERVICE RD BOX 5060
BURLINGTON, ON L7L 6M9

Block

Status

Current

3 LBEF INC.
5035 SOUTH SERVICE RD BOX 5060
BURLINGTON, ON L7L 6M9

Block

Status

Current

4 LBEL INC.
5035 SOUTH SERVICE RD BOX 5060
BURLINGTON, ON L7L 6M9

Collateral: General

Block

Description

Status

1 A security interest is taken in all present and after acquired personal property of the debtor. Current

00192

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 18032028817

Registration Type: SECURITY AGREEMENT

Registration Date: 2018-Mar-20

Registration Status: Current

Expiry Date: 2028-Mar-20 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status
Current

1 BALANCED ENERGY OILFIELD SERVICES INC.
1003 - 4 AVENUE SOUTH
LETHBRIDGE, AB T1J 0P7

Secured Party / Parties

Block

Status
Current

1 LAURENTIAN BANK OF CANADA
1981 MCGILL COLLEGE SUITE 1585
MONTREAL, QC H3A 3K3

Block

Status
Current

2 LBC CAPITAL INC.
5035 SOUTH SERVICE RD BOX 5060
BURLINGTON, ON L7L 6M9

Block

Status
Current

3 LBEF INC.
5035 SOUTH SERVICE RD BOX 5060
BURLINGTON, ON L7L 6M9

Block

Status
Current

4 LBEL INC.
5035 SOUTH SERVICE RD BOX 5060
BURLINGTON, ON L7L 6M9

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1XKDP4TX2CR958008	2012	Kenworth T800	MV - Motor Vehicle	Current 00193

Search ID #: Z13439562

2	2PLC05136JBD18095	2018	Peerless CH-51-3	TR - Trailer	Current
3	2PLH01013JBJ18240	2018	Peerless 1014 Single Axle	TR - Trailer	Current
4	2PLH02721JBJ18239	2018	Peerless 1014 Tandem Axle	TR - Trailer	Current
5	1GT42WCY0HF187717	2017	GMC Sierra 3500 Crew	MV - Motor Vehicle	Current
6	1GT42WCY0HF187328	2017	GMC Sierra 3500 Crew	MV - Motor Vehicle	Current
7	1GT42WCY6HF186698	2017	GMC Sierra 3500 Crew	MV - Motor Vehicle	Current
8	1GT42WCY3HF186612	2017	GMC Sierra 3500 Crew	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	<p>CTU No. 7 - Tractor with Trailer Mounted Control Unit Tractor; 2012 Kenworth Model T800 tractor powered by Cummins ISX15 diesel engine rated at 600-hp @ 1,800-rpm unitized with Eaton Model RTLO18918B 18-speed manual transmission. Tractor has 20,000-lb tandem-steer front axles mounted on polished aluminium wheels fitted with 445/65R22.5 tires & airoperated brakes. Rear tri-drive axles are rated at 54,000-lbs mounted on air-ride suspension, polished aluminium wheels fitted with 11R24.5 tires & airoperated brakes. Tractor is complete with conventional day cab, revolving beacons, drivers air - ride seat, 2-way radio, CB, tire chains etc. VIN - 1XKDP4TX2CR958008 Engine - 79531432 Odometer - 1,661-km Hours - 89 Wet Kit; equipped with Namco 237B dual output gearbox driving hydraulic pumps. Injector drive powered by Denison P-11 bi-directional axial piston pump rated at 90-gpm. Hydraulic reservoir with 160-gallon capacity and (2) separated and sealed compartments. Independent 80-gallon compartment with pump dedicated to BOP circuit. Each compartment fitted with an in-tank return filter, breather assembly, oil level indicator and drain valves. 12kW diesel powered genset with rig saver mounted on swing out mount of wet kit. c/w interconnecting piping, hoses & filters. Injector; Hydra Rig Model HR-6100 rated at 100,000-lbs continuous pull capacity @4,600-psi, 50,000-lbs continuous snubbing capacity, 2-speed operation; 160-feet per minute (90-gpm) maximum speed. S/N: CPW0712-73 Hydra Rig Stripper Adapter; 15K Over/Under Stripper, pin on mount located on injector base Packer Part # M60DSU6-D563X</p>	Current
2	<p>New 2018 Trailer; Peerless Model CH-51-3 (12 wheel) tridem single drop deck design rated at 69,000-lbs. Equipped with folding ladders for access from ground to trailer deck. VIN: 2PLC05136JBD18095 Hose Reels; (2) skid mounted on trailer hydraulically powered hose reels equipped with multiport hydraulic rotating swivels. (1) 12 port hose reel for BOP controls, fitted with 125-ft long control hoses. (1) 16-port hose reel for injector controls, fitted with 125-ft long control hoses. Control Cabin; approx. 8-ft x 8-ft x 7-ft with climate control, 52-in elevating scissor lift, folding stairs and handrails. Control Console; stainless steel split console design. Injector weight gauge, circulating pressure and wellhead pressure gauges mounted directly in front. Data Acquisition System / CT Monitoring Software; NOV CTES Orion V data acquisition system complete with monitoring software and portable computer with Cerberus modeling software. CTES Orion V Data Acquisition System (DAS); control box housed in stainless steel enclosure. Channels can be sampled, displayed, recorded and copied as well as printed in graphs. Channels include tubing depth running speed, tubing weight, circulating pressure and wellhead pressure.</p>	Current

Search ID #: Z13439562

3

Lubricator and Flanges

Current

Mag Imaging Inspection Head

New 2018 Peerless 1014 Single Axle Booster VIN: 2PLH01013JBJ18240

New 2018 Peerless 1014 Tandem Axle Jeep VIN: 2PLH02721JBJ18239

DID Conversion Skid - Hydra Rig Drop-In-Drum Reel Adapter Skid Part # 103879-000-1

DID Spool - Hydra Rig Drop-In Drum Spool Part # 104570-000-1

2-in Injector Conversion Kit

2017 GMC Sierra 3500 Crew Truck VIN: 1GT42WCY0HF187717

2017 GMC Sierra 3500 Crew Truck VIN: 1GT42WCY0HF187328

2017 GMC Sierra 3500 Crew Truck VIN: 1GT42WCY6HF186698

2017 GMC Sierra 3500 Crew Truck VIN: 1GT42WCY3HF186612

OEM Inc. Artis-4 CTIS Coil Tubing inspection Head S/N 14775

(1) BOP, 5-1/8" 15L IH Quad S/N 030217NX-01

(4) RAM Assy. 5" 10K/15K, Pipe, 2" Coil

(2) Slip Insert, 2.00" Coil, 5" BOP

(1) Multicoupler Assy, 5" 15K BOP Config F T Stucchi Multicouper Kit

in addition to the collateral and other goods specifically described in this financing statement, the collateral includes all present and future parts, attachments, accessories, replacements, additions, and accessions related thereto or installed thereon, and all proceeds (as defined below) of or relating to any of the foregoing.

Proceeds: all proceeds of any of the above collateral in any form (including, without limitation, goods, documents of title, chattel paper, investment property, instruments, money, insurance proceeds and intangibles (as each such term is defined in the personal property security act) derived directly or indirectly from any dealing with any of the above collateral or any proceeds thereof.

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 19022713252

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-Feb-27

Registration Status: Current

Expiry Date: 2021-Feb-27 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

Current

1 BALANCED ENERGY OIL FIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R1C6

Secured Party / Parties

Block

Status

Current

1 SUMMIT ACCEPTANCE CORP
4620 BLACKFOOT TR SE
CALGARY, AB T2G4G2

Collateral: Serial Number Goods

Block

Serial Number

Year

Make and Model

Category

Status

1 3GTU2MECXJG547750 2018 GMC 1500 CREW 4X4 MV - Motor Vehicle Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 19022713609

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-Feb-27

Registration Status: Current

Expiry Date: 2021-Feb-27 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

Current

1 BALANCED ENERGY OIL FIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R1C6

Secured Party / Parties

Block

Status

Current

1 SUMMIT ACCEPTANCE CORP
4620 BLACKFOOT TR SE
CALGARY, AB T2G4G2

Collateral: Serial Number Goods

Block

Serial Number

Year

Make and Model

Category

Status

1 3GTU2MEC0JG552116 2018 GMC SIERRA 1500 MV - Motor Vehicle Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 19022713755

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-Feb-27

Registration Status: Current

Expiry Date: 2021-Feb-27 23:59:59

Inexact Match on: Debtor No: 1

Debtor(s)

Block

Status

1 BALANCED ENERGY OIL FIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R1C6

Current

Secured Party / Parties

Block

Status

1 SUMMIT ACCEPTANCE CORP
4620 BLACKFOOT TR SE
CALGARY, AB T2G4G2

Current

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	3GTU2MEC3JG547752	2018	GMC SIERRA 1500	MV - Motor Vehicle	Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 19102916085

Registration Type: SECURITY AGREEMENT

Registration Date: 2019-Oct-29

Registration Status: Current

Expiry Date: 2021-Oct-29 23:59:59

Exact Match on:

Debtor

No: 1

Amendments to Registration

20092924606

Renewal

2020-Sep-29

Debtor(s)

Block

Status
Current

1 BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1862
BROOKS, AB T1R 1C8

Secured Party / Parties

Block

Status
Current

1 CROPAC EQUIPMENT INC.
1007 SOUTH SERVICE RD W
OAKVILLE, ON L6L 6R3

Collateral: Serial Number Goods

Block

Serial Number

Year

Make and Model

Category

Status

1

1NKZX4TX7JJ205053

2018

KENWORTH T880

MV - Motor Vehicle

Current

Collateral: General

Block

Description

Status

1

2018 TEREX MODEL CROSSOVER 8000 SN# 220643

Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 19110133202

Registration Date: 2019-Nov-01

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2021-Nov-01 23:59:59

Exact Match on: Debtor No: 1

Amendments to Registration

20102814735

Renewal

2020-Oct-28

Debtor(s)

Block

Status

Current

1 BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1C 1C6

Secured Party / Parties

Block

Status

Current

1 CROPAC EQUIPMENT INC.
1007 SOUTH SERVICE RD. WEST
OAKVILLE, ON L6L 6R3
Email: rajit@cropac.com

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1NKZX4TX0JR187772	2018	KENWORTH T880	MV - Motor Vehicle	Current

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	2017 TEREX MODEL CROSSOVER 8000 SN# 220624	Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 20033120836

Registration Type: SECURITY AGREEMENT

Registration Date: 2020-Mar-31

Registration Status: Current

Expiry Date: 2022-Mar-31 23:59:59

Exact Match on: Debtor No: 1

Debtor(s)

Block

Status
Current

1 BALANCED ENERGY OILFIELD SERVICES INC
BOX 1865
BROOKS, AB T1R1C6

Secured Party / Parties

Block

Status
Current

1 SUMMIT ACCEPTANCE CORP.
1260 HIGHFIELD CRES SE
CALGARY, AB T2G 5M3
Phone #: 403 243 6200 Fax #: 403 243 6448
Email: ABppsa_notifications@kaizenauto.com

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1GT42UCY0KF136178	2019	GMC SIERRA 1500	MV - Motor Vehicle	Current
2	1GT42UCY3KF139687	2019	GMC SIERRA 3500	MV - Motor Vehicle	Current
3	1GT42UCYXKF137435	2019	GMC SIERRA 3500	MV - Motor Vehicle	Current
4	1GT42UCY3KF137163	2019	GMC SIERRA 3500	MV - Motor Vehicle	Current
5	1GT42UCY4KF136331	2019	GMC SIERRA 3500	MV - Motor Vehicle	Current
6	1GT42UCY3KF138281	2019	GMC SIERRA 1500	MV - Motor Vehicle	Current

Particulars

Block

Additional Information

Status

1 REREGISTRATION OF SECURITY AGREEMENT EXPIRED IN ERROR SUMMIT STILL HAS INTERST IN THESE VEHICLES Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 20111732034

Registration Date: 2020-Nov-17

Registration Type: GARAGE KEEPERS' LIEN

Registration Status: Current

Expiry Date: 2021-May-17 23:59:59

The Vehicle repaired on the Garage Keepers' premises was released on 2020-Nov-16

The repairs of the vehicle off the Garage Keepers' premises were finished on 2020-Nov-16

Accessories were provided on 2020-Nov-16

Lien Amount is \$2,093.43

Inexact Match on: Debtor No: 1

Vehicle Owner(s)

Block

Status

Current

1 BALANCED ENERGY OILFIELD SERV
P.O. BOX 1865
BROOKS, AB T1R1C6

Person(s) Claiming Lien

Block

Status

Current

1 KAL TIRE A CORPORATE PARTNERSHIP
1540 KALAMALKA LAKE ROAD
VERNON, BC V1T6V2
Email: absecparties@avssystems.ca

Block

Status

Current

2 KAL TIRE A CORPORATE PARTNERSHIP
104 - 3RD STREET E.
BROOKS, AB T1R 1B9
Email: absecparties@avssystems.ca

Collateral: Serial Number Goods

Block

Serial Number

Year

Make and Model

Category

Status

1

2C9MAS2337B193054

2007

TRAILER TRAILER

MV - Motor Vehicle

Current

00202

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 20112510384

Registration Type: GARAGE KEEPERS' LIEN

Registration Date: 2020-Nov-25

Registration Status: Current

Expiry Date: 2021-May-25 23:59:59

The Vehicle repaired on the Garage Keepers' premises was released on 2020-Nov-06

Accessories were provided on 2020-Nov-06

Lien Amount is \$13,961.66

Exact Match on: Debtor No: 1

Vehicle Owner(s)

Block

Status
Current

1 BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Person(s) Claiming Lien

Block

Status
Current

1 SILVERBACK MECHANICAL SERVICES LTD.
101,9201-154 AVE
GRANDE PRAIRIE, AB T8X 0L2
Phone #: 780 532 7050
Email: silverbackaccounts@hotmail.ca

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1XKDP4EX4DR963418	2013	KENWORTH	MV - Motor Vehicle	Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 21011506974

Registration Type: GARAGE KEEPERS' LIEN

Registration Date: 2021-Jan-15

Registration Status: Current

Expiry Date: 2021-Jul-15 23:59:59

The Vehicle repaired on the Garage Keepers' premises was released on 2021-Jan-14

Accessories were provided on 2021-Jan-14

Lien Amount is \$24,521.37

Inexact Match on: Debtor No: 1

Vehicle Owner(s)

Block

Status
Current

1 BALANCED ENERGY SERVICES
BOX 1865
BROOKS, AB T1R1C6

Person(s) Claiming Lien

Block

Status
Current

1 ABSOLUTE HEAVY DUTY MECHANICS LTD.
3205 64 STREET
DRAYTON VALLEY, AB T7A1R8
Phone #: 780 542 8242
Email: ABSOLUTE.HDMECH@GMAIL.COM

Collateral: Serial Number Goods

Block

Serial Number

Year

Make and Model

Category

Status

1

1XKDP4EXXEJ970017

2014

KENWORTH

MV - Motor Vehicle

Current

Search ID #: Z13439562

Business Debtor Search For:

BALANCED ENERGY OILFIELD SERVICES INC.

Search ID #: Z13439562

Date of Search: 2021-Jan-19

Time of Search: 11:48:35

Registration Number: 21011808474

Registration Type: GARAGE KEEPERS' LIEN

Registration Date: 2021-Jan-18

Registration Status: Current

Expiry Date: 2021-Jul-18 23:59:59

The Vehicle repaired on the Garage Keepers' premises was released on 2021-Jan-04

The repairs of the vehicle off the Garage Keepers' premises were finished on 2021-Jan-04

Accessories were provided on 2021-Jan-04

Lien Amount is \$2,228.67

Inexact Match on: Debtor No: 1

Vehicle Owner(s)

Block

1 BALANCED ENERGY OILFIELD SERV
P.O. BOX 1865
BROOKS, AB T1R1C6

Status
Current

Person(s) Claiming Lien

Block

1 KAL TIRE A CORPORATE PARTNERSHIP
1540 KALAMALKA LAKE ROAD
VERNON, BC V1T6V2
Email: absecparties@avssystems.ca

Status
Current

Block

2 KAL TIRE A CORPORATE PARTNERSHIP
104 - 3RD STREET E.
BROOKS, AB T1R1B9
Email: absecparties@avssystems.ca

Status
Current

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1XKDPEXXEJ970017	2013	KENWORTH UNKNOWN	MV - Motor Vehicle	Current

00205

Search ID #: Z13439562

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address

BALANCED ENERGY HOLDINGS INC.
BOX 1865
BROOKS, AB T1R 1C6

Reg.#

18021626047

SECURITY AGREEMENT

Debtor Name / Address

BALANCED ENERGY HOLDINGS INC.
BOX 1865
BROOKS, AB T1R 1C6

Reg.#

18021626631

LAND CHARGE

Debtor Name / Address

BALANCED ENERGY SYSTEM INC.
23 SAGE VALLEY COVE NW
CALGARY, AB T3R 0E6

Reg.#

16123015848

SECURITY AGREEMENT

Result Complete

THIS IS EXHIBIT "S" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

SECURITY AGREEMENT

SECURITY AGREEMENT (this "Agreement"), dated as of September 26, 2018 (the "Effective Date"), between Balanced Energy Oilfield Services (USA) Inc., a Delaware corporation ("BUSA") (together with any other Person that may become a party hereto as provided herein, individually, a "Grantor" and, collectively, the "Grantors"), and National Bank of Canada, as lender, as secured party (the "Lender").

WITNESSETH:

WHEREAS, each of the Grantors has agreed to execute and deliver this Agreement in connection with that certain (i) \$18,000,000 Committed Revolving Operating Credit Facility dated on or about April 12, 2018, by the Lender to Balanced Energy Oilfield Services Inc. ("BCAN" and together with BUSA, the "Borrowers", and each individually a "Borrower") and BUSA (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Facilities Agreement") and (ii) Guarantee dated on or about August __, 2018, by Balanced Energy Holdings Inc. (the "Guarantor") to the Lender (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Guarantee").

WHEREAS, the Lender has agreed to make Loans to the Borrowers pursuant to, and upon the terms and subject to the conditions specified in, the Facilities Agreement.

WHEREAS, each Grantor acknowledges that it is an integral part of a consolidated enterprise and that it will receive direct and indirect benefits from the availability of the credit facility provided for in the Facilities Agreement, from the making of the Loans by the Lender.

WHEREAS, the obligations of the Lender to make Loans is conditioned upon, among other things, the execution and delivery by the Grantors of this Agreement.

NOW, THEREFORE, in consideration of the premises and to induce the Lender to enter into the Facilities Agreement, and to induce the Lender to make Loans each of the Grantors hereby agrees with the Lender as follows:

ARTICLE 1

Definitions

SECTION 1.01 Generally. All references herein to the UCC shall mean the Uniform Commercial Code as in effect from time to time in the State of North Dakota; provided, however, that if a term is defined in Article 9 of the UCC differently than in another Article thereof, the term shall have the meaning set forth in Article 9; provided further that, if by reason of mandatory provisions of law, perfection, or the effect of perfection or non-perfection, of the Security Interest in any Collateral or the availability of any remedy hereunder is governed by the Uniform Commercial Code as in effect in a jurisdiction other than North Dakota, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such perfection or effect of perfection or non-perfection or availability of such remedy, as the case may be.

SECTION 1.02 Definition of Certain Terms Used Herein. Unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings set forth in the Facilities Agreement. In addition, as used herein, the following terms shall have the following meanings:

“Accessions” shall have the meaning given that term in the UCC.

“Accounts” shall have the meaning given that term in the UCC.

“Account Debtor” shall have the meaning given that term in the UCC.

“Agreement” shall have the meaning assigned to such term in the preamble of this Agreement.

“BCAN” shall have the meaning assigned to such term in the recitals of this Agreement.

“Blue Sky Laws” shall have the meaning assigned to such term in Section 6.01(c) of this Agreement.

“Borrower” and “Borrowers” shall have the meaning assigned to such terms in the recitals of this Agreement.

“BUSA” shall have the meaning assigned to such term in the recitals of this Agreement.

“Certificate of Title Collateral” means any Equipment or other Collateral, if any, subject to certificate-of-title statutes or regulations of any governmental authority to the extent that such statute or regulations provide for a security interest to be indicated on the certificates as a condition or result of perfection.

“Chattel Paper” shall have the meaning given that term in the UCC.

“Collateral” shall mean, with respect to each Grantor, all of such Grantor’s: (a) Accounts, (b) Chattel Paper, (c) Commercial Tort Claims (including, but not limited to, those Commercial Tort Claims listed on Schedule 3.05 hereto), (d) Deposit Accounts, (e) Documents, (f) Equipment, (g) Fixtures, (h) General Intangibles (including Payment Intangibles), (i) Goods, (j) Instruments, (k) Inventory, (l) Investment Property, (m) Letter-of-Credit Rights, (n) Software, (o) Intellectual Property, (p) Supporting Obligations, (q) money, policies and certificates of insurance, deposits, cash, cash equivalents, or other property, (r) all books, records, and information relating to any of the foregoing ((a) through (q)) and/or to the operation of any Grantor’s business, and all rights of access to such books, records, and information, and all property in which such books, records, and information are stored, recorded and maintained, (s) all insurance proceeds, refunds, and premium rebates, including, without limitation, proceeds of fire and credit insurance, whether any of such proceeds, refunds, and premium rebates arise out of any of the foregoing ((a) through (r)) or otherwise, (t) all liens, guaranties, rights, remedies, and privileges pertaining to any of the foregoing ((a) through (s)), (u) all other personal property of such Grantor, and (v) any of the foregoing, whether now owned or now due, or in which any Grantor has an interest, or hereafter acquired, arising, or to become due, or in which any Grantor obtains an interest, and all products, Proceeds, substitutions, and Accessions of or to any of the

foregoing; provided, however, that the Collateral shall not include, and the Security Interest shall not attach to, any Excluded Property.

“Commercial Tort Claim” shall have the meaning given that term in the UCC.

“Commodity Account” shall have the meaning given that term in the UCC.

“Commodity Intermediary” shall have the meaning given that term in the UCC.

“Copyrights” means all copyrights arising under the laws of the United States, any other country or any political subdivision thereof, whether registered or unregistered and whether published or unpublished, including those listed on Schedule 3.09, all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Copyright Office, and the right to obtain all renewals of any of the foregoing.

“Copyright Licenses” means all written agreements naming any Grantor as licensor or licensee, including those listed on Schedule 3.09, granting any right under any Copyright, including the grant of rights to manufacture, distribute, exploit and sell materials derived from any Copyright.

“Deposit Account” shall have the meaning given that term in the UCC and shall also include all demand, time, savings, passbook, or similar accounts maintained with a bank or other financial institution.

“Documents” shall have the meaning given that term in the UCC.

“Effective Date” shall have the meaning assigned to such term in the recitals of this Agreement.

“Electronic Chattel Paper” shall have the meaning given that term in the UCC.

“Equipment” shall have the meaning given that term in the UCC.

“Excluded Property” shall mean, with respect to any Grantor, any right, title or interest in any permit, license or any contractual obligation entered into by any Grantor (i) that validly prohibits the creation by such Grantor of a security interest or Lien thereon or requires the consent of any Person other than any Loan Party or any of its Affiliates which consent has not been obtained as a condition to the creation of such security interest or Lien or which would be breached or give any party the right to terminate it as a result of creation of such security interest or Lien, or (ii) to the extent that any applicable law prohibits the creation of a security interest or Lien thereon, but only, in each case, to the extent, and for so long as, such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the UCC or any other applicable law; provided that any right, title or interest in any permit, license or other contractual obligation that at any time ceases to satisfy the criteria for Excluded Property (whether as a result of such Grantor obtaining any necessary consent, any change in any rule of law, statute or regulation, or otherwise) shall no longer be Excluded Property; provided, further, that, “Excluded Property” shall not include any Proceeds, products, substitutions or replacements of any

Excluded Property (unless such Proceeds, products, substitutions or replacements would constitute Excluded Property).

“Event of Default” shall mean the occurrence of one or more of the events listed in Section 7 of the Facilities Agreement.

“Facilities Agreement” shall have the meaning assigned to such term in the recitals of this Agreement.

“Financing Statement” shall have the meaning given that term in the UCC.

“Fixtures” shall have the meaning given that term in the UCC.

“General Intangibles” shall have the meaning given that term in the UCC.

“Goods” shall have the meaning given that term in the UCC.

“Grantor” and “Grantors” shall have the meaning assigned to such terms in the preamble of this Agreement.

“Guarantee” shall have the meaning assigned to such term in the recitals of this Agreement.

“Indemnitee” shall have the meaning assigned to such term in Section 8.06(b) of this Agreement.

“Instruments” shall have the meaning given that term in the UCC.

“Intellectual Property” means the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks and Trademark Licenses, and all rights to sue at law or in equity for any infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

“Inventory” shall have the meaning given that term in the UCC.

“Investment Property” shall have the meaning given that term in the UCC.

“Lender” shall have the meaning assigned to such term in the recitals of this Agreement.

“Lender’s Rights and Remedies” shall have the meaning assigned to such term in Section 8.08(a).

“Letter-of-Credit Right” shall have the meaning given that term in the UCC and shall also mean any right to payment or performance under a letter of credit, whether or not the beneficiary has demanded, or is at the time entitled to demand, payment or performance.

“Letters of Credit” shall have the meaning given that term in the UCC.

“Liens” means any encumbrances.

“Loan(s)” shall mean any extension of credit to the Borrowers pursuant to the Facilities Agreement.

“Loan Document(s)” shall mean means this Agreement, the Facilities Agreement, the Guarantee, and any and all other documents now or hereafter executed by any Borrower, the Grantors, or the Guarantor, or any other person or party which evidences, guarantees, pertains to or secures the payment of any or all of the Loans or the performance and discharge of any or all of the obligations under the Facilities Agreement.

“Loan Party” shall mean any Grantor, any Borrower or the Guarantor.

“Patents” means (a) all letters patent of the United States, any other country or any political subdivision thereof, all reissues and extensions thereof and all goodwill associated therewith, including any of the foregoing referred to in Schedule 3.09, (b) all applications for letters patent of the United States or any other country and all divisions, continuations and continuations-in-part thereof, including any of the foregoing referred to in Schedule 3.09, and (c) all rights to obtain any reissues or extensions of the foregoing.

“Patent Licenses” means all agreements, whether written or oral, providing for the grant by or to any Grantor of any right to manufacture, use or sell any invention covered in whole or in part by a Patent, including any of the foregoing referred to in Schedule 3.09.

“Payment Intangible” shall have the meaning given that term in the UCC and shall also mean any General Intangible under which the Account Debtor’s primary obligation is a monetary obligation.

“Proceeds” shall have the meaning given that term in the UCC.

“Secured Obligations” means any and all of the covenants, conditions, warranties, representations, liabilities and other obligations now or hereafter made or undertaken by Grantor or any other person or party to Lender or others as set forth in the Loan Documents.

“Securities Act” shall have the meaning assigned to such term in Section 6.01(c) of this Agreement.

“Securities Account” shall have the meaning given that term in the UCC.

“Securities Intermediary” shall have the meaning given that term in the UCC.

“Security” shall have the meaning given that term in the UCC.

“Security Entitlement” shall have the meaning given that term in the UCC.

“Security Interest” shall have the meaning assigned to such term in Section 2.01 of this Agreement.

“Software” shall have the meaning given that term in the UCC.

“Supporting Obligation” shall have the meaning given that term in the UCC and shall also refer to a Letter-of-Credit Right or secondary obligation that supports the payment or performance of an Account, Chattel Paper, a Document, a General Intangible, an Instrument, or Investment Property.

“Title Lien Notation” is defined in Section 3.11 of this Agreement.

“Trademarks” means (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos and other source or business identifiers, and all goodwill associated therewith, now existing or hereafter adopted or acquired, all registrations and recordings thereof, and all applications in connection therewith, whether in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, or otherwise, and all common-law rights related thereto, including any of the foregoing referred to in Schedule 3.09, and (b) the right to obtain all renewals thereof.

“Trademark Licenses” means, collectively, each agreement, whether written or oral, providing for the grant by or to any Grantor of any right to use any Trademark, including any of the foregoing referred to in Schedule 3.09.

ARTICLE 2

Security Interest

SECTION 2.01 Security Interest. As security for the payment or performance, as the case may be, in full of the Secured Obligations, each Grantor hereby grants to the Lender, a security interest in all of such Grantor’s right, title and interest in, to and under the Collateral (the “Security Interest”). Without limiting the foregoing, each Grantor hereby designates the Lender as such Grantor’s true and lawful attorney, exercisable by the Lender whether or not an Event of Default exists, with full power of substitution, at the Lender’s option, to file one or more Financing Statements, continuation statements, or to sign other documents for the purpose of perfecting, confirming, continuing, or protecting the Security Interest granted by each Grantor, without the signature of any Grantor (each Grantor hereby appointing the Lender as such Person’s attorney to sign such Person’s name to any such instrument or document, whether or not an Event of Default exists), and naming any Grantor or the Grantors, as debtors, and the Lender, as secured party. Any such financing statement may indicate the Collateral as “all assets of the Grantor”, “all personal property of the debtor” or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC.

SECTION 2.02 No Assumption of Liability. The Security Interest is granted as security only and shall not subject the Lender or in any way alter or modify, any obligation or liability of any Grantor with respect to or arising out of the Collateral.

ARTICLE 3

Representations and Warranties

Each Grantor represents and warrants to the Lender that:

SECTION 3.01 Title and Authority. Each Grantor has good and valid rights in, and title to, the Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Lender the Security Interest in such Collateral pursuant hereto and to execute, deliver and perform its obligations in accordance with the terms of this Agreement, without the consent or approval of any other Person, other than any consent or approval which has been obtained.

SECTION 3.02 Filings. Upon the filing of UCC Financing Statements or other appropriate filings, recordings or registrations naming each Grantor as “debtor” and the Lender as “secured party” and containing a description of the Collateral (or “all assets of the Grantor”, “all personal property of the debtor” or words of similar effect) in each governmental, municipal or other office as is necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Lender in respect of all Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, the Security Interest granted to the Lender hereunder shall constitute a legal, valid and perfected security interest in the Collateral, and no further or subsequent filing, re-filing, recording, rerecording, registration or re-registration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements or analogous filings or as a result of any change in a Grantor’s name or jurisdiction of incorporation or formation or under any other circumstances under which, pursuant to the UCC or other applicable recording or registration system, filings, registrations or recordings previously made have become misleading or ineffective in whole or in part.

SECTION 3.03 Validity and Priority of Security Interest. The Security Interest constitutes (a) a legal, valid and enforceable security interest in all of the Collateral securing the payment and performance of the Secured Obligations, and (b) subject to the making of the filings described in Section 3.02 above, a perfected security interest in all of the Collateral (to the extent perfection in the Collateral can be accomplished by such filing) and (c) subject to the obtaining of control (within the meaning of the UCC), a perfected security interest in all of the Collateral (to the extent perfection in the Collateral can be accomplished by control). The Security Interest is and shall be prior to any other Lien on any of the Collateral, subject only to the permitted encumbrances under Section 4.1.4 of the Facilities Agreement.

SECTION 3.04 Absence of Other Liens. The Collateral is owned by the Grantors free and clear of any Lien, except for (i) permitted encumbrances permitted under Section 3.03 of this Agreement and (ii) Liens for which termination statements or releases (or payoff letters providing for the delivery or filing of termination statements or releases) have been delivered to the Lender. Except with respect to any permitted encumbrances permitted under Section 3.03 of this Agreement, no Grantor has (a) filed or consented to the filing of (i) any Financing Statement or analogous document under the UCC or any other applicable law covering any Collateral,

(ii) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with the United States Patent and Trademark Office or the United States Copyright Office or (iii) any assignment in which any Grantor assigns any Collateral or any security agreement or similar instrument covering any Collateral with any foreign governmental, municipal or other office, or (b) entered into any agreement in which any Grantor grants control (within the meaning of the UCC) over any Collateral, which Financing Statement, control agreement or analogous document, assignment, security agreement or similar instrument is still in effect. No person other than the Lender has control or possession of all or any part of the Collateral except as permitted by the Facilities Agreement or this Agreement or except as will be released concurrently with the closing of the transactions contemplated by the Facilities Agreement.

SECTION 3.05 Commercial Tort Claims. As of the Effective Date, none of the Collateral consists of a Commercial Tort Claim, except as set forth on Schedule 3.05 hereto.

SECTION 3.06 Instruments and Chattel Paper. As of the Effective Date, no amounts payable under or in connection with any of the Collateral are evidenced by any Instrument or Chattel Paper with an individual face value in excess of \$100,000 (or, with respect to all such Instruments or Chattel Paper, an aggregate face value in excess of \$250,000), other than such Instruments and Chattel Paper listed in Schedule 3.06 hereto. Each Instrument and each item of Chattel Paper listed in Schedule 3.06 hereto has been properly endorsed, assigned and delivered to the Lender, accompanied by instruments of transfer or assignment duly executed in blank.

SECTION 3.07 Securities Accounts, Commodity Accounts and Deposit Accounts. As of the Effective Date, no Grantor has any Securities Accounts, Commodity Accounts or Deposit Accounts other than those listed in Schedule 3.07 hereto. The description of each account listed on Schedule 3.07 includes for each such account the name of the Grantor maintaining such account, the name, address, telephone and fax numbers of the financial institution at which such account is maintained, the account number, the type of account and the account officer, if any, of such account. To the extent required pursuant to Section 4.13(b), each Grantor has taken all actions necessary to establish the Lender's "control" (within the meanings of Sections 9-104 and 9-106 of the UCC, as applicable) over all Deposit Accounts, Securities Accounts and Commodities Accounts of such Grantor listed on Schedule 3.07 hereto.

SECTION 3.08 Electronic Chattel Paper and Transferable Records. As of the Effective Date, no amount under or in connection with any of the Collateral is evidenced by any Electronic Chattel Paper or any "transferable record" (as that term is defined in Section 201 of the Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act, as in effect in any relevant jurisdiction) with an individual face value in excess of \$100,000 (or, with respect to all such Electronic Chattel Paper or transferable records, an aggregate face value in excess of \$250,000), other than such Electronic Chattel Paper and transferable records listed in Schedule 3.08 hereto.

SECTION 3.09 Intellectual Property. Schedule 3.09 lists all Intellectual Property owned by each Grantor in its own name on the Effective Date. All Intellectual Property owned by any Grantor is valid, subsisting, unexpired and enforceable, has not been abandoned and, to

such Grantor's knowledge, does not infringe the intellectual property rights of any other Person. Except as set forth in Schedule 3.09, none of the Intellectual Property is the subject of any licensing or franchise agreement pursuant to which such Grantor is the licensor or franchisor. No holding, decision or judgment has been rendered by any governmental authority which would limit, cancel or question the validity of, or any Grantor's rights in, any Intellectual Property owned by any Grantor in any material respect. No action or proceeding is pending, or, to the knowledge of such Grantor, threatened (x) seeking to limit, cancel or question the validity of any Intellectual Property or any Grantor's ownership interest therein, or (y) which, if adversely determined, would adversely affect the value of any Intellectual Property. Each Grantor owns and possesses or has a license or other right to use all Intellectual Property as is necessary for the conduct of the businesses of such Grantor, without any infringement upon rights of others which could reasonably be expected to have a material adverse effect.

SECTION 3.10 Grantor Information.

(a) On the Effective Date, Schedule 3.10 sets forth (a) each Grantor's jurisdiction of organization and type of organization, (b) the location of each Grantor's chief executive office or sole place of business, (c) each Grantor's exact legal name as it appears on its organizational documents, (d) each Grantor's federal employer identification number, and (e) each Grantor's organizational identification number.

(b) Such Grantor's exact legal name is set forth on Schedule 3.10 and such Grantor has not conducted business in the last five (5) years, and does not conduct business, under any other name (including any trade-name or fictitious business name) except for those names listed on Schedule 3.10.

(c) Except as provided in Schedule 3.10, such Grantor has not changed its name, jurisdiction of organization, organizational identification number, type of organization, federal employer identification number, chief executive office or sole place of business or its organizational structure in any way (e.g., by merger, consolidation, change in organizational form or otherwise) within the past five (5) years.

(d) Such Grantor has not within the last five (5) years become bound (whether by merger or otherwise) as a debtor under a security agreement entered into by another Person, which has not been terminated other than security agreements identified on Schedule 3.10.

SECTION 3.11 Certificate of Title Collateral. To the extent required by Section 4.16 hereof, the certificates of the Certificate of Title Collateral, contain notations or other indication of the security interest created hereunder thereon by the registrar of motor vehicles or other appropriate authority in the applicable jurisdiction naming the Lender as the first lienholder (the "Title Lien Notation"). As of the Effective Date, no Grantor has any right, title or interest in any Certificate of Title Collateral for which the underlying Equipment or Collateral has a book value in excess of \$100,000, except as set forth on Schedule 3.10.

ARTICLE 4**Covenants****SECTION 4.01 Change of Name; Location of Collateral; Records; Place of Business.**

(a) Each Grantor agrees not to effect or permit any change to its name unless all filings, publications and registrations have been made under the UCC or other applicable law that are required in order for the Lender to continue at all times following such change to have a valid, legal and perfected first priority security interest in all the Collateral (subject only to Liens permitted under Section 4.1.4 of the Facilities Agreement).

(b) Each Grantor agrees (i) to maintain, at its own cost and expense, records with respect to the Collateral owned by it which are complete and accurate in all material respects and which are consistent with its current practices, but in any event to include accounting records which are complete in all material respects indicating all payments and proceeds received with respect to any part of the Collateral, and (ii) at such time or times as the Lender may reasonably request, promptly to prepare and deliver to the Lender a duly certified schedule or schedules in form and detail reasonably satisfactory to the Lender showing the identity, amount and location of any and all Collateral.

SECTION 4.02 Protection of Security. Each Grantor shall, at its own cost and expense, take any and all actions reasonably necessary to defend title to the Collateral against all Persons and to defend the Security Interest of the Lender in the Collateral and the priority thereof against any Lien (other than any permitted encumbrances permitted under Section 4.1.4 of the Facilities Agreement).

SECTION 4.03 Further Assurances. Each Grantor agrees, at its own expense, to execute, acknowledge, promptly deliver and cause to be duly filed all such further documents, Financing Statements, agreements and instruments and take all such further actions as the Lender may from time to time reasonably request for the purpose of perfecting or protecting the assignments and Security Interest granted hereunder and obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted, including, without limitation, (i) executing and filing any financing or continuation statements under the UCC (or other similar laws) in effect in any jurisdiction with respect to the security interests created hereby, and (ii) in the case of Investment Property, Deposit Accounts, Electronic Chattel Paper and Letter-of-Credit Rights and any other relevant Collateral, taking any actions reasonably necessary to enable the Lender to obtain "control" (within the meaning of the applicable UCC) with respect thereto, in each case pursuant to documents in form and substance satisfactory to the Lender.

SECTION 4.04 Inspection and Verification. Each Grantor shall, and shall cause each of its Subsidiaries to, permit representatives and independent contractors of the Lender to visit its properties and inspect the Collateral and all records related thereto (and to make extracts and copies from such records), to discuss its affairs, finances and accounts with its managers, directors, officers and independent public accountants, and to conduct appraisals, commercial

finance examinations and other evaluations, all in accordance with, and subject to the terms and conditions of Section 6.2.3 of the Facilities Agreement. The Lender and such Persons as the Lender may reasonably designate shall have the right to verify the validity, amount, quality, quantity, value, condition and status of, or any other matter relating to, the Collateral, including, in the case of Accounts or Collateral in the possession of any third Person, by contacting Account Debtors or the third Person possessing such Collateral for the purpose of making such a verification. The Grantors shall pay the reasonable fees and expenses of the Lender or such other Persons with respect to such inspections and verifications to the extent required by the terms of the Facilities Agreement.

SECTION 4.05 Taxes; Encumbrances. At its option, the Lender may discharge past due taxes, assessments, charges, fees, Liens, security interests or other encumbrances at any time levied or placed on the Collateral, and may take any other action which the Lender may reasonably deem necessary or desirable to repair, maintain or preserve any of the Collateral to the extent any Grantor fails to do so as required by the Facilities Agreement or this Agreement, and each Grantor jointly and severally agrees to reimburse the Lender on demand for any payment made or any expense incurred by the Lender pursuant to the foregoing authorization; provided, however, that the Lender shall not have any obligation to undertake any of the foregoing and shall have no liability on account of any action so undertaken except where a court of competent jurisdiction determines by final and nonappealable judgment that the Lender's actions constitute gross negligence or willful misconduct; provided further that the making of any such payments or the taking of any such action by the Lender shall not be deemed to constitute a waiver of any Event of Default arising from any Grantor's failure to have made such payments or taken such action. Nothing in this Section 4.05 shall be interpreted as excusing any Grantor from the performance of any covenants or other promises of any Grantor with respect to taxes, assessments, charges, fees, Liens, security interests or other encumbrances and maintenance as set forth herein or in the other Loan Documents.

SECTION 4.06 Assignment of Security Interest. If at any time any Grantor shall take a security interest in any property of an Account Debtor or any other Person to secure payment and performance of an Account with a value in excess of \$100,000 (or, with respect to all such property, an aggregate value in excess of \$250,000), such Grantor shall promptly assign such security interest to the Lender. Such assignment need not be filed of public record unless necessary to continue the perfected status of the security interest against creditors of, and transferees from, the Account Debtor or other Person granting the security interest.

SECTION 4.07 Continuing Obligations of the Grantors. Each Grantor shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument relating to the Collateral, all in accordance with the terms and conditions thereof, and each Grantor jointly and severally agrees to indemnify and hold harmless the Lender from and against any and all liability for such performance.

SECTION 4.08 Use and Disposition of Collateral. None of the Grantors shall make or permit to be made a collateral assignment, pledge or hypothecation of the Collateral or shall grant any other Lien in respect of the Collateral or shall grant control (within the meaning of the UCC) of any Collateral to any Person, in each case except for permitted encumbrances permitted under Section 4.1.4 of the Facilities Agreement. Except for transactions permitted

under Section 6.3 of the Facilities Agreement, none of the Grantors shall make or permit to be made any disposition of the Collateral.

SECTION 4.09 Limitation on Modification of Accounts. No Grantor will, nor will it permit any Subsidiary to discount or sell (with or without recourse) any of its Accounts except to the extent permitted under the Facilities Agreement.

SECTION 4.10 Insurance.

(a) Each Grantor shall (i) maintain or shall cause to be maintained such insurance as is required pursuant to Section 6.25 of the Facilities Agreement; (ii) maintain such other insurance as may be required by applicable law; and (ii) furnish to the Lender, upon written request, full information as to the insurance carried.

(b) Each Grantor hereby irrevocably makes, constitutes and appoints the Lender (and all officers, employees or agents designated by the Lender) as such Grantor's true and lawful agent (and attorney-in-fact) for the purpose of making, settling and adjusting claims in respect of Collateral under policies of insurance, endorsing the name of such Grantor on any check, draft, instrument or other item of payment for the proceeds of such policies of insurance and for making all determinations and decisions with respect thereto, in each case, to be exercised by the Lender upon the occurrence and during the continuance of an Event of Default. In the event that any Grantor at any time or times shall fail to obtain or maintain any of the policies of insurance required hereby or to pay any premium in whole or in part relating thereto, the Lender may, without waiving or releasing any obligation or liability of the Grantors hereunder or any Event of Default, in its sole discretion, obtain and maintain such policies of insurance and pay such premium and take any other actions with respect thereto as the Lender deems advisable. All sums disbursed by the Lender in connection with this Section 4.10, including reasonable attorneys' fees, court costs, expenses and other charges relating thereto, shall be payable, upon demand, by the Grantors to the Lender and shall be additional Secured Obligations secured hereby.

SECTION 4.11 Commercial Tort Claims. If any Grantor shall at any time hold or acquire a Commercial Tort Claim having a value in excess of \$250,000, such Grantor shall promptly (but, in any event, within five (5) Business Days) notify the Lender in writing of the details thereof, and such Grantor shall take such actions as the Lender shall reasonably request in order to grant to the Lender a perfected security interest therein and in the Proceeds thereof.

SECTION 4.12 Legend. Upon the occurrence and during the continuance of an Event of Default and at the request of the Lender, each Grantor shall legend, in form and manner reasonably satisfactory to the Lender, its Accounts and its books, records and documents evidencing or pertaining thereto with an appropriate reference to the fact that such Accounts have been assigned to the Lender and that the Lender has a security interest therein.

SECTION 4.13 Other Actions. In order to further ensure the attachment, perfection and priority of, and the ability of the Lender to enforce, the Lender's Security Interest

in the Collateral, each Grantor covenants and agrees, in each case at such Grantor's own expense, to take the following actions with respect to the following Collateral:

(a) If any amount then payable under or in connection with any of the Collateral shall become evidenced by any Instrument or Chattel Paper with an individual face value in excess of \$100,000 (or, with respect to all such Instruments or Chattel Paper, an aggregate face value in excess of \$250,000), other than such Instruments and Chattel Paper listed in Schedule 3.06 hereto, the Grantor acquiring such Instrument or Chattel Paper shall promptly (but, in any event, within five (5) Business Days after receipt thereof) endorse, assign and deliver the same to the Lender, accompanied by such instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify.

(b) Each Grantor shall cause each financial institution, Securities Intermediary and Commodity Intermediary at which such Grantor maintains as of the Effective Date a Deposit Account, Securities Account or Commodity Account, as the case may be, to enter into a control agreement or other similar agreement with the Lender and such Grantor, in form and substance satisfactory to the Lender, in order to give the Lender control (within the meaning set forth in Section 9-104 or 9-106 of the UCC, as applicable) of such account. No Grantor shall establish and maintain after the Effective Date any Deposit Account, Securities Account or Commodity Account with any financial institution, Securities Intermediary or Commodity Intermediary, as applicable, unless (i) such financial institution, Securities Intermediary or Commodity Intermediary shall be reasonably acceptable to the Lender, and (ii) such financial institution, Securities Intermediary or Commodity Intermediary, as the case may be, and such Grantor shall have duly executed and delivered a control agreement with respect to such Deposit Account, Securities Account or Commodity Account, as the case may be, in order to give the Lender control (within the meaning set forth in Section 9-104 or 9-106 of the UCC, as applicable) of such account. Upon the occurrence and during the continuance of an Event of Default, each Grantor shall accept any cash and Investment Property in trust for the benefit of the Lender and within one (1) Business Day of actual receipt thereof, deposit any and all cash and Investment Property received by it into a Deposit Account or Securities Account subject to the Lender's control (within the meaning set forth in Section 9-104 or 9-106 of the UCC, as applicable). No Grantor shall grant control (within the meaning set forth in Section 9-106 of the UCC) over any Investment Property to any person other than the Lender.

(c) As between the Lender and the Grantors, the Grantors shall bear the investment risk with respect to the Investment Property and Pledged Securities (as defined in the Pledge Agreement), and the risk of loss of, damage to, or the destruction of, the Investment Property and Pledged Securities (except where a court of competent jurisdiction determines by final and nonappealable judgment that such loss, damage or destruction has resulted from the gross negligence or willful misconduct of the Lender), whether in the possession of, or maintained as a Security Entitlement or deposit by, or subject to the control of, the Lender, a Securities Intermediary, a Commodity Intermediary, any Grantor or any other Person.

(d) If any amount payable under or in connection with any of the Collateral shall become evidenced by any Electronic Chattel Paper or any transferable record with an individual face value in excess of \$100,000 (or, with respect to all such Electronic Chattel Paper or transferable records, an aggregate face value in excess of \$250,000), other than such Electronic Chattel Paper and transferable records listed in Schedule 3.08 hereto, the Grantor acquiring such Electronic Chattel Paper or transferable record shall promptly notify the Lender thereof and shall take such action as the Lender may reasonably request to vest in the Lender control of such Electronic Chattel Paper under Section 9-105 of the UCC or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as in effect in such jurisdiction, of such transferable record.

(e) If any Grantor is at any time a beneficiary under a Letter of Credit now or hereafter issued having a face value in an amount in excess of \$100,000 (or with respect to all such Letters of Credit, having an aggregate face value in an amount in excess of \$250,000), such Grantor shall promptly notify the Lender thereof and such Grantor shall, at the request of the Lender, pursuant to an agreement in form and substance reasonably satisfactory to the Lender, either (i) arrange for the issuer and any confirmer of such Letter of Credit to consent to an assignment to the Lender of the proceeds of any drawing under the Letter of Credit and to cause the proceeds of any drawing under such Letter of Credit to be paid directly to the Lender after the occurrence and during the continuance of any Event of Default, or (ii) arrange for the Lender to become the transferee beneficiary of such Letter of Credit, with the Lender agreeing, in each case, that the proceeds of any drawing under the Letter of Credit are to be paid directly to the Lender after the occurrence and during the continuance of any Event of Default and applied as provided in the Facilities Agreement.

SECTION 4.14 Intellectual Property.

(a) Each Grantor (either itself or through licensees) will (i) continue to use each Trademark on each and every trademark class of goods applicable to its current line as reflected in its current catalogs, brochures and price lists in order to maintain such Trademark in full force free from any claim of abandonment for non-use, (ii) maintain as in the past the quality of products and services offered under such Trademark, (iii) use such Trademark with the appropriate notice of registration and all other notices and legends required by applicable law, (iv) not adopt or use any mark which is confusingly similar or a colorable imitation of such Trademark unless the Lender shall obtain a perfected security interest in such mark pursuant to this Agreement, and (v) not (and not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby such Trademark may become invalidated or impaired in any way.

(b) Each Grantor (either itself or through licensees) will not do any act, or omit to do any act, whereby any material Intellectual Property may lapse or become forfeited, abandoned or dedicated to the public, or unenforceable.

(c) Each Grantor (either itself or through licensees) will not (and will not permit any licensee or sublicensee thereof to) do any act or knowingly omit to do any act whereby any portion of such material Copyrights may become invalidated or otherwise impaired. Each Grantor will not (either itself or through licensees) do any act whereby any material portion of the Copyrights may fall into the public domain.

(d) Each Grantor (either itself or through licensees) will not use or permit any material Intellectual Property to infringe the intellectual property rights of any other Person.

(e) Each Grantor will notify the Lender immediately if it knows, or has reason to know, that any application or registration relating to any material Intellectual Property may become forfeited, abandoned or dedicated to the public, invalid or unenforceable, or of any material adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court or tribunal in any country) regarding, such Grantor's ownership of, or the validity or enforceability of, any material Intellectual Property or such Grantor's right to register the same or to own and maintain the same.

(f) Whenever any Grantor, either by itself or through any agent, employee, licensee or designee, shall file an application for the registration of any Intellectual Property with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency in any other country or any political subdivision thereof, such Grantor shall report such filing to the Lender concurrently with the next delivery of financial statements of the Borrowers pursuant to the Facilities Agreement. Upon the request of the Lender, each Grantor shall execute and deliver, and have recorded, any and all agreements, instruments, documents, and papers as the Lender may request to evidence the Lender's security interest in any Copyright, Patent or Trademark and the goodwill and general intangibles of such Grantor relating thereto or represented thereby.

(g) Each Grantor will take all reasonable and necessary steps to maintain and pursue each application (and to obtain the relevant registration) and to maintain each registration of all material Intellectual Property owned by it.

(h) In the event that any material Intellectual Property is infringed upon or misappropriated or diluted by a third party, each Grantor shall (i) take such actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Intellectual Property and (ii) if such Intellectual Property is of material economic value, promptly notify the Lender after it learns thereof and, to the extent, in its reasonable judgment, such Grantor determines it appropriate under the circumstances, sue for infringement, misappropriation or dilution, to seek injunctive relief where appropriate and to recover any and all damages for such infringement, misappropriation or dilution.

SECTION 4.15 Other Financing Statements and Liens. Without the prior written consent of the Lender, no Grantor shall file or suffer to be on file, or authorize to be filed or to be on file, in any jurisdiction, any financing statement or like instrument with respect to the Collateral in which the Lender is not named as the sole secured party except to the extent such filing or like instrument is not prohibited by the Facilities Agreement or this Agreement.

SECTION 4.16 Certificate of Title Collateral.

(a) With respect to any Certificate of Title Collateral for which the underlying Equipment or Collateral has a book value in excess of \$100,000, subject only to the permitted encumbrances under Section 4.1.4 of the Facilities Agreement, each Grantor shall (i) execute and file with the registrar of motor vehicles or other appropriate authority in the applicable jurisdiction an application or other document requesting the Title Lien Notation in favor of Lender on the applicable certificate of title, and (ii) promptly upon receipt of such items by such Grantor, deliver to the Lender (or its designated sub-agent or custodian) originals of all such applications or other documents filed and copies of all such certificates of title issued indicating the security interest created hereunder in the items of Certificate of Title Collateral covered thereby.

(b) If any Grantor receives notice from any registrar of motor vehicles or other such authority or the Lender or any sub-agent appointed by the Lender that adjustments, amendments, clarifications or other modifications must be made to such certificates of title in order to perfect or maintain the perfection and priority of the Lien of the Lender thereon, to deliver such modifications to such authority promptly and in any event within 10 days of receipt of such notice.

(c) If any Grantor shall obtain an interest in any Certificate of Title Collateral for which the underlying Equipment or Collateral has a book value in excess of \$100,000, such Grantor shall within thirty (30) days of obtaining knowledge of such interest update Schedule 3.10 hereto, to include a sufficient description of such Certificate of Title Collateral.1

ARTICLE 5

Power of Attorney

SECTION 5.01 Power of Attorney. Each Grantor irrevocably makes, constitutes and appoints the Lender (and all officers, employees or agents designated by the Lender) as such Grantor's true and lawful agent and attorney-in-fact, and in such capacity the Lender shall have the right, with power of substitution for each Grantor and in each Grantor's name or otherwise, for the use and benefit of the Lender (a) at any time, whether or not an Event of Default has occurred, to take actions required to be taken by the Grantors under Section 2.01 of this Agreement, (b) in the case of any Intellectual Property, at any time, whether or not an Event of Default has occurred, to execute and deliver, and have recorded, any and all agreements, instruments, documents and papers as the Lender may request to evidence the Lender's security interest in the Intellectual Property of the Grantors and the goodwill and General Intangibles of the Grantors relating thereto or represented thereby; (c) upon the occurrence and during the continuance of an Event of Default or as otherwise permitted under the Facilities Agreement, to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof, and (d) upon

the occurrence and during the continuance of an Event of Default or as otherwise permitted under the Facilities Agreement, (i) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (ii) to sign the name of any Grantor on any invoices, schedules of Collateral, freight or express receipts, or bills of lading storage receipts, warehouse receipts or other documents of title relating to any of the Collateral; (iii) to sign the name of any Grantor on any notice to such Grantor's Account Debtors; (iv) to sign the name of any Grantor on any proof of claim in bankruptcy against Account Debtors, and on notices of lien, claims of mechanic's liens, or assignments or releases of mechanic's liens securing the Accounts; (v) to sign change of address forms to change the address to which each Grantor's mail is to be sent to such address as the Lender shall designate; (vi) to receive and open each Grantor's mail, remove any Proceeds of Collateral therefrom and turn over the balance of such mail either to the Borrowers or to any trustee in bankruptcy or receiver of a Grantor, or other legal representative of a Grantor whom the Lender reasonably determines to be the appropriate person to whom to so turn over such mail; (vii) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (viii) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; (ix) to take all such action as may be reasonably necessary to obtain the payment of any letter of credit and/or banker's acceptance of which any Grantor is a beneficiary; (x) to repair, manufacture, assemble, complete, package, deliver, alter or supply goods, if any, necessary to fulfill in whole or in part the purchase order of any customer of any Grantor; (xi) to use, license or transfer any or all General Intangibles of any Grantor, subject to those restrictions to which such Grantor is subject under applicable law and by contract; (xii) to cause all Documents (including, without limitation, freight or express receipts, or bills of lading storage receipts, warehouse receipts or other documents of title) to name the Lender as consignee and to obtain control over the Documents; and (xiii) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal with all or any of the Collateral, and to do all other acts and things reasonably necessary to carry out the purposes of this Agreement, as fully and completely as though the Lender was the absolute owner of the Collateral for all purposes; provided, however, that nothing herein contained shall be construed as requiring or obligating the Lender to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Lender, or to present or file any claim or notice. Each Grantor agrees to reimburse the Lender on demand for any payment made or any expense incurred by the Lender in connection with any actions taken by the Lender pursuant to clauses (a) through (d) above. It is understood and agreed that the appointment of the Lender as the agent and attorney-in-fact of each Grantor for the purposes set forth above is coupled with an interest and is irrevocable.

SECTION 5.02 No Obligation to Act. The Lender shall not be obligated to do any of the acts or to exercise any of the powers authorized by Section 5.01, but if the Lender elects to do any such act or to exercise any of such powers, it shall not be accountable for more than it actually receives as a result of such exercise of power, and shall not be responsible to any Grantor for any act or omission to act, except where a court of competent jurisdiction determines by final and nonappealable judgment that the subject act or omission to act has resulted from the gross negligence or willful misconduct of the Lender. The provisions of Section 5.01 shall in no event relieve any Grantor of any of its obligations hereunder or under any other Loan Document with respect to the Collateral or any part thereof or impose any obligation on the Lender to

proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Lender of any other or further right which it may have on the date of this Agreement or hereafter, whether hereunder, under any other Loan Document, by applicable law or otherwise.

ARTICLE 6

Remedies

SECTION 6.01 Remedies upon an Event of Default. Upon the occurrence and during the continuance of an Event of Default, it is agreed that the Lender shall have in any jurisdiction in which enforcement hereof is sought, in addition to all other rights and remedies, the rights and remedies of a secured party under the UCC or other applicable law or in equity. Upon the occurrence and during the continuance of an Event of Default, the rights and remedies of the Lender shall include, without limitation, the right to take any or all of the following actions at the same or different times:

(a) With respect to any Collateral consisting of Accounts, General Intangibles (including Payment Intangibles), Letter-of-Credit Rights, Instruments, Chattel Paper, Documents, and Investment Property, the Lender may collect the Collateral with or without the taking of possession of any of the Collateral.

(b) With respect to any Collateral consisting of Accounts, the Lender may: (i) demand, collect and receive any amounts relating thereto, as the Lender may determine; (ii) commence and prosecute any actions in any court for the purposes of collecting any such Accounts and enforcing any other rights in respect thereof; (iii) defend, settle or compromise any action brought and, in connection therewith, give such discharges or releases as the Lender may reasonably deem appropriate; (iv) without limiting the Lender's rights set forth in Section 5.01 hereof, receive, open and dispose of mail addressed to any Grantor and endorse checks, notes, drafts, acceptances, money orders, bills of lading, warehouse receipts or other instruments or documents evidencing payment, shipment or storage of the goods giving rise to such Accounts or securing or relating to such Accounts, on behalf of and in the name of such Grantor; and (v) sell, assign, transfer, make any agreement in respect of, or otherwise deal with or exercise rights in respect of, any such Accounts or the goods or services which have given rise thereto, as fully and completely as though the Lender was the absolute owner thereof for all purposes.

(c) With respect to any Collateral consisting of Investment Property, the Lender may: (i) exercise all rights of any Grantor with respect thereto, including without limitation, the right to exercise all voting and corporate rights at any meeting of the shareholders of the issuer of any Investment Property and to exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any Investment Property as if the Lender was the absolute owner thereof, including the right to exchange, at its discretion, any and all of any Investment Property upon the merger, consolidation, reorganization, recapitalization or other readjustment of the issuer thereof, all without liability except to account for property actually received as provided

in Section 5.02 hereof; (ii) transfer such Collateral at any time to itself, or to its nominee, and receive the income thereon and hold the same as Collateral hereunder or apply it to the Secured Obligations; and (iii) demand, sue for, collect or make any compromise or settlement it deems desirable. The Grantors recognize that (a) the Lender may be unable to effect a public sale of all or a part of the Investment Property by reason of certain prohibitions contained in the Securities Act of 1933, 15 U.S.C. §77 (as amended and in effect, the "Securities Act") or the Securities laws of various states (the "Blue Sky Laws"), but may be compelled to resort to one or more private sales to a restricted group of purchasers who will be obliged to agree, among other things, to acquire the Investment Property for their own account, for investment and not with a view to the distribution or resale thereof, (b) private sales so made may be at prices and upon other terms less favorable to the seller than if the Investment Property were sold at public sales, (c) the Lender has no obligation to delay sale of any of the Investment Property for the period of time necessary to permit the Investment Property to be registered for public sale under the Securities Act or the Blue Sky Laws, and (d) private sales made under the foregoing circumstances shall be deemed to have been made in a commercially reasonable manner.

(d) With respect to any Collateral consisting of Inventory, Goods, and Equipment, the Lender may conduct one or more going out of business sales, in the Lender's own right or by one or more agents and contractors. Such sale(s) may be conducted upon any premises owned, leased, or occupied by any Grantor. The Lender and any such agent or contractor, in conjunction with any such sale, may augment the Inventory with other goods (all of which other goods shall remain the sole property of the Lender or such agent or contractor). Any amounts realized from the sale of such goods which constitute augmentations to the Inventory (net of an allocable share of the costs and expenses incurred in their disposition) shall be the sole property of the Lender or such agent or contractor and neither any Grantor nor any Person claiming under or in right of any Grantor shall have any interest therein. Each purchaser at any such going out of business sale shall hold the property sold absolutely, free from any claim or right on the part of any Grantor.

(e) With or without legal process and with or without prior notice or demand for performance, the Lender may enter upon, occupy, and use any premises owned or occupied by each Grantor and may exclude the Grantors from such premises or portion thereof as may have been so entered upon, occupied, or used by the Lender. The Lender shall not be required to remove any of the Collateral from any such premises upon the Lender's taking possession thereof and may render any Collateral unusable to the Grantors. In no event shall the Lender be liable to any Grantor for use or occupancy by the Lender of any premises pursuant to this Section 6.01, nor for any charge (such as wages for the Grantors' employees and utilities) incurred in connection with the Lender's exercise of the Lender's Rights and Remedies (as defined herein) hereunder, other than for direct or actual damages resulting from the gross negligence or willful misconduct of the Lender as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(f) The Lender may require any Grantor to assemble the Collateral and make it available to the Lender at such Grantor's sole risk and expense at a place or places which are reasonably convenient to both the Lender and such Grantor.

(g) The Lender may require any Grantor to name the Lender as consignee on any Documents and to furnish the Lender with control over any such Documents.

(h) Each Grantor agrees that the Lender shall have the right, subject to applicable law, to sell or otherwise dispose of all or any part of the Collateral, at public or private sale, for cash, upon credit or for future delivery as the Lender shall deem appropriate. Each purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of any Grantor.

(i) Unless the Collateral is perishable or threatens to decline speedily in value, or is of a type customarily sold on a recognized market (in which event the Lender shall provide the Grantors such advance notice as may be practicable under the circumstances), the Lender shall give the Grantors at least ten (10) days' prior written notice, by authenticated record, of the date, time and place of any proposed public sale, and of the date after which any private sale or other disposition of the Collateral may be made. Each Grantor agrees that such written notice shall satisfy all requirements for notice to such Grantor which are imposed under the UCC or other applicable law with respect to the exercise of the Lender's Rights and Remedies upon the occurrence and during the continuance of an Event of Default. The Lender shall not be obligated to make any sale or other disposition of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale or other disposition of such Collateral shall have been given. The Lender may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned.

(j) Any public sale shall be held at such time or times within ordinary business hours and at such place or places as the Lender may fix and state in the notice of such sale. At any sale or other disposition, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Lender may (in its sole and absolute discretion) determine. If any of the Collateral is sold, leased, or otherwise disposed of by the Lender on credit, the Secured Obligations shall not be deemed to have been reduced as a result thereof unless and until payment in full is received thereon by the Lender. In the event that the purchaser fails to pay for the Collateral, the Lender may resell the Collateral and apply the proceeds from such resale in accordance with the terms of Section 6.02 of this Agreement.

(k) At any public (or, to the extent permitted by applicable law, private) sale made pursuant to this Section 6.01, the Lender may bid for or purchase, free (to the extent permitted by applicable law) from any right of redemption, stay, valuation or appraisal on the part of any Grantor, the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to the Lender from any Grantor on account of the Secured Obligations as a credit against the

purchase price, and the Lender may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to any Grantor therefor.

(l) For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof. The Lender shall be free to carry out such sale pursuant to such agreement and no Grantor shall be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Lender shall have entered into such an agreement all Events of Default shall have been remedied and the Secured Obligations paid in full.

(m) As an alternative to exercising the power of sale herein conferred upon it, the Lender may proceed by a suit or suits at law or in equity to foreclose upon the Collateral and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

(n) To the extent permitted by applicable law, each Grantor hereby waives all rights of redemption, stay, valuation and appraisal which such Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

SECTION 6.02 Application of Proceeds. After the occurrence and during the continuance of an Event of Default, the Lender shall apply the proceeds of any collection or sale of the Collateral, as well as any Collateral consisting of cash, or any Collateral granted under any other of the Loan Documents, in inverse order of the obligations outstanding.

The Lender shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement. Upon any sale or other disposition of the Collateral by the Lender (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the purchase money by the Lender or by the officer making the sale or other disposition shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold or otherwise disposed of and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Lender or such officer or be answerable in any way for the misapplication thereof.

ARTICLE 7

Perfection of Security Interest

SECTION 7.01 Perfection by Filing. This Agreement constitutes an authenticated record, and each Grantor hereby authorizes the Lender, pursuant to the provisions of Section 2.01 and Section 5.01, to file one or more Financing Statements or continuation statements, and amendments thereto, relative to all or any part of the Collateral, in such filing offices as the Lender shall reasonably deem appropriate, and the Grantors shall pay the Lender's reasonable costs and expenses incurred in connection therewith.

SECTION 7.02 Other Perfection, Etc. Each Grantor shall at any time and from time to time take such steps as the Lender may reasonably request for the Lender (a) to obtain an acknowledgment, in form and substance reasonably satisfactory to the Lender, of any bailee having possession of any of the Collateral that the bailee holds such Collateral for the Lender, (b) to obtain control (within the meaning of the UCC) of any Investment Property, Deposit Accounts, Letter-of-Credit Rights, Electronic Chattel Paper or any other relevant Collateral, with any agreements establishing control to be in form and substance reasonably satisfactory to the Lender, and (c) to otherwise insure the continued perfection of the Lender's security interest in any of the Collateral and of the preservation of its rights therein.

SECTION 7.03 Savings Clause. Nothing contained in this Article 7 shall be construed to narrow the scope of the Lender's Security Interest in any of the Collateral or the perfection or priority thereof or to impair or otherwise limit any of the Lender's Rights and Remedies hereunder except (and then only to the extent) as mandated by the UCC.

ARTICLE 8

Miscellaneous

SECTION 8.01 Notices. All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in the Facilities Agreement, provided that communications and notices to any Grantor shall be addressed to such Grantor at its notice address set forth on its signature page hereto.

SECTION 8.02 Grant of Non-Exclusive License. Without limiting the provisions of Section 6.01 hereof or any other rights of the Lender as the holder of a Lien on any Intellectual Property, each Grantor hereby grants to the Lender, and the representatives and independent contractors of the Lender, a royalty free, non-exclusive, irrevocable license (exercisable without payment of royalty or other compensation to such Grantor), to use, license or sublicense any Intellectual Property now owned or hereafter acquired by such Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof, such license to be effective only upon the occurrence and during the continuance of any Event of Default in connection with the Lender's exercise of the Lender's Rights and Remedies hereunder including, without limitation, in connection with any completion of the manufacture of Inventory or any sale or other disposition of Inventory. The license granted in this Section 8.02 shall remain in full force and effect throughout the term of this Agreement, notwithstanding the release of any Grantor hereunder.

SECTION 8.03 Security Interest Absolute. All rights of the Lender hereunder, the Security Interest and all obligations of each Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Facilities Agreement, any other Loan Document, any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the Facilities Agreement, any other Loan Document, or any other agreement or instrument, (c) any

exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Secured Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor in respect of the Secured Obligations or this Agreement.

SECTION 8.04 Survival of Agreement. All covenants, agreements, representations and warranties made by each Grantor herein and in any other Loan Document and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lender and shall survive the execution and delivery of this Agreement and the other Loan Documents and the making of any Loans and the issuance of any Letters of Credit under the Facilities Agreement to the extent provided for in the Facilities Agreement, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Event of Default or incorrect representation or warranty at the time any credit is extended under the Facilities Agreement, and shall continue in full force and effect unless terminated in accordance with Section 8.14 hereof.

SECTION 8.05 Binding Effect; Several Agreement; Assignments. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of each Grantor that are contained in this Agreement shall bind and inure to the benefit of each Grantor and its respective successors and assigns. This Agreement shall be binding upon each Grantor and the Lender and their respective successors and assigns, and shall inure to the benefit of each Grantor, the Lender and their respective successors and assigns, except that no Grantor shall have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such attempted assignment or transfer shall be void) except as expressly permitted by this Agreement or the Facilities Agreement. This Agreement shall be construed as a separate agreement with respect to each Grantor and may be amended, modified, supplemented, waived or released with respect to any Grantor without the approval of any other Grantor and without affecting the obligations of any other Grantor hereunder.

SECTION 8.06 Lender's Fees and Expenses; Indemnification.

(a) Without limiting or duplicating any of their obligations under the Facilities Agreement or the other Loan Documents, the Grantors jointly and severally agree to pay all reasonable out-of-pocket expenses incurred by the Lender (including the reasonable fees, charges and disbursements of counsel and other outside consultants for the Lender, to the extent not otherwise prohibited by applicable law) in connection with (i) the administration of this Agreement, (ii) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral, (iii) the exercise, enforcement or protection of any of the Lender's Rights and Remedies hereunder or (iv) the failure of any Grantor to perform or observe any of the provisions hereof.

(b) To the extent permitted by applicable law, each Grantor shall not assert, and each Grantor hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or

actual damages) arising out of, in connection with, or as a result of, this Agreement, the Facilities Agreement, any other Loan Document or any agreement or instrument contemplated hereby, or the transactions contemplated hereby or thereby.

(c) Any such amounts payable as provided hereunder shall be additional Secured Obligations secured hereby and by the other Loan Documents. All amounts due under this Section 8.06 shall be payable not later than ten (10) days after written demand therefor.

(d) The agreements in this Section 8.06 shall survive the resignation of the Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Secured Obligations.

SECTION 8.07 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NORTH DAKOTA.

SECTION 8.08 Waivers; Amendment.

(a) The rights, remedies, powers, privileges, and discretions of the Lender hereunder (herein, the "Lender's Rights and Remedies") shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. No delay or omission by the Lender in exercising or enforcing any of the Lender's Rights and Remedies shall operate as, or constitute, a waiver thereof. No waiver by the Lender of any Event of Default under any other agreement shall operate as a waiver of any Event of Default arising from any Grantor's failure to perform or observe any covenant or agreement contained in this Agreement on its part to be performed or observed hereunder. No single or partial exercise of any of the Lender's Rights or Remedies, and no express or implied agreement or transaction of whatever nature entered into between the Lender and any Person, at any time, shall preclude the other or further exercise of the Lender's Rights and Remedies. No waiver by the Lender of any of the Lender's Rights and Remedies on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. The Lender's Rights and Remedies may be exercised at such time or times and in such order of preference as the Lender may determine. The Lender's Rights and Remedies may be exercised without resort or regard to any other source of satisfaction of the Secured Obligations. No waiver of any provisions of this Agreement or any other Loan Document or consent to any departure by any Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Grantor in any case shall entitle such Grantor or any other Grantor to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to a written agreement entered into between the Lender and

the Grantor or Grantors with respect to whom such waiver, amendment or modification is to apply.

SECTION 8.09 WAIVER OF JURY TRIAL. EACH PARTY HEREBY (i) IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN; (ii) CERTIFIES THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR AGENT OF COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, AND (iii) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 8.09.

SECTION 8.10 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 8.11 Counterparts. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.12 Headings. Article and Section headings used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 8.13 JURISDICTION; WAIVER OF VENUE; CONSENT TO SERVICE OF PROCESS. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE STATE OF NORTH DAKOTA OR OF THE UNITED STATES OF AMERICA FOR THE DISTRICT COURT OF NORTH DAKOTA, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH GRANTOR HEREBY ACCEPTS FOR ITSELF AND (TO THE EXTENT PERMITTED BY LAW) IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH GRANTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING, WITHOUT LIMITATION, ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN SUCH RESPECTIVE JURISDICTIONS. THIS SUBMISSION TO JURISDICTION IS

NON-EXCLUSIVE AND DOES NOT PRECLUDE THE LENDER FROM BRINGING SUIT AGAINST ANY GRANTOR IN ANY COURT OTHERWISE HAVING JURISDICTION. EACH PARTY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MANNER SPECIFIED FOR NOTICES IN SECTION 8.01 OR SUCH OTHER MANNER AS IS SPECIFIED PURSUANT TO THE FACILITIES AGREEMENT, SUCH SERVICE TO BECOME EFFECTIVE THIRTY (30) DAYS AFTER SUCH MAILING (OR AS SOON THEREAFTER AS IS PROVIDED BY APPLICABLE LAW). NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY GRANTOR IN ANY OTHER JURISDICTION.

SECTION 8.14 Termination. Except for those provisions which expressly survive the termination thereof, this Agreement and the Security Interest granted herein shall terminate when all of the Secured Obligations have been indefeasibly paid in full in cash or otherwise satisfied, at which time the Lender shall execute and deliver to the Grantors, at the Grantors' expense, all UCC termination statements, releases and similar documents that the Grantors shall reasonably request to evidence such termination; provided, however, that the Facilities Agreement, this Agreement, and the Security Interest granted herein shall be reinstated if at any time payment, or any part thereof, of any Secured Obligation is rescinded or must otherwise be restored by Lender upon the bankruptcy or reorganization of any Grantor. Any execution and delivery of termination statements, releases or other documents pursuant to this Section 8.14 shall be **WITHOUT RECOURSE TO, OR WARRANTY BY,** the Lender.

SECTION 8.15 ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

GRANTOR:

**BALANCED ENERGY OILFIELD SERVICES
(USA) INC., a Delaware corporation**

By: Michelle Thomas
Name: Michelle Thomas
Title: Director

Notice Address for the above Grantor:
Box 1865
Brooks, Alberta, Canada
T1RC 1C6

SECURED PARTY:

**NATIONAL BANK OF CANADA,
As Secured Party**

By: 

Name: **Darrell Stelmack**
Title: **Director, Energy Services**

Notice Address for Secured Party:
600, 311-6th Avenue S.W.
Calgary, Alberta, Canada
T2P 3G3

SCHEDULE 3.05

Commercial Tort Claims

None

SCHEDULE 3.06

Instruments and Chattel Paper

None

SCHEDULE 3.07

Deposit Accounts, Securities Accounts and Commodity Accounts

DEPOSIT ACCOUNTS

GRANTOR	FINANCIAL INSTITUTION	ACCOUNT NUMBER/ ACCOUNT TYPE	CONTACT INFORMATION
Balanced Energy Oilfield Services (USA) Inc.	Wells Fargo Bank, National Association	Checking Acct. #7752921150 Routing # 091300010	Randy Templeton Business Relationship Mgr. 3106 16 th St SW Minot, ND 58701 Phone 701-857-1718 Fax 701-857-1746 Email: Randy.L.Templeton@wellsfargo.com

SECURITIES ACCOUNTS None

COMMODITY ACCOUNTS None

SCHEDULE 3.08

Electronic Chattel Paper and Transferable Records

None

SCHEDULE 3.09

Intellectual Property

PATENTS AND PATENT LICENSES None

TRADEMARKS AND TRADEMARK LICENSES None

COPYRIGHTS AND COPYRIGHT LICENSES None

SCHEDULE 3.10

Grantor Information

A. Exact legal name, state of organization, type of organization, location of chief executive office or sole place of business, federal employer identification number and organizational identification number of each Grantor

GRANTOR (exact legal name)	TYPE OF ORGANIZATION	STATE OF ORGANIZATION	FEDERAL EMPLOYER IDENTIFICATION NUMBER	CHIEF EXECUTIVE OFFICE/SOLE PLACE OF BUSINESS	ORGANIZATIONAL IDENTIFICATION NUMBER
Balanced Energy Oilfield Services (USA) Inc.	CORPORATION	DELAWARE	82-4861954	1209 Orange St. Wilmington, DE 19801	

B. Other names (including trade names and fictitious business names) under which each Grantor has done business for the past five (5) years:

None

C. Changes in name, jurisdiction of organization, type of organization, organizational identification number, federal employer identification number, chief executive office or sole place of business, or corporate or organizational structure:

None

D. Security agreements pursuant to which any Grantor is bound as a debtor within the past five (5) years:

None

E. Certificate of Title Collateral: None

THIS IS EXHIBIT "T" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW



UCC/LIEN SEARCH REPORT

Report Date: January 22, 2021

Project/Client Reference: 351137

NAME SEARCHED: BALANCED ENERGY OILFIELD SERVICES (USA) INC.

JURISDICTION: SECRETARY OF STATE – DELAWARE

SEARCHED:	THROUGH:	FINDINGS:
Uniform Commercial Code Filings	01/19/2021	4 ACTIVE FILINGS
Federal Tax Liens	01/19/2021	NO RECORD
State Tax Liens	N/A	FILED AT LOCAL LEVEL
Abstract of Judgment Liens	N/A	FILED AT LOCAL LEVEL

Note: In compliance with Revised Article 9, the government agencies providing these results may have included terminated and/or lapsed filings. However, if copies were retrieved, then only copies of active filings were obtained unless otherwise directed.

DETAILED FINDINGS:

PLEASE SEE ATTACHED CERTIFIED LISTING AND COPIES

Delaware

Page 1

The First State

CERTIFICATE

SEARCHED JANUARY 22, 2021 AT 6:30 P.M.
FOR DEBTOR, BALANCED ENERGY OILFIELD SERVICES (USA) INC.

1 OF 4 FINANCING STATEMENT 20186671891

DEBTOR: EXPIRATION DATE: 09/27/2023
BALANCED ENERGY OILFIELD SERVICES (USA) INC.

BOX 1865 ADDED 09-27-18

BROOKS, AB CA T1RC1C6

SECURED: NATIONAL BANK OF CANADA

600, 311-6TH AVENUE S.W. ADDED 09-27-18

CALGARY, AB CA T2P3G3

F I L I N G H I S T O R Y

20186671891 FILED 09-27-18 AT 9:20 A.M. FINANCING STATEMENT

2 OF 4 LEASE 20187218296

DEBTOR: EXPIRATION DATE: 10/18/2023
BALANCED ENERGY OILFIELD SERVICES (USA) INC.

BOX 1865 ADDED 10-18-18

BROOKS, AB CA T1RC1C6




Jeffrey W. Bullock, Secretary of State

20213469235-UCC11
SR# 20210202115

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202351401
Date: 01-22-21

00244

Delaware

Page 2

The First State

SECURED: BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865 **ADDED 10-18-18**
BROOKS, AB CA TIRC1C6

SECURED: NATIONAL BANK OF CANADA
600, 311-6TH AVENUE S.W. **ADDED 12-12-18**
CALGARY, AB CA T2P3G3

SECURED: LBEL INC.
5035 SOUTH SERVICE ROAD **ADDED 01-09-20**
BURLINGTON, ON CA L7L6M9

F I L I N G H I S T O R Y

20187218296 FILED 10-18-18 AT 12:42 P.M. LEASE
20188618171 FILED 12-12-18 AT 2:52 P.M. AMENDMENT
20200208183 FILED 01-09-20 AT 3:40 P.M. AMENDMENT
20200208621 FILED 01-09-20 AT 3:45 P.M. PARTIAL ASSIGNMENT

3 OF 4 LEASE 20187233147

EXPIRATION DATE: 10/18/2023
DEBTOR: BALANCED ENERGY OILFIELD SERVICES (USA) INC.




Jeffrey W. Bullock, Secretary of State

20213469235-UCC11
SR# 20210202115

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202351401
Date: 01-22-21

00245

Delaware

Page 3

The First State

BOX 1865 ADDED 10-18-18

BROOKS, AB CA T1RC1C6

SECURED: BALANCED ENERGY OILFIELD SERVICES INC.

BOX 1865 ADDED 10-18-18

BROOKS, AB CA T1RC1C6

SECURED: NATIONAL BANK OF CANADA

600, 311-6TH AVENUE S.W. ADDED 12-12-18

CALGARY, AB CA T2P3G3

F I L I N G H I S T O R Y

20187233147 FILED 10-18-18 AT 8:11 P.M. LEASE

20188618320 FILED 12-12-18 AT 2:56 P.M. AMENDMENT

4 OF 4

LEASE

20202685263

EXPIRATION DATE: 04/14/2025

DEBTOR: BALANCED ENERGY OILFIELD SERVICES (USA) INC.

BOX 1865

ADDED 04-14-20

BROOKS, AB CA T1RC1C6

SECURED: BALANCED ENERGY OILFIELD SERVICES INC.




Jeffrey W. Bullock, Secretary of State

20213469235-UCC11
SR# 20210202115

You may verify this certificate online at corp.delaware.gov/authver.shtml

Authentication: 202351401
Date: 01-22-21

00246

Delaware

Page 4

The First State

BOX 1865

ADDED 04-14-20

BROOKS, AB CA T1RC1C6

SECURED: NATIONAL BANK OF CANADA

600, 311-6TH AVENUE S.W.

ADDED 04-14-20

CALGARY, AB CA T2P3H2

F I L I N G H I S T O R Y

20202685263 FILED 04-14-20 AT 2:53 P.M. LEASE

E N D O F F I L I N G H I S T O R Y

THE UNDERSIGNED FILING OFFICER HEREBY CERTIFIES THAT THE ABOVE LISTING IS A RECORD OF ALL PRESENTLY EFFECTIVE FINANCING STATEMENTS, FEDERAL TAX LIENS AND UTILITY SECURITY INSTRUMENTS FILED IN THIS OFFICE WHICH NAME THE ABOVE DEBTOR, BALANCED ENERGY OILFIELD SERVICES (USA) INC. AS OF JANUARY 19, 2021 AT 11:59 P.M.




Jeffrey W. Bullock, Secretary of State

20213469235-UCC11
SR# 20210202115

Authentication: 202351401
Date: 01-22-21

You may verify this certificate online at corp.delaware.gov/authver.shtml

00247

UCC FINANCING STATEMENT
FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
<div style="border: 1px solid black; width: 100%; height: 100%; display: flex; align-items: center; justify-content: center;"> } </div>

Delaware Department of State
U.C.C. Filing Section
Filed: 09:20 AM 09/27/2018
U.C.C. Initial Filing No: 2018 6671891

Service Request No: 20186861729

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); If any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME Balanced Energy Oilfield Services (USA) Inc.				
OR 1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
1c. MAILING ADDRESS Box 1865	CITY Brooks	STATE AB	POSTAL CODE TIRC 1C6	COUNTRY CAN

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); If any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor Information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR 2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME National Bank of Canada				
OR 3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
3c. MAILING ADDRESS 600, 311-6th Avenue S.W.	CITY Calgary	STATE AB	POSTAL CODE T2P 3G3	COUNTRY CAN

4. COLLATERAL: This financing statement covers the following collateral:

All personal property and other assets of whatever kind or nature, whether now existing or hereafter arising or acquired, and wherever located.

5. Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is <input type="checkbox"/> held in a Trust (see UCC1Ad, Item 17 and Instructions) <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing
7. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> Lessee/Lessor <input type="checkbox"/> Consignee/Consignor <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailor <input type="checkbox"/> Licensee/Licenser	

8. OPTIONAL FILER REFERENCE DATA:
Filed: DE Secretary of State - UCC 18569490- 1

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions
Aimee Lilly
4400 Easton Commons Way, Suite 125
Columbus, Ohio 43219

Delaware Department of State
U.C.C. Filing Section
Filed: 12:42 PM 10/18/2018
U.C.C. Initial Filing No: 2018 7218296
Service Request No: 20187205577

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
Balanced Energy Oilfield Services (USA) Inc.

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS
Box 1865

CITY Brooks	STATE AB	POSTAL CODE TIRC 1C6	COUNTRY CAN
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2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
Balanced Energy Oilfield Services Inc.

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS
Box 1865

CITY Brooks	STATE AB	POSTAL CODE TIRC 1C6	COUNTRY CAN
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4. COLLATERAL: This financing statement covers the following collateral:

The leased equipment described in that certain Equipment Rental Agreement dated as of April 1, 2018, as amended or otherwise modified from time to time, between Balanced Energy Oilfield Services, Inc., as Lessor, and Balanced Energy Oilfield Services (USA) Inc., as Lessee, and as described on Annex I attached hereto, together with all substitutions, replacements, additions and accessories thereto now owned or hereafter acquired and the proceeds thereof.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box: Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensors

8. OPTIONAL FILER REFERENCE DATA:
File: DE Secretary of State - UCC

(2 pages total)

18569490-2

Schedule of Leased Equipment

<u>UNIT</u>	<u>SERVICE TYPE</u>	<u>YEAR</u>	<u>MAKE</u>	<u>MODEL</u>	<u>SERIAL NUMBER</u>	<u>LICENCE PLATE</u>
RIG 7	Truck	2012	Kenworth	T800	1XKDP4TX2CR958008	BXL9521
RIG 7 (TLR)	Trailer	2012	Peerless	CH-51-3	2PLC05136JBD18095	5KR188
UNIT 901	Truck	2016	Kenworth	Construct	1XKDP4TX2GR981956	BSH2382
UNIT 901(TLR)	High Capacity Reel Trailer	2016	Peerless	CH-53-24A	2PLC05333GBC17585	5BX379
UNIT 901(J)	Jeep	2016	Peerless	JP-45-MP-16	2PLH02622GBE17610	5BX390
UNIT 901(B)	Booster	2016	Peerless	TAT-20-c-2ASS	2PLH01524GBE17474	5BX380
UNIT 803	Nitrogen Pumper	2014	Western Star	Conventional	5KKPALD13EPFV5086	BMY4711
UNIT 207	90 Ton Crane	2017	Grove	TMS9000E	476S90006GS235517	BWM4133
111	Pickup	2013	Chev	Silverado	1GC4K1C83DF205706	BKR6932
126	Pickup	2017	GMC	Sierra	1GT42WCY0HF187717	BXL9547
132	Pickup	2018	GMC	Sierra	1GT42WCYJIF173832	BYY6036
133	Pickup	2018	GMC	Sierra	1GT42WCY5IF173236	BYY6031
T24-2	Flat Deck Trailer	2018	Oasis	Utility Trailer	2SLFC8370JR008861	5LF607
CT20	Cargo Trailer	2015	Continental	Utility Trailer	5NHUVHV20FT625112	5GU829

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions
Aimee Lilly
4400 Easton Commons Way, Suite 125
Columbus, Ohio 43219

Delaware Department of State
U.C.C. Filing Section
Filed: 02:52 PM 12/12/2018
U.C.C. Initial Filing No: 2018 7218296
Amendment No: 2018 8618171
Service Request No: 20188113051

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER
2018 7218296 Filed 10/18/2018

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:

Check one of these two boxes: Debtor or Secured Party of record

AND Check one of these three boxes to: CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME
National Bank of Canada

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS

600, 311-6th Avenue S.W.	CITY Calgary	STATE AB	POSTAL CODE T2P 3G3	COUNTRY CA
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8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral

Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME
Balanced Energy Oilfield Services Inc. and Balanced Energy Oilfield Services (USA) Inc.

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA:

Filed: DE Secretary of State - UCC Debtor: Balanced Energy Oilfield Services (USA) Inc. #18569490-2

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Chelsea Anglin (410-862.1041)
B. E-MAIL CONTACT AT FILER (optional) canglin@bakerdonelson.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) Chelsea Anglin, Paralegal Baker, Donelson, Bearman, Caldwell & Berkowitz, a Professional Corporation 100 Light Street Baltimore, Maryland 21202

Delaware Department of State
U.C.C. Filing Section
Filed: 03:40 PM 01/09/2020
U.C.C. Initial Filing No: 2018 7218296
Amendment No: 2020 0208183
Service Request No: 20200181510

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER
20187218296 (filed 10/18/2018)

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

5. PARTY INFORMATION CHANGE:

Check one of these two boxes: Debtor or Secured Party of record

AND Check one of these three boxes to:
 CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c
 ADD name: Complete item 7a or 7b, and item 7c
 DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY
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8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral

Indicate collateral:
See attached Exhibit A for added collateral

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME
Balanced Energy Oilfield Services (USA) Inc.

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA: ****FILE FIRST****

EXHIBIT A

The following collateral is hereby added to the financing statement:

- 2012 Kenworth T800 Tractor S/N 1XKDP4TX2CR958008
- 2018 Peerless CH-51-3 Trailer S/N 2PLC05136JBD18095
- 2018 Peerless 1014 Single Axle Booster S/N 2PLH01013JBJ18240
- 2018 Peerless 1014 Tandem Axle Jeep S/N 2PLH02721JBJ18239
- DID Conversion Skid - Hydra Rig Drop-In-Drum Reel Adapter Skid Part # 103879-000-1
- DID Spool - Hydra Rig Drop-In Drum Spool Part # 104570-000-1
- 2017 Sierra 3500 Crew Truck S/N 1GT42WCY0HF187717
- 2017 Sierra 3500 Crew Truck S/N 1GT42WCY0HF187328
- 2017 GMC Sierra 3500 Crew Truck S/N 1GT42WCY6HF186698
- 2017 Sierra 3500 Crew Truck S/N 1GT42WCY3HF186612
- OEM Inc. Artis-4 CTIS Coil Tubing inspection Head S/N 14775
- BOP, 5-1/8" 15L IH Quad S/N 030217NX-01

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Chelsea Anglin (410-862.1041)
B. E-MAIL CONTACT AT FILER (optional) canglin@bakerdonelson.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) Chelsea Anglin, Paralegal Baker, Donelson, Bearman, Caldwell & Berkowitz, a Professional Corporation 100 Light Street Baltimore, Maryland 21202

Delaware Department of State
U.C.C. Filing Section
Filed: 03:45 PM 01/09/2020
U.C.C. Initial Filing No: 2018 7218296
Amendment No: 2020 0208621
Service Request No: 20200181764

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER
20187218296 (filed 10/18/2018)

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ASSIGNMENT (full or partial) Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:
Check one of these two boxes: Debtor or Secured Party of record
AND Check one of these three boxes to:
 CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c
 ADD name: Complete item 7a or 7b, and item 7c
 DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME
LBEL Inc.

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS

5035 South Service Road	CITY Burlington	STATE ON	POSTAL CODE L7L 6M9	COUNTRY CA
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8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral

Indicate collateral:
See attached Exhibit A

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME
Balanced Energy Oilfield Services Inc.

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA: ****FILE SECOND****

EXHIBIT A

The following collateral is hereby assigned to LBEL Inc.:

- 2012 Kenworth T800 Tractor S/N 1XKDP4TX2CR958008
- 2018 Peerless CH-51-3 Trailer S/N 2PLC05136JBD18095
- 2018 Peerless 1014 Single Axle Booster S/N 2PLH01013JBJ18240
- 2018 Peerless 1014 Tandem Axle Jeep S/N 2PLH02721JBJ18239
- DID Conversion Skid - Hydra Rig Drop-In-Drum Reel Adapter Skid Part # 103879-000-1
- DID Spool - Hydra Rig Drop-In Drum Spool Part # 104570-000-1
- 2017 Sierra 3500 Crew Truck S/N 1GT42WCY0HF187717
- 2017 Sierra 3500 Crew Truck S/N 1GT42WCY0HF187328
- 2017 GMC Sierra 3500 Crew Truck S/N 1GT42WCY6HF186698
- 2017 Sierra 3500 Crew Truck S/N 1GT42WCY3HF186612
- OEM Inc. Artis-4 CTIS Coil Tubing inspection Head S/N 14775
- BOP, 5-1/8" 15L IH Quad S/N 030217NX-01

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

CT Lien Solutions
Aimee Lilly
4400 Easton Commons Way, Suite 125
Columbus, Ohio 43219

Delaware Department of State
U.C.C. Filing Section
Filed: 08:11 PM 10/18/2018
U.C.C. Initial Filing No: 2018 7233147
Service Request No: 20187218755

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
Balanced Energy Oilfield Services (USA) Inc.

OR

1b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
Box 1865 Brooks AB T1RC 1C6 CAN

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
Balanced Energy Oilfield Services Inc.

OR

3b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
Box 1865 Brooks AB T1RC 1C6 CAN

4. COLLATERAL: This financing statement covers the following collateral:

The leased equipment described in that certain Equipment Rental Agreement dated as of September 28, 2018, as amended or otherwise modified from time to time, between Balanced Energy Oilfield Services, Inc., as Lessor, and Balanced Energy Oilfield Services (USA) Inc., as Lessee, and as described on Annex I attached hereto, together with all substitutions, replacements, additions and accessories thereto now owned or hereafter acquired and the proceeds thereof.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility Agricultural Lien Non-UCC Filing

6b. Check only if applicable and check only one box: Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA: File: DE Secretary of State - UCC (2 pages total) 18569490-3

SCHEDULE OF LEASED EQUIPMENT

<u>UNIT</u>	<u>SERVICE TYPE</u>	<u>YEAR</u>	<u>MAKE</u>	<u>MODEL</u>	<u>SERIAL NUMBER</u>	<u>LICENCE PLATE</u>
RIG 8	Tractor	2018	Kenworth		1XKDP4TX2KR947699	
RIG 8	Control Trailer	2018			2K9KCS530KP075016	
Rig 8	Tractor	2018	Kenworth		1XKDP4TX8KR947769	
	Reel Trailer	2018			2K9KCH557KP075017	
	Tandem Jeep	2018			2K9KIS333KP075021	
	Tandem Booster	2018			2PLH01523KBG18422	

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
CT Lien Solutions Aimee Lilly 4400 Easton Commons Way, Suite 125 Columbus, Ohio 43219

Delaware Department of State
U.C.C. Filing Section
Filed: 02:56 PM 12/12/2018
U.C.C. Initial Filing No: 2018 7233147
Amendment No: 2018 8618320
Service Request No: 20188113186

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER
2018 7233147 Filed 10/18/2018

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8
4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:
Check one of these two boxes: AND Check one of these three boxes to:
This Change affects Debtor or Secured Party of record CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME
National Bank of Canada

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS

600, 311-6th Avenue S.W.	CITY Calgary	STATE AB	POSTAL CODE T2P 3G3	COUNTRY CA
--------------------------	-----------------	-------------	------------------------	---------------

8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME
Balanced Energy Oilfield Services Inc. and Balanced Energy Oilfield Services (USA) Inc.

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA:
Filed: DE Secretary of State - UCC Debtor: Balanced Energy Oilfield Services (USA) Inc. #18569490-3

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

Delaware Department of State
 U.C.C. Filing Section
 Filed: 02:53 PM 04/14/2020
 U.C.C. Initial Filing No: 2020 2685263
 Service Request No: 20202808662

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); If any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME
 Balanced Energy Oilfield Services (USA) Inc.

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX

1c. MAILING ADDRESS Box 1865	CITY Brooks	STATE AB	POSTAL CODE TIRC 1C6	COUNTRY CAN
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2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); If any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME
 Balanced Energy Oilfield Services Inc.

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)		SUFFIX

3c. MAILING ADDRESS Box 1865	CITY Brooks	STATE AB	POSTAL CODE TIRC 1C6	COUNTRY CAN
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4. COLLATERAL: This financing statement covers the following collateral:

The equipment and other goods leased pursuant to that certain Equipment Lease Master Services Agreement, dated as of October 1, 2019, between Balanced Energy Oilfield Services, Inc., as Lessor, and Balanced Energy Oilfield Services (USA) Inc., as Lessee (as amended, supplemented, replaced or otherwise modified from time to time, the "Master Lease"), including all trucks, trailers, jeeps, boosters, pumpers, bulkers, rigs, pickups, other oilfield services equipment and other goods that are today or may in the future be subject to such Master Lease, including without limitation the equipment and other goods described on Annex I attached hereto, together with all substitutions, replacements, additions, accessions and accessories thereto now owned or hereafter acquired and the proceeds thereof. As Lessor, Balanced Energy Oilfield Services, Inc. is the owner of and holds title to all equipment and other goods subject to the Master Lease.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:
 Filed: DE Secretary of State - UCC Debtor: Balanced Energy Oilfield Services (USA) Inc. #18569490-4 (Total Pgs: 3)

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; If line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME Balanced Energy Oilfield Services (USA) Inc.	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME	
OR	
10b. INDIVIDUAL'S SURNAME	
INDIVIDUAL'S FIRST PERSONAL NAME	
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME National Bank of Canada				
OR				
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
11c. MAILING ADDRESS 600, 311-6th Avenue S.W.	CITY Calgary	STATE AB	POSTAL CODE T2P 3H2	COUNTRY CAN

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

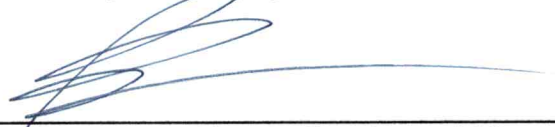
15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):	16. Description of real estate:
-------------------------------------------------------------------------------------------------------------------------	---------------------------------

17. MISCELLANEOUS:

Annex I to UCC, naming
Balanced Energy Oilfield Services, Inc., as Lessor, and
Balanced Energy Oilfield Services (USA) Inc., as Lessee

UNIT	SERVICE TYPE	YEAR	MAKE	MODEL	SERIAL NUMBER	LICENCE PLATE
RIG 7	Truck	2012	Kenworth	T800	1XKDP4TX2CR958008	BXL9521
RIG 7 (TLR)	Trailer	2012	Peerless	CH-51-3	2PLC05136JBD18095	5KR188
UNIT 901	Truck	2016	Kenworth	Construct	1XKDP4TX2GR981956	BSH2382
UNIT 901(TLR)	High Capacity Reel Trailer	2016	Peerless	CH-53-24A	2PLC05333GBC17585	5BX379
UNIT 901(J)	Jeep	2016	Peerless	JP-45-MP-16	2PLH02622GBE17610	5BX390
UNIT 901(B)	Booster	2016	Peerless	TAT-20-c-2ASS	2PLH01524GBE17474	5BX380
UNIT 904	Truck	2020	Kenworth	Construct	1XKDP4TX9L963219	CDN8285
UNIT 904(TLR)	High Capacity Reel Trailer	2020	Kinetic	C4856H100ASTF0	2K9KCH557CPO75049	5UX927
UNIT 904(J)	Jeep	2020	Kinetic	J1031S050A3N252	2K9KJS333LPO75048	5UX929
UNIT 904(B)	Booster	2020	Kinetic	B85192025S02ZZS	2K9KBZ128LPD75050	5UX928
RIG 8	Truck	2019	Kenworth	T800	1XKDP4TX8KR947769	CBR6923
RIG 8 (TLR)	Trailer	2019	Kinetic	C8551S040A3NF02	2K9KCS530KP075016	5RZ669
UNIT 902	Truck	2019	Kenworth	T800	1XKDP4TX2KR947699	CBR6924
UNIT 902 (TLR)	High Capacity Reel Trailer	2019	Kinetic	C4856H100ASTF0	2K9KCH557KP075017	5RZ670
UNIT 902(J)	Jeep	2019	Kinetic	JEEP	2K9KJS333KP075021	5RZ671
UNIT 902(B)	Booster	2019	Peerless	TAT-20-c-2ASS	2PLH01523KBG18422	5RZ672
RIG 5	Truck	2015	Kenworth	T800	1XKDP4TX3HJ986812	BTY2922
RIG 5(TLR)	Trailer	2015	Peerless	CH-46-3A	2PLC04633FBC17106	4VP720
UNIT 903	Truck	2013	Kenworth	T800	1XKDP4EX4DR963418	CBR6922
HCRT 3(J)	Jeep	2014	Peerless	Jeep	2PLH02627EBA16969	5RE881
HCRT3(TLR)	Trailer	2013	Peerless	CH-57-24A	2PLC0573XEJ16886	5RE880
HCRT(B)	Booster	2014	Peerless	Booster	2PLH01522EBA16972	5RE879
UNIT 801	Nitrogen Pumper	2007	Western Star	Construct	5KKPALAV37PY38059	H09817
UNIT 805	Nitrogen Pumper	2015	Kenworth	T800	1NKDX4TX7FR974431	BRL1047
UNIT 802	Truck	2014	Kenworth	T800	1XKDP4EXXEJ970017	BMG1697
UNIT 802A	Bulker	2013	Gallon Trans	WCM-11.3K.38H	1W9SA4436EL479082	5PE867
UNIT 806	Truck	2013	Kenworth	T800	1XKDD40XXDJ959629	CBF1529
UNIT 806A	Bulker	1964	Cryoquip	Bulker	457	5NB970
UNIT 209	Crane	2017	Grove	GMKS150L	W09150510HWG12052	N/A
UNIT 211	Crane	2015	Tadano	ATF220G-5	2067116	N/A
111	Pickup	2013	Chev	Silverado	1GC4K1C83DF205706	BKR6932
T24-2	Flat Deck Trailer	2018	Oasis	Utility Trailer	25LFC8370JR008861	5LF607
CT20	Cargo Trailer	2015	Continental	Utility Trailer	5NHUVHV20FT625112	5GU829
CT24	Cargo Trailer	2018	Forest River	Utility Trailer	5NHUEHZ27KB471816	5SJ634
HBT-1	HIBoy Trailer	2006	Scona	Picker Float	22E9L65F6863003816	4KV424

THIS IS EXHIBIT "U" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

GRANTED BY: BALANCED ENERGY HOLDINGS INC. (hereafter called the "Debtor")

TO NATIONAL BANK OF CANADA (hereafter called the "Bank").

1. GRANT OF SECURITY INTEREST

1.1 Security Interest

As general and continuing security for the payment and performance of all Obligations of the Debtor to the Bank, the Debtor hereby grants to the Bank a security interest in all of the Debtor's present and after-acquired property and undertaking (collectively, the "Collateral") and also mortgages, charges and assigns the Collateral to the Bank. Without limitation, the Collateral includes all right, title and interest that the Debtor now has or may hereafter have or acquire in any manner whatsoever (including by way of an amalgamation) in all property of the following kinds:

- (a) Receivables: all debts, accounts, claims and choses in action for monetary amounts (collectively, the "Receivables");
- (b) Inventory: all inventory of whatever kind and wherever situated (collectively, the "Inventory");
- (c) Equipment: all machinery, equipment, fixtures, furniture, vehicles and other goods which are not Inventory (collectively, the "Equipment");
- (d) Securities: all shares, bonds, debentures and other securities (collectively, the "Securities");
- (e) Instruments and Money: all bills, notes, cheques and other instruments (collectively, the "Instruments") and all money;
- (f) Documents of Title and Chattel Paper: all warehouse receipts, bills of lading and other documents of title, whether negotiable or not, and all chattel paper;
- (g) Intangibles: all intangibles not otherwise described in this Section 1.1 including, without limitation, all goodwill and all patents, trademarks, copyrights and other intellectual property;
- (h) Real Property: all real and immovable property, both freehold and leasehold, together with all buildings and fixtures (collectively, the "Real Property"), and all rights under any lease or agreement relating to Real Property;
- (i) Books and Records: all books, invoices, documents and other records in any form evidencing or relating to the Collateral; and
- (j) Proceeds: all proceeds of any Collateral in any form derived directly or indirectly from any dealing with the Collateral or that indemnifies or compensates for the loss of or damage to the Collateral.

1.2 Obligations Secured

The obligations secured by this Agreement include all debts and liabilities of the Debtor to the Bank, present and future, direct and indirect, absolute and contingent, matured and unmatured, wherever and however incurred, and whether arising from dealings between the Bank and the Debtor or from other dealings by which the Bank may be or become a creditor of the Debtor and whether incurred by the Debtor alone or with another and whether as principal or guarantor or otherwise (collectively, the "Obligations").

1.3 Certain definitions

- (a) The terms "accessions", "accounts", "chattel paper", "documents of title", "equipment", "goods", "instruments", "intangibles", "inventory", "money", "proceeds" and "securities" whenever used herein have the meanings given to those terms in the Personal Property Security Act currently in effect in the province referred to in Section 6.12 below;
- (b) Any reference in this Agreement to the security granted hereby refers collectively to the security interest, mortgage, charge and assignment hereby granted in favour of the Bank.
- (c) Any reference to "Debtor" refers to the undersigned, if one, or to each undersigned, if more than one. When the term

"Debtor" designates more than one person or entity, each one shall be jointly and severally liable for the obligations stipulated herein.

1.4 Attachment of Security

The Debtor acknowledges that value has been given and agrees that the security granted hereby attaches upon the execution of this Agreement (or, in the case of any after-acquired property, at the time of acquisition by the Debtor of any rights therein).

1.5 Real Property

- (a) With respect to (and only to) Real Property, the security granted hereby is constituted by way of floating charge, but will become a fixed charge upon the earlier of (i) the Obligations becoming immediately payable, and (ii) the occurrence of any other event which by operation of law would result in such floating charge becoming a fixed charge;
- (b) The security granted hereby will not extend to the last day of the term of any lease or agreement relating to Real Property, but the Debtor will hold such last day in trust for the Bank and, upon the enforcement by the Bank of its security, will assign such last day as directed by the Bank.

2. REPRESENTATIONS, WARRANTIES AND COVENANTS

2.1 Representations and Warranties

The Debtor hereby represents and warrants to the Bank that:

- (a) the principal residence, chief executive office and registered office of the Debtor (as applicable) are located at the addresses specified in Schedule A; for the purposes of the Ontario *Personal Property Security Act*, the Debtor is governed by the law of the jurisdiction specified in Schedule A, if applicable;
- (b) the Inventory and Equipment of the Debtor are located at the addresses specified in Schedule A, except for goods in transit or on lease or consignment; and
- (c) all motor vehicles, trailers, mobile or manufactured homes, aircraft, boats and outboard motors ("Serial Numbered Goods") in which the Debtor has rights and used as equipment are fully and accurately described in Schedule "A"; the Debtor will advise the Bank promptly, in writing, of any other Serial Numbered Goods that are held as Equipment and will provide the Bank with full and complete descriptions of such Serial Numbered Goods.

2.2 Covenants

The Debtor covenants with the Bank that the Debtor will:

- (a) not change the location of its principal residence, chief executive office, registered office or its governing law, or move any of the Inventory or Equipment from the locations specified in Schedule A hereto, without the written consent of the Bank;
- (b) not change its name without first giving written notice to the Bank of its proposed new name and, if the Debtor is a corporation, not amalgamate with any other corporation without the prior written consent of the Bank;
- (c) preserve the value of the Collateral, and carry on its business in compliance with all applicable laws and regulations;
- (d) not permit any Collateral consisting of personal property to be affixed to real property or to other personal property so as to become a fixture or accession without the written consent of the Bank;
- (e) keep the Collateral free and clear of all liens, security interests, mortgages, charges, assignments and other encumbrances or interests except as permitted in writing by the Bank;

- (f) pay all taxes, levies, assessments and government fees or dues payable in respect of the Collateral as and when the same become due, and furnish to the Bank, when requested, evidence of such payment;
- (g) whenever requested by the Bank, furnish to the Bank in writing all information requested relating to the Collateral, and the Bank will be entitled from time to time to inspect the Collateral and make copies of all information relating to the Collateral and for such purposes the Bank will have access to all premises occupied by the Debtor or where the Collateral may be found;
- (h) ensure that the security granted hereby is at all times fully enforceable and perfected in respect of any Collateral; and
- (i) pay to the Bank forthwith upon demand all costs, fees and expenses (including, without limitation, all legal, receiver, consulting and accounting fees and expenses) incurred or charged by the Bank in connection with the preparation, perfection, administration and discharge of this Agreement and the preservation and exercise of the rights, powers and remedies of the Bank; and all such costs, fees and expenses will bear interest at the highest rate borne by any of the Obligations and will form part of the Obligations.

2.3 Schedule A

Each schedule referred to in this Agreement and attached hereto shall form part of this Agreement. Any subsequent modifications to a schedule will be deemed to replace and supersede the earlier version and form part of this Agreement.

3. INSURANCE

3.1 Insurance Covenant

The Debtor must obtain and maintain, at its own expense, insurance against loss or damage to the Collateral including, without limitation, loss by fire, theft, collision and such other risks as are customarily insured against for each type of Collateral, in an amount not less than the full insurable value thereof, with such insurers as are reasonably satisfactory to the Bank.

3.2 Bank loss payee

All insurance policies must name the Bank as an additional insured and loss payee and must provide that the insurer will give the Bank at least 15 days written notice of intended cancellation or non-renewal. At the Bank's request, the Debtor must furnish the Bank with evidence satisfactory to the Bank that the required insurance coverage is in effect. The Debtor must forthwith give the Bank notice of any loss or damage to the Collateral.

4. DEALING WITH COLLATERAL

4.1 Disposition of Collateral by the Debtor

The Debtor must not sell, lease or otherwise dispose of any of the Collateral without the prior written consent of the Bank, except that the Debtor may, until an Event of Default occurs hereunder, dispose of Inventory in the ordinary course of its business, but all proceeds of any such disposition will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds received by the Debtor.

4.2 Notification of Account Debtors

The Bank may at any time (i) give notice of this Agreement and the security granted hereby to any account debtor of the Debtor or to any other person liable to the Debtor and (ii) give notice to any such account debtor or other person to make all further payments to the Bank. Any payment or other proceeds of Collateral received by the Debtor from account debtors or from any other person liable to the Debtor, whether before or after any notice is given by the Bank will continue to be subject to the security granted hereby and Section 4.4 below will apply to all such proceeds.

4.3 Securities

The Bank may have any Securities registered in its name or in the name of its nominee and will be entitled, but not required, to exercise any of the rights that any holder of such Securities may at any time have. However, until an Event of Default occurs, the Debtor will be entitled to exercise, in a manner not prejudicial to the interests of the Bank or which would not violate this Agreement, all voting power from time to time exercisable in respect of the Securities. The Bank will not be responsible for any loss occasioned by its exercise of any of such rights. Before or after an Event of Default occurs

hereunder, the Debtor must deliver forthwith to the Bank those Securities requested by the Bank duly endorsed for transfer.

4.4 Proceeds held in Trust for the Bank

All proceeds received by the Debtor from the collection or disposition of Collateral or otherwise will be received by the Debtor as trustee for the Bank, must be held separate and apart from other property and must be paid over to the Bank upon request.

4.5 Application of Funds

All sums collected or received by the Bank in respect of the Collateral may be applied to such parts of the Obligations as the Bank in its sole discretion determines, or may be held unappropriated in a collateral account, or in the discretion of the Bank may be released to the Debtor, all without prejudice to the Bank's rights against the Debtor.

4.6 Collateral held by the Bank

In the holding of any Collateral, the Bank and any agent on its behalf is only bound to exercise the same degree of care as it would exercise with respect to similar property of its own of similar value held in the same place. The Bank and any agent on its behalf will be deemed to have exercised reasonable care with respect to the custody and preservation of the Collateral if it takes such action for that purpose as the Debtor reasonably requests in writing, but failure of the Bank or its agent to comply with any such request will not of itself be deemed a failure to exercise reasonable care.

5. DEFAULT AND REMEDIES

5.1 Events of Default

The Debtor will be in default under this Agreement upon the occurrence of any of the following events (herein referred to as an "Event of Default"):

- (a) the Debtor does not pay to the Bank when payable any sum owing under the Obligations;
- (b) the Debtor does not perform any of its covenants or obligations under this Agreement;
- (c) any representation or warranty made by the Debtor herein or in any document provided at any time to the Bank in connection with this Agreement is incorrect or misleading in any material respect;
- (d) the Debtor is in default under any other agreement with the Bank;
- (e) the Debtor ceases or threatens to cease to carry on the business currently being carried on by it or a substantial portion thereof;
- (f) the Debtor is insolvent;
- (g) the commencement of any proceeding or the taking of any step by or against the Debtor (i) for the bankruptcy, reorganization, liquidation, dissolution or winding-up of the Debtor, (ii) for an arrangement or compromise with its creditors, or (iii) for the appointment of a trustee, receiver, custodian, liquidator or any other person with similar powers with respect to the Debtor or any part of the Collateral;
- (h) the Collateral or any part thereof is seized or otherwise attached or is subject to a taking of possession by anyone and the same is not released or discharged within the shorter of a period of (i) 30 days and (ii) 10 days less than such period as would permit such property to be sold pursuant thereto; or
- (i) the Bank believes in good faith that the prospect of payment or performance of any of the Obligations is impaired or that the Collateral is in danger of being lost, damaged or confiscated, or of being encumbered by the Debtor or seized or otherwise attached.

5.2 Consequences of a Default

On or after the occurrence of any Event of Default, at the option of the Bank, (i) any or all of the Obligations not yet payable will become immediately payable, without notice; (ii) the obligation, if any, of the Bank to extend further credit to the Debtor will cease; and (iii) the security granted hereby will become immediately enforceable.

5.3 Remedies

In addition to any right or remedy otherwise provided herein or by law, on or after the occurrence of any Event of Default, the Bank will have the rights and remedies set out below, all of which may be enforced successively or concurrently:

- (a) the Bank may take possession of the Collateral and require the Debtor to assemble the Collateral and deliver or make the Collateral available to the Bank at such places as may be specified by the Bank;
- (b) the Bank may take such steps as it considers desirable to maintain, preserve or protect the Collateral;
- (c) the Bank may carry on all or any part of the business of the Debtor;
- (d) the Bank may enforce any rights of the Debtor in respect of the Collateral;
- (e) the Bank may sell, lease or otherwise dispose of the Collateral at public auction, by private tender, by private sale or otherwise either for cash or upon credit, upon such terms and conditions as the Bank may determine and without notice to the Debtor unless required by law;
- (f) the Bank may accept the Collateral in total or partial satisfaction of the Obligations in the manner provided by law;
- (g) the Bank may, for any purpose specified herein, borrow money on the security of the Collateral, which security will rank in priority to the security granted hereby;
- (h) the Bank may occupy and use all or any of the premises, buildings and plants occupied by the Debtor and use all or any of the Equipment and other property of the Debtor for such time as the Bank requires to facilitate the realization of the Collateral, free of charge; the Bank will not be liable for any rent, charges, depreciation or damages in connection with such actions; or
- (i) the Bank may appoint a receiver or receiver and manager (each herein referred to as the "Receiver") of the whole or any part of the Collateral and may remove or replace such Receiver from time to time or may institute proceedings in any court of competent jurisdiction for the appointment of a Receiver of the Collateral.

5.4 Powers of the Receiver

Any Receiver will have all of the rights and powers that the Bank is entitled to exercise pursuant to Section 5.3, but the Bank will not be in any way responsible for any misconduct or negligence of any such Receiver.

5.5 Liability of Bank

The Bank will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Bank, the Debtor or any other person in respect of the Collateral. This Agreement and the security granted hereby will not render the Bank liable to observe or perform any covenant or obligation of the Debtor in any agreement or document to which the Debtor is a party or by which it is bound. In the exercise of its rights and the performance of its obligations, the Bank will only be liable for gross negligence or wilful misconduct.

5.6 Proceeds of Realization

The Bank may apply any proceeds of realization of the Collateral to payment of costs, fees and expenses mentioned in Section 2.2(i), including those related to the realization of the Collateral, and the Bank may apply any balance to payment of all other Obligations in such order as the Bank sees fit. If there is any surplus remaining, the Bank may pay it to any person entitled thereto by law of whom the Bank has knowledge and any balance remaining may be paid to the Debtor. If the realization of the Collateral fails to satisfy the Obligations, the Debtor will be liable to pay any deficiency to the Bank.

6. GENERAL

6.1 Failure of Debtor to Perform

If the Debtor fails to perform any of its covenants or obligations under this Agreement, the Bank may, in its absolute discretion, but without being required to do so, perform any such covenant or obligation. If any such covenant or obligation requires the payment of monies, the Bank may make such payment. All sums so paid by the Bank will be payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such sums. No such performance or payment will relieve the Debtor from any default under this Agreement or any consequences of such default.

6.2 Power of Attorney

The Debtor hereby irrevocably appoints the Bank to be the attorney of the Debtor for and in the name of the Debtor to do all things and execute and deliver, documents, financing statements, demands and assignments which the Debtor is obliged to do or execute or deliver hereunder and generally to act in the name of the Debtor in the exercise of any of the powers hereby conferred on the Bank.

6.3 Appointment of Consultant

The Bank will be entitled to appoint a consultant to provide such services and advice as the Bank may determine in its sole discretion, with power to enter the Debtor's premises, to inspect and evaluate the Collateral, to make copies of the Debtor's records, to review the Debtor's business plans and projections, to assess the conduct and viability of the Debtor's business, to prepare reports on the Debtor's affairs and to distribute such reports to the Bank or to other such persons as the Bank may direct. Such consultant will act as an agent for the Bank and will owe no duty to the Debtor. The consultant is to have no managerial or advisory capacity and will have no decision making responsibility. The Debtor authorizes the Bank to provide confidential information to the consultant. All fees and expenses in connection with the engagement of a consultant are payable by the Debtor to the Bank and, for greater certainty, Section 2.2(i) will apply to such fees and expenses.

6.4 Waivers by Debtor

The Bank may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up any security, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) otherwise waive rights against the Debtor, debtors of the Debtor, guarantors and others and with respect to the Collateral and other security as the Bank sees fit. No such action or omission will reduce the Obligations or affect the Bank's rights hereunder.

6.5 Waivers of Legal Limitations

To the fullest extent permitted by law, the Debtor waives all of the rights, benefits and protections given by the provisions of any law which imposes limitations upon the powers, rights or remedies of a secured party, including any law which limits the rights of a secured party to both seize collateral and sue for any deficiency following realization of collateral. Without limitation, the Debtor (if a corporation) agrees that the *Limitation of Civil Rights Act* and Part IV of the *Saskatchewan Farm Securities Act* of the Province of Saskatchewan will not apply to this Agreement or any of the rights, remedies or powers of the Bank or any Receiver hereunder.

6.6 Copy of Documents and Consent to Filings

The Debtor acknowledges having received a copy of this Agreement and waives all rights to receive from the Bank a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Debtor confirms its consent to the filing by the Bank or on its behalf of any such financing statement or financing change statement.

6.7 Notices

Any notice to be given to a party in connection with this Agreement will be given in writing and will be given by personal delivery, by registered mail or by electronic means, addressed to the recipient at its address specified at the end of this Agreement or such other address as may be notified by any party to the other.

6.8 Additional Security and Other Remedies

This Agreement and the security granted hereby are in addition to and not in substitution for any other security or right now or hereafter held by the Bank. This Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Bank. The Bank may sue the Debtor and enforce all of its other rights and remedies in respect of the Obligations without being required to exercise or exhaust any of its rights and remedies hereunder.

6.9 Further Assurances

The Debtor must at its expense do all things and execute and deliver all such financing statements, further assignments and documents as may be reasonably requested by the Bank for the purpose of giving effect to this Agreement and establishing compliance with the obligations of the Debtor hereunder.

6.10 Discharge

The Debtor will be entitled to a discharge of this Agreement upon written request by the Debtor and full payment, performance and satisfaction of the Obligations. No discharge will be effective unless in writing and executed by the Bank.

6.11 Severability

If any provision of this Agreement were to be found invalid or unenforceable, the remaining terms and provisions of this Agreement will remain in full force and effect.

6.12 Governing Law

This Agreement will be governed by and construed in accordance with the laws of the province in which the office of the Bank specified below is located, except that if such office is located in the province of Quebec, then this Agreement will be governed by and construed in accordance with the laws of the province of Ontario.

IN WITNESS WHEREOF the parties have executed this Agreement.

DEBTOR:

2018, 02, 20

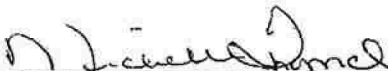
Date of Execution (YYYY MM DD)

BALANCED ENERGY HOLDINGS INC.

By:


Neil Schmeichel

By:


Michelle Thomas

NATIONAL BANK OF CANADA

By: 

(Authorized signature)

Darrell Stelmack
Director, Energy Services

Date of Execution (YYYY MM DD)

ADDRESS OF DEBTOR FOR NOTICE PURPOSES:

BOX 1865

BROOKS, ALBERTA T1R 1C6

ADDRESS OF BANK FOR NOTICE PURPOSES:

SUITE 600, 311 - 6TH AVENUE SW,

CALGARY, ALBERTA T2P 3H2

SCHEDULE A

[The information required on this Schedule must be repeated for each additional Debtor if applicable]

To a General Security Agreement made as of _____, 2018 between BALANCED ENERGY HOLDINGS INC., as Debtor and National Bank of Canada, as Bank.

1. ADDRESS(ES) OF PLACE(S) OF BUSINESS (Section 2.1(a))

Principal residence (for individuals only): _____

Chief executive office (for businesses only)¹: Railway Avenue E, Brooks, Alberta (4-14-18-28-SE)

Registered office (for businesses only)²: 1003 4 Avenue S., Lethbridge, Alberta, t1J 0P7

Other place(s) of business³: _____

Governing law⁴: PROVINCE OF ALBERTA

[indicate governing law for a trust or partnership (other than a limited partnership), otherwise indicate N/A]:

2. LOCATION OF INVENTORY AND EQUIPMENT (Section 2.1(b))

Address(es)⁵: Railway Avenue E, Brooks, Alberta (4-14-18-28-SE)

3. EQUIPMENT CONSISTING OF SERIAL NUMBER GOODS (Section 2.1(c))⁶

N/A

¹ If the Debtor has only one place of business, indicate the address of that place of business. If the Debtor has more than one place of business, indicate the address of its place of business which is its principal decision-making centre.
² Indicate "same as above" if the registered office (legal head office) is at the same address as the chief executive office.
³ Indicate "none" if the Debtor has no other place of business.
⁴ If the Debtor is a partnership (other than a limited partnership) or a trust, indicate the stated governing law in the partnership agreement or deed of trust.
⁵ Indicate "same as above" if the inventory and equipment of the Debtor are all located at the address(es) specified in 1.

⁶ Indicate make, model, year of manufacture, serial number and any registration or governmental mark or number.

THIS IS EXHIBIT "V" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

Search ID #: Z13439567

Transmitting Party

MLT AIKINS LLP

2100 – 222 3rd AVE SW
Calgary, AB T2P 0B4

Party Code: 60006660
Phone #: 403 693 4331
Reference #: 2330.382/jdc

Search ID #: Z13439567

Date of Search: 2021-Jan-19

Time of Search: 11:50:24

Business Debtor Search For:

BALANCED ENERGY HOLDINGS INC.

Both Exact and Inexact Result(s) Found

NOTE:

A complete Search may result in a Report of Exact and Inexact Matches.
Be sure to read the reports carefully.



Search ID #: Z13439567

Business Debtor Search For:

BALANCED ENERGY HOLDINGS INC.

Search ID #: Z13439567

Date of Search: 2021-Jan-19

Time of Search: 11:50:24

Registration Number: 18021626047

Registration Date: 2018-Feb-16

Registration Type: SECURITY AGREEMENT

Registration Status: Current

Expiry Date: 2023-Feb-16 23:59:59

Exact Match on: Debtor No: 2

Inexact Match on: Debtor No: 3

Amendments to Registration

18031916613	Amendment	2018-Mar-19
18041034543	Amendment	2018-Apr-10
18041112398	Amendment	2018-Apr-11

Debtor(s)

Block

1 BALANCE ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Deleted by
18031916613

Block

2 BALANCED ENERGY HOLDINGS INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Current

Block

3 BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Current by
18031916613

Search ID #: Z13439567

Secured Party / Parties

Block

Status

Current

1 NATIONAL BANK OF CANADA
SUITE 600, 311 - 6TH AVENUE SW
CALGARY, AB T2P 3H2

Collateral: Serial Number Goods

<u>Block</u>	<u>Serial Number</u>	<u>Year</u>	<u>Make and Model</u>	<u>Category</u>	<u>Status</u>
1	1NKDXBTX97R992855	2007	Kenworth T800	MV - Motor Vehicle	Current
2	1XKDPBTX77R934037	2007	Kenworth T800	MV - Motor Vehicle	Current
3	1XKDPBTX97R934038	2007	Kenworth T800	MV - Motor Vehicle	Current
4	1XKDP4TX7ER964793	2014	Kenworth T800	MV - Motor Vehicle	Current
5	1XKDP4TX3HJ986812	2015	Kenworth T800	MV - Motor Vehicle	Current
6	1NKDX4TX3GR978218	2016	Kenworth T800	MV - Motor Vehicle	Current
7	1XKDP4TX2CR958008	2012	Kenworth T800	MV - Motor Vehicle	Current
8	5KKPALAV37PY38059	2007	Western Star Conventional	MV - Motor Vehicle	Current
9	1XKDP4EXXEJ970017	2014	Kenworth T800	MV - Motor Vehicle	Current
10	5KKPALD13EPFV5086	2014	Western Star Conventional	MV - Motor Vehicle	Current
11	1XKDP4TX8FJ977388	2015	Kenworth T800	MV - Motor Vehicle	Current
12	1NKDX4TX7FR974431	2015	Kenworth T800	MV - Motor Vehicle	Current
13	5KKMAEDE67PY49941	2007	Western Star Conventional	MV - Motor Vehicle	Current
14	1NKBL59XDJ964388	2013	Kenworth T440	MV - Motor Vehicle	Current
15	1NKBXJTX9FJ972880	2015	Kenworth T470	MV - Motor Vehicle	Current
16	1XKCP4TX9ER969666	2014	Kenworth Construct	MV - Motor Vehicle	Current
17	1XKDP4TX7FR977318	2015	Kenworth Construct	MV - Motor Vehicle	Deleted By 18041112398
18	476S90006GS235517	2017	Grove TMS9000E	MV - Motor Vehicle	Deleted By 18041034543
19	1XKDP4TX2GR981956	2016	Kenworth Construct	TR - Trailer	Current
20	1GC4K1E80DF238675	2013	Chev Silverado	MV - Motor Vehicle	Current
21	1GC4K1C83DF205706	2013	Chev Silverado	MV - Motor Vehicle	Current
22	1GC4K1E80EF147343	2014	Chev Silverado	MV - Motor Vehicle	Current
23	1GC4K0E85FF107965	2015	Chev Silverado	MV - Motor Vehicle	Current

Search ID #: Z13439567

24	1GC4K0E88FF107510	2015	Chev Silverado	MV - Motor Vehicle	Current
25	1GC4K0E84FF514577	2015	Chev Silverado	MV - Motor Vehicle	Current
26	1GC4K0E81FF501463	2015	Chev Silverado	MV - Motor Vehicle	Current
27	3GCUKSEC5FG185841	2015	Chev Silverado	MV - Motor Vehicle	Current
28	1GT421C81FF189119	2015	GMC Sierra	MV - Motor Vehicle	Current
29	1GT421C84FF188739	2015	GMC Sierra	MV - Motor Vehicle	Current
30	1GT12SE81GF285517	2016	GMC Sierra	MV - Motor Vehicle	Current
31	1GT12SE86GF206973	2016	GMC Sierra	MV - Motor Vehicle	Current
32	1GC4KZC86GF269466	2016	GMC Sierra	MV - Motor Vehicle	Current
33	1GT12SE87GF256474	2016	GMC Sierra	MV - Motor Vehicle	Current
34	1GT42WCY0HF187717	2017	GMC Sierra	MV - Motor Vehicle	Current
35	1GT42WCY0HF187328	2017	GMC Sierra	MV - Motor Vehicle	Current
36	1GT42WCY6HF186698	2017	GMC Sierra	MV - Motor Vehicle	Current
37	1GT42WCY3HF186612	2017	GMC Sierra	MV - Motor Vehicle	Current
38	1GYEK63N34R145099	2014	Cadillac Escalade	MV - Motor Vehicle	Current
39	1GT42WCYXJF173524	2018	GMC Sierra	MV - Motor Vehicle	Current
40	1GT42WCYXJF173832	2018	GMC Sierra	MV - Motor Vehicle	Current
41	1GT42WCY5JF173236	2018	GMC Sierra	MV - Motor Vehicle	Current
42	1GT42WCY6JF173892	2018	GMC Sierra	MV - Motor Vehicle	Current
43	2C9MAS2337B193054	2007	Celtic Pride Mud Tank	MV - Motor Vehicle	Current
44	2C9MA52167B193077	2007	Celtic Pride Mud Tank	MV - Motor Vehicle	Current
45	2C9MAS2148B193080	2007	Celtic Pride Mud Tank	MV - Motor Vehicle	Current
46	2T9EC52727T166599	2007	Trail Pro Manlift Trailer	TR - Trailer	Current
47	2ATB07119BU108002	2011	Homebuilt Manlift Trailer	TR - Trailer	Current
48	2H9FH1820W1058243	1998	Ardrie Utility Trailer	TR - Trailer	Current
49	2T9EC62746T166995	2006	Trailer Pro Utility Trail	TR - Trailer	Current
50	2SLFC8377FR007021	2015	Oasis Utility Trailer	TR - Trailer	Current
51	2SLFC8370JR008861	2018	Oasis Utility Trailer	TR - Trailer	Current
52	2SLFC8372JR008862	2018	Oasis Utility Trailer	TR - Trailer	Current
53	2C9SET2328B193081	2008	CelticPrideUtilityTrailer	TR - Trailer	Current

Search ID #: Z13439567

54	5NHUVHV20FT625112	2015	ContinentalUtilityTrailer	TR - Trailer	Current
55	51501052	2017	Grove GMK5150L, 175	MV - Motor Vehicle	Current By 18041034543

Collateral: General

<u>Block</u>	<u>Description</u>	<u>Status</u>
1	All present and after-acquired personal property of the debtor.	Current
2	Proceeds: all goods, documents of title, chattel paper, instruments, money, investment property and intangibles.	Current

Search ID #: Z13439567

Business Debtor Search For:

BALANCED ENERGY HOLDINGS INC.

Search ID #: Z13439567

Date of Search: 2021-Jan-19

Time of Search: 11:50:24

Registration Number: 18021626631

Registration Date: 2018-Feb-16

Registration Type: LAND CHARGE

Registration Status: Current

Registration Term: Infinity

Exact Match on: Debtor No: 2

Inexact Match on: Debtor No: 3

Amendments to Registration

18031916625

Amendment

2018-Mar-19

Debtor(s)

Block

1 BALANCE ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Deleted by
18031916625

Block

2 BALANCED ENERGY HOLDINGS INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Current

Block

3 BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

Status

Current by
18031916625

Secured Party / Parties

Block

1 NATIONAL BANK OF CANADA
SUITE 600, 311 - 6TH AVENUE SW
CALGARY, AB T2P 3H2

Status

Current

Search ID #: Z13439567

Note:

The following is a list of matches closely approximating your Search Criteria,
which is included for your convenience and protection.

Debtor Name / Address	Reg.#
BALANCED ENERGY OILD FIELD SERVICES INC. BOX 1865 BROOKS, AB T1R1C6	19022713252
SECURITY AGREEMENT	

Debtor Name / Address	Reg.#
BALANCED ENERGY OILD FIELD SERVICES INC. BOX 1865 BROOKS, AB T1R1C6	19022713609
SECURITY AGREEMENT	

Debtor Name / Address	Reg.#
BALANCED ENERGY OILD FIELD SERVICES INC. BOX 1865 BROOKS, AB T1R1C6	19022713755
SECURITY AGREEMENT	

Debtor Name / Address	Reg.#
BALANCED ENERGY OILFIELD SERV P.O. BOX 1865 BROOKS, AB T1R1C6	20111732034
GARAGE KEEPERS' LIEN	

Debtor Name / Address	Reg.#
BALANCED ENERGY OILFIELD SERV P.O. BOX 1865 BROOKS, AB T1R1C6	21011808474
GARAGE KEEPERS' LIEN	

Debtor Name / Address	Reg.#
BALANCED ENERGY OILFIELD SERVICES INC BOX 1865 BROOKS, AB T1R1C6	20033120836
SECURITY AGREEMENT	

Debtor Name / Address	Reg.#
------------------------------	--------------

Search ID #: Z13439567

BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

14051327286

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
PO BOX 1865
BROOKS, AB T1R 1C6

17071335973

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
PO BOX 1865
BROOKS, AB T1R 1C6

17071335973

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
PO BOX 1865
BROOKS, AB T1R 1C6

17081726664

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
PO BOX 1865
BROOKS, AB T1R 1C6

17081726664

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

18021626047

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

18021626631

LAND CHARGE

Debtor Name / Address

Reg.#

Search ID #: Z13439567

BALANCED ENERGY OILFIELD SERVICES INC.
1003 - 4 AVENUE SOUTH
LETHBRIDGE, AB T1J 0P7

18032027354

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
1003 - 4 AVENUE SOUTH
LETHBRIDGE, AB T1J 0P7

18032028817

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1862
BROOKS, AB T1R 1C8

19102916085

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1C 1C6

19110133202

SECURITY AGREEMENT

Debtor Name / Address

Reg.#

BALANCED ENERGY OILFIELD SERVICES INC.
BOX 1865
BROOKS, AB T1R 1C6

20112510384

GARAGE KEEPERS' LIEN

Debtor Name / Address

Reg.#

BALANCED ENERGY SERVICES
BOX 1865
BROOKS, AB T1R1C6

21011506974

GARAGE KEEPERS' LIEN

Debtor Name / Address

Reg.#

BALANCED ENERGY SYSTEM INC.
23 SAGE VALLEY COVE NW
CALGARY, AB T3R 0E6

16123015848

SECURITY AGREEMENT

Search ID #: Z13439567

Result Complete

THIS IS EXHIBIT "W" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

COURT FILE NUMBER: 2201-
COURT COURT OF QUEEN'S BENCH
OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONAL BANK OF CANADA
DEFENDANTS BALANCED ENERGY OILFIELD SERVICES INC.,
BALANCED ENERGY OILFIELD SERVICES (USA)
INC., BALANCED ENERGY HOLDINGS INC.,
MICHELLE THOMAS, NEIL SCHMEICHEL,
DARREN MILLER, and CODIE BELLAMY
DOCUMENT: **CONSENT TO ACT AS RECEIVER**
ADDRESS FOR SERVICE AND CONTACT
INFORMATION OF PARTY FILING THIS DOCUMENT MLT AIKINS LLP
2100, 222 - 3rd Ave SW
Calgary, Alberta T2P 0B4
Phone: 403.693.5420/4347
Fax: 403.508.4349
Attention: Ryan Zahara/Catrina Webster
File: 0002330.00382

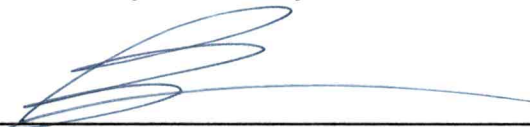
TAKE NOTICE THAT FTI Consulting Canada Inc., if so appointed by the Court of Queen's Bench, hereby consents to act as Court-appointed receiver pursuant to section 243 of the *Bankruptcy and Insolvency Act*, RSC 1985, c B-3, as amended, over the current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate, including all proceeds thereof of Balanced Energy Oilfield Services Inc., Balanced Energy Oilfield Services (USA) Inc., and Balanced Energy Holdings Inc.

DATED at Calgary, Alberta and effective this 2 date of February 2022.

FTI Consulting Canada Inc.

Per: 
Dustin Olver, Senior Managing Director

THIS IS EXHIBIT "X" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

MLT AIKINS

WESTERN CANADA'S LAW FIRM

January 26, 2022

VIA COURIER AND EMAIL (corp@mmhlawyers.com)

Balanced Energy Oilfield Services Inc.
c/o Registered Office
#1003, 4th Avenue
Lethbridge, Alberta
T1J 0P7

Attention: Thomas Maclachlan

Re: Demand for Payment

As counsel for National Bank of Canada ("**NBC**" or the "**Lender**"), we hereby advise Balanced Energy Oilfield Services Inc. ("**BCAN**" or the "**Borrower**") as follows:

1. Reference is made to the following:
 - (a) an offer of financing dated June 8, 2020 between the Lender, the Borrower, and Balanced Energy Oilfield Services (USA) Inc. ("**BUSA**") and accepted by BCAN and BUSA on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021;
 - (b) an offer of financing dated June 25, 2021 between the Lender and BCAN respecting a Highly Affected Sectors Availability Program Term Loan; and
 - (c) a general security agreement dated February 20, 2018 from the Borrower to NBC.

The documents referred to in paragraphs 1(a) through (c) above are collectively referred to as the "**NBC Loan Documents**".

2. Pursuant to the NBC Loan Documents, all included credit facilities (the "**Credit Facilities**") are payable in full on demand by the Lender at any time. Accordingly, the Lender hereby demands from the Borrower payment of the Credit Facilities in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Lender under the NBC Loan Documents, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the NBC Loan Documents. For greater certainty, interest continues to accrue on the Credit Facilities and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the NBC Loan Documents (collectively, the "**Outstanding Indebtedness**").

MLT Aikins LLP
2100 - 222 3rd Avenue SW
Calgary, AB T2P 0B4
T: (403) 693-4300
F: (403) 508-4349

Ryan Zahara
Direct Line: (403) 693-5420
E-mail: rzahara@mltaikins.com

Joy Mutuku
Legal Assistant
Direct Line: (403) 693-5403
E-mail: jmutuku@mltaikins.com

MLT AIKINS

WESTERN CANADA'S LAW FIRM

3. If the Borrower fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft, or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 7, 2022, the Lender will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate, including, but not limited to, pursuing all of the Lender's rights and remedies against the Borrower under the NBC Loan Documents.

4. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Borrower's waiver of the notice period referred to therein if it chooses to permit the same.

Sincerely,

MLT AIKINS LLP



Ryan Zahara

Encl.

MLT AIKINS

WESTERN CANADA'S LAW FIRM

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

Form 86
NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244 of the Bankruptcy and Insolvency Act)

TO: Balanced Energy Oilfield Services Inc. (an insolvent corporation) (the "**Debtor**")

Take notice that:

National Bank of Canada (the "**Lender**") intends to enforce its security on all of the Debtor's present and after-acquired property (both real and personal), as more particularly described in the Security (as defined below), pursuant to:

(a) an offer of financing dated June 8, 2020 between the Lender, the Debtor, and Balanced Energy Oilfield Services (USA) Inc. ("**BUSA**") and accepted by the Debtor and BUSA on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021; and

(b) an offer of financing dated June 25, 2021 between the Lender and the Debtor respecting a Highly Affected Sectors Availability Program Term Loan

(collectively, the "**Offers of Financing**").

The security that is to be enforced is in the form of a general security agreement dated February 20, 2018 from the Debtor to the Lender (the "**Security**");

The total amount of indebtedness secured by the Security is in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender, and any other amounts whatsoever, which may be claimed by the Lender under the Offers of Financing, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the Offers of Financing and the Security.

MLT AIKINS

WESTERN CANADA'S LAW FIRM

The Lender will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 26 day of January, 2022

MLT AIKINS LLP, Agents and Solicitors for the Lender

Per: 
Name: Ryan Zahara
Title: Barrister and Solicitor

The undersigned hereby consents to the Lender enforcing its security prior to the expiry of the above-noted 10 day period.

BALANCED ENERGY OILFIELD SERVICES INC.

Per: _____

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

THIS IS EXHIBIT "Y" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
2100 - 222 3rd Avenue SW
Calgary, AB T2P 0B4
T: (403) 693-4300
F: (403) 508-4349

January 26, 2022

VIA COURIER

Balanced Energy Oilfield Services (USA) Inc.
1209 Orange Street
Wilmington, DE 19801
New Castle County

Ryan Zahara
Direct Line: (403) 693-5420
E-mail: rzahara@mltaikins.com

Joy Mutuku
Legal Assistant
Direct Line: (403) 693-5403
E-mail: jmutuku@mltaikins.com

Re: Demand for Payment

As counsel for National Bank of Canada ("**NBC**" or the "**Lender**"), we hereby advise Balanced Energy Oilfield Services ("USA) Inc. ("**BUSA**" or the "**Borrower**") as follows:

1. Reference is made to the following:
 - (a) an offer of financing dated June 8, 2020 between the Lender, the Borrower, and Balanced Energy Oilfield Services Inc. ("**BCAN**") and accepted by BUSA and BCAN on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021; and
 - (b) a security agreement dated September 26, 2018 from the Borrower to NBC.

The documents referred to in paragraphs 1(a) through (b) above are collectively referred to as the "**NBC Loan Documents**".

2. Pursuant to the NBC Loan Documents, all included credit facilities (the "**Credit Facilities**") are payable in full on demand by the Lender at any time. Accordingly, the Lender hereby demands from the Borrower payment of the Credit Facilities in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Lender under the NBC Loan Documents, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the NBC Loan Documents. For greater certainty, interest continues to accrue on the Credit Facilities and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the NBC Loan Documents (collectively, the "**Outstanding Indebtedness**").

If the Borrower fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft, or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 7, 2022, the Lender will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate, including, but not

MLT AIKINS

WESTERN CANADA'S LAW FIRM

limited to, pursuing all of the Lender's rights and remedies against the Borrower under the NBC Loan Documents.

3. We enclose a Notice of Intention to Enforce Security delivered pursuant to section 244 of the *Bankruptcy and Insolvency Act* (Canada) together with a form to facilitate the Borrower's waiver of the notice period referred to therein if it chooses to permit the same.

Sincerely,

MLT AIKINS LLP



Ryan Zahara

Encl.

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

Form 86
NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244 of the Bankruptcy and Insolvency Act)

TO: Balanced Energy Oilfield Services (USA) Inc. (an insolvent corporation) (the "**Debtor**")

Take notice that:

National Bank of Canada (the "**Lender**") intends to enforce its security on all of the Debtor's present and after-acquired property (both real and personal), as more particularly described in the Security (as defined below), pursuant to:

- (a) an offer of financing dated June 8, 2020 between the Lender, the Debtor, and Balanced Energy Oilfield Services Inc. ("**BCAN**") and accepted by the Debtor and BCAN on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021; and (b) an offer of financing dated June 25, 2021 between the Lender and the Balanced Energy Oilfield Services Inc. respecting a Highly Affected Sectors Availability Program Term Loan (the "**Offer of Financing**").

The security that is to be enforced is in the form of a security agreement dated September 26, 2018 from the Debtor to the Lender (the "**Security**");

The total amount of indebtedness secured by the Security is in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender, and any other amounts whatsoever, which may be claimed by the Lender under the Offer of Financing, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the Offer of Financing and the Security.

The Lender will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 26th day of January, 2022.

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT AIKINS LLP, Agents and Solicitors for the Lender



Per: _____

Name: Ryan Zahara

Title: Barrister and Solicitor

The undersigned hereby consents to the Lender enforcing its security prior to the expiry of the above-noted 10 day period.

BALANCED ENERGY OILFIELD SERVICES (USA) INC.

Per: _____

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

THIS IS EXHIBIT "Z" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
2100 - 222 3rd Avenue SW
Calgary, AB T2P 0B4
T: (403) 693-4300
F: (403) 508-4349

January 26, 2022

VIA COURIER

Balanced Energy Oilfield Services (USA) Inc.
1209 Orange Street
Wilmington, DE 19801
New Castle County

Ryan Zahara
Direct Line: (403) 693-5420
E-mail: rzahara@mltaikins.com

Joy Mutuku
Legal Assistant
Direct Line: (403) 693-5403
E-mail: jmutuku@mltaikins.com

Re: Demand for Payment

As counsel for National Bank of Canada (the "**Lender**" or "**NBC**"), we hereby advise you, Balanced Energy Oilfield Services (USA) Inc., the guarantor (the "**Guarantor**") of Balanced Energy Oilfield Services Inc. (the "**Borrower**") of the following:

1. Reference is made to the following:
 - (a) an offer of financing dated June 25, 2021 between the Lender and the Borrower respecting a Highly Affected Sectors Availability Program Term Loan;
 - (b) a continuing guarantee in an unlimited amount dated July 6, 2021 from the Guarantor to NBC (the "**Guarantee**"); and
 - (c) a security agreement dated September 26, 2018 from the Guarantor to NBC.

The documents referred to in paragraphs 1(a) through (c) above are collectively referred to as the "**NBC Loan Documents**".

2. Pursuant to the NBC Loan Documents, all included credit facilities (the "**Credit Facilities**") are payable in full on demand by the Lender at any time. Accordingly, the Lender has demanded from the Borrower payment of the Credit Facilities in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Lender under the NBC Loan Documents, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the NBC Loan Documents. For greater certainty, interest continues to accrue on the Credit Facilities and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the NBC Loan Documents (collectively, the "**Outstanding Indebtedness**").
3. Pursuant to the Guarantee, the Guarantor unconditionally guaranteed the prompt payment to the Lender, forthwith upon demand by the Lender, of all present and future debts and liabilities owed by the Borrower to NBC in an unlimited amount plus interest after demand as required pursuant to the terms of the Guarantee.

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4. Pursuant to the terms of the Guarantee, the Lender hereby demands payment by the Guarantor in the amount of the Outstanding Indebtedness, plus interest after demand.
5. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft, or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 7, 2022, the Lender will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate, including, but not limited to, pursuing all of the Lender's rights and remedies against the Guarantor under the NBC Loan Documents.

Sincerely,

MLT AIKINS LLP



Ryan Zahara

Encl.

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

Form 86
NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244 of the Bankruptcy and Insolvency Act)

TO: Balanced Energy Oilfield Services (USA) Inc. (an insolvent corporation) (the "**Debtor**")

Take notice that:

National Bank of Canada (the "**Lender**") intends to enforce its security on all of the Debtor's present and after-acquired property (both real and personal), as more particularly described in the Security (as defined below), pursuant to:

- (a) a continuing guarantee in an unlimited amount dated July 6, 2021 from the Debtor to NBC (the "**Guarantee**"); and
- (b) an offer of financing dated June 25, 2021 between the Lender and the Balanced Energy Oilfield Services Inc. respecting a Highly Affected Sectors Availability Program Term Loan (the "**Offer of Financing**").

The security that is to be enforced is in the form of a security agreement dated September 26, 2018 from the Debtor to the Lender (the "**Security**");

The total amount of indebtedness secured by the Security is in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender, and any other amounts whatsoever, which may be claimed by the Lender under the Guarantee, the Offer of Financing, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the Guarantee, the Offer of Financing, and the Security.

The Lender will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 26th day of January, 2022

MLT AIKINS LLP, Agents and Solicitors for the Lender

Per: 
Name: Ryan Zahara
Title: Barrister and Solicitor

MLT AIKINS

WESTERN CANADA'S LAW FIRM

The undersigned hereby consents to the Lender enforcing its security prior to the expiry of the above-noted 10 day period.

BALANCED ENERGY OILFIELD SERVICES (USA) INC.


Per: _____

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

THIS IS EXHIBIT "AA" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
2100 - 222 3rd Avenue SW
Calgary, AB T2P 0B4
T: (403) 693-4300
F: (403) 508-4349

January 26, 2022

VIA COURIER AND EMAIL (corp@mmhlawyers.com)

Balanced Energy Holdings Inc.
c/o Registered Office
#1003, 4th Avenue South
Lethbridge, Alberta, T1J 0P7

Ryan Zahara
Direct Line: (403) 693-5420
E-mail: rzahara@mltaikins.com

Joy Mutuku
Legal Assistant
Direct Line: (403) 693-5403
E-mail: jmutuku@mltaikins.com

Attention: Thomas Maclachlan

Re: Demand for Payment

As counsel for National Bank of Canada (the "**Lender**" or "**NBC**"), we hereby advise you, Balanced Energy Holdings Inc., the guarantor (the "**Guarantor**") of Balanced Energy Oilfield Services Inc. and Balanced Energy Oilfield Services (USA) Inc. (collectively, the "**Borrowers**") of the following:

1. Reference is made to the following:
 - (a) an offer of financing dated June 8, 2020 between the Lender and the Borrowers and accepted by the Borrowers on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021;
 - (b) an offer of financing dated June 25, 2021 between the Lender and Balanced Energy Oilfield Services Inc. respecting a Highly Affected Sectors Availability Program Term Loan;
 - (c) a continuing guarantee in an unlimited amount dated February 20, 2018 from the Guarantor to NBC (the "**Guarantee**"); and
 - (d) a general security agreement dated February 20, 2018 from the Guarantor to NBC.

The documents referred to in paragraphs 1(a) through (d) above are collectively referred to as the "**NBC Loan Documents**".

2. Pursuant to the NBC Loan Documents, all included credit facilities (the "**Credit Facilities**") are payable in full on demand by the Lender at any time. Accordingly, the Lender has demanded from the Borrowers payment of the Credit Facilities in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be

claimed by the Lender under the NBC Loan Documents, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the NBC Loan Documents. For greater certainty, interest continues to accrue on the Credit Facilities and other indebtedness and costs, including as aforesaid, at the rates determined in accordance with the NBC Loan Documents (collectively, the "**Outstanding Indebtedness**").

3. Pursuant to the Guarantee, the Guarantor unconditionally guaranteed the prompt payment to the Lender, forthwith upon demand by the Lender, of all present and future debts and liabilities owed by the Borrowers to NBC in an unlimited amount plus interest after demand as required pursuant to the terms of the Guarantee.
4. Pursuant to the terms of the Guarantee, the Lender hereby demands payment by the Guarantor in the amount of the Outstanding Indebtedness, plus interest after demand.
5. If the Guarantor fails to make payment of the Outstanding Indebtedness by way of certified cheque, bank draft, or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 7, 2022, the Lender will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate, including, but not limited to, pursuing all of the Lender's rights and remedies against the Guarantor under the NBC Loan Documents.

Sincerely,

MLT AIKINS LLP



Ryan Zahara

Encl.

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

Form 86
NOTICE OF INTENTION TO ENFORCE SECURITY
(Section 244 of the Bankruptcy and Insolvency Act)

TO: Balanced Energy Holdings Inc. (an insolvent corporation) (the "**Debtor**")

Take notice that:

National Bank of Canada (the "**Lender**") intends to enforce its security on all of the Debtor's present and after-acquired property (both real and personal), as more particularly described in the Security (as defined below), pursuant to a continuing guarantee in an unlimited amount dated February 20, 2018 from the Debtor to NBC (the "**Guarantee**"); and:

(a) an offer of financing dated June 8, 2020 between the Lender, the Debtor, and Balanced Energy Oilfield Services (USA) Inc. ("**BUSA**") and accepted by the Debtor and BUSA on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021;

(b) an offer of financing dated June 25, 2021 between the Lender and the Debtor respecting a Highly Affected Sectors Availability Program Term Loan

(collectively, the "**Offers of Financing**").

The security that is to be enforced is in the form of a general security agreement dated February 20, 2018 from the Debtor to the Lender (the "**Security**");

The total amount of indebtedness secured by the Security is in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender, and any other amounts whatsoever, which may be claimed by the Lender under the Guarantee, the Offers of Financing, the Security, or any other document relating thereto, including without limitation all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the Guarantee, the Offers of Financing, and the Security.

MLT AIKINS

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The Lender will not have the right to enforce the Security until after the expiry of the 10-day period after this notice is sent, unless the Debtor consents to an earlier enforcement.

DATED at Calgary, Alberta, this 26th day of January, 2022

MLT AIKINS LLP, Agents and Solicitors for the Lender

Per: 

Name: Ryan Zahara

Title: Barrister and Solicitor

The undersigned hereby consents to the Lender enforcing its security prior to the expiry of the above-noted 10 day period.

BALANCED ENERGY HOLDINGS INC.

Per: _____

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

THIS IS EXHIBIT "BB" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
2100 - 222 3rd Avenue SW
Calgary, AB T2P 0B4
T: (403) 693-4300
F: (403) 508-4349

January 26, 2022

VIA COURIER AND EMAIL (mthomas@balancedcoiltubing.com)

Michelle Thomas
71 Fairview Way
Brooks, Alberta
T1R 1C6

Ryan Zahara
Direct Line: (403) 693-5420
E-mail: rzahara@mltaikins.com

Joy Mutuku
Legal Assistant
Direct Line: (403) 693-5403
E-mail: jmutuku@mltaikins.com

Re: Demand for Payment

As counsel for National Bank of Canada (the "**Lender**" or "**NBC**"), we hereby advise you, the guarantor (the "**Guarantor**"), of Balanced Energy Oilfield Services Inc. and Balanced Energy Oilfield Services (USA) Inc. (collectively, the "**Borrowers**") of the following:

1. Reference is made to the following:
 - (a) an offer of financing dated June 8, 2020 between the Lender and the Borrowers and accepted by the Borrowers on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021;
 - (b) an offer of financing dated June 25, 2021 between the Lender and Balanced Energy Oilfield Services Inc. respecting a Highly Affected Sectors Availability Program Term Loan; and
 - (c) a continuing guarantee limited to \$300,000 dated June 24, 2020 from the Guarantor to NBC (the "**Guarantee**").

The documents referred to in paragraphs 1(a) through (c) above are collectively referred to as the "**NBC Loan Documents**".

2. Pursuant to the NBC Loan Documents, all included credit facilities (the "**Credit Facilities**") are payable in full on demand by the Lender at any time. Accordingly, the Lender has demanded from the Borrowers payment of the Credit Facilities in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Lender under the NBC Loan Documents, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the NBC Loan Documents. For greater certainty, interest continues to accrue on the Credit Facilities and other indebtedness and

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WESTERN CANADA'S LAW FIRM

costs, including as aforesaid, at the rates determined in accordance with the NBC Loan Documents (collectively, the "**Outstanding Indebtedness**").

3. Pursuant to the Guarantee, the Guarantor unconditionally guaranteed the prompt payment to the Lender, forthwith upon demand by the Lender, of all present and future debts and liabilities owed by the Borrowers to NBC up to the amount of \$300,000.00 plus interest after demand as required pursuant to the terms of the Guarantee.
4. Pursuant to the terms of the Guarantee, the Lender hereby demands payment by the Guarantor of \$300,000.00, plus interest after demand.
5. If the Guarantor fails to make payment of \$300,000.00 towards the Outstanding Indebtedness by way of certified cheque, bank draft, or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 7, 2022, the Lender will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate, including, but not limited to, pursuing all of the Lender's rights and remedies against the Guarantor under the NBC Loan Documents.

Sincerely,

MLT AIKINS LLP



Ryan Zahara

Encl.

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

THIS IS EXHIBIT "CC" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

January 26, 2022

VIA REGISTERED MAIL AND EMAIL
(nschmeichel@balancedcoiltubing.com)Neil Schmeichel
Box 1865
Brooks, Alberta
T1R 1C6**Ryan Zahara**
Direct Line: (403) 693-5420
E-mail: rzahara@mltaikins.comJoy Mutuku
Legal Assistant
Direct Line: (403) 693-5403
E-mail: jmutuku@mltaikins.com**Re: Demand for Payment**

As counsel for National Bank of Canada (the "**Lender**" or "**NBC**"), we hereby advise you, the guarantor (the "**Guarantor**"), of Balanced Energy Oilfield Services Inc. and Balanced Energy Oilfield Services (USA) Inc. (collectively, the "**Borrowers**") of the following:

1. Reference is made to the following:
 - (a) an offer of financing dated June 8, 2020 between the Lender and the Borrowers and accepted by the Borrowers on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021;
 - (b) an offer of financing dated June 25, 2021 between the Lender and Balanced Energy Oilfield Services Inc. respecting a Highly Affected Sectors Availability Program Term Loan; and
 - (c) a continuing guarantee limited to \$300,000 dated June 24, 2020 from the Guarantor to NBC (the "**Guarantee**").

The documents referred to in paragraphs 1(a) through (c) above are collectively referred to as the "**NBC Loan Documents**".

2. Pursuant to the NBC Loan Documents, all included credit facilities (the "**Credit Facilities**") are payable in full on demand by the Lender at any time. Accordingly, the Lender has demanded from the Borrowers payment of the Credit Facilities in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Lender under the NBC Loan Documents, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the NBC Loan Documents. For greater certainty, interest continues to accrue on the Credit Facilities and other indebtedness and

costs, including as aforesaid, at the rates determined in accordance with the NBC Loan Documents (collectively, the "**Outstanding Indebtedness**").

3. Pursuant to the Guarantee, the Guarantor unconditionally guaranteed the prompt payment to the Lender, forthwith upon demand by the Lender, of all present and future debts and liabilities owed by the Borrowers to NBC up to the amount of \$300,000.00 plus interest after demand as required pursuant to the terms of the Guarantee.
4. Pursuant to the terms of the Guarantee, the Lender hereby demands payment by the Guarantor of \$300,000.00, plus interest after demand.
5. If the Guarantor fails to make payment of \$300,000.00 towards the Outstanding Indebtedness by way of certified cheque, bank draft, or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 7, 2022, the Lender will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate, including, but not limited to, pursuing all of the Lender's rights and remedies against the Guarantor under the NBC Loan Documents.

Sincerely,

MLT AIKINS LLP

Ryan Zahara


Encl.

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

THIS IS EXHIBIT "DD" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
2100 - 222 3rd Avenue SW
Calgary, AB T2P 0B4
T: (403) 693-4300
F: (403) 508-4349

January 26, 2022

VIA COURIER AND EMAIL (dmiller@balancedcoiltubing.com)

Darren Miller
5119A Township Road 114
Cypress County, Alberta
T1B 0K8

Ryan Zahara
Direct Line: (403) 693-5420
E-mail: rzahara@mltaikins.com

Joy Mutuku
Legal Assistant
Direct Line: (403) 693-5403
E-mail: jmutuku@mltaikins.com

Re: Demand for Payment

As counsel for National Bank of Canada (the "**Lender**" or "**NBC**"), we hereby advise you, the guarantor (the "**Guarantor**"), of Balanced Energy Oilfield Services Inc. and Balanced Energy Oilfield Services (USA) Inc. (collectively, the "**Borrowers**") of the following:

1. Reference is made to the following:
 - (a) an offer of financing dated June 8, 2020 between the Lender and the Borrowers and accepted by the Borrowers on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021;
 - (b) an offer of financing dated June 25, 2021 between the Lender and Balanced Energy Oilfield Services Inc. respecting a Highly Affected Sectors Availability Program Term Loan; and
 - (c) a continuing guarantee limited to \$300,000 dated June 24, 2020 from the Guarantor to NBC (the "**Guarantee**").

The documents referred to in paragraphs 1(a) through (c) above are collectively referred to as the "**NBC Loan Documents**".

2. Pursuant to the NBC Loan Documents, all included credit facilities (the "**Credit Facilities**") are payable in full on demand by the Lender at any time. Accordingly, the Lender has demanded from the Borrowers payment of the Credit Facilities in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Lender under the NBC Loan Documents, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the NBC Loan Documents. For greater certainty, interest continues to accrue on the Credit Facilities and other indebtedness and

MLT AIKINS

WESTERN CANADA'S LAW FIRM

costs, including as aforesaid, at the rates determined in accordance with the NBC Loan Documents (collectively, the "**Outstanding Indebtedness**").

3. Pursuant to the Guarantee, the Guarantor unconditionally guaranteed the prompt payment to the Lender, forthwith upon demand by the Lender, of all present and future debts and liabilities owed by the Borrowers to NBC up to the amount of \$300,000.00 plus interest after demand as required pursuant to the terms of the Guarantee.
4. Pursuant to the terms of the Guarantee, the Lender hereby demands payment by the Guarantor of \$300,000.00, plus interest after demand.
5. If the Guarantor fails to make payment of \$300,000.00 towards the Outstanding Indebtedness by way of certified cheque, bank draft, or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 7, 2022, the Lender will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate, including, but not limited to, pursuing all of the Lender's rights and remedies against the Guarantor under the NBC Loan Documents.

Sincerely,

MLT AIKINS LLP



Ryan Zahara

Encl.

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

THIS IS EXHIBIT "EE" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW

MLT AIKINS

WESTERN CANADA'S LAW FIRM

MLT Aikins LLP
2100 - 222 3rd Avenue SW
Calgary, AB T2P 0B4
T: (403) 693-4300
F: (403) 508-4349

January 26, 2022

VIA COURIER AND EMAIL (cbellamy@balancedcoiltubing.com)

Codie Bellamy
10 Blue Heron View
Lake Newell Resort, Alberta
T1R 0X5

Ryan Zahara
Direct Line: (403) 693-5420
E-mail: rzahara@mltaikins.com

Joy Mutuku
Legal Assistant
Direct Line: (403) 693-5403
E-mail: jmutuku@mltaikins.com

Re: Demand for Payment

As counsel for National Bank of Canada (the "**Lender**" or "**NBC**"), we hereby advise you, the guarantor (the "**Guarantor**"), of Balanced Energy Oilfield Services Inc. and Balanced Energy Oilfield Services (USA) Inc. (collectively, the "**Borrowers**") of the following:

1. Reference is made to the following:
 - (a) an offer of financing dated June 8, 2020 between the Lender and the Borrowers and accepted by the Borrowers on June 10, 2020, a forbearance and amending agreement effective as of March 2, 2021, as amended by a first amending agreement to the forbearance and amending agreement effective as of March 31, 2021, an amending agreement to offer of financing and forbearance agreement effective as of August 18, 2021, a renewal and amending agreement to offer of financing effective as of June 30, 2021, and an extension and amending agreement effective as of August 27, 2021;
 - (b) an offer of financing dated June 25, 2021 between the Lender and Balanced Energy Oilfield Services Inc. respecting a Highly Affected Sectors Availability Program Term Loan; and
 - (c) a continuing guarantee limited to \$300,000 dated June 24, 2020 from the Guarantor to NBC (the "**Guarantee**").

The documents referred to in paragraphs 1(a) through (c) above are collectively referred to as the "**NBC Loan Documents**".

2. Pursuant to the NBC Loan Documents, all included credit facilities (the "**Credit Facilities**") are payable in full on demand by the Lender at any time. Accordingly, the Lender has demanded from the Borrowers payment of the Credit Facilities in the amounts set out in **Schedule "A"** hereto, plus all accrued interest and all legal and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date of this demand and hereafter, and any other amounts whatsoever, which may be claimed by the Lender under the NBC Loan Documents, or any other document relating thereto, including, without limitation, all legal costs incurred on a solicitor-client basis in respect of enforcing the Lender's rights under the NBC Loan Documents. For greater certainty, interest continues to accrue on the Credit Facilities and other indebtedness and

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costs, including as aforesaid, at the rates determined in accordance with the NBC Loan Documents (collectively, the "**Outstanding Indebtedness**").

3. Pursuant to the Guarantee, the Guarantor unconditionally guaranteed the prompt payment to the Lender, forthwith upon demand by the Lender, of all present and future debts and liabilities owed by the Borrowers to NBC up to the amount of \$300,000.00 plus interest after demand as required pursuant to the terms of the Guarantee.
4. Pursuant to the terms of the Guarantee, the Lender hereby demands payment by the Guarantor of \$300,000.00, plus interest after demand.
5. If the Guarantor fails to make payment of \$300,000.00 towards the Outstanding Indebtedness by way of certified cheque, bank draft, or other immediately payable funds by no later than 5:00 p.m. Calgary time on February 7, 2022, the Lender will take such lawful steps to recover the Outstanding Indebtedness owing to it as it considers appropriate, including, but not limited to, pursuing all of the Lender's rights and remedies against the Guarantor under the NBC Loan Documents.

Sincerely,

MLT AIKINS LLP



Ryan Zahara

Encl.

Schedule "A" – Outstanding Indebtedness

	Amount in CAD\$ as of January 26, 2022
Demand Revolving Operating Line of Credit	
Principal	18,740,196.70
Interest	113,578.60
Total	18,853,775.30
BCAP Demand Loan	
Principal	4,659,572.00
Interest	27,567.14
Total	4,687,139.14
HASCAP Term Loan	
Principal	1,000,000.00
Interest	3,397.26
Total	1,003,397.26
Mastercard Credit Card	
Principal	154,802.80
Interest	0
Total	154,802.80

Plus all interest, legal, and professional fees, costs, charges, disbursements, and expenses incurred by the Lender prior to the date hereof.

THIS IS CONFIDENTIAL EXHIBIT "1" TO THE
AFFIDAVIT OF DANA ADES-LANDY
SWORN BEFORE ME AT Calgary, Alberta,
this 28th day of February 2022



A Commissioner for Oaths in and for the Province of Alberta

KYLE R. SMITH
STUDENT-AT-LAW