

Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) April --, 2020, and (ii) the date the Issuer became a reporting issuer in any province or territory of Canada.

CONVERTIBLE SECURED DEBENTURE

PETRO VIKING ENERGY INC.
(Incorporated under the laws of the Province of Alberta)

DATE: September 30, 2019 DUE: July 31, 2022
PRINCIPAL SUM: \$500,000.00 (the "Principal Sum") INTEREST RATE: 5% PER ANNUM

1. FOR VALUE RECEIVED

PETRO VIKING ENERGY INC., a corporation incorporated under the laws of the Province of Alberta and having a registered office at the City of Calgary, in the Province of Alberta (hereinafter called the "**Corporation**"), for value received hereby acknowledges itself indebted and promises to pay to Holder (who and whose successors and assigns as holders of this Debenture are hereinafter collectively called the "**Holder**"), on or before July 31, 2022 ("**Maturity Date**"), the sum of FIVE HUNDRED THOUSAND (\$500,000.00) DOLLARS in lawful money of Canada (hereinafter called the "**Principal Sum**") at the address set forth herein, and also to pay to the Holder in the same money and at the same place interest accrued on the Principal Sum or on so much thereof as remains from time to time unpaid.

2. INTERPRETATION

In this Debenture, including this section and any schedules hereto, unless there is something in the subject matter or context inconsistent therewith:

"**Accessions**" means goods that are installed in or affixed to other goods;

"**Account**" means a monetary obligation not evidenced by Chattel Paper, an Instrument or a Security, whether or not it has been earned by performance;

"**Business Day**" means a day of the year, other than Saturday or Sunday, on which banks are open for business in Calgary, Alberta;

"**Chattel Paper**" means one or more writings that evidence both a monetary obligation and a security interest in or lease of specific goods or specific goods and accessions, but does not include a security agreement providing for a security interest in specific goods and after acquired goods other than accessions;

"**Common Shares**" means the one class of shares in the capital of the Corporation as presently constituted;

"**Collateral**" means all of the Corporation's assets described in Schedule "A" hereto;

"**Conversion Price**" means \$ 0.25 per Common Share or 80% of the Major Event Price, whichever is less;

"**Debenture**" means this debenture, and "**Debentures**" means collectively all 5% Convertible Secured Debentures, issued by the Corporation and outstanding from time to time;

"**Documents of Title**" means a writing issued by or addressed to a bailee,

(i) that covers goods in the bailee's possession that are identified or are fungible portions of an identifiable mass, and

(ii) in which it is stated that the goods identified in it will be delivered to a named person, or to the order of a named person;

"Environmental Law" means all requirements of the common law, civil code, or of environmental, health, or safety statutes of any agency, board, or governmental authority including, but not limited to, those relating to (i) noise, (ii) pollution or protection of the air, surface water, ground water, or land, (iii) solid, gaseous, or liquid waste generation, handling, treatment, storage, disposal, or transportation, (iv) exposure to hazardous or toxic substances, or (v) the closure, decommissioning, dismantling, or abandonment of any facilities, mines, or workings and the reclamation or restoration of lands;

"Event of Default" means the occurrence of one or more of the following events:

(i) a breach by the Corporation of any of the provisions contained in this Debenture, including failing to pay to the Holder any indebtedness forming part of the obligations of this Debenture as and when the same shall be due and payable by the Corporation to the Holder; or

(ii) any default by the Corporation in the observance or performance of any covenant, agreement or condition required to be kept, observed or performed by the Corporation under the terms of this Debenture; or

"Government Authority" means federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency, domestic or foreign or any other instrumentality of any of them, that exercises jurisdiction over the Corporation or any part of the Collateral;

"Governmental Requirement" means any law, statute, code, ordinance, order, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, licence, authorization or other direction or requirement (including, without limitation, any of the foregoing which relate to environmental standards or controls, energy regulations and occupational, safety and health standards or controls) of any Government Authority;

"Instrument" means

(i) a bill, note or cheque within the meaning of the *Bills of Exchange Act* (Canada),

(ii) any other writing that evidences a right to the payment of money and is of a kind that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, or

(iii) a letter of credit or an advice of credit if the letter or advice states that it must be surrendered on claiming payment under it, but does not include:

(A) Chattel Paper, a document of title or a security, or

(B) a writing that provides for or creates a mortgage or charge in respect of an interest in land that is specifically identified in the writing;

"Intangibles" means Personal Property other than goods, Chattel Paper, a Security, a document of title, an Instrument and Money;

"Interest Rate" means 5% per annum calculated in arrears;

"Inventory" means goods:

(i) that are held by a person for sale or lease, or that have been leased by that person,

- (ii) that are to be furnished by a person or have been furnished by that person under a contract,
- (iii) that are raw materials or work in progress, or
- (iv) that are materials used or consumed in a business;

"Major Event Price" means the price per Common Share that (i) a Common Share is being issued by the Corporation before the Maturity Date pursuant to an initial public offering of the Common Shares for listing on a recognized stock exchange; or (ii) a Common Share is being issued by the Corporation pursuant to a financing of no less than \$ 500,000 net of fees and commissions; or (iii) results from a purchase by a third party of substantially all the assets of the Corporation by dividing the said purchase price by the number of issued Common Shares on a fully diluted basis;

"Money" means a medium or exchange authorized by the Parliament of Canada or authorized or adopted by a foreign government as part of its currency;

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other form of entity;

"Personal Property" means personal property and includes, without limitation, Inventory, equipment, Receivables, Chattel Paper, goods, documents of title, Instruments, Intangibles (including intellectual property), Money and Securities;

"Proceeds" means identifiable or traceable Personal Property in any form derived, directly or indirectly, from any dealings with the Collateral or other Proceeds and includes:

- (i) a right to an insurance payment or any other payment as indemnity or compensation for loss of or damage to the Collateral or Proceeds of the Collateral, and
- (ii) a payment made in total or partial discharge or redemption of an Intangible, Chattel Paper, an Instrument or a Security;

"Receivables" means all debts, claims and choses in action (including, without limitation, Accounts and Chattel Paper) now or in the future due or owing to or owned by the Corporation;

"Receiver" means any receiver of all or any part of the Collateral appointed pursuant to section 18 hereof either by the Holder or by a court having jurisdiction and includes a receiver and manager;

"Securities" (including any singular or plural variation thereof whenever used herein) means a writing that is:

- (i) in bearer, order or registered form,
- (ii) of a kind commonly dealt in on securities exchanges or markets or commonly recognized in any area in which it is issued or dealt in as a medium for investment,
- (iii) one of a class or series or by its terms divisible into a class or series, and
- (iv) evidence of a share, participation or other interest in or obligation of the issuer of the writing,

but does not include a writing that provides for or creates a mortgage or charge in respect of an interest in land that is specifically identified in the writing;

"this Debenture", "hereby", "hereof" and "hereunder" means this instrument and every instrument entered into supplementary hereto or in implementation hereof.

Words importing the singular number only shall include the plural, and vice-versa, words importing gender shall include all genders and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, government or governmental board, agency or instrumentality.

The division of this Debenture into section headings are for convenience of reference only and shall not affect the interpretation or construction of this Debenture.

If any provision of this Debenture shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions of this Debenture shall not in any way be affected or impaired thereby.

Time shall be of the essence of this Agreement.

3. INTEREST

The Corporation shall pay to the Holder interest on the Principal Sum outstanding from time to time at a rate per annum equal to the Interest Rate. Such interest shall accrue and compound annually from the date of issuance of this Debenture and be payable, in arrears, and such interest being paid in full on July 31, 2022, at which time all accrued interest and the Principal Sum shall be paid in full. Any interest not paid when due shall also bear interest equal to the Interest Rate per annum. Interest for any period of less than one month shall be computed on the basis of a 365 day year. The Debentures will mature on July 31, 2022 (the "**Maturity Date**") at which time the Principal Sum and all accrued interest shall be payable to the Holder of the Debenture by the Corporation, subject to prior redemption or conversion as described herein.

The Corporation shall, on demand, pay to the Holder interest on all overdue payments in connection with this Debenture from the date any such payment becomes overdue and for so long as such amount remains unpaid at a rate per annum which is equal to the Interest Rate. Interest at the Interest Rate on overdue amounts shall be computed and compounded daily and shall be payable both before and after demand, default and judgment.

To the extent permitted by Applicable Laws, any provision of the *Judgment Interest Act* (Alberta) and the *Interest Act* (Canada) which restricts the rate of interest on any judgment debt shall be inapplicable to this Debenture and is hereby waived by the Corporation.

4. GRANT OF SECURITY INTEREST

For value received and as a general and continuing security for the due and timely payment of the Principal Sum, interest and all other monies from time to time secured hereby and as security for the performance and observance of the covenants, obligations and agreements on the part of the Corporation to be performed contained in this Debenture, the Corporation hereby grants to the Holder a **first charge** security interest (the "**Security Interest**") in the Collateral.

For greater certainty, the Security Interest shall extend to the Proceeds of the Collateral and shall be a shared *pari passu* first charge against the Collateral with the other holders of the Debenture.

The Holder shall be entitled to have and to hold the Collateral and rights hereby conferred on the Holder for the use and purposes and with the power and authority and subject to the terms, conditions, provisos, covenants and stipulations herein expressed.

The Security Interest shall not apply to, and Collateral shall not include, the last day of the term of any lease or agreement therefore but upon the enforcement of the Security Interest the Corporation shall stand possessed of such last day in trust to assign the same to any person acquiring such term.

Notwithstanding the provisions contained in this section 4, the Corporation shall remain liable to perform and observe all of its duties and obligations in respect of the Collateral to the same extent as if this

Debenture had not been executed and the exercise by the Holder of any of its rights under this Debenture shall not release the Corporation from performing and observing such duties and obligations and the Holder shall have no liability for the performance or observance of such duties or obligations by reason only of the execution and delivery of this Debenture.

5. REPAYMENT OF DEBENTURE

Upon and subject to the terms and conditions of this Section 5 on the Maturity Date this Debenture shall be and become due and payable and the Corporation shall forthwith repay the Principal Sum, along with any accrued and unpaid interest to the Holder, and from and after such date, if the moneys necessary to repay this Debenture shall have been paid or delivered to the Holder as hereinafter provided, this Debenture shall not be considered as outstanding hereunder and interest on the Principal Sum so repaid shall cease to accrue after such date.

Payments of the Principal Sum, interest, fees and all other amounts payable by the Corporation pursuant to this Debenture shall be paid in Canadian dollars for value, by way of cheque, bank draft or money order, at or before 4:30 p.m. (Calgary time) on the day such amount is due to the Holder by forwarding same by regular mail to the address of the Holder as specified in Section 0. If any such day is not a Business Day such amount shall be deemed for all purposes of this Debenture to be due on the immediately following Business Day.

Upon full payment of the Principal Sum, the Holder shall surrender this Debenture for cancellation and discharge the Security Interest.

If this Debenture is repaid and the amount required to be paid pursuant hereto is paid or delivered as contemplated by Section 0, and whether or not the Holder shall have surrendered this Debenture for cancellation, this Debenture shall thereafter not be considered as outstanding hereunder, and the Holder shall have no right in respect thereof.

The Corporation may prepay this Debenture at any time on thirty (30) day's notice without bonus or penalty.

6. CONVERSION

Subject to the provisions hereinafter contained, the Holder shall have the right at any time on or before the close of business of the Corporation on the Maturity Date or, in the event that the Corporation does not redeem this Debenture on the Maturity Date, at any time on or before the close of business on the date of repayment in full of the Principal Sum, to convert the Principal Sum into Common Shares at the Conversion Price.

The Corporation shall not be required to issue fractional Common Shares upon the conversion of this Debenture. If any fractional interest in a Common Share would, except for the provisions of this clause, be deliverable upon the conversion of the principal amount of this Debenture, the Corporation shall, in lieu of delivering a fractional Common Share therefor, make an adjustment therefor in cash at the value thereof on the date of conversion as computed by the directors of the Corporation.

The Holder acknowledges that the Corporation is a reporting issuer but not currently listed on any Exchange. As such, the Common Shares will be subject to restrictions on trading which may never expire. There may be no market for the Common Shares, and it may be difficult or impossible to dispose of the Common Shares.

7. ADJUSTMENT OF CONVERSION PRICE

The Conversion Price in effect at any date shall be subject to adjustment from time to time as follows:

If and whenever at any time the Corporation shall (i) subdivide or re-divide the outstanding Common Shares into a greater number of shares, (ii) reduce, combine or consolidate the outstanding Common Shares into

a smaller number of shares, or (iii) issue Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend (other than the issue of Common Shares to holders of Common Shares pursuant to their exercise of options to receive dividends in the form of Common Shares in lieu of dividends paid in the ordinary course of the Common Shares), the Conversion Price in effect on the effective date of such subdivision, redivision reduction, combination or consolidation or on the record date for such issue of Common Shares by way of a stock dividend, as the case may be, shall in the case of the events referred to in (i) and (iii) above be decreased in proportion to the number of outstanding Common Shares resulting from such subdivision, redivision or dividend, or shall, in the case of the events referred to in (ii) above, be increased in proportion to the number of outstanding Common Shares resulting from such reduction, combination or consolidation. Such adjustment shall be made successively whenever any event referred to in this subsection (a) shall occur; any such issue of Common Shares by way of a stock dividend shall be deemed to have been made on the record date for the stock dividend for the purpose of calculating the number of outstanding Common Shares under subsections (a) and (c) of this Section 7.1.

If and whenever at any time prior to the Maturity Date the Corporation shall fix a record date for the issuance of rights or warrants to all or substantially all the holders of its outstanding Common Shares entitling them, for a period expiring not more than forty-five (45) days after such record date, to subscribe for or purchase Common Shares (or securities convertible into Common Shares) at a price per share (or having a conversion or exchange price per share) less than 90% of the Current Market Price of a Common Share on such record date, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date plus a number of Common Shares equal to the number arrived at by dividing the aggregate price of the total number of additional Common Shares offered for subscription or purchase (or the aggregate conversion or exchange price of the convertible securities so offered) by such Current Market Price per Common Share, and of which the denominator shall be the total number of Common Shares outstanding on such record date plus the total number of additional Common Shares offered for subscription or purchase (or into which the convertible securities so offered are convertible); such adjustment shall be made successively whenever such a record date is fixed; to the extent that any such rights or warrants are not so issued or any such rights or warrants are not exercised prior to the expiration thereof, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect based upon the number of Common Shares (or securities convertible into Common Shares) actually issued upon the exercise of such rights or warrants, as the case may be.

If and whenever at any time prior to the Maturity Date the Corporation shall fix a record date for the making of a distribution to all or substantially all the holders of its outstanding Common Shares of (i) shares of any class other than Common Shares and other than shares distributed to holders of Common Shares pursuant to their exercise of options to receive dividends in the form of such shares in lieu of dividends paid in the ordinary course or (ii) rights, options or warrants (excluding rights options or warrants entitling the holders thereof for a period of not more than forty-five (45) days to subscribe for or purchase Common Shares or securities convertible into Common Shares) or (iii) evidences of its indebtedness or (iv) assets (excluding dividends paid in the ordinary course) then, in each such case, the Conversion Price shall be adjusted immediately after such record date so that it shall equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction, of which the numerator shall be the total number of Common Shares outstanding on such record date multiplied by the Current Market Price per Common Share on such record date, less the fair market value (as determined by the board of directors of the Corporation, which determination shall be conclusive) or such shares or rights, options or warrants or evidences or indebtedness or assets so distributed, and of which the denominator shall be the total number of Common Shares outstanding on such record date multiplied by such Current Market Price per Common Share; such adjustment shall be made successively whenever such a record date is fixed; to the extent that such distribution is not so made, the Conversion Price shall be re-adjusted to the Conversion Price which would then be in effect if such record date had not been fixed or to the Conversion Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed, as the case may be; in clause (iv) of this subsection (c) the term "dividends paid in the ordinary course" shall include the value of any securities or other property or assets distributed in lieu of cash dividends paid in the ordinary course at the option of shareholders.

For the purpose of any computation under subsections (b) or (c) of this Section, the "Current Market Price" per Common Share at any date shall be the weighted average price per share for Common Shares for thirty (30) consecutive trading days commencing not more than forty-five (45) trading days before such date on a stock exchange on which the Common Shares are listed or, if the Common Shares are not listed on any stock exchange, then on the over-the-counter market. In the event the Common Shares are not listed on any market, then the directors of the Corporation shall determine, in their sole discretion acting reasonably, the Current Market Price for Common Shares.

In the case of any reclassification or change (other than a change resulting only from consolidation or subdivision) of the Common Shares or in case of any amalgamation, consolidation or merger of the Corporation with or into any other corporation, or in the case of any sale of the properties and assets of the Corporation, as or substantially as, an entirety to any other corporation, the Conversion Price shall be adjusted so that each Debenture shall, after such reclassification, change, amalgamation, consolidation, merger or sale, be convertible into the number of shares or the number, kind or amount of other securities or property of the Corporation, or such continuing, successor or purchaser corporation, as the case may be, which the holder thereof would have been entitled to receive as a result of such reclassification, change, amalgamation, consolidation, merger or sale, be convertible into the number of shares or the number, kind or amount of other securities or property of the Corporation, or such continuing, successor or purchaser corporation, as the case may be, which the holder thereof would have been entitled to receive as a result of such reclassification, change, amalgamation, consolidation, merger or sale if on the effective date thereof he had been the holder of the number of Common Shares into which the Debenture was convertible prior to the effective date of such reclassification, change, amalgamation, consolidation, merger or sale. No such reclassification, change, amalgamation, consolidation, merger or sale shall be carried into effect unless, in the opinion of the board of directors, all necessary steps shall have been taken to ensure that the holders shall thereafter be entitled to receive such number of shares or other securities or property of the Corporation, or such continuing, successor or purchasing corporation, as the case may be, subject to adjustment thereafter in accordance with provisions similar, as nearly as may be, to those contained in this Section 7.1.

In any case in which this Section 7.1 shall require that an adjustment shall become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder of the Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event before giving effect to such adjustment; provided, however, that the Corporation shall deliver to the Holder an appropriate instrument evidencing such Holder's right to receive such additional Common Shares upon the occurrence of the event requiring such adjustment and the right to receive any distributions made on such additional Common Shares declared in favour of holders of records of Common Shares on and after the Date of Conversion or such later date as such Holder would, but for the provisions of this subsection (f), have become the holder of record of such additional Common Shares pursuant to subsection 7.1(b).

The adjustments provided for in this Section 7.1 are cumulative and shall apply to successive subdivisions, redivisions, reductions, combinations, consolidation, distributions, issues or other events resulting in any adjustment under the provisions of this Section, provided that, notwithstanding any other provision of this Section, no adjustment of the Conversion Price shall be required unless such adjustment would require an increase or decrease of at least one (1%) per cent in the Conversion Price then in effect; provided however, that any adjustments which by reason of this subsection (g) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

For the purpose of calculating the number of shares of the Corporation outstanding, shares owned by or for the benefit of the Corporation or its Subsidiaries shall not be counted.

In the event of any question arising with respect to the adjustments provided in this Section 2.2, such question shall be conclusively determined by a firm of chartered accountants appointed by the Corporation and acceptable to the Holder (who may be the auditors of the Corporation); such accountants shall have

access to all necessary records of the Corporation and such determination shall be binding upon the Corporation and the Holder.

In case the Corporation shall take any action affecting the Common Shares other than action described in this Section 7.1, which in the opinion of the directors of the Corporation would materially affect the rights of the Holder, the Conversion Price shall be adjusted in such manner and at such time, by action of the directors, as the directors in their sole discretion may determine to be equitable in the circumstances. Failure of the directors to make such an adjustment shall be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.

8. ORDINARY COURSE

Unless and until an Event of Default shall have occurred and be continuing and the Holder shall have determined to enforce the Security Interest hereof, the Corporation shall be permitted, subject to the express terms hereof, to possess, operate, manage, use and enjoy the Collateral in the ordinary course of its business.

9. REPRESENTATIONS AND WARRANTIES

The Corporation represents and warrants to the Holder as follows:

(i) the Corporation is a corporation duly organized, legally existing and in good standing under the laws of the Province of Alberta and is duly registered to do business in the Provinces of Alberta and Saskatchewan;

(ii) the Corporation is not a "reporting issuer" within the meaning of the applicable securities laws in any jurisdiction;

(iii) the Corporation is duly authorized and empowered to execute, deliver and perform its obligations under this Debenture and all corporate action on the part of the Corporation for the due execution, delivery and performance by the Corporation of this Debenture has been duly and effectively taken;

(iv) this Debenture constitutes a valid and binding obligation of the Corporation, enforceable in accordance with its terms (except that such enforcement may be subject to any applicable bankruptcy, insolvency or similar laws generally affecting the enforcement of creditors' rights and that specific performance and other equitable remedies are subject to the discretion of the courts before which such remedies are sought);

(v) this Debenture does not and will not violate any provisions of the articles or certificate of incorporation or the by-laws of the Corporation, or any contract, agreement, instrument or Governmental Requirement to which the Corporation is subject, nor will the execution and delivery of this Debenture result in the creation or imposition of any lien upon the Collateral, other than the Security Interest of this Debenture;

(vi) no registration or filing with, approval by, or consent of, any Person is required to be made or obtained by the Corporation in connection with the execution, delivery or performance of this Debenture, except as may be necessary to perfect the Security Interest; and

(vii) the Corporation is the legal owner of and has good title to the Collateral that is subject to the Security Interest, free from any lien, charge, encumbrance, security interest, claim, or notice, subject only to the claims of any Government Authority having jurisdiction over the Collateral.

10. COVENANTS ON DEBENTURE

The Corporation covenants and agrees with the Holder:

- (i) to warrant and forever defend all and singular the Collateral unto the Holder against every person whomsoever lawfully claiming or attempting to claim the same or any part thereof,
- (ii) to pay the Principal Sum, interest and other monies hereby secured, together with other appurtenant charges thereon, in accordance with the terms of this Debenture;
- (iii) to keep and maintain proper books of account and records accurately covering all aspects of the business and affairs of the Corporation relating to the Collateral;
- (iv) to fully pay and discharge as and when the same become due and payable all taxes (including local improvement rates), rates, duties and assessments that maybe levied, rated, charged or assessed against the Corporation, or the Collateral, or any part thereof, and if the Corporation fails to pay any of such taxes, rates, duties or assessments and if it is not in good faith contesting the same, the Holder may pay, but shall not be obligated to pay, the same and any amounts so paid by the Holder shall become and form part of the Principal Sum secured hereby and shall bear interest at the aforesaid rate until paid; and
- (v) to give notice to the Holder promptly of any Event of Default or of any event which with notice or lapse of time, or both, would constitute an Event of Default hereunder.

11. COVENANTS ON THE COLLATERAL

The Corporation further covenants and agrees with the Holder as follows:

- (i) the Corporation will remain in good standing under the laws of the Province of Alberta;
- (ii) the Corporation will duly perform and observe all duties, covenants, agreements and obligations on its part to be performed or observed under all documents and instruments affecting, relating to or comprising a part of the Collateral and, unless otherwise approved of in writing by the Holder, the Corporation will maintain or cause to be maintained all such documents and instruments, insofar as and to the extent that they relate to the Collateral, in full force and effect in accordance with their terms;
- (iii) the Corporation shall be in compliance with all Governmental Requirements and operate its business and the Collateral in accordance with all Governmental Requirements, including Environmental Laws;
- (iv) the Corporation will not, without the prior written consent of the Holder, make or permit to be made any material amendment to or modification of any document or instrument that would have the effect of diminishing the value of the Collateral or of impairing the security of this Debenture;
- (v) the Corporation will punctually take all necessary measures to enforce promptly the performance and observance of the obligations of all other Persons under each of the leases, agreements, contracts, documents and other instruments constituting part of the Collateral or pertaining or relating to the Collateral;
- (vi) in the event of any damage or loss, from any cause whatsoever, to any property or any interest in which is now or hereafter included in the Collateral, the Corporation will forthwith repair such damage and replace such loss;
- (vii) the Corporation will proceed with due diligence to correct any defect in title to the Collateral should any such defect exist or be found to exist after the execution and delivery of this Debenture and will

give immediate written notice of any such defect to the Holder upon becoming aware of such defect; and

(viii) except where performance depends on the Holder, the Corporation will ensure that all the duties, agreements and obligations performable by it under each contract constituting a part of, or applicable to, the Collateral are duly performed and will maintain each such contract in full force and effect, except with the prior written approval of the Holder.

12. INSURANCE

The Corporation will take out and pay for such policies of insurance on the Collateral as are commercially reasonable in the circumstances, and upon the written request of the Holder, deliver to the Holder evidence that appropriate policies or contracts of insurance are in place.

If the Corporation should fail to take out or maintain all or any of the insurance required to be carried by the Corporation pursuant to the terms of this Debenture, the Holder may, but shall not be obligated to, take out some or all of such insurance and all sums expended by the Holder in effecting such insurance shall forthwith become due and be payable by the Corporation to the Holder and until paid shall form part of the Principal Sum secured hereby and shall bear interest at the aforesaid rate.

13. INDEMNITY

The Corporation at its own cost will, to the extent it is within its control, protect the Collateral against all liabilities of any nature, including all claims of workmen or materialmen that might arise from the administration or operation of any part of the Collateral or from the Corporation's operations; and will pay or cause to be paid all such liabilities and all charges for labour, materials and equipment incurred in such administration or operation; and will indemnify and hold the Holder free and clear of any liens, charges and security interests or attempted liens, charges or security interests upon the Collateral; but nothing herein contained shall be construed as a waiver of the Security Interest as a **first and prior** mortgage, assignment charge and security interest against the Collateral, nor shall anything contained herein be construed to empower the Corporation to bind the Holder to any contract or obligation, or to render the Holder in any way responsible or liable for any costs or obligations incurred by the Corporation in respect thereof.

If the Security Interest, or the title to, or the rights of the Holder in or to, the Collateral or any part thereof, shall be endangered or shall be attacked directly or indirectly, or if any legal proceedings are instituted against the Corporation or the Holder with respect thereto, the Corporation will promptly give written notice thereof to the Holder and the Corporation, at its sole cost and expense, will diligently cure any defect that may be developed or validly claimed, and will take all necessary and proper steps for the defense of the title to the Collateral and the Security Interest thereon and will take such action as is reasonably appropriate to the defense of any such legal proceedings including, but not limited to, the employment of counsel, the prosecution or defense of litigation and the release or discharge of claims made against the title to the Collateral or the Security Interest. If the Holder shall deem it necessary or expedient in defense of such title or lien, the Corporation hereby authorizes the Holder, at the Corporation's sole expense, to take all additional steps deemed by the Holder necessary or advisable for the defense of such title or lien including, but not limited to, the employment of independent counsel, the prosecution or defense of litigation and the compromise or discharge of any adverse claims made with respect thereto.

The Corporation will indemnify the Holder and its successors and assigns, against any and all liabilities, actions, claims, judgments, costs, charges and legal fees that may be made against or incurred by the Holder, by reason of the assertion that the Holder has received funds from the Collateral that may be claimed by third persons, either before or after the payment in full of the Principal Sum, interest and other monies secured hereby and either before or after the release either wholly or partially of the Security Interest; and the Holder shall have the right to defend against any such claims, actions and charges and claim from the Corporation all expenses incurred by the Holder in connection therewith, together with all reasonable legal fees as may be paid by the Holder in connection therewith. It is understood and agreed that the covenants and indemnity of this section shall remain in full force and effect notwithstanding the

payment of the Principal Sum, interest and all other monies secured by this Debenture and the release, either partially or wholly, of the Security Interest, or any foreclosure hereof.

14. PERFECTION OF COLLATERAL

The Corporation, at its cost and expense, will duly execute and deliver all such supplementary and corrective instruments and other documents and assurances as the Holder may reasonably require in order to render all of the Collateral now owned and hereafter acquired by the Corporation subject to the Security Interest or as the Holder deems necessary or advisable for the perfection and protection of the mortgages, liens, charges, assignments and security interests created or intended to be created hereby and the rights conferred or intended to be conferred upon the Holder under this Debenture. The Corporation, at its cost and expense, will cause this Debenture and all such supplementary and corrective instruments and other documents and assurances to be promptly filed and refiled, registered and re-registered and deposited and re-deposited, in such manner, in such offices and places and at such times and as often as may be required by law or as may be necessary or desirable to perfect and preserve the mortgages, liens, charges, assignments and security interests created or intended to be created hereby and the rights conferred or intended to be conferred upon the Holder under this Debenture, and will cause to be furnished promptly to the Holder evidence satisfactory to the Holder of such filing, registering and depositing, all at the cost and expense of the Corporation.

15. SUBROGATION

If the Corporation shall fail to perform any act that it is required to perform hereunder, or to pay any money that the Corporation is required to pay under the terms of this Debenture, including any expenses, payments and outlays incurred by the Holder hereunder, the Holder may perform or cause to be performed such act at the Corporation's expense, and may pay such money at the Corporation's expense, and thereupon, without prejudice to the rights of the Holder to damages and other remedies available at law or in equity hereunder or otherwise, the Corporation will immediately repay to the Holder, all expenses so incurred and all amounts so paid by the Holder, together with interest thereon at the aforesaid rate from and after the date of incurring such expenses or the making of such payments. The amount of all such expenses and payments, together with interest thereon, shall be added to the Principal Sum hereby secured and shall form a part of the same and shall be secured by this Debenture and, to the extent the Holder may be entitled to the same by way of subrogation, the rights against the Corporation of the Person who has received payment thereof from the Holder.

16. EVENT OF DEFAULT

Upon the happening an Event of Default, the Security Interest hereby granted shall immediately become enforceable and the Holder may, forthwith or at any time thereafter and without notice to the Corporation, except as provided by the applicable law or this Debenture, declare any or all of the Principal Sum, interest and other monies secured by this Debenture not then due and payable to be immediately due and payable by giving notice in writing thereof to the Corporation and, in such event, such Principal Sum, interest and other monies shall be forthwith due and payable by the Corporation to the Holder.

17. WAIVER OF BREACH

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

18. CONTINUING EVENT OF DEFAULT

If an Event of Default shall have occurred and be continuing for a period of thirty (30) days, the Holder may, in its discretion, appoint a Receiver of the Collateral, of the rents, issues, profits, revenues and income thereof or of any part or parts of any of the foregoing, and upon any such appointment by the Holder the following provisions shall apply:

(i) the appointment of any Receiver by the Holder hereunder shall be made in writing signed by the Holder and such writing shall be conclusive evidence for all purposes of such appointment. The Holder may from time to time in the same manner remove any Receiver so appointed and appoint another in his stead. Notwithstanding anything to the contrary herein expressed or implied, in making any such appointment of a Receiver hereunder, the Holder shall be deemed to be acting as the attorney for the Corporation and the Corporation does hereby irrevocably appoint the Holder as its attorney for that purpose;

(ii) the Holder, in its discretion, may appoint one or more Receivers hereunder in respect of all or any part or parts of the Collateral, as may be designated by the Holder when making any such appointment;

(a) any such Receiver shall have power:

(b) to take possession of, collect and to get in all or any part of the Collateral and for that purpose to take proceedings in the name of the Corporation or otherwise and to make any arrangement or compromise;

(c) to carry on or concur in carrying on all or any part of the business of the Corporation relating to the Collateral; and

(d) to sell or to concur in selling all or any part of the Collateral in such manner as may seem advisable to the Receiver, and to effect such sale by conveying the same in the name and on behalf of the Corporation or otherwise in respect thereof;

(e) every such Receiver may, in the discretion of the Holder, be vested with all or any of the powers and discretions conferred on the Holder under this Debenture;

(f) the Holder may from time to time fix the reasonable remuneration of every such Receiver and may direct the payment thereof (in priority to the Holder) out of the Collateral and the rents, profits, revenues and income therefrom or the proceeds thereof;

(g) the Holder may from time to time require any Receiver to give security for the performance of its duties as such Receiver and may fix the nature and amount thereof, but the Holder shall not be bound to require any such security from the Receiver;

(h) every such Receiver may, with the consent in writing of the Holder, borrow money for the purpose of maintaining, protecting or preserving the Collateral or any part thereof, or for the purpose of carrying on the business of the Corporation, and any Receiver may issue certificates (in this subsection called "**Receiver's Certificates**") for such sums as will, in the opinion of the Holder, be sufficient for obtaining security upon the Collateral or any part thereof for the amounts from time to time so required by the Receiver, and such Receiver's Certificates may be payable either to order or to bearer and may be payable at such time or times and shall bear such interest as the Holder may approve and the Receiver may sell, pledge or otherwise dispose of the Receiver's Certificates in such manner and may pay such commission on the sale thereof as the Holder may consider reasonable, and the amounts from time to time payable by virtue of such Receiver's Certificates shall form a charge upon the Collateral in priority to the amounts secured under this Debenture;

(i) every such Receiver shall, so far as concerns responsibility for his acts or omissions, be deemed to be the agent for the Corporation, and in no event the agent of the Holder. The Holder shall not in making or consenting to such appointment, incur any liability to any Receiver for his remuneration or otherwise howsoever be liable or responsible for the acts or omissions, including the negligence, misconduct or misfeasance, on the part of any such Receiver;

(j) except as may be otherwise directed in writing by the Holder, all monies from time to time received by such Receiver shall be paid over to the Holder to be held by it as part of the Collateral; and

(k) the Holder may pay over to any Receiver any monies constituting part of the Collateral to the extent that the same may be applied for the purposes hereof by such Receiver, and the Holder may from time to time determine what funds the Receiver shall be at liberty to keep on hand with a view to the performance of his duties hereunder as such Receiver.

If an Event of Default shall have occurred and be continuing for a period of thirty (30) days, the Holder may in its discretion, in lieu of appointing a Receiver as provided for in section 0 hereof, apply to any court or courts of competent jurisdiction for the appointment of one or more Receivers of the Collateral, of the rents, issues, profits, revenues and income thereof or of any part or parts of any of the foregoing, with such powers as the court or courts making such appointment or appointments shall confer including, without limiting the generality thereof, all or any of the powers set forth in section 0 hereof and any Receiver or Receivers so appointed by a court shall be subject to the supervision of that court.

Nothing done by the Holder or by any Receiver or Receivers in possession of the Collateral shall render the Holder a mortgagee in possession or responsible as such, or in any way limit or curtail the remedies of the Holder as a mortgagee or creditor under any applicable law or statute.

19. SECURITY BECOMING ENFORCEABLE

If the Security Interest shall become enforceable, the Holder may, either before or after any entry, sell and dispose of all or any part of the Collateral either as a whole or in several portions thereof, at public auction or by public tender or by private sale at such time or times and on or subject to such terms and conditions as the Holder may determine, and it shall be lawful for the Holder to make such sale, either for cash or upon credit or partly for cash and partly upon credit and with or without advertisement, and upon such reasonable conditions as to upset, reserve bid or price and as to terms of payment as the Holder may deem proper, and the Holder may also rescind or vary any contract of sale that may have been entered into and resell with or under any of the powers conferred hereunder and adjourn any such sale from time to time and may execute and deliver to the purchaser or purchasers of the Collateral or any part hereof good and sufficient title to the same, the Holder being hereby constituted irrevocably the attorney of the Corporation for the purpose of making such sale and for executing all deeds and documents pertaining thereto and any such sale made as aforesaid shall be a perpetual bar both at law and in equity against the Corporation and all other persons claiming the said property or any part thereof, by, from, through or under the Corporation.

In addition to any other rights granted herein and upon the Security Interest created hereby becoming enforceable the Holder may, either directly or through its agents or nominees, exercise any or all of the powers and rights given to a Receiver by virtue of this Debenture and may proceed to realize upon all or any part of the Security Interest created hereby by any means whatsoever that may be available to the Holder at law or in equity or that a court of competent jurisdiction shall approve. Notwithstanding any thing else contained herein, the Holder shall not be liable or accountable for any failure to exercise its remedies, take possession of, collect, enforce, realize or otherwise dispose of any of the Collateral nor shall have any obligation to take any steps to preserve rights against prior parties and shall not be liable or accountable for failure to do so.

20. BANKRUPTCY

The Corporation acknowledges that if a stay of proceedings is issued against the Corporation pursuant to the *Bankruptcy and Insolvency Act* (Canada), the *Companies' Creditors Arrangements Act* (Canada) or otherwise, the Holder would be irreparably harmed and materially prejudiced if any proceeds of the Collateral were used for any purpose other than the repayment of the debts secured by this Debenture, and the Corporation hereby acknowledges and agrees that any Proceeds of the Collateral received by the Corporation while such stay is in effect shall be received by and held by the Corporation in trust for the Holder.

21. MEETINGS OF DEBENTUREHOLDERS

The Corporation may at any time and from time to time convene a meeting of the Holders. Every such meeting shall be held in the City of Calgary or at such other place as may reasonably be approved or determined by the Corporation.

At least 21 days' notice of any meeting shall be given to the Holders in the manner provided in Section 22. Such notice shall state the time when and the place where the meeting is to be held and shall state briefly the general nature of the business to be transacted thereat and it shall not be necessary for any such notice to set out the terms of any resolution to be proposed or any of the provisions of this Section 21. The accidental omission to give notice of a meeting to any Holder shall not invalidate any resolution passed at any such meeting. A Holder may waive notice of a meeting either before or after the meeting.

If the business to be transacted at any meeting is by Extraordinary Resolution (as defined below) then a reference to such fact shall be made in the notice of such meeting.

Some person, who need not be a Holder, nominated in writing by the Corporation shall be chairman of the meeting and if no person is so nominated, or if the person so nominated is not present within 15 minutes from the time fixed for the holding of the meeting, a majority of the Holders present in person or by proxy shall choose some person present to be chairman.

At any meeting of the Holders a quorum shall consist of Holders present in person or by proxy and representing at least 25% in principal amount of the outstanding Debentures. If a quorum of the Holders shall not be present within 30 minutes from the time fixed for holding any meeting, the meeting shall be adjourned to the same day in the next week (unless such day is not a Business Day in which case it shall be adjourned to the next following Business Day thereafter) at the same time and place and no notice shall be required to be given in respect of such adjourned meeting. At the adjourned meeting, the Holders present in person or by proxy shall constitute a quorum and may transact the business for which the meeting was originally convened notwithstanding that they may not represent 25% of the principal amount of the outstanding Debentures. Any business may be brought before or dealt with at an adjourned meeting which might have been brought before or dealt with at the original meeting in accordance with the notice calling the same. No business shall be transacted at any meeting unless the required quorum be present at the commencement of business.

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

Every question submitted to a meeting shall, subject to section 21.8, be decided in the first place by a majority of the votes given on a show of hands except that votes on Extraordinary Resolutions shall be given in the manner hereinafter provided. At any such meeting, unless a poll is duly demanded as herein provided, a declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact. The chairman of any meeting shall be entitled, both on a show of hands and on a poll, to vote in respect of the Debentures, if any, held by him.

On every Extraordinary Resolution, and on any other question submitted to a meeting when demanded by the chairman or by one or more Holders or proxies for Holders, a poll shall be taken in such manner and either at once or after an adjournment as the chairman shall direct. Questions other than Extraordinary Resolutions shall, if a poll be taken, be decided by the votes of the holders of a majority in principal amount of the Debentures.

On a show of hands every person who is present and entitled to vote, whether as a Holder or as proxy for one or more Holders or both, shall have one vote. On a poll each Holder present in person or represented by a proxy duly appointed by an instrument in writing shall be entitled to one vote in respect of each \$1,000 principal amount of Debentures of which he shall then be the holder. A proxy need not be a Holder. In the case of joint holders of a Debenture, any one of them present in person or by proxy at the meeting may vote in the absence of the other or others but in case more than one of them be present in person or by proxy, they shall vote together in respect of the Debentures of which they are joint holders.

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

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

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

The Corporation, by its officers and directors, the auditors of the Corporation and the legal advisers of the Corporation or any Holder may attend any meeting of the Holders, but shall have no vote as such.

In addition to the powers conferred upon them by any other provisions of this Debenture or by law, a meeting of the Holders shall have the following powers exercisable from time to time by Extraordinary Resolution:

- (i) power to grant extensions of time for payment of any principal or interest on the Debentures, whether or not the principal or interest, the payment of which is extended, is at the time due or overdue;
- (ii) power to sanction any modification, abrogation, alteration, compromise or arrangement of the rights of the Holders against the Corporation, or against its property, whether such rights arise under this Debenture or otherwise;
- (iii) power to assent to any modification of or change in or addition to or omission from the provisions contained in this Debenture which shall be agreed to by the Corporation;

(iv) power to sanction any scheme for the reconstruction, reorganization or recapitalization of the Corporation or for the consolidation, amalgamation or merger of the Corporation with any other Person or for the sale, leasing, transfer or other disposition of all or substantially all of the undertaking, property and assets of the Corporation or any part thereof;

(v) power to direct or authorize the exercise of any power, right, remedy or authority under this Debenture in any manner specified in any such Extraordinary Resolution or to refrain from exercising any such power, right, remedy or authority;

(vi) power to waive any default hereunder either unconditionally or upon any condition specified in such Extraordinary Resolution;

(vii) power to restrain any Holder from taking or instituting any suit, action or proceeding for the purpose of enforcing payment of the principal or interest on the Debentures, or for the execution of any trust or power hereunder;

(viii) power to direct any Holder who, as such, has brought any action, suit or proceeding to stay or discontinue or otherwise deal with the same;

(ix) power to assent to any compromise or arrangement with any creditor or creditors or any class or classes of creditors, whether secured or otherwise, and with holders of any Common Shares or other securities of the Corporation;

(x) power to appoint a committee with power and authority (subject to such limitations, if any, as may be prescribed in the resolution) to exercise on behalf of the Holders, such of the powers of the Holders as are exercisable by Extraordinary Resolution or other resolution as shall be included in the resolution appointing the committee. The resolution making such appointment may provide for payment of the expenses and disbursements of and compensation to such committee. Such committee shall consist of such number of persons as shall be prescribed in the resolution appointing it and the members need not be themselves Holders. Every such committee may elect its chairman and may make regulations respecting its quorum, the calling of its meetings, the filling of vacancies occurring in its number and its procedure generally. Such regulations may provide that the committee may act at a meeting at which a quorum is present or may act by minutes signed by the number of members thereof necessary to constitute a quorum. All acts of any such committee within the authority delegated to it shall be binding upon all Holders. Neither the committee nor any member thereof shall be liable for any loss arising from or in connection with any action taken or omitted to be taken by them in good faith;

(xi) power to sanction the exchange of the Debentures for or the conversion thereof into units, bonds, debentures or other securities or obligations of the Corporation or of any other Person formed or to be formed;

(xii) power to authorize the distribution in specie of any shares or securities received pursuant to a transaction authorized under the provisions of subsection 21.12(k); and

(xiii) power to amend, alter or repeal any Extraordinary Resolution previously passed or sanctioned by the Holders or by any committee appointed pursuant to Section 21.12(j).

The expression "Extraordinary Resolution" when used in this Debenture means a resolution proposed to be passed as an Extraordinary Resolution at a meeting of Holders (including an adjourned meeting) duly convened for the purpose and held in accordance with the provisions hereof at which the Holders of not less than 25% of the principal amount of the Debentures then outstanding are present in person or by proxy and passed by the favourable votes of the holders of not less than 66 2/3% of the principal amount of the Debentures in each case present or represented by proxy at the meeting and voted upon on a poll on such resolution.

If, at any such meeting, the holders of not less than 25% of the principal amount of the Debentures then outstanding and in each case are not present in person or by proxy within 30 minutes after the time appointed for the meeting, then the meeting shall be dissolved but in any other case it shall stand adjourned to such date, being not less than 14 nor more than 60 days later, and to such place and time as may be appointed by the chairman. Not less than 10 days notice shall be given of the time and place of such adjourned meeting in the manner provided in section 22. Such notice shall state that at the adjourned meeting the Holders present in person or by proxy shall form a quorum. At the adjourned meeting the Holders present in person or by proxy shall form a quorum and may transact the business for which the meeting was originally convened and a resolution proposed at such adjourned meeting and passed thereat by the affirmative vote of holders of not less than 66 2/3% of the principal amount of the Debentures and, if the meeting is a Serial Meeting, by the affirmative vote of the holders of not less than 66 2/3% of the principal amount of the Debentures of each especially affected series, in each case present or represented by proxy at the meeting voted upon on a poll shall be an Extraordinary Resolution within the meaning of this Indenture, notwithstanding that the holders of not less than 25% in principal amount of the Debentures then outstanding, and if the meeting is a Serial Meeting, holders of not less than 25% of the principal amount of the Debentures then outstanding of each especially affected series, are not present in person or by proxy at such adjourned meeting. Votes on an Extraordinary Resolution shall always be given on a poll and no demand for a poll on an Extraordinary Resolution shall be necessary.

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

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

All actions which may be taken and all powers that may be exercised by the Holders at a meeting held as hereinbefore in this part 21 provided may also be taken and exercised by the holders of 66 2/3% of the principal amount of all the outstanding Debentures by an instrument in writing signed in one or more counterparts and the expression "Extraordinary Resolution" when used in this Indenture shall include an instrument so signed.

Every resolution and every Extraordinary Resolution passed in accordance with the provisions of this part 21 at a meeting of Holders shall be binding upon all the Holders, whether present at or absent from such meeting, and every instrument in writing signed by Holders in accordance with section 21.17 shall be binding upon all the Holders, whether signatories thereto or not, and each and every Holder shall be bound to give effect accordingly to every such resolution, Extraordinary Resolution and instrument in writing.

Any request, direction, notice, consent or other instrument which this Debenture may require or permit to be signed or executed by the Holders may be in any number of concurrent instruments of similar tenor signed or executed by such Holders.

The Corporation may, in its discretion, require proof of execution in cases where it deems proof desirable and may accept such proof as it shall consider proper.

22. NOTICE

Method of Notice

Any demand, notice or other communication in connection with this Debenture shall be in writing and shall be personally delivered to an officer or other responsible employee of the addressee, mailed by registered mail or sent by PDF or other direct written electronic means, charges prepaid, at or to the address or facsimile number of the addressee set out opposite its name below or to such other address or addresses, facsimile number or numbers as either the Corporation or the Holder may from time to time designate to the other party in such manner.

Addresses of the Corporation and Holder

In the case of the Corporation:

Petro Viking Energy Inc.
 Macleod Place II
 Suite 500, 5910 Macleod Trail SW
 Calgary, Alberta T2H 2G4

Attention: Lars Glimhagen, President and CEO

In the case of the Holder:

Avila Exploration & Development Canada Ltd.
 204 – 1430 17th Ave SE
 Calgary, Alberta
 T2G 1J9

Attention: Leonard B. Van Betuw, President and CEO

Deemed Receipt

Any communication which is personally delivered as aforesaid shall be deemed to have been validly and effectively given on the date of such delivery if such date is a business day and such delivery was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the business day next following such date of delivery. Any communication mailed as aforesaid shall be deemed to have been validly and effectively given on the fifth business day following the date of mailing provided that, in the event of an interruption in postal services before such fifth business day, such communication shall be given by one of the other means. Any communication which is transmitted by PDF or other direct written electronic means as aforesaid shall be deemed to have been validly and effectively given on the date of transmission if such date is a business day and such transmission was made during normal business hours of the recipient; otherwise, it shall be deemed to have been validly and effectively given on the business day next following such date of transmission.

23. AMALGAMATION

The Corporation acknowledges that in the event it amalgamates with any other corporation or corporations it is the intention of the Corporation and the Holder that the term "Corporation" when used herein shall apply to each of the amalgamating corporations and to the amalgamated corporation, such that the Security Interest shall secure the indebtedness of each of the amalgamating corporations and the amalgamated corporation to the Holder at the time of amalgamation and any indebtedness of the amalgamated corporation to the Holder thereafter arising. The Security Interest shall attach to all Collateral owned by each corporation amalgamating with the Corporation, and by the amalgamated corporation, at the time of amalgamation, and shall attach to any Collateral thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

24. DELIVERY OF DEBENTURE

Upon payment by the Corporation to the Holder of the Principal Sum, interest and all other monies secured by this Debenture and provided the Security Interest hereby constituted shall not have become enforceable, the Holder shall, upon written request of the Corporation, deliver up this Debenture to the Corporation and shall, at the expense of the Corporation, release and discharge the Security Interest and execute and deliver to the Corporation such deeds or other documents as shall be requisite to release and discharge this Debenture and the security afforded hereby; provided that this Debenture may be assigned, pledged, hypothecated or deposited by the Corporation as security for advances or loans to or for indebtedness or other obligations or liabilities (contingent or otherwise) of the Corporation and in such event this Debenture shall not be deemed to have been discharged or redeemed by reason of the account of the Corporation having ceased to be in debit balance while this Debenture remains so assigned, pledged, hypothecated or deposited.

25. PARTIAL RELEASE

No postponement or partial release or discharge of the mortgage, lien, charge and security interest created under and secured by this Debenture in respect of all or any part of the Collateral shall in any way operate or be construed so as to release and discharge the Security Interest in respect of the Collateral except as therein specifically provided, or so as to release or discharge the Corporation from its liability to the Holder to fully pay and satisfy the Principal Sum, interest and all other monies due or remaining unpaid by the Corporation to the Holder.

26. NEGOTIABLE INSTRUMENT

This Debenture is to be treated as a negotiable instrument and all persons are invited by the Corporation to act accordingly. As such, the Holder may assign, transfer and convey the Debenture in whole, or in part or parts, without any consent required of the Corporation.

27. SECURITY UPON EXECUTION

Neither the execution and delivery nor the registration of this Debenture or any registration respecting it shall for any reason whatsoever obligate or bind the Holder to advance any monies or, having advanced a portion, obligate the Holder in any way to advance the balance thereof, but nevertheless the mortgages, charges, assignments and security interests created and secured hereby shall take effect forthwith upon execution of this Debenture and shall operate as security for the actual amount of all the debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Corporation to the Holder or remaining unpaid.

28. ADDITIONAL SECURITY

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

29. EXPENSES

The Corporation agrees to pay to the Holder forthwith upon demand all costs, charges and expenses (including legal fees on a solicitor and his own client basis to a maximum of \$20,000) of, or incurred by, the Holder in connection with this Debenture or the Collateral or any part thereof or in recovering or enforcing payment of any of the monies owing hereunder including all costs, charges and expenses incurred in

connection with taking possession, preserving, collecting or realizing upon the Collateral, together with interest thereon at the aforesaid rate from the date of incurring such costs, charges and expenses.

30. FILE DOCUMENTS

The Corporation hereby authorizes the Holder to file such financing statements, financing change statements and other documents as the Holder may deem appropriate to perfect on an ongoing basis and continue the Security Interest, and to protect and preserve the Collateral and the Corporation hereby irrevocably constitutes and appoints the Holder the true and lawful attorney of the Corporation, with full power of substitution, to do any of the foregoing in the name of the Corporation whenever and wherever it may be deemed necessary or expedient.

31. RECEIPT

The Corporation hereby acknowledges receipt of a copy of this Debenture, and waives its right to receive a copy of any financing statement or financing change statement registered by the Holder.

The Corporation irrevocably acknowledges receipt of the Principal Sum.

32. PLURAL

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

33. GOVERNING LAW


This Debenture shall be interpreted and governed by the laws in force in the Province of Alberta except as and to the extent that the laws of any other jurisdiction may otherwise validly require.

IN WITNESS WHEREOF the Corporation has executed this Debenture by its proper officers duly authorized in that behalf as of the 10th day December, 2019.

PETRO VIKING ENERGY INC.

Per: _____

Lars Glimhagen, President and CEO

Per:  _____

Robert Rosner, CFO

Unless permitted under securities legislation, the holder of this security must not trade the security before the date that is 4 months and a day after the later of (i) April --, 2020, and (ii) the date the Issuer became a reporting issuer in any province or territory of Canada.

SCHEDULE "A"

All of the Corporation's present and after acquired real and personal property, including the following specific property, being: