
SUBORDINATED DEBT FACILITIES – BASE OBLIGATION

SUBORDINATED DEBT AGREEMENT

between

**NORTH WEST REDWATER PARTNERSHIP
as Borrower**

and

**ALBERTA PETROLEUM MARKETING COMMISSION
and
CANADIAN NATURAL UPGRADING LIMITED
as Lenders**

and

**CANADIAN NATURAL RESOURCES LIMITED
as guarantor**

and

CANADIAN NATURAL RESOURCES

MADE AS OF APRIL 7, 2014

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SUBORDINATED DEBT AGREEMENT

(Base Obligation)

THIS AGREEMENT is made as of April 7, 2014

B E T W E E N:

NORTH WEST REDWATER PARTNERSHIP, a general partnership subsisting under the laws of the Province of Alberta (the “**Borrower**”)

- and -

ALBERTA PETROLEUM MARKETING COMMISSION and **CANADIAN NATURAL UPGRADING LIMITED** (collectively, the “**Lenders**” and each, a “**Lender**”)

- and -

CANADIAN NATURAL RESOURCES LIMITED (“CNRL”)

- and -

CANADIAN NATURAL RESOURCES (“CNR”).

WHEREAS the Lenders have agreed to provide the Subordinated Debt Facilities to the Borrower on the terms and conditions set forth in the SDAs;

AND WHEREAS CNRL has agreed to provide a guarantee of CNUL’s obligations of payment and performance pursuant to this Agreement on the terms and conditions herein set forth.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged by each of the parties hereto, the parties hereto covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, unless something in the subject matter or context is inconsistent therewith:

“**80/20 Ratio**” refers to the Project being financed 80% by total Debt financing pursuant to Senior Commercial Debt and 20% by total equity financing as contemplated by section 6.1 of the Processing Agreements, or such other lower ratio of total Debt financing to total equity financing as agreed by the Lenders from time to time, where all Advances under the Class A Subordinated Debt Facility and the Class B Subordinated Debt Facility, interest accruing thereunder prior to

COD and Net Grant Amounts (as defined in the Processing Agreements) are deemed to be equity financing.

“80/20 True-Up” has the meaning set forth in Section 2.3(c).

“80/20 True-Up Estimate Date” means the date which is the last day of the first full Month following the Month in which the Toll Commencement Date occurs.

“80/20 True-Up Final Date” means the date which is six (6) Months following the 80/20 True-Up Estimate Date.

“Abandonment” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“Acceleration Notice” means a written notice delivered by the Lenders to the Borrower pursuant to Section 9.2 declaring all Obligations to be due and payable.

“Acceptable Senior Commercial Debt” means Senior Commercial Debt satisfying an 80/20 Ratio which (i) has an Investment Grade Rating, or (ii) has an indicative spread for the Borrower to issue 10 year senior secured Debt that is less than 150 bps over the then-prevailing generic BBB 10 year U.S. corporate BBB to treasury spread index (the CSI BBB Index) as shown on the applicable Bloomberg screen or, if not available, such other reference rate as specified by the Lenders, acting reasonably.

“Accounting Change” has the meaning set forth in Section 1.3(b).

“Accounting Change Notice” has the meaning set forth in Section 1.3(b).

“Additional Obligation SDA” means the subordinated debt agreement in respect of the Additional Obligations dated as of even date herewith between the Lenders, the Borrower, CNRL and CNR, as the same may be amended, modified, supplemented or restated from time to time.

“Additional Obligations” means the obligations to fund Tranche 2 of the Class A Subordinated Debt Facility, Tranche 2 of the Class B Subordinated Debt Facility and the Class C Subordinated Debt Facility, all in accordance with the Additional Obligation SDA.

“Adjustment Time” means the time of occurrence of the last event necessary (including the delivery of an Acceleration Notice) to ensure that all Aggregate Obligations are thereafter due and payable.

“Advance” means an advance of funds made by the Lenders or by any one or more of them to the Borrower pursuant to this Agreement.

“Affiliate” means any person which, directly or indirectly, Controls, is controlled by or is under common control with another person. For certainty, as at the date hereof, none of CNUL or CNRL (or their Affiliates) or NWUI or NWULP (or their Affiliates) is an Affiliate of the Borrower.

"After Tax Amount" means, in respect of a Month and an amount, such amount multiplied by a percentage equal to 100% less the Assumed Tax Rate in effect during such Month.

"Aggregate Obligations" means, collectively, the Obligations (as defined in this Agreement) and the Obligations (as such term is defined in the Additional Obligation SDA).

"Agreement" means this subordinated debt agreement in respect of the Base Obligation, as the same may be amended, modified, supplemented or restated from time to time in accordance with the provisions hereof.

"Annual Incentive Fee Amount" means, for a Month, the After Tax Amount of the Annual Incentive Fees (as defined in section 9(a) of Schedule 10 of the Processing Agreements) received by the Borrower in the prior Month.

"Annual Equity Component" has the meaning given to such term in section 4 of Schedule 10 of the Processing Agreements.

"Annual Return on Equity" has the meaning given to such term in section 2 of Schedule 10 of the Processing Agreements.

"APMC" means Alberta Petroleum Marketing Commission, and its successors and permitted assigns.

"APMC Processing Agreement" means the Amended and Restated Agreement to Process Crown Royalty Bitumen made February 16, 2011, as amended and restated November 7, 2012 and as amended and restated as of the date hereof, between APMC and the Borrower.

"Applicable Laws" or **"applicable law"** means, in relation to any person, transaction or event:

- (a) all applicable provisions of laws, statutes, rules and regulations from time to time in effect of any Governmental Authority; and
- (b) all Governmental Authorizations to which the person is a party or by which it or its property is bound or having application to the transaction or event.

"Assignment Agreement" means an assignment agreement substantially in the form of Schedule "D" annexed hereto, with such modifications thereto as may be required from time to time by the Lenders, acting reasonably.

"Assumed Tax Rate" means the maximum combined statutory federal and Alberta provincial tax rate on corporate income applicable at the applicable time to a corporation that is a "taxable Canadian corporation" and a "public corporation" (as those terms are defined in the Income Tax Act (Canada)) carrying on business solely in Alberta, expressed as a percentage.

"Banking Day" means a day on which banks are open for business in Calgary, Alberta, but does not in any event include a Saturday or a Sunday or a statutory holiday.

"Base Obligation" has the meaning set forth in Section 2.3(a).

“Base Obligation Facilities” means Tranche 1 of the Class A Subordinated Debt Facility and Tranche 1 of the Class B Subordinated Debt Facility, all as available to the Borrower pursuant to this Agreement.

“Base Obligation Loans” means, collectively, Tranche 1 of the Class A Subordinated Loans and Tranche 1 of the Class B Subordinated Loans, as may be advanced to the Borrower in accordance with the provisions hereunder from time to time.

“Base Obligation Maximum Amount” means Cdn.\$700,000,000.

“Base Obligation Methodology” has the meaning set forth in Section 2.3(a).

“basis point” or **“bp”** means one one-hundredth of one percent (0.01%) and **“basis points”** and **“bps”** means the plural thereof.

“Beneficiary” has the meaning set forth in Section 4.1.

“Canadian Dollars” and **“Cdn.\$”** mean the lawful money of Canada.

“Capital Lease” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“Capital Lease Obligations” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“Change of Control” means and shall be deemed to have occurred if and when:

- (a) CNRL shall cease to hold (directly or indirectly through one or more of its Wholly Owned Subsidiaries) at least 50% of all of the partnership units and other equity and ownership interest in the Borrower; or
- (b) NWUI, or an Affiliate of NWUI, shall cease to hold a majority of the partnership units and other equity and ownership interest in the Borrower not held by CNRL (directly or indirectly through one or more of CNRL’s Wholly Owned Subsidiaries) or a permitted transferee of CNRL,

provided that, for certainty:

- (i) references above to CNRL and NWUI shall include their successors; and
- (ii) a change in the ownership or control of either CNRL or NWUI shall not constitute a Change of Control.

“Class A Subordinated Debt Facility” means, collectively, Tranche 1 of the Class A Subordinated Debt Facility and Tranche 2 of the Class A Subordinated Debt Facility.

“Class A Subordinated Loan” means a Loan advanced to the Borrower under the Class A Subordinated Debt Facility.

“Class B Subordinated Debt Facility” means, collectively, Tranche 1 of the Class B Subordinated Debt Facility and Tranche 2 of the Class B Subordinated Debt Facility.

“Class B Subordinated Loan” means a Loan advanced to the Borrower under the Class B Subordinated Debt Facility.

“Class B/C Share” means, for each Lender, the percentage that such Lender’s total principal amount of outstanding Class A Subordinated Loans represents of the total of all outstanding Class A Subordinated Loans at the time that no further Advances under the Class A Subordinated Debt Facility are available to the Borrower.

“Class C Subordinated Debt Facility” has the meaning given to such term in the Additional Obligation SDA.

“Class C Subordinated Loan” has the meaning given to such term in the Additional Obligation SDA.

“CNR” means Canadian Natural Resources, a general partnership formed under the laws of Alberta, and its successors and permitted assigns.

“CNR Processing Agreement” means the Amended and Restated Agreement to Process Bitumen made February 16, 2011, as amended and restated November 7, 2012 and as amended and restated as of the date hereof, between CNR and the Borrower.

“CNRL” means Canadian Natural Resources Limited, and its successors and permitted assigns.

“CNUL” means Canadian Natural Upgrading Limited, and its successors and permitted assigns.

“COD” has the meaning given to the term “Commercial Operation Date” in the Processing Agreements.

“Collateral Agent” means, initially, Royal Bank of Canada in its capacity as lender agent under the Existing Bridge Facility Agreement and, upon termination of the Existing Bridge Facility Agreement, means the collateral agent appointed, from time to time, pursuant to the Collateral Agent and Intercreditor Agreement (as defined in the Processing Agreements) to represent, among others, the providers of the Senior Commercial Debt from time to time.

“Collateral Rights Agreement” means the collateral rights agreement dated as of the date hereof between the Borrower, APMC, CNUL, and NWULP, as it may be amended, restated, supplemented, replaced or otherwise modified from time to time.

“Control” (including, with correlative meanings, the terms “controlled by” or “under common control with”) means the power to direct or cause the direction of the management and policies of any person, whether through the ownership of shares or other economic interests, the holding of voting rights or contractual rights or otherwise.

“Credit Rating” means the corporate or issuer rating of the Borrower to the extent a Rating Agency provides the same, failing which the Credit Rating shall mean the rating of the Borrower’s senior secured long term debt obligations, in each case, as most recently announced from time to time by a Rating Agency.

“DBRS” means DBRS Limited and any successors thereto.

“Debt” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“Debt Component Obligations” means obligations of the Borrower for Debt which constitutes “Debt Component”, as such term is defined in the Processing Agreements.

“Debt Repayment Trust Account” has the meaning given to such term in the Processing Agreements.

“Debt Service Costs” has the meaning given to such term in the Processing Agreements.

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

“Defaulted Loans” has the meaning set forth in Section 12.2(c)(i).

“Defaulted Toll Amount” has the meaning set forth in Section 3.4(a).

“Defaulting Lender” has the meaning set forth in Section 12.2(c)(i).

“Defaulting Tollpayer” has the meaning set forth in Section 3.4(a).

“Deferred Amount” has the meaning set forth in Section 3.4(a).

“Distribution” means:

- (a) the declaration, payment or setting aside for payment of any dividend or other distribution on or in respect of any partnership interests or shares in the capital of the Borrower or any Subsidiary (including any return of capital);
- (b) the redemption, retraction, purchase, retirement or other acquisition, in whole or in part, of any partnership interests or shares in the capital of the Borrower or any Subsidiary or any securities, instruments or contractual rights capable of being converted into, exchanged or exercised for shares in the capital thereof, including options, warrants, conversion or exchange privileges and similar rights; or
- (c) the payment of any principal, interest, fees or other amounts on or in respect of any loans, advances or other Debt owing at any time by the Borrower or any Subsidiary to any partner of the Borrower or Partner Affiliate,

and whether any of the foregoing is made, paid or satisfied with or for cash, property or any combination thereof.

“Drawdown” means an Advance of a Class A Subordinated Loan or a Class B Subordinated Loan pursuant to this Agreement.

“Drawdown Date” means the date on which a Drawdown is made by the Borrower pursuant to the provisions hereof, which shall include scheduled Drawdown Dates as contemplated in the Drawdown Schedule and may include the dates of accelerated Advances as contemplated in Section 2.3, and which shall in all cases be a Banking Day.

“Drawdown Schedule” has the meaning set forth in Section 2.3(b).

“Enforcement Proceeds” has the meaning set forth in Section 9.5.

“Environmental Claims” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“Environmental Laws” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“Equity” has the meaning given to such term in the Processing Agreements.

“Equivalent Amount” means, on any date, the equivalent amount in Canadian Dollars or United States Dollars, as the case may be, after giving effect to a conversion of a specified amount of United States Dollars to Canadian Dollars or of Canadian Dollars to United States Dollars, as the case may be, at the noon rate of exchange for Canadian interbank transactions established by the Bank of Canada for the day in question, or, if such rate is for any reason unavailable, at the spot rate quoted for wholesale transactions by the Royal Bank of Canada at approximately noon (Toronto time) on that date in accordance with its normal practice.

“Event of Default” has the meaning set forth in Section 9.1.

“Excess Capacity” has the meaning given to such term in the Processing Agreements.

“Excess Capacity Amount” means the After Tax Amount (if any) paid to the Borrower for the Month pursuant to section 12.5 of the Processing Agreements in respect of the YTD Excess Capacity Amount (as defined in section 12.4 of the Processing Agreements) received by the Borrower in the prior Month.

“Excluded Distributions” means Distributions solely between or among the Borrower and/or one or more of its Wholly-Owned Subsidiaries and Distributions which are payments of principal, interest and other amounts under the Subordinated Debt Facilities as provided hereunder.

“Excluded Taxes” means all Taxes on, based on, measured by or with respect to a Lender’s net or gross income, gains, capital, receipts, franchises, excess profits or conduct of business (unless such Taxes are in lieu of any Taxes the Borrower would otherwise be required to pay hereunder) that are Taxes imposed in a jurisdiction (or a political subdivision thereof) as a consequence of the applicable Lender carrying on a trade or business or having a branch, permanent establishment or place of management in that jurisdiction or otherwise being organized under the laws of or being a resident in that jurisdiction (or a political subdivision thereof).

“Existing Bridge Facility Agreement” means the credit agreement dated as of December 12, 2012 among the Borrower as borrower, Royal Bank of Canada, as agent, and Canadian Imperial Bank of Commerce, JPMorgan Chase Bank, N.A., Toronto Branch and Royal Bank of Canada,

as lenders (as amended by an amending agreement dated as of August 30, 2013, a second amending agreement dated as of February 20, 2014 and a third amending agreement dated as of the date hereof, and as otherwise amended from time to time).

“Facility” has the meaning given to such term in the Processing Agreements, together with all expansions and modifications permitted under the Processing Agreements.

“Facility Capital Costs” has the meaning given to such term in the Processing Agreements.

“Feedstock” has the meaning given to such term in the Processing Agreements.

“Financial Term” has the meaning set forth in Section 1.3(b).

“Fiscal Quarter” means a fiscal quarter of the Borrower, being a three Month period ending on March 31, June 30, September 30 or December 31 in a given calendar year.

“Fiscal Year” means a fiscal year of the Borrower, being a 12 month period ending on December 31 in a given calendar year.

“Force Majeure Event” has the meaning given to such term in the Processing Agreements.

“GAAP” means generally accepted accounting principles which are in effect from time to time in Canada including, for certainty, IFRS (but only to the extent IFRS is adopted by the Canadian Institute of Chartered Accountants or any successor thereto (“CICA”) as generally accepted accounting principles in Canada and, then, subject to such modifications thereto as are agreed by the CICA).

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

“Governmental Authorization” means an authorization, order, permit, approval, grant, license, consent, right, franchise, privilege, certificate, judgment, writ, injunction, award, determination, direction, decree or demand or the like issued or granted by law or by rule or regulation of any Governmental Authority.

“Guarantee” means any guarantee, undertaking to assume, endorse, contingently agree to purchase or to provide funds for the payment of, or otherwise become liable in respect of, any obligation of any person; provided that the amount of each Guarantee shall be deemed to be the amount of the obligation guaranteed thereby, unless the Guarantee is limited to a determinable amount in which case the amount of such Guarantee shall be deemed to be the lesser of such determinable amount or the amount of such obligation.

“Guaranteed Obligations” has the meaning set forth in Section 4.1.

“Hazardous Materials” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“Hedging Agreement” has the meaning given to the term “Financial Instrument” or “Hedging Agreement”, as applicable, in the Senior Commercial Debt Reference Agreement.

“IFRS” means International Financial Reporting Standards including International Accounting Standards and Interpretations together with their accompanying documents which are set by the International Accounting Standards Board, the independent standard-setting body of the International Accounting Standards Committee Foundation (the **“IASC Foundation”**), and the International Financial Reporting Interpretations Committee, the interpretative body of the IASC Foundation.

“Indemnified Parties” means, collectively, the Lenders, including a receiver, receiver manager or similar person appointed under applicable law, and their respective shareholders, Affiliates, officers, directors, employees, advisors and agents and **“Indemnified Party”** means any one of the foregoing.

“Indemnified Third Party” has the meaning set forth in Section 10.3.

“Information” has the meaning set forth in Section 12.1(b).

“Initial Proceeds Trust Account” has the meaning given to such term in the Processing Agreements.

“Initial Proceeds Trust Agreement” has the meaning given to such term in the Processing Agreements.

“Intercompany Partner A/R” means indebtedness and other accounts receivable held by a partner of the Borrower (or by the general partners thereof, in the case of a partner which is itself a general or limited partnership) and owing to the same from an Affiliate thereof which is not the Borrower or a Subsidiary thereof.

“Interest Payment Date” has the meaning given to the term “Settlement Date” in the Processing Agreements.

“Investment Grade Rating” means, in respect of any person on any date of determination, a Credit Rating assigned to its long-term senior secured debt of at least two of the following: (a) at least “BBB-” from S&P, (b) at least “Baa3” from Moody’s, and (c) at least “BBB(low)” from DBRS.

“Lenders Funding Agreement” means the lenders funding agreement dated as of the date hereof among the Lenders, as lenders, the Borrower, as borrower, CNRL, as guarantor, and Royal Bank of Canada, as initial Collateral Agent, as it may be amended, restated, supplemented, replaced or otherwise modified from time to time.

“Loan” means a Class A Subordinated Loan, a Class B Subordinated Loan or a Class C Subordinated Loan outstanding under the SDAs.

“Material Adverse Effect” means a material adverse effect on:

- (a) the business, financial condition, operations or properties of the Borrower and its Subsidiaries on a consolidated basis and taken as a whole; or

- (b) the ability of the Borrower to observe or perform its material obligations under this Agreement or the validity or enforceability of this Agreement or any material provision hereof.

“Material Subsidiary” means any Subsidiary of the Borrower which:

- (a) has consolidated assets equal to or greater than Cdn.\$50,000,000;
- (b) owns or holds, directly or indirectly (whether through the ownership of or investments in other Subsidiaries or otherwise) any properties or assets without which, whether individually or in combination with other property or assets, the operability or throughput of the Facility would be impaired in any material respect; or
- (c) owns or holds, directly or indirectly (whether through the ownership of or investments in other Subsidiaries or otherwise) any Required Permits.

“Month” means a calendar month.

“Monthly Cost of Service Toll” has the meaning given to such term in the Processing Agreements.

“Monthly Incentive Fee” has the meaning given to such term in section 8(a) of Schedule 10 of the Processing Agreements.

“Monthly Incentive Fee Amount” means, for a Month, the After Tax Amount of the Monthly Incentive Fee component of the Monthly Cost of Service Tolls received by the Borrower in the prior Month.

“Monthly Return on Equity” has the meaning given to such term in Schedule 10 of the Processing Agreements.

“Moody’s” means Moody’s Investors Service, Inc. and any successors thereto.

“National Arbitration Rules” has the meaning set forth in Section 11.1(c).

“Non-Defaulting Lender” has the meaning set forth in Section 12.2(c)(i).

“NWUI” means North West Upgrading Inc., and its successors and permitted assigns.

“NWULP” means NWU LP, and its successors and permitted assigns.

“Obligations” means, collectively and at any time and from time to time, all of the outstanding obligations, indebtedness and liabilities (present or future, absolute or contingent, matured or not) of the Borrower and its Subsidiaries to the Lenders under, pursuant or relating to the Base Obligation Facilities or this Agreement and whether the same are from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and including all principal, interest, fees, legal and other costs, charges and expenses and other amounts payable by the Borrower under this Agreement.

“Officer’s Certificate” means a certificate or notice signed on its behalf (without personal liability) by any one Senior Officer of the Borrower; provided, however, that Repayment Notices shall be executed on behalf of the Borrower by any one Senior Officer of the Borrower or such other persons as may from time to time be designated by written notice from the Borrower to the Lenders.

“Partner Affiliate” means an Affiliate of any partner of the Borrower.

“Partnership Agreement” means the amended and restated partnership agreement for the North West Redwater Partnership amended and restated as of the date hereof between NWULP and CNUL.

“Permitted Business” means:

- (a) the businesses and operations referenced in the Partnership Agreement on the date hereof, including those businesses and operations ancillary or incidental to the types of businesses and operations referenced therein;
- (b) the purchase and sale of Feedstock, Refined Products and other products which are produced or consumed in connection with the businesses or operations otherwise described in this definition and the transportation, terminalling, trimming and handling of same;
- (c) the purchase and sale of goods and services in connection with the businesses or operations otherwise described in this definition;
- (d) any business or operation required by, expressly permitted by, or in furtherance of, the Processing Agreements and businesses and operations ancillary or incidental thereto;
- (e) modifications, expansions, and additions to the Facility, including:
 - (i) debottlenecking and expansions to the capacity of all or any part of the Facility;
 - (ii) the addition of equipment and facilities which improve or enhance the operation of the Facility;
 - (iii) the addition of equipment and facilities which provide utilities, services or inputs used in connection with the operation of the Facility;
 - (iv) the addition of equipment and facilities to handle new or different feedstocks, provided such new or different feedstocks will be handled at the Facility;
 - (v) the addition of equipment and facilities to produce new or different products, provided such new or different products are produced from Feedstock or intermediate streams or products produced at the Facility; and

- (vi) the addition of equipment and facilities necessary to comply with applicable laws or to ensure that Refined Products, Feedstock and other products handled at the Facility conform to the market specifications for such products;
- (f) businesses and operations related to the Facility and expansions and modifications thereof and any shared facilities and operations in respect thereof; and
- (g) in the case of the partners of the Borrower, the holding of Intercompany Partner A/R, cash, bank accounts and other instruments, financial assets, receivables, intangibles and similar assets and the holding and exercise by the partners of the Borrower of the rights and options granted to them pursuant to the Collateral Rights Agreement, including certain rights to acquire APMC's interests as lender under the Subordinated Debt Facilities (as referred to in Section 12.6 and Section 12.8 of this Agreement) and the option granted to NWULP by APMC to acquire APMC's Excess Capacity entitlement, as referred to in Section 12.6 of this Agreement.

"Permitted Contest" means action taken by or on behalf of the Borrower or a Subsidiary (including by a contractor or subcontractor) in good faith by appropriate proceedings diligently pursued within a reasonable period of time to contest a Tax, claim or Security Interest, provided that:

- (a) the person to which the Tax, claim or Security Interest being contested is relevant (and, in the case of a Subsidiary, the Borrower on a consolidated basis) has established reasonable reserves therefor if and to the extent required by GAAP; and
- (b) proceeding with such contest does not have, and would not reasonably be expected to have, a Material Adverse Effect.

"Permitted Debt" means the following:

- (a) the Aggregate Obligations;
- (b) the obligations of the Borrower and its Subsidiaries to the providers of Senior Commercial Debt pursuant thereto; and
- (c) such other items or amounts of Debt as may be permitted pursuant to the Senior Commercial Debt Agreements.

"Permitted Dispositions" means, in respect of the Borrower or any of its Subsidiaries, all such sales, dispositions and transactions which are permitted dispositions pursuant to the Senior Commercial Debt Agreements.

"Permitted Encumbrances" means as at any particular time any of the following Security Interests on the property or any part of the property of the Borrower or any Subsidiary:

- (a) Security Interests required under and granted pursuant to the Senior Commercial Debt Agreements;

- (b) Security Interests contemplated by section 22.4 of the Processing Agreements; and
- (c) such other Security Interests as are permitted pursuant to the Senior Commercial Debt Agreements,

provided that nothing in this definition shall in and of itself cause the Obligations to be subordinated in priority of payment to any such Permitted Encumbrance.

"Petroleum Substances" means any one or more of crude oil, bitumen, bitumen blend, synthetic crude oil, petroleum, natural gas, natural gas liquids, related hydrocarbons and any and all other substances (whether liquid, solid or gaseous and whether hydrocarbons or not) produced or producible in association with any of the foregoing, including hydrogen sulphide and sulphur.

"Prime Rate" means the interest rate offered by the Royal Bank of Canada to its commercial borrowers as its "prime rate" for commercial loans in Canada from time to time.

"Processing Agreements" means, collectively, the APMC Processing Agreement and the CNR Processing Agreement, and "Processing Agreement" means either one of them individually.

"Project" has the meaning given to such term in the Processing Agreements.

"Rateably" means the proportion that the Equivalent Amount in Canadian Dollars of the amount of the Obligations of a Lender bears to the aggregate of the Equivalent Amount in Canadian Dollars of the Obligations of both Lenders, as determined at the Adjustment Time.

"Rating Agencies" means, collectively, DBRS, Moody's and S&P.

"Rating Re-affirmation" has the meaning given to such term in the trust indenture with the largest principal amount of bonds outstanding thereunder (for certainty, excluding commercial paper) which is a Senior Commercial Debt Agreement.

"Refined Products" has the meaning given to such term in the Processing Agreements.

"Release" has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

"Repayment Notice" means a notice substantially in the form annexed hereto as Schedule "A" to be given to the Lenders by the Borrower pursuant hereto.

"Required Permits" means, at any given time, all Governmental Authorizations which are necessary for the Borrower and each of its Subsidiaries to own its property, assets, rights and interests, or to carry on the Permitted Business, as owned or carried on at such time.

"Return on Equity Amount" means the Annual Return on Equity portion of the Annual Equity Component of the Monthly Cost of Service Tolls.

"S&P" means the Standard & Poor's Rating Group (a division of The McGraw Hill Companies, Inc.) and any successors thereto.

“Sale-Leaseback” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“SDAs” means, collectively, this Agreement and the Additional Obligation SDA.

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

- (a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;
- (b) rights of set-off created or arising out of the ordinary course of business for the purpose of securing (directly or indirectly) Debt; and
- (c) the rights of lessors under Capital Leases, operating leases and any other lease financing,

provided that, “Security Interest” shall not include any deemed security interest in respect of a sale of accounts receivable.

“Senior Commercial Debt” means, initially, all present and future obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Borrower under the Existing Bridge Facility Agreement (including all Obligations (as defined therein)) and all Cash Management Obligations and all Lender Financial Instrument Obligations (as such terms are defined in the Existing Bridge Facility Agreement) and, upon repayment and cancellation of the credit facilities under the Existing Bridge Facility Agreement, has the meaning given to the term “Secured Obligations” in the Collateral Agent and Intercreditor Agreement (as defined in the Processing Agreements).

“Senior Commercial Debt Agreements” means, collectively and at any point in time, those agreements, indentures, notes, instruments and other documents evidencing, governing or relating to the Senior Commercial Debt from time to time.

“Senior Commercial Debt Reference Agreement” means:

- (a) the Existing Bridge Facility Agreement until the credit facilities thereunder are fully repaid and cancelled; and
- (b) thereafter, the trust indenture having the largest principal amount of bonds outstanding thereunder (for certainty, excluding commercial paper) and which is a Senior Commercial Debt Agreement at the relevant time, provided in each case that APMC has approved the applicable Senior Commercial Debt Reference Agreement in accordance with the APMC Processing Agreement and provided that:

- (i) if there is no trust indenture under which Senior Commercial Debt is outstanding at the relevant time, the term “Senior Commercial Debt Reference Agreement” shall mean the trust indenture under which Senior Commercial Debt was first outstanding following repayment and cancellation of the credit facilities under the Existing Bridge Facility Agreement; and
- (ii) if the reference to “Senior Commercial Debt Reference Agreement” is used herein for the purpose of referencing or importing a defined term and there is no such defined term in the Senior Commercial Debt Reference Agreement applicable at any time or if there is no trust indenture under which bonds have ever been issued by the Borrower, the term “Senior Commercial Debt Reference Agreement” shall mean, for the purposes of defining such defined term, the credit agreement establishing the initial syndicated credit facility (as amended, supplemented or restated from time to time) which replaced the Existing Bridge Facility Agreement.

“Senior Officer of the Borrower” means:

- (a) any one of the Chairman, the President, the Chief Financial Officer, the Vice-President, Finance, the Director, Finance and Information Systems, the Treasurer or any Vice-President, Senior Vice-President or Executive Vice-President of the Borrower, and includes any substitute offices of any of the foregoing senior officers of the Borrower; and
- (b) any other person or persons authorized by a resolution of the partners or management committee of the Borrower (or in respect of any Successor of the Borrower, the board of directors or other body exercising analogous authority with respect to any person that is not a corporation) to execute and deliver Repayment Notices.

“Subordinated Debt Facilities” means, collectively, the Class A Subordinated Debt Facility, the Class B Subordinated Debt Facility and the Class C Subordinated Debt Facility.

“Subordinated Debt Facilities Interest Rate” means an interest rate equal to the Prime Rate plus 600 bps per annum.

“Subordination Agreements” means, from time to time, the subordination agreements between each Lender and the providers of the Senior Commercial Debt or their representatives entered into by each Lender pursuant to and in accordance with the Lenders Funding Agreement.

“Subsidiary” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“Successor” has the meaning set forth in Section 8.2(h).

“Taxes” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

“Toll Commencement Date” has the meaning given to such term in the Processing Agreements.

“Tollpayers” means, collectively, APMC and CNR, in their capacities as tollpayers under the Processing Agreements.

“Tranche 1 of the Class A Subordinated Debt Facility” means the Class A Subordinated Debt Facility in respect of the Base Obligation established pursuant to Section 2.1.

“Tranche 1 of the Class A Subordinated Loan” means a Loan advanced to the Borrower under Tranche 1 of the Class A Subordinated Debt Facility.

“Tranche 1 of the Class B Subordinated Debt Facility” means the Class B Subordinated Debt Facility in respect of the Base Obligation established pursuant to Section 2.2.

“Tranche 1 of the Class B Subordinated Loan” means a Loan advanced to the Borrower under Tranche 1 of the Class B Subordinated Debt Facility.

“Tranche 2 of the Class A Subordinated Debt Facility” means the Class A Subordinated Debt Facility in respect of the Additional Obligations established pursuant to the Additional Obligation SDA.

“Tranche 2 of the Class B Subordinated Debt Facility” means the Class B Subordinated Debt Facility in respect of the Additional Obligations established pursuant to the Additional Obligation SDA.

“United States Dollars” and **“U.S.\$”** means the lawful money of the United States of America.

“Wholly-Owned Subsidiary” has the meaning given to such term in the Senior Commercial Debt Reference Agreement.

1.2 Headings; Articles and Sections

The division of this Agreement into Articles and Sections, the table of contents contained herein and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof and include any agreement supplemental hereto. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Sections are to Articles and Sections of this Agreement.

1.3 Accounting Principles

- (a) Wherever in this Agreement reference is made to GAAP, such reference shall be deemed to be to the recommendations at the relevant time of the Canadian Institute of Chartered Accountants, or any successor, applicable on a consolidated basis (unless otherwise expressly provided or contemplated herein to be applicable on an unconsolidated basis) as at the date on which such calculation or determination is made or required to be made in accordance with GAAP. Where the character or amount of any asset or liability or item of revenue or expense or

amount of equity is required to be determined, or any consolidation or other accounting computation is required to be made for the purpose of this Agreement, such determination or calculation shall, to the extent applicable and except as otherwise specified herein or as otherwise agreed in writing by the parties, be made in accordance with GAAP applied on a consistent basis.

- (b) If:
 - (i) there occurs a change in GAAP; or
 - (ii) the Borrower adopts a change in an accounting policy,

and such change would cause an amount or item required to be determined for the purposes of any financial or accounting term used in this Agreement (each a “**Financial Term**”) to be materially different than the amount or item that would be determined without giving effect to such change, the Borrower shall notify the Lenders of such change (an “**Accounting Change**”). Such notice (each, an “**Accounting Change Notice**”) shall describe the nature of the Accounting Change, its effect on the current and immediately prior year’s financial statements in accordance with GAAP and state whether the Borrower desires to revise the method of calculating or determining one or more of the Financial Terms (including the revision of any of the defined terms used in the determination of such Financial Term) in order that amounts or items determined after giving effect to such Accounting Change and the revised method of calculating or determining such Financial Term will be substantially the same as the amount that would be determined without giving effect to such Accounting Change and without giving effect to the revised method of calculating or determining such Financial Term. The Accounting Change Notice shall be delivered to the Lenders within 60 days after the end of the fiscal quarter in which the Accounting Change is implemented or, if such Accounting Change is implemented in the fourth fiscal quarter or in respect of an entire fiscal year, within 120 days after the end of such period.

- (c) If, pursuant to the Accounting Change Notice, the Borrower does not indicate that it desires to revise the method of calculating one or more of the Financial Terms, the Lenders may within 60 days after receipt of the Accounting Change Notice notify the Borrower that they wish to revise the method of calculating or determining one or more of the Financial Terms in the manner described above.
- (d) If either the Borrower or the Lenders so indicate that they wish to revise the method of calculating or determining one or more of the Financial Terms, the Borrower and the Lenders shall in good faith attempt to agree on a revised method of calculating or determining such Financial Terms so as to reflect such Accounting Change with the desired result that the criteria for such determination shall be substantially the same after such Accounting Change as if such Accounting Change had not been made. Until the Borrower and the Lenders have reached agreement in writing on such revised method of determination, all amounts to be determined hereunder shall continue to be determined without giving effect to the Accounting Change. For greater certainty, if no notice of a desire to revise the method of determining the Financial Terms in respect of an Accounting Change is given by either the Borrower or the Lenders within the

applicable time period described above, then the method of calculating or determining the Financial Terms shall not be revised in response to such Accounting Change and all amounts to be determined pursuant to the Financial Terms shall be determined after giving effect to such Accounting Change.

1.4 Number; persons; including; successors; in writing

Words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa and words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them. References herein to any person shall, unless the context otherwise requires, include such person’s successors and permitted assigns. References herein to “in writing” or “written” includes printing, typewriting or any electronic means of communication capable of being visibly reproduced at the point of reception, including facsimile.

1.5 References to Agreements and Enactments

Reference herein to any agreement, instrument, licence or other document shall be deemed to include reference to such agreement, instrument, licence or other document as the same may from time to time be amended, modified, supplemented or restated in accordance with the provisions of this Agreement if and to the extent such provisions are applicable; and reference herein to any enactment shall be deemed to include reference to such enactment as re-enacted, amended or extended from time to time and to any successor enactment.

1.6 Per Annum Calculations

Unless otherwise stated, wherever in this Agreement reference is made to a rate “per annum” or a similar expression is used, such rate is expressed on the basis of, and shall be calculated on the basis of a year of 365 days.

1.7 Schedules

The following are the Schedules annexed hereto and incorporated by reference and deemed to be part hereof. For greater certainty, the Schedules shall form part of this Agreement and the covenants of the parties to this Agreement in the Schedules shall form part of the agreement of the parties hereto.

Schedule “A”	-	Form of Repayment Notice
Schedule “B”	-	Drawdown Schedule
Schedule “C”	-	Base Obligation Methodology
Schedule “D”	-	Form of Assignment Agreement
Schedule “E”	-	Assumed Loans

ARTICLE 2
THE BASE OBLIGATION FACILITIES AND FUNDING OBLIGATIONS

2.1 Tranche 1 of the Class A Subordinated Debt Facility

- (a) Establishment. Subject to the terms and conditions hereof, the Lenders shall make available to the Borrower Tranche 1 of the Class A Subordinated Debt Facility.
- (b) Principal Amount. Tranche 1 of the Class A Subordinated Debt Facility shall have a principal amount of up to the Base Obligation Maximum Amount.
- (c) Purpose. Tranche 1 of the Class A Subordinated Debt Facility shall be used solely to finance or refinance Facility Capital Costs and Debt Service Costs or to repay or refinance Senior Commercial Debt. For greater certainty, Advances of the Class A Subordinated Debt Facility may be used to refinance Facility Capital Costs by reducing revolving Senior Commercial Debt.
- (d) Availability. Tranche 1 of the Class A Subordinated Debt Facility shall be available until the earlier of: (i) the 80/20 True-Up Final Date; and (ii) the date that Acceptable Senior Commercial Debt is not available. For greater certainty the Class A Subordinated Debt Facility shall be available after the Toll Commencement Date on the 80/20 True-Up Estimate Date and the 80/20 True-Up Final Date to the extent a Drawdown thereunder is required to achieve the 80/20 True-Up and available up to the 80/20 True-Up Final Date to finance Facility Capital Costs.
- (e) Nature of Tranche 1 of the Class A Subordinated Debt Facility.
 - (i) Tranche 1 of the Class A Subordinated Debt Facility shall be a non-revolving credit facility and amounts which are borrowed and repaid under Tranche 1 of the Class A Subordinated Debt Facility may not be reborrowed.
 - (ii) Tranche 1 of the Class A Subordinated Debt Facility shall be unsecured.
 - (iii) The Obligations under Tranche 1 of the Class A Subordinated Debt Facility shall be subordinated to all obligations of the Borrower under all present and future Senior Commercial Debt Agreements and the Lenders agree to enter into the Subordination Agreements from time to time as may be reasonably requested by the Borrower or the providers of Senior Commercial Debt.
 - (iv) The Obligations under Tranche 1 of the Class A Subordinated Debt Facility are hereby subordinated to all obligations of the Borrower under all present and future Processing Agreements and the Lenders agree that they shall not be entitled to receive any payments in respect of such Obligations following Lenders' receipt of notice from a Tollpayer of a default by the Borrower under a Processing Agreement and for so long as such default is continuing.

- (f) Repayment of the Class A Subordinated Debt Facility. Subject to Section 9.2 and unless prohibited from doing so pursuant to the terms of any Senior Commercial Debt Agreements or any Subordination Agreement, the Borrower shall repay to the Lenders, all Class A Subordinated Loans and other principal and accrued interest and other Aggregate Obligations outstanding under the Class A Subordinated Debt Facility in 120 equal Monthly instalments commencing on the Interest Payment Date which is the first Interest Payment Date following the date that is one year following the end of the first full Month following the Month in which COD occurs. The foregoing payments shall be made from the Initial Proceeds Trust Account and shall be applied in accordance with Section 5.3.

2.2 Tranche 1 of the Class B Subordinated Debt Facility

- (a) Establishment. Subject to the terms and conditions hereof, the Lenders shall make available to the Borrower Tranche 1 of the Class B Subordinated Debt Facility.
- (b) Principal Amount. To the extent that the Borrower cannot obtain Acceptable Senior Commercial Debt, the Lenders will make Advances under Tranche 1 of the Class B Subordinated Debt Facility in such amounts as are required to fund 100% of Facility Capital Costs and Debt Service Costs up to the Base Obligation Maximum Amount.
- (c) Purpose. Tranche 1 of the Class B Subordinated Debt Facility shall be used solely to finance the Facility Capital Costs and Debt Service Costs or to repay or refinance Senior Commercial Debt.
- (d) Availability. Tranche 1 of the Class B Subordinated Debt Facility shall be available from the date that Acceptable Senior Commercial Debt is not available until the 80/20 True-Up Final Date. Upon the making of an Advance under the Class B Subordinated Debt Facility, no further Advances under the Class A Subordinated Debt Facility shall be available to the Borrower.
- (e) Nature of Tranche 1 of the Class B Subordinated Debt Facility.
 - (i) Tranche 1 of the Class B Subordinated Debt Facility shall be a non-revolving credit facility and amounts which are borrowed and repaid under Tranche 1 of the Class B Subordinated Debt Facility may not be reborrowed.
 - (ii) Tranche 1 of the Class B Subordinated Debt Facility shall be unsecured.
 - (iii) The Obligations under Tranche 1 of the Class B Subordinated Debt Facility shall be subordinated to all obligations of the Borrower under all present and future Senior Commercial Debt Agreements and the Lenders agree to enter into the Subordination Agreements from time to time as may be reasonably requested by the Borrower or the providers of Senior Commercial Debt.

- (iv) The Obligations under Tranche 1 of the Class B Subordinated Debt Facility are hereby subordinated to all obligations of the Borrower under all present and future Processing Agreements and the Lenders agree that they shall not be entitled to receive any payments in respect of such Obligations following Lenders' receipt of notice from a Tollpayer of a default by the Borrower under a Processing Agreement and for so long as such default is continuing.
- (f) Repayment of the Class B Subordinated Debt Facility. Subject to Section 9.2 and unless prohibited from doing so pursuant to the terms of any Senior Commercial Debt Agreements or any Subordination Agreement, the Borrower shall repay to the Lenders, all Class B Subordinated Loans and other Aggregate Obligations, including interest, outstanding under the Class B Subordinated Debt Facility as follows:
 - (i) Monthly, commencing in the first full Month following the Month in which COD occurs, by payment on the Interest Payment Date from the Initial Proceeds Trust Account of the following amounts for the prior Month:
 - (A) 66.67% of the sum of the Monthly Incentive Fee Amount and the Annual Incentive Fee Amount;
 - (B) 66.67% of the Excess Capacity Amount; and
 - (C) 40.00% of the Return on Equity Amount.
 - The foregoing payments shall be applied in accordance with Section 5.3. To the extent such cash flows are insufficient to pay principal and interest payable at the applicable Interest Payment Date, the unpaid principal or interest shall continue to accrue interest pursuant to Section 3.5(b) (but the default interest rate thereunder shall not apply and any such non-payment of principal or interest shall not constitute a Default or Event of Default hereunder). Notwithstanding the foregoing, if any amount is outstanding under the Class C Subordinated Debt Facility at any time, the foregoing payments shall first be applied to repay all outstanding obligations under the Class C Subordinated Debt Facility.
 - (ii) If at the date of the end of the term of any Processing Agreements, including any renewal terms of such Processing Agreement, there remain any outstanding Aggregate Obligations under the Class B Subordinated Debt Facility, such outstanding Aggregate Obligations shall be paid in 60 equal Monthly instalments commencing at the end of the initial term or renewal term, as the case may be, of the Processing Agreements.

2.3 Lenders' Funding Obligations

- (a) Base Obligation. Each of APMC and CNUL severally commits to fund in Canadian Dollars to the Borrower an aggregate principal amount of

Cdn.\$324,363,000 (being a total aggregate principal amount Cdn.\$648,726,000) of Loans under Tranche 1 of the Class A Subordinated Debt Facility and Tranche 1 of the Class B Subordinated Debt Facility in accordance with the Drawdown Schedule (provided that (i) if APMC elects to fund more than 50% of any Advance under Tranche 1 of the Class A Subordinated Debt Facility pursuant to Section 3.2, CNUL's commitment shall be reduced dollar-for-dollar by the amount of each such Advance in excess of 50% thereof which APMC elects to fund and APMC's commitment shall be increased by the amount of each such Advance in excess of 50% thereof which APMC elects to fund, and (ii) notwithstanding the foregoing equal commitment amounts, each of APMC and CNUL commit to fund its Class B/C Share of each Advance under Tranche 1 of the Class B Subordinated Debt Facility) (collectively and as such amount may be adjusted in accordance with Section 2.3(b) and the Base Obligation Methodology, the "**Base Obligation**"). The amount of the Base Obligation has been determined in accordance with the methodology set forth in Schedule "C" hereto (the "**Base Obligation Methodology**"). The Base Obligation is unconditional for each Lender.

- (b) Drawdown Schedule. Subject to APMC's election to make Advances of up to 75% of the Base Obligation Loans as provided hereunder, on each date set forth in Schedule "B" hereto (the "**Drawdown Schedule**") each Lender shall advance to the Borrower a Base Obligation Loan in the amount set forth opposite such date in the Drawdown Schedule. The Lenders shall not delay Advances of Base Obligation Loans later than the dates set forth in the Drawdown Schedule. The Lenders may, acting reasonably, make Advances of Base Obligation Loans in advance of the dates set forth in the Drawdown Schedule upon the reasonable request of the Borrower, and, in such event, the amount of the Base Obligation shall be adjusted in accordance with the Base Obligation Methodology and the reduction to the Base Obligation shall be applied to reduce the amount of the Drawdown to be made on January 4, 2016.
- (c) 80/20 True-Up. As at each of the 80/20 True-Up Estimate Date and the 80/20 True-Up Final Date, the Borrower shall satisfy the 80/20 Ratio (the "**80/20 True-Up**") by either making Drawdowns under or repayments of the Subordinated Debt Facilities or making drawdowns under or repayments of Debt under a Senior Commercial Debt Agreement, if available, in order to achieve the 80/20 True-Up. Notwithstanding the foregoing, in no case shall the Lenders be obligated to make Advances of Base Obligation Loans in a principal amount which exceeds in the aggregate the Base Obligation Maximum Amount.
- (d) Acceleration and Payment to Collateral Agent. The Borrower acknowledges that, pursuant to the Lenders Funding Agreement, the Lenders have agreed that, if a triggering event or an event of default has occurred and is continuing (after the applicable grace or cure periods) under a Senior Commercial Debt Agreement and the Collateral Agent has delivered notice of such triggering event or event of default to the Lenders, then each Lender shall, within five (5) Banking Days of receipt of such notice and provided such triggering event or event of default is then continuing, fund and advance the undrawn balance of the Base Obligation in

Canadian Dollars to the Collateral Agent. The amount of the underlying balance of the Base Obligation shall be determined in accordance with the Base Obligation Methodology taking into account the date of the accelerated Advance of the undrawn balance of the Base Obligation. The Borrower agrees that funding of the undrawn balance of the Base Obligation pursuant to the Lenders Funding Agreement as contemplated in this Section 2.3(d) shall constitute an Advance under this Agreement for the benefit of the Borrower and the Borrower shall be obligated to repay such Advance to the Lenders pursuant to the provisions hereunder.

- (e) Benefit of Commitment. The obligations of each Lender hereunder to make Advances under the Base Obligation Facilities are obligations made only to the other Lender and may only be enforced by the Lenders against each other. None of the Borrower, NWUI, any provider of Senior Commercial Debt (other than pursuant to the Lenders Funding Agreement) or any other person shall have a cause of action arising hereby against any Lender to fund under any Base Obligation Facility.

ARTICLE 3

OTHER PROVISIONS APPLICABLE TO THE BASE OBLIGATION FACILITIES

3.1 Advances

- (a) Notice Periods for Advances. Subject to an agreement of the Lenders and the Borrower, each acting reasonably, to accelerate the Drawdown Schedule as permitted in Section 2.3(b) and subject to Section 2.3(d), the Lenders shall make Advances of Base Obligation Loans in accordance with the Drawdown Schedule without any notice to or request from the Borrower.
- (b) Acknowledgement of Advances. The Borrower shall promptly acknowledge receipt of each Advance made by the Lenders hereunder in writing.
- (c) Minimum Drawdowns. Unless otherwise agreed by the Lenders, each Drawdown under a Base Obligation Facility shall be in a minimum principal amount of Cdn. \$1,000,000 and a Drawdown in excess thereof shall be in integral multiples of Cdn. \$100,000.
- (d) Irrevocability. A Repayment Notice given by the Borrower hereunder shall be irrevocable and, subject to any options the Lenders may have hereunder in regard thereto and the Borrower's rights hereunder in regard thereto, shall oblige the Borrower to take the action contemplated on the date specified therein.
- (e) Evidence of Drawdowns. The Lenders shall open and maintain books of account evidencing all Loans and all other amounts owing by the Borrower to the Lenders hereunder. The Lenders shall enter in the foregoing accounts details of all amounts from time to time owing, paid or repaid by the Borrower hereunder. The information entered in the foregoing accounts shall constitute *prima facie* evidence of the obligations of the Borrower to the Lenders hereunder with respect to all Loans and all other amounts owing by the Borrower to the Lenders

hereunder. After a request by the Borrower, the Lenders shall promptly advise the Borrower of such entries made in the Lenders' books of account.

- (f) Monthly Statements. Each Lender shall provide the Borrower with Monthly statements confirming the amount of interest accrued for the previous Month, together with a statement of the aggregate outstanding principal amount of such Lender's Loans under each of the Class A Subordinated Debt Facility, Class B Subordinated Debt Facility and Class C Subordinated Debt Facility and all accrued interest thereunder.

3.2 APMC Option

APMC may, by written notice delivered to the Borrower and CNUL no later than fifteen (15) Banking Days prior to a Drawdown Date for a Drawdown under Tranche 1 of the Class A Subordinated Loan, elect to fund up to 75% of the applicable Drawdown.

3.3 Lenders' Obligations with Respect to Base Obligation Loans

The Lenders shall, for same day value by no later than 12:00 noon (Calgary time) on the Drawdown Date with respect to a Base Obligation Loan, transfer to the Borrower's account the amount of such Base Obligation Loan or transfer like funds as instructed by the Borrower in accordance with Section 11.2(a).

3.4 Default by Tollpayer Under Processing Agreement

- (a) Notwithstanding anything to the contrary contained in this Agreement, if either APMC or CNUL's Affiliate, CNR (the "**Defaulting Tollpayer**") has failed to pay an amount (the "**Defaulted Toll Amount**") due to the Borrower pursuant to the APMC Processing Agreement or the CNR Processing Agreement, as the case may be, the payment and collection of all payments of principal and interest on account of the Class A Subordinated Loans which are due to APMC or CNUL as the Lender which is the Defaulting Tollpayer or an Affiliate of the Defaulting Tollpayer, as the case may be, shall be suspended and deferred in an amount (the "**Deferred Amount**") equal to the Defaulted Toll Amount until such time as the applicable Defaulting Tollpayer cures such default under the applicable Processing Agreement. At such times as APMC or CNR, as the case may be, is a Defaulting Tollpayer, APMC or CNUL, respectively, shall also be a Defaulting Lender and the provisions of Section 12.2(c)(iv) shall apply to such Lender. The Borrower shall have a duty to take commercially reasonable measures to mitigate its damages from non-payment of the Defaulted Toll Amount. Upon receipt by the Borrower of any mitigation proceeds, the suspension and deferral of the Deferred Amount shall terminate to the extent of such mitigation proceeds and the applicable portion of the Deferred Amount equal to the amount of such mitigation proceeds shall be due and payable on the next Interest Payment Date. For the avoidance of doubt, during a suspension and deferral contemplated in this Section 3.4, there shall be no Default or Event of Default hereunder arising from the suspension and deferral of payment and collection of the Deferred Amount.
- (b) For the purposes of this Section 3.4, upon any assignment of the Subordinated Debt Facilities by any Lender in accordance with the terms hereof, the assignee of such Lender

shall be deemed to be an Affiliate of the Tollpayer which is the assignor Lender or an Affiliate of the assignor Lender, as the case may be.

3.5 Payment of Interest

(a) Interest on Base Obligation Loans.

- (i) The Borrower shall pay interest on each Base Obligation Loan owing by it for each Month applicable thereto in Canadian Dollars at a rate per annum equal to the Subordinated Debt Facilities Interest Rate in effect from time to time. Each determination by the Lenders of the Subordinated Debt Facilities Interest Rate applicable from time to time during a Month shall be *prima facie* evidence thereof. Such interest shall accrue daily and shall be payable in arrears on the Interest Payment Date for such Base Obligation Loan for the Month from and including the Drawdown Date or the preceding Month, as the case may be, for such Base Obligation Loan to and including the day preceding such Interest Payment Date and shall be calculated on the principal amount of the Base Obligation Loan outstanding during such period and on the basis of the actual number of days elapsed in a year of 365 days. Changes in the Subordinated Debt Facilities Interest Rate shall cause an immediate adjustment of the interest rate applicable to such Base Obligation Loans without the necessity of any notice to the Borrower.
- (ii) Notwithstanding anything to the contrary contained herein but subject to Section 3.5(a)(iii), interest shall not be payable on Base Obligation Loans until the Month following the Month in which COD occurs.
- (iii) To the extent interest is not required to be paid in any Month and is outstanding, it shall accrue interest which shall be compounded Monthly.
- (iv) Interest shall be payable from the Initial Proceeds Trust Account in accordance with the Initial Proceeds Trust Agreement.

- (b) Interest on Overdue Amounts. Notwithstanding any other provision hereof, in the event that any amount due hereunder (including any interest payment) is not paid when due (whether by acceleration or otherwise), the Borrower shall pay interest on such unpaid amount (including interest on interest), if and to the fullest extent permitted by applicable law, from the date that such amount is due until the date that such amount is paid in full (but excluding the date of such payment if the payment is received for value at the required place of payment on the date of such payment prior to 1:00 p.m. (Calgary time)), and such interest shall accrue daily, be calculated and compounded monthly on the last Banking Day of each such Month and be payable in the currency of the relevant Base Obligation Loan on demand, after as well as before maturity, default and judgment, at a rate per annum that is equal to the rate of interest then payable on the Base Obligation Loans, plus 1.00% per annum.

- (c) Default Interest. Notwithstanding any other provision hereof, effective upon the occurrence of an Event of Default which is continuing, the interest rates then applicable to the Base Obligation Loans will each increase by 100 bps per annum and such increase will remain in effect for as long as such Event of Default subsists.
- (d) Interest Act (Canada). Whenever a rate of interest or other rate per annum hereunder is calculated on the basis of a year (the “**deemed year**”) which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year.
- (e) Nominal Rates; No Deemed Reinvestment. The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Agreement; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after maturity, default and judgment. The rates of interest specified in this Agreement are intended to be nominal rates and not effective rates. Interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.
- (f) Waiver. To the extent permitted by applicable law, the covenant of the Borrower to pay interest at the rates provided herein shall not merge in any judgment relating to any obligation of the Borrower to the Lenders and any provision of the *Interest Act* (Canada) or *Judgment Interest Act* (Alberta) which restricts any rate of interest set forth herein shall be inapplicable to this Agreement and is hereby waived by the Borrower.
- (g) Maximum Rate Permitted by Law. No interest or fee to be paid hereunder shall be paid at a rate exceeding the maximum rate permitted by applicable law. In the event that such interest or fee exceeds such maximum rate, such interest or fees shall be reduced or refunded, as the case may be, so as to be payable at the highest rate recoverable under applicable law.

ARTICLE 4 CNRL GUARANTEE

4.1 CNRL Guarantee

CNRL hereby unconditionally and irrevocably guarantees to APMC (the “**Beneficiary**”) payment and performance of all of CNUL’s covenants, obligations, agreements and undertakings hereunder as a Lender, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by CNUL as a Lender to APMC pursuant to this Agreement (collectively, the “**Guaranteed Obligations**”). None of the Borrower, NWUI, any provider of Senior Commercial Debt or any other person shall be entitled to rely on or receive the benefit of the guarantee contained in this Article 4.

4.2 Indemnity

If any or all of the Guaranteed Obligations are not duly paid or performed by CNUL, for any reason whatsoever, CNRL will, as a separate and distinct obligation, indemnify and save harmless the Beneficiary from and against all losses resulting from the failure of CNUL to pay or perform such Guaranteed Obligations.

4.3 Primary Obligation

If any or all of the Guaranteed Obligations are not duly paid or performed by CNUL and are not recoverable under Section 4.1, or the Beneficiary is not indemnified under Section 4.2, in each case, for any reason whatsoever, such will, as a separate and distinct obligation, be recoverable by the Beneficiary from CNRL as primary obligor.

4.4 Continuing Obligations

The obligations of CNRL hereunder shall be continuing obligations and a fresh cause of action in favour of the Beneficiary shall be deemed to arise in respect of each default. CNRL will not, in any action brought against it or in respect of any default hereunder, plead or invoke any statute of limitations or law of prescription now or hereafter in force in Alberta or elsewhere in Canada.

4.5 Subrogation

- (a) Any payment by or recovery from CNRL of any moneys payable by CNUL under this Agreement shall not be taken to relieve CNUL from liability for such payment, but such liability of CNUL shall continue unimpaired as a liability enforceable by or on behalf of CNRL, in addition to all other remedies arising to CNRL in respect thereof, and CNRL shall be subrogated *pro tanto* as against CNUL to the rights, privileges and powers to which the Beneficiary was entitled prior to such payment by or on behalf of CNRL.
- (a) Except as hereinbefore in this Section 4.5 expressly provided with respect to the rights of CNRL by way of subrogation to the rights, privileges and powers of the Beneficiary, nothing contained in this Section 4.5 shall or shall be deemed to restrict the recovery by CNRL at any time from CNUL of any amounts which may have been paid by or on behalf of CNRL hereunder.

4.6 Guaranteed Obligations Absolute

The liability of CNRL hereunder will be absolute and unconditional and will not be affected by:

- (a) any lack of validity or enforceability of any agreement between CNUL and the Beneficiary;
- (b) any impossibility, impracticability, frustration of purpose, illegality, force majeure or act of government;

- (c) the bankruptcy, winding-up, liquidation, dissolution or insolvency of CNUL or any other person or the amalgamation of or any change in the status, function, control, constitution or ownership of CNUL, CNRL or the Beneficiary; or
- (d) any lack or limitation of power, incapacity or disability on the part of CNUL or of the directors, partners or agents thereof or any other irregularity, defect or informality on the part of CNUL in its Guaranteed Obligations to the Beneficiary,

provided that CNRL shall have the benefit of any defence, law, regulation or other circumstance that might otherwise constitute a defence available to, or a discharge of, CNUL in respect of any or all of the Guaranteed Obligations.

4.7 No Release

Subject to Section 12.8(a), the liability of CNRL hereunder will not be released, discharged, limited or in any way affected by anything done, suffered or permitted by the Beneficiary in connection with any duties or liabilities of CNUL to the Beneficiary.

4.8 No Exhaustion of Remedies

The Beneficiary will not be bound or obligated to exhaust its recourse against CNUL or take any other action before being entitled to demand payment from CNRL hereunder.

ARTICLE 5 PLACE AND APPLICATION OF PAYMENTS

5.1 Place of Payment of Principal, Interest and Fees; Payments to Lenders

Unless otherwise agreed by a Lender, all payments of principal, interest, fees and other amounts to be made by the Borrower to such Lender pursuant to this Agreement shall be made to such Lender in the currency in which the Base Obligation Loan is outstanding for value on the day such amount is due, and if such day is not a Banking Day on the Banking Day next following, by deposit or transfer thereof to the applicable Lender's account or at such other place as the Borrower and the applicable Lender may from time to time agree. Notwithstanding anything to the contrary expressed or implied in this Agreement, the receipt by the Lenders in accordance with this Agreement of any payment made by the Borrower for the account of any of the Lenders shall, insofar as the Borrower's obligations to the relevant Lenders are concerned, be deemed also to be receipt by such Lenders.

5.2 Funds

Each amount advanced, disbursed or paid hereunder shall be advanced, disbursed or paid, as the case may be, in such form of funds as may from time to time be customarily used in Calgary, Alberta in the settlement of banking transactions similar to the banking transactions required to give effect to the provisions of this Agreement on the day such advance, disbursement or payment is to be made (for certainty, each such amount advanced, disbursed or paid, as the case may be, in immediately available funds to the extent possible in the relevant jurisdiction).

5.3 Application of Payments

Except as otherwise agreed in writing by the Lenders, all payments made by the Borrower to the Lenders shall be applied in the following order:

- (a) to amounts due hereunder as costs and expenses;
- (b) to amounts due hereunder as default interest;
- (c) to amounts due hereunder as interest; and
- (d) to amounts due hereunder as principal.

5.4 Payments Clear of Taxes

- (a) Any and all payments by the Borrower to the Lenders hereunder shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future Taxes and all liabilities with respect thereto imposed, levied, collected, withheld or assessed by any Governmental Authority, or by or on behalf of the foregoing (and, for greater certainty, nothing in this Section 5.4(a) shall make the Borrower liable for any Excluded Taxes). In addition, the Borrower agrees to pay any present or future stamp, transfer, registration, excise, issue, documentary or other taxes, charges or similar levies which arise from any payment made under this Agreement or the Base Obligation Loans or in respect of the execution, delivery or registration or the compliance with this Agreement contemplated hereunder other than Excluded Taxes. The Borrower shall indemnify and hold harmless the Lenders for the full amount of all of the foregoing Taxes or other amounts paid or payable by the Lenders and any liability (including penalties, interest, additions to tax and reasonable out-of-pocket expenses) resulting therefrom or with respect thereto which arise from any payment made under or pursuant to this Agreement or the Base Obligation Loans or in respect of the execution, delivery or registration of, or compliance with, this Agreement other than Excluded Taxes.
- (b) If the Borrower shall be required by law to deduct or withhold any Taxes other than Excluded Taxes from any payment or other amount required to be paid to the Lenders hereunder, or if any liability therefor shall be imposed or shall arise from or in respect of any sum payable hereunder, then the sum payable to the Lenders hereunder shall be increased as may be necessary so that after making all required deductions, withholdings, and additional payments attributable thereto (including deductions, withholdings or Taxes other than Excluded Taxes payable for additional sums payable under this provision) the Lenders receive an amount equal to the amount they would have received had no such deductions or withholdings been made or if such additional Taxes other than Excluded Taxes had not been imposed; in addition, the Borrower shall pay the full amount deducted or withheld for such Taxes other than Excluded Taxes to the relevant taxation authority or other authority in accordance with applicable law, such payment to be made (if the liability is imposed on the Borrower) for its own account or (if the liability is imposed on the Lenders) on behalf of and in the name

of the Lenders. If the liability is imposed on the Lenders, the Borrower shall deliver to the Lenders evidence satisfactory to the Lenders, acting reasonably, of the payment to the relevant taxation authority or other authority of the full amount deducted or withheld.

- (c) If the Lenders are entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement, it shall deliver to the Borrower, at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at such reduced rate.
- (d) Upon written notice sent by the Borrower to the applicable Lender during the term of this Agreement that such Lender will receive a refund, credit or deduction from a taxing authority in respect of a payment by the Borrower of Taxes, such Lender thereupon shall make commercially reasonable efforts to repay to the Borrower the amount with respect to such refund, credit or deduction equal to any net reduction in Taxes actually obtained by such Lender that is attributable to such refund, credit or deduction.

ARTICLE 6

CLOSING CONDITIONS

6.1 Closing Conditions

This Agreement shall not be effective unless the following conditions have been satisfied as of the date hereof:

- (a) no Default or Event of Default shall have occurred and be continuing and each of the representations and warranties set forth in Section 7.1 shall be true and correct in all material respects, in each case, as of the date hereof and the Borrower shall have delivered to the Lenders an Officer's Certificate certifying the same to the Lenders;
- (b) the Borrower shall have delivered or caused to be delivered to the Lenders a true and complete copy of the Processing Agreements;
- (c) the Borrower shall have delivered or caused to be delivered to the Lenders evidence, satisfactory to the Lenders, acting reasonably, of the termination, discharge and release of the bridge facility and overrun facility agreement dated as of February 16, 2011 (as amended, restated or otherwise modified to the date hereof) between among others, NWUI, as borrower, and CNRL, as lender, and all collateral documents thereunder;
- (d) the Borrower shall have delivered or caused to be delivered to the Lenders copies of its audited financial statements for the Fiscal Year ended December 31, 2012;

- (e) the Borrower shall have delivered, or caused to be delivered, to the Lenders, in respect of each partner of the Borrower, a current certificate of status in respect of its jurisdiction of formation and certified copies of its constating documents, partnership agreement and by-laws, as applicable, and the resolutions authorizing this Agreement and the transactions thereunder and an Officer's Certificate as to the incumbency of the officers thereof signing this Agreement;
- (f) this Agreement shall have been fully executed and delivered, each in form and substance satisfactory to the Lenders, each acting reasonably; and
- (g) the Lenders shall have received legal opinions from each of (i) legal counsel to the Borrower, (ii) Alberta Justice in respect of APMC, and (iii) legal counsel to CNUL and CNRL, each of which shall be in form and substance satisfactory to the Lenders, acting reasonably.

6.2 Waiver

The conditions set forth in Sections 6.1 are inserted for the sole benefit of the Lenders and may be waived by the Lenders, in whole or in part (with or without terms or conditions).

ARTICLE 7 REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties

The Borrower represents and warrants as follows to each of the Lenders as of the date hereof and acknowledges and confirms that each of the Lenders are relying upon such representations and warranties:

(a) Existence and Good Standing

The Borrower and each of its Subsidiaries is a corporation validly existing and in good standing under the laws of its jurisdiction of formation or is a partnership or trust validly existing under the laws of its jurisdiction of formation; each is duly registered in all other jurisdictions where the nature of its property or character of its business requires registration (except for such other jurisdictions where the failure to be so registered or qualified would not have a Material Adverse Effect), and has all necessary power and authority to own its properties and carry on its business as presently carried on or as contemplated by this Agreement.

(b) Authority

The Borrower has full power, legal right and authority to enter into this Agreement and do all such acts and things as are required by this Agreement to be done, observed or performed, in accordance with the terms thereof.

(c) Valid Authorization and Execution

The Borrower has taken all necessary corporate, partnership and other action (as applicable) of its directors, shareholders, partners, trustees and other persons (as applicable) to authorize the execution, delivery and performance of this Agreement and to observe and perform the provisions thereof in accordance with the terms therein contained.

(d) Validity of Agreement - Non Conflict

None of the authorization, execution or delivery of this Agreement or performance of any obligation pursuant thereto requires or will require, pursuant to applicable law now in effect, any approval or consent of any Governmental Authority having jurisdiction (except such as has already been obtained and are in full force and effect) nor is in conflict with or contravention of (i) the Borrower's articles, by laws or other constating documents or any resolutions of directors or shareholders or partners, as applicable, or the provisions of its partnership agreement or declaration of trust or trust indenture (as applicable) or (ii) the provisions of any other indenture, instrument, undertaking or other agreement to which the Borrower is a party or by which its properties or assets are bound, the contravention of which would have or would reasonably be expected to have a Material Adverse Effect. This Agreement when executed and delivered will constitute a valid and legally binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, subject to applicable bankruptcy, insolvency and other laws of general application limiting the enforceability of creditors' rights and to the fact that equitable remedies are only available in the discretion of the court.

(e) No Default

No Default or Event of Default has occurred or is continuing or would occur as a result of any Drawdown hereunder.

(f) No Material Adverse Effect

No event, circumstance or condition has occurred or is continuing which has had, or would reasonably be expected to have, a Material Adverse Effect.

(g) Financial Condition

The audited consolidated financial statements of the Borrower delivered to the Lenders pursuant hereto present fairly, in all material respects, the consolidated financial condition of the Borrower as at the date thereof and the results of the consolidated operations thereof for the Fiscal Year or Fiscal Quarter (as applicable) then ending, all in accordance with GAAP consistently applied.

(h) Compliance with Applicable Laws, Court Orders and Agreements

The Borrower and each of its Subsidiaries and their respective property, businesses and operations are in compliance with all Applicable Laws (including all applicable Environmental Laws), all applicable directives, judgments, decrees,

injunctions and orders rendered by any Governmental Authority or court of competent jurisdiction, its articles, by laws and other constating documents, the Processing Agreements, the Senior Commercial Debt Agreements and all other agreements or instruments to which it is a party or by which its property or assets are bound, and any employee benefit plans, except to the extent that failure to so comply would not have and would not reasonably be expected to have a Material Adverse Effect.

7.2 Nature of Representations and Warranties

The representations and warranties set out in this Agreement or deemed to be made pursuant hereto shall survive the execution and delivery of this Agreement, notwithstanding any investigations or examinations which may be made by the Lenders or Lenders' counsel. Such representations and warranties shall survive until this Agreement has been terminated.

ARTICLE 8 GENERAL COVENANTS

8.1 Affirmative Covenants of the Borrower

So long as any Obligation is outstanding or a Base Obligation Facility is available hereunder, the Borrower covenants and agrees with each of the Lenders that, unless (subject to Section 12.11) both of the Lenders otherwise consent in writing:

(a) **Punctual Payment and Performance**

It shall duly and punctually pay the principal of all Loans, all interest thereon and all fees and other amounts required to be paid by the Borrower under the SDAs in the manner specified under the SDAs and the Borrower shall perform and observe all of its obligations under the SDAs.

(b) **Books and Records**

It shall keep and cause each Subsidiary to keep proper books of record and account in which complete and correct entries will be made of its transactions in accordance with GAAP.

(c) **Ownership of Assets; Maintenance and Operation**

It shall do or cause to be done, and will cause each Subsidiary to do or cause to be done, all things necessary or required to:

- (i) maintain its and its Subsidiaries' ownership of or rights to use all of their respective property and assets, except to the extent that the failure to do or cause to be done the same would not have and would not reasonably be expected to have a Material Adverse Effect; and
- (ii) have all its properties, assets and operations owned, operated and maintained in accordance with good industry practice and Applicable

Laws, except to the extent that the failure to do or cause to be done the same would not have and would not reasonably be expected to have a Material Adverse Effect.

(d) Maintain Existence; Compliance with Legislation Generally; Required Permits

Except as otherwise permitted by Sections 8.2(b) and 8.2(h), the Borrower shall, and shall cause each of its Subsidiaries, to preserve and maintain its corporate, partnership or trust existence (as the case may be) as a corporation, partnership or trust existing under the laws of Canada or any province thereof. The Borrower shall do or cause to be done, and shall cause its Subsidiaries to do or cause to be done, all acts necessary or desirable to comply with all Applicable Laws and all agreements or instruments to which it is a party or by which its property or assets are bound, except where such failure to comply does not and would not reasonably be expected to have a Material Adverse Effect, and to maintain and keep in full force and effect all Required Permits and Governmental Authorizations necessary at any given time to enable the Borrower and each of its Subsidiaries to operate and conduct their respective businesses in accordance with good industry practice, except to the extent that the failure to maintain and keep in full force and effect any of the same at any given time does not and would not reasonably be expected to have a Material Adverse Effect.

(e) Financial Statements

The Borrower shall deliver to the Lenders:

- (i) Annual Financials - as soon as available and, in any event, within 120 days after the end of each of its Fiscal Years, copies of the Borrower's audited annual financial statements on a consolidated basis, consisting of a statement of financial position, statement of income, statement of cash flows and statement of changes in partners' equity for each such year, together with the notes thereto prepared in accordance with GAAP consistently applied, together with a report and opinion of the Borrower's auditors thereon and including any management letters provided by the auditors in connection with such audit; provided that, the Borrower shall be deemed to have satisfied its obligation under this Section if and to the extent the foregoing shall have been filed with the Canadian Securities Administrators (and are accessible to the Lenders) in the SEDAR filing system at www.sedar.com and the Borrower shall have notified the Lenders of such filing; and
- (ii) Quarterly Financials - as soon as available and, in any event within 60 days after the end of each of its first, second and third Fiscal Quarters, copies of the Borrower's unaudited quarterly financial statements on a consolidated basis, in each case consisting of a statement of financial position, statement of income, statement of cash flows and statement of changes in partners' equity for each such period all in reasonable detail and stating in comparative form the figures for the corresponding date and period in the previous Fiscal Year, all prepared in accordance with GAAP

consistently applied; provided that, the Borrower shall be deemed to have satisfied its obligation under this Section if and to the extent the foregoing shall have been filed with the Canadian Securities Administrators (and are accessible to the Lenders) in the SEDAR filing system at www.sedar.com and the Borrower shall have notified the Lenders of such filing.

(f) Rights of Inspection

At any reasonable time and from time to time upon reasonable prior notice, the Borrower shall permit and shall cause its Subsidiaries to permit any Lender or any representative thereof (at the expense of the Borrower during the continuance of a Default or Event of Default and, otherwise, at the expense of the Lenders) to, subject to any contractual restrictions regarding confidentiality, (i) examine and make copies of and abstracts from the records and books of account of the Borrower or any of its Subsidiaries, (ii) after a Default or Event of Default has occurred and while the same is continuing, visit and inspect the premises and properties of the Borrower or any of its Subsidiaries (in each case at the risk of the Borrower and its Subsidiaries, except for the gross negligence or wilful misconduct of the inspecting party or the failure of any such inspecting party to comply with Applicable Law or the Borrower's or any such Subsidiary's health and safety requirements, as advised to such inspecting party); provided that, except during the continuance of a Default or Event of Default, such visitations and inspections shall be limited to one inspection by the Lenders each calendar year, and (iii) discuss the affairs, operations, finances and accounts of the Borrower or any of its Subsidiaries with any of the officers or directors of the Borrower or any of its Subsidiaries.

(g) Notice of Default or Event of Default

The Borrower shall deliver to the Lenders, as soon as reasonably practicable, and in any event no later than 5 Banking Days after actual knowledge of a Senior Officer of the Borrower of a Default or an Event of Default, an Officer's Certificate describing in detail such Default or such Event of Default and specifying the steps, if any, being taken to cure or remedy the same.

(h) Payment of Royalties, Taxes, Withholdings, etc.

The Borrower shall, and shall cause its Subsidiaries to, from time to time pay or cause to be paid when due, in all material respects, all royalties, rents, Taxes, rates, levies or assessments, ordinary or extraordinary, governmental fees or dues, and to make and remit all withholdings, lawfully levied, assessed or imposed upon the Borrower and its Subsidiaries or any of the assets of the Borrower or its Subsidiaries, as and when the same become due and payable, except when and so long as the validity of any such royalties, rents, Taxes, rates, levies, assessments, fees, dues or withholdings is being contested by the Borrower or its Subsidiaries by a Permitted Contest, and to duly file on a timely basis all material tax returns required to be filed, except to the extent that the failure to do or cause to be done the same would not have or would not reasonably be expected to have a Material Adverse Effect.

(i) Payment of Preferred Claims

The Borrower shall, and shall cause its Subsidiaries to, from time to time pay when due or cause to be paid when due all material amounts related to wages, workers' compensation obligations, government royalties or pension fund obligations and any other amount which would or would reasonably be expected to result in a lien, charge, Security Interest or similar encumbrance against the assets of the Borrower or such Subsidiary arising under statute or regulation, except when and so long as the validity of any such amounts or other obligations is being contested by the Borrower or its Subsidiaries by a Permitted Contest.

(j) Environmental Covenants

(i) Without limiting the generality of Section 8.1(d) above, the Borrower shall, and shall cause its Subsidiaries and any other party acting under their direction to, (A) conduct their business and operations so as to comply at all times with all Environmental Laws, (B) promptly take any and all actions necessary to cure any violation of Environmental Laws or respond to any demand or claim or remediate any environmental damage, and (C) use, employ, process, emit, generate, store, handle, transport, dispose of and/or arrange for the disposal of any and all Hazardous Materials in, on or, directly or indirectly, related to or in connection with their respective properties or assets or any portion thereof in a manner consistent with good industry practice and in compliance in all material respects with all applicable Environmental Laws and in a manner which does not constitute a Release or pose a significant risk to human health, safety (including occupational health and safety) or the environment, in each case except where failure to do so, either alone or in conjunction with any other such non-compliance, would not have or would not reasonably be expected to have a Material Adverse Effect.

(ii) If the Borrower or its Subsidiaries shall:

- (A) receive or give any notice that a violation of any Environmental Law has or may have been committed or is about to be committed by the same, and if such violation has or would reasonably be expected to have a Material Adverse Effect;
- (B) receive any notice that a complaint, proceeding or order has been filed or is about to be filed against the same alleging a violation of any Environmental Law, and if such violation would reasonably be expected to have a Material Adverse Effect; or
- (C) receive any notice requiring the Borrower or a Subsidiary, as the case may be, to take any action in connection with the release of Hazardous Materials into the environment or alleging that the Borrower or the Subsidiary may be liable or responsible for costs associated with a response to or to clean up a Release of Hazardous Materials into the environment or any damages caused thereby,

and if such action or liability has or would reasonably be expected to have a Material Adverse Effect,

the Borrower shall promptly provide the Lenders with a copy of such notice and shall furnish or cause to be furnished to the Lenders from time to time all reasonable information requested by the Lenders relating to the same.

(k) Use of Base Obligation Loans

The Borrower shall use all Base Obligation Loans and the proceeds thereof solely for the purposes set forth in Sections 2.1(c) and 2.2(c) hereof, as applicable.

(l) Required Insurance

- (i) The Borrower shall, and shall cause its Subsidiaries to, maintain in full force and effect with insurers of recognized standing, insurance with respect to their respective properties and business and against such casualties and contingencies and in such types and such amounts as shall be in accordance with good business practices for corporations or other entities of the size and type of business and operations as the Borrower and its Subsidiaries, except to the extent APMC and CNR have, under the Processing Agreements, consented to the Borrower and its Subsidiaries not maintaining such insurance.
- (ii) The Borrower shall, and shall cause its Subsidiaries to, maintain, in full force and effect the insurance required to be maintained pursuant to the Processing Agreements, except to the extent such requirements are waived by APMC and CNR.

(m) Notice of Counterparty Default; Notice of Termination of Certain Contracts

Upon becoming aware of the same, the Borrower shall forthwith provide written notice to the Lenders of any material default or event of default by, or any failure to perform its material obligations by, any party under the Senior Commercial Debt Agreements, either Processing Agreement or the Partnership Agreement. Upon becoming aware of the same, the Borrower shall forthwith provide written notice to the Lenders of any steps to terminate, forfeit or surrender either Processing Agreement or the Partnership Agreement.

(n) Notice of Amendments to and Waivers under the Processing Agreements or Partnership Agreement

The Borrower shall provide to, or cause to be provided to, the Lenders a true and complete copy of any material amendment to, or material modification or restatement of (for certainty, including any renewal or extension), or any material waiver or consent under, any of the Processing Agreements or the Partnership Agreement within ten (10) Banking Days' of such amendment, modification or restatement.

(o) Notice of Abandonment

The Borrower shall promptly provide to, or cause to be provided to, the Lenders written notice of the occurrence of any event or circumstance which would, or would reasonably be expected to result in an Abandonment, together with an Officer's Certificate describing in detail such event or circumstance and specifying the steps, if any, being taken to ensure no Abandonment would result from such event and/or circumstance.

(p) Notice of Force Majeure Event

The Borrower shall promptly give written notice to the Lenders of any Force Majeure Event which has continued for more than 30 consecutive days.

(q) Notice of COD

Upon the occurrence of COD, the Borrower shall promptly deliver to the Lenders an Officer's Certificate certifying the same to the Lenders.

(r) Permitted Business

It shall be and cause each Subsidiary to be engaged only in and only carry on the Permitted Business.

(s) Compliance with the Processing Agreements

It shall do or cause to be done, and will cause each Subsidiary to do or cause to be done, all things necessary to comply with its obligations under the Processing Agreements, except to the extent non-compliance (i) would not have or reasonably be expected to have a Material Adverse Effect or (ii) would not give rise to the right of a counterparty to terminate a Processing Agreement.

(t) Enforcement of Obligations under the Processing Agreements

It shall use and cause each Subsidiary to use commercially reasonable efforts to enforce the material obligations of APMC and CNR under the Processing Agreements.

(u) Notice of Credit Rating Changes

Notwithstanding Section 12.11, the Borrower shall, as soon as reasonably practicable, promptly notify the Lenders if any of the Rating Agencies issues a Credit Rating in respect of the Senior Commercial Debt or changes, discontinues, suspends or puts on review for a potential downgrade the Credit Rating provided by it (including any change in outlook which has been publicly disclosed by such Rating Agency) in respect of the Senior Commercial Debt and the Borrower shall promptly provide copies to the Lenders of all such reports which relate to any issuance, change, discontinuance, suspension of the Credit Rating in respect of the Senior Commercial Debt or putting on review for a potential downgrade of the Credit Rating in respect of the Senior Commercial Debt.

8.2 Negative Covenants of the Borrower

So long as any Obligation is outstanding or any of the Base Obligation Facilities are available hereunder, the Borrower covenants and agrees with each of the Lenders that, unless (subject to Section 12.11) both of the Lenders otherwise consent in writing:

(a) Negative Pledge

The Borrower shall not, nor shall it permit any Subsidiary to, create, issue, incur, assume or permit to exist any Security Interests on any of their property, undertakings or assets other than Permitted Encumbrances.

(b) No Dissolution

Except as permitted by Section 8.2(h), the Borrower shall not, nor shall it permit any Subsidiary to, liquidate, dissolve or wind up or take any steps or proceedings in connection therewith except, in the case of Subsidiaries, where the successor thereto or transferee thereof is the Borrower or a Wholly-Owned Subsidiary.

(c) No Assignment of Processing Agreements

Except in the case of an assignment to a permitted Successor in compliance with Section 8.2(h) and except for the Security Interests arising pursuant to the Permitted Encumbrances, the Borrower shall not assign either Processing Agreement or any of its rights or interests thereunder.

(d) Limit on Sale of Assets

Except for Permitted Dispositions, the Borrower shall not, and shall not permit any Subsidiary to, sell, transfer or otherwise dispose of (including pursuant to a dissolution) any of their respective property or assets which are necessary for the completion and continued operation of the Facility (as contemplated by the Processing Agreements as in effect on the date hereof).

(e) Limitation on Debt

The Borrower shall not have, incur, assume or otherwise become liable for, or permit any Subsidiary to have, incur, assume or otherwise become liable for, any Debt other than Permitted Debt.

(f) Prohibition on Distributions

Except for Excluded Distributions, the Borrower shall not make or permit any Subsidiary to make any Distributions:

- (i) during the continuance of a Default or Event of Default; or
- (ii) prior to COD and deposit of the first Debt Component payments in the Debt Repayment Trust Account in accordance with the Processing Agreements.

(g) Restriction on Hedging Agreements

The Borrower shall not, and shall not permit any Subsidiary to, enter into, transact or have outstanding any Hedging Agreements other than as permitted pursuant to the Senior Commercial Debt Agreements.

(h) No Merger, Amalgamation, etc.

The Borrower shall not, nor shall it permit any Subsidiary to, enter into any transaction whereby all or substantially all of its undertaking, property and assets would become the property of any other person (herein called a “**Successor**”) whether by way of reconstruction, reorganization, recapitalization, consolidation, amalgamation, merger, transfer, sale or otherwise, unless:

- (i) permitted by all Senior Commercial Debt Agreements;
- (ii) prior to or contemporaneously with the consummation of such transaction the Successor and, as applicable, each of the Borrower and its Subsidiaries shall have executed and delivered or caused to be executed and delivered to the Lenders such instruments and done such things as, in the reasonable opinion of Lenders’ counsel, are necessary or advisable to establish that upon the consummation of such transaction:
 - (A) the Successor will have assumed (by operation of law or otherwise) all the covenants and obligations of the Borrower under this Agreement; and
 - (B) this Agreement will be a valid and binding obligation of the Successor and the Borrower, entitling the Lenders to exercise all their rights under this Agreement against each of them;
- (iii) such transaction shall be on such terms and shall be carried out in such manner as to preserve and not to impair in any material respect any of the rights and powers of the Lenders hereunder;
- (iv) such transaction shall not result in the assets of the Successor being subject to any Security Interests other than Permitted Encumbrances; and
- (v) no Default or Event of Default shall have occurred and be continuing, or will occur as a result of such transaction, or shall exist immediately after the consummation of such transaction.

(i) Material Contracts

The Borrower shall not, and shall not permit any Subsidiary to amend, supplement or modify (or provide any waiver or consent to like effect) the Collateral Rights Agreement, the Partnership Agreement (for so long as the Borrower is a partnership governed by the Partnership Agreement) or the Processing Agreements if such amendment, supplement, modification, waiver or consent (as applicable) (i) would have or would reasonably be expected to have a

Material Adverse Effect, or (ii) would be materially prejudicial to the interests of the Lenders.

(j) No Sale-Leasebacks

The Borrower shall not and shall not permit any Subsidiary to enter into any Sale-Leaseback.

8.3 Lenders May Perform Covenants

If the Borrower fails to perform any covenants on its part herein contained, subject to any consents or notice or cure periods required by Section 9.1, the Lenders may give notice to the Borrower of such failure and if such covenant remains unperformed, the Lenders may, in their discretion but need not, perform any such covenant capable of being performed by the Lenders and if the covenant requires the payment or expenditure of money, the Lenders may make such payments or expenditure and all sums so expended shall be forthwith payable by the Borrower to the Lenders and shall bear interest at the applicable interest rate provided in Section 3.5(b). No such performance, payment or expenditure by the Lenders shall be deemed to relieve the Borrower of any default hereunder.

8.4 Covenant Suspension

During any period that there is Debt outstanding under any Senior Commercial Debt Agreement:

- (a) the Borrower will not be subject to the following covenant provisions: Section 8.1(i) (*Payment of Preferred Claims*), Section 8.1(j) (*Environmental Covenants*), Section 8.1(l) (*Required Insurance*), Section 8.1(t) (*Enforcement of Obligations under the Processing Agreements*), Section 8.2(c) (*No Assignment of Processing Agreements*), Section 8.2(g) (*Restriction on Hedging Agreements*), Section 8.2(i) (*Material Contracts*) and Section 8.2(j) (*No Sale-Leasebacks*);
- (b) Section 8.3 (*Lenders May Perform Covenants*) shall not apply; and
- (c) the following Event of Default provisions shall not apply: Section 9.1(e) (*Payment Cross-Acceleration (Non-Senior Commercial Debt)*), Section 9.1(l) (*Termination of Processing Agreements*), Section 9.1(m) (*Abandonment of Project or Facility*) and Section 9.1(q) (*Invalidity of Processing Agreements*).

**ARTICLE 9
EVENTS OF DEFAULT AND REMEDIES**

9.1 Events of Default

The occurrence of any one or more of the following events (each such event being herein referred to as an “**Event of Default**”) shall constitute an Event of Default under this Agreement:

- (a) Payment of Principal and Interest Default: if the Borrower fails to pay:

- (i) the principal of any Loan; or
- (ii) any interest (including, if applicable, default interest) accrued on any Loan,

in each case when due and payable, and such default is not remedied within 5 Banking Days (in the case of the failure to pay the principal of any Loan) and within 30 days (in the case of the failure to pay any interest on any Loan) after written notice thereof is given by the Lenders to the Borrower specifying such default and requiring the Borrower to remedy or cure the same;

- (b) Incorrect Representations: if any representation or warranty made or deemed to be made by the Borrower herein shall prove to have been incorrect or misleading in any material respect on and as of the date made and the facts or circumstances which make such representation or warranty incorrect or misleading in such material respect are not remedied and the representation or warranty in question remains incorrect or misleading in such material respect more than ninety (90) days after the Lenders notify the Borrower of the same (or such longer period as may be acceptable to the Lenders) or, if the facts and circumstances which make such representation or warranty incorrect or misleading are not capable of being remedied within such period, but the Borrower has taken all commercially reasonable steps to mitigate the impact of the incorrect representation or warranty and, provided that there are bonds outstanding which constitute Senior Commercial Debt, has received a Rating Re-affirmation on each series of bonds which constitute Senior Commercial Debt (taking the same into account) from all Rating Agencies, then such default will not constitute an Event of Default;
- (c) Breach of Covenants: if the Borrower or a Subsidiary fails to observe or perform any covenant in Article 8 when such covenant was required to be observed or performed, and such default is not remedied within a period of ninety (90) days after written notice thereof is given by the Lenders to the Borrower of the failure by the Borrower or such Subsidiary, as applicable, to observe or perform the same (or such longer period as may be acceptable to the Lenders) or, if not curable within such period, but the Borrower has taken all commercially reasonable steps to mitigate the impact of such breach and, provided that there are bonds outstanding which constitute Senior Commercial Debt, has received a Rating Re-affirmation on each series of bonds which constitute Senior Commercial Debt (taking the same into account) from all Rating Agencies, then such default will not constitute an Event of Default;
- (d) Senior Commercial Debt Cross Acceleration: if a default, event of default or other similar condition or event (however described) in respect of the Borrower or any of its Subsidiaries (or any combination thereof) occurs or exists under any indentures, credit agreements, agreements or other instruments evidencing or relating to the Senior Commercial Debt in an aggregate amount in excess of Cdn.\$100,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency), and such default, event or condition or event has resulted in such Debt becoming due and payable thereunder before it would otherwise have been due and payable, unless such default, event of default

or condition or event has been remedied in accordance with the terms of the indenture, agreement or instrument governing the same or within an additional ten (10) Banking Days after any applicable cure periods, provided that, in each case and for certainty, all cure periods applicable to such failure, event or circumstance have expired and such failure, event or circumstance has not been waived or remedied;

- (e) Payment Cross Acceleration (Non-Senior Commercial Debt): if the Borrower or any of its Subsidiaries (or any combination thereof) defaults in the payment when due (whether at maturity, upon acceleration, or otherwise) of Debt which is not Senior Commercial Debt in an aggregate principal amount in excess of Cdn.\$100,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) and such default has resulted in such Debt becoming due and payable thereunder before it would otherwise have been due and payable, unless such default has been remedied in accordance with the terms of the indenture, agreement or instrument governing the same or within an additional ten (10) Banking Days after any applicable cure periods, provided that, in each case and for certainty, all cure periods applicable to such failure, event or circumstance have expired and such failure, event or circumstance has not been waived or remedied;
- (f) Termination of Partnership Agreement: except pursuant to a transaction permitted by Section 8.2(h), if the Partnership Agreement is terminated;
- (g) Involuntary Insolvency: if a decree or order of a court of competent jurisdiction is entered adjudging the Borrower, any partner of the Borrower or any Material Subsidiary bankrupt or insolvent under the *Companies' Creditors Arrangement Act* (Canada), the *Bankruptcy and Insolvency Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous laws or ordering the winding up or liquidation of its affairs and such decree or order, if it was not obtained by or with the concurrence of the Borrower, any partner of the Borrower or such Material Subsidiary, continues unstayed and in effect for any period of sixty (60) consecutive days;
- (h) Idem: if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against the Borrower, any partner of the Borrower or any Material Subsidiary, seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding up, liquidation, a composition, proposal or arrangement with creditors, a readjustment or compromise of debts, the appointment of trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator, liquidator or other person with similar powers with respect to the Borrower, any partner of the Borrower or any such Material Subsidiary or of all or any substantial part of its assets, or any other like relief in respect of the Borrower, any partner of the Borrower or any such Material Subsidiary under any bankruptcy or insolvency law and such case, proceeding or other action results in the entry of an order for such relief or any such adjudication or appointment, and such order, adjudication or appointment shall continue undismissed, or unstayed and in effect, for any period of sixty (60) consecutive days;

- (i) Voluntary Insolvency: if the Borrower, any partner of the Borrower or any Material Subsidiary makes any assignment in bankruptcy or makes any other assignment for the benefit of creditors, makes any proposal under the *Bankruptcy and Insolvency Act* (Canada) or any comparable law, seeks relief under the *Companies' Creditors Arrangement Act* (Canada), the *Winding-up and Restructuring Act* (Canada) or any other bankruptcy, insolvency or analogous law, files a petition or proposal to take advantage of any act of insolvency by it, consents to or acquiesces in the appointment of a trustee in bankruptcy, receiver, receiver and manager, interim receiver, custodian, sequestrator, liquidator or other person with similar powers over itself or over all or any substantial portion of its assets, or files a petition or otherwise commences any proceeding seeking any reorganization, arrangement, composition, administration, compromise, restructuring or readjustment under any applicable bankruptcy, insolvency, moratorium, reorganization or other similar law affecting creditors' rights or consents to, or acquiesces in, the filing of such assignment, proposal, relief, petition, proposal, appointment or proceeding;
- (j) Dissolution: except as permitted by Sections 8.2(b) or 8.2(h), if proceedings are commenced for the dissolution, liquidation or winding up of the Borrower or any Material Subsidiary unless such proceedings are being actively and diligently contested in good faith to the satisfaction of the Lenders, acting reasonably;
- (k) Cease to Carry on Business: if, subject to Section 8.2(b) and Section 8.2(h), the Borrower ceases to carry on business;
- (l) Termination of Processing Agreements: if any of the APMC Processing Agreement or the CNRL Processing Agreement is terminated except in accordance with its terms;
- (m) Abandonment of Project or Facility: if an Abandonment occurs in respect of the Project or the Facility;
- (n) Security Realization: if creditors of the Borrower or any Subsidiaries having a Security Interest against or in respect of the property and assets thereof, or any part thereof, realize upon or enforce any such security against such property and assets or any part thereof having an aggregate fair market value in excess of Cdn.\$100,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) and such realization or enforcement shall continue in effect and not be released, discharged or stayed within sixty (60) days;
- (o) Seizure: if property and assets of the Borrower and its Subsidiaries or any part thereof having an aggregate fair market value in excess of Cdn.\$100,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) are seized or otherwise attached by anyone pursuant to any legal process or other means, including distress, execution or any other step or proceeding with similar effect and such attachment, step or other proceeding shall continue in effect and not be released, discharged or stayed within sixty (60) days;

- (p) Invalidity of this Agreement: if this Agreement or any material provision thereof shall at any time for any reason cease to be in full force and effect, be declared to be void or voidable (and the same would be materially prejudicial to the interests of the Lenders (and the Borrower is not taking commercially reasonable steps in good faith to rectify or replace the invalid document or provision) or shall be repudiated, or the validity or enforceability thereof shall at any time be contested by any partner of the Borrower or the Borrower, the Borrower or any partner of the Borrower shall deny that it has any or any further liability or obligation thereunder, or at any time it shall be unlawful or impossible for them to perform any of their respective Obligations;
- (q) Invalidity of Processing Agreements: if either Processing Agreement shall be determined to be invalid, void or unenforceable or shall be repudiated, or at any time it shall be unlawful or impossible (subject to the force majeure provisions thereof) for the parties thereto to perform their respective material obligations thereunder (and, in any such case, the same is not forthwith effectively rectified or replaced by the Borrower to the satisfaction of the Lenders (acting reasonably) within 30 days after notice thereof is given to the Borrower by the Lenders);
- (r) Judgment (Payment of Money): if one or more final judgments, decrees or orders for the payment of money shall be rendered against the Borrower or any of the Subsidiaries (or any combination thereof) in an aggregate amount (net of insurance proceeds in respect thereof which are reasonably expected to be paid and in respect of which the Lenders have received confirmation thereof satisfactory to the Lenders, acting reasonably) in excess of Cdn.\$100,000,000 (or the Equivalent Amount thereof in United States Dollars or the equivalent thereof in any other currency) and, the Borrower or relevant Subsidiary has not (i) provided for its discharge in accordance with its terms within sixty (60) days from the date of entry thereof, or (ii) procured a stay of execution thereof within sixty (60) days from the date of entry thereof and within such period, or such longer period during which execution of such judgment has not been stayed, appealed such judgment and caused the execution thereof to be stayed during such appeal; provided that if enforcement and/or realization proceedings are lawfully commenced in respect thereof in the interim, such grace period will cease to apply; or
- (s) Change of Control: if there occurs a Change of Control of the Borrower which is not consented to by the Lenders, which consent:
 - (i) shall not be unreasonably withheld or delayed;
 - (ii) shall not be withheld if the Lenders are satisfied, acting reasonably, that the proposed successor is of good reputation and has, or is in a position to retain, suitable resources to perform its obligations under this Agreement;
 - (iii) shall not be required if such Change of Control does not require the consent of providers of the Senior Commercial Debt at the relevant time or if such providers of the Senior Commercial Debt have provided the requisite consent); and

- (iv) shall not be required if the successor complies with the requirements of a Successor described in Section 8.2(h).

9.2 Acceleration Upon Event of Default

If any Event of Default shall occur and for so long as it is continuing:

- (a) the entire principal amount of all Base Obligation Loans then outstanding from the Borrower and all accrued and unpaid interest thereon; and
- (b) all other Obligations outstanding hereunder,

shall, at the option of and upon demand by the Lenders become immediately due and payable upon written notice to that effect from the Lender to the Borrower (provided that, if any Event of Default shall occur and be continuing pursuant to Sections 9.1(g), 9.1(h) or 9.1(i), the foregoing shall automatically become due and payable), all without any other notice and without presentment, protest, demand, notice of dishonour or any other demand whatsoever (all of which are hereby expressly waived by the Borrower). In such event and if the Borrower does not immediately pay all such amounts upon receipt of such notice, the Lenders may, in their discretion, exercise any right or recourse and/or proceed by any action, suit, remedy or proceeding against the Borrower authorized or permitted by law for the recovery of all the indebtedness and liabilities of the Borrower to the Lenders and proceed to exercise any and all rights hereunder and no such remedy for the enforcement of the rights of the Lenders shall be exclusive of or dependent on any other remedy but any one or more of such remedies may from time to time be exercised independently or in combination.

The Lenders shall concurrently accelerate the Additional Obligation Loans and the Obligations (as defined in the Additional Obligation SDA) pursuant to the Additional Obligation SDA with any acceleration pursuant to this Section 9.2.

9.3 Remedies Cumulative and Waivers

For greater certainty, it is expressly understood and agreed that the rights and remedies of the Lenders hereunder are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lenders of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement shall not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which any one or more of the Lenders may be lawfully entitled for such default or breach. Any waiver by, as applicable, both of the Lenders of the strict observance, performance or compliance with any term, covenant, condition or other matter contained herein and any indulgence granted, either expressly or by course of conduct, by both of the Lenders shall be effective only in the specific instance and for the purpose for which it was given and shall be deemed not to be a waiver of any rights and remedies of the Lenders under this Agreement as a result of any other default or breach hereunder or thereunder.

9.4 Termination of Lenders' Obligations

Except to the extent specifically provided for in Section 2.3, the occurrence of a Default or Event of Default shall relieve the Lenders of all obligations to provide any further Drawdowns to the Borrower hereunder; provided that the foregoing shall not prevent the Lenders from disbursing money which, by the terms hereof, they are entitled to effect.

9.5 Application and Sharing of Payments Following Acceleration

Except as otherwise agreed to by both of the Lenders in their sole discretion, all monies and property received by the Lenders for application in respect of the Aggregate Obligations subsequent to the Adjustment Time and all monies received as a result of enforcement of the Aggregate Obligations (collectively, the "**Enforcement Proceeds**") shall be applied and distributed Rateably to the Lenders on account of the Aggregate Obligations, and the balance of the Enforcement Proceeds (if any) shall be paid to the Borrower or otherwise as may be required by applicable law.

9.6 Waiver of Recourse

Notwithstanding any provision of this Agreement, except for the obligations of CNUL as a Lender under this Agreement, each of the Lenders waives any recourse under this Agreement or under applicable law, as a creditor of the Borrower and its general partners (and the general partners thereof, in the case of a partner which is itself a general or limited partnership), to any property and assets of the Borrower's existing and future general partners (and the general partners thereof, in the case of a partner which is itself a general or limited partnership) which are held by such partner in its individual capacity (rather than its capacity as a partner of the Borrower), including (a) any Intercompany Partner A/R, (b) any cash or bank accounts owned or held by any partner of the Borrower in its individual capacity (or by the general partners thereof, in the case of a partner which is itself a general or limited partnership), (c) any partnership units of the Borrower owned or held by such partner, and (d) any instruments, financial assets, receivables, intangibles and similar assets owned or held by such partner in its individual capacity (or by the general partners thereof, in the case of a partner which is itself a general or limited partnership).

ARTICLE 10 INDEMNIFICATION

10.1 Costs and Expenses

The Borrower agrees to pay within 30 days of demand by the Lenders all reasonable out-of-pocket costs and expenses in connection with the preparation or review of waivers, consents and amendments pertaining to this Agreement, and in connection with the establishment of the validity and enforceability of this Agreement and the preservation or enforcement of rights of the Lenders under this Agreement, including all reasonable out-of-pocket costs and expenses sustained by the Lenders as a result of any failure by the Borrower to perform or observe any of its obligations hereunder or in connection with any action, suit or proceeding relating thereto (whether or not an Indemnified Party is a

party or subject thereto), together with interest thereon from and after such 30th day if such payment is not made by such time.

10.2 General Indemnity

In addition to any liability of the Borrower to any Lender under any other provision hereof, the Borrower shall indemnify each Indemnified Party and hold each Indemnified Party harmless against any losses, claims, costs, damages or liabilities (including any expense or cost incurred in the liquidation and re-deployment of funds acquired to fund or maintain any portion of a Loan and reasonable out-of-pocket expenses and reasonable legal fees on a solicitor and his own client basis) incurred by the same as a result of or in connection with the Subordinated Debt Facilities or this Agreement, including as a result of or in connection with:

- (a) the Borrower's failure to pay any other amount, including any interest or fee, due hereunder on its due date after the expiration of any applicable grace or notice periods (subject, however, to the interest obligations of the Borrower hereunder for overdue amounts);
- (b) the Borrower's failure to give any notice required to be given by it to the Lenders hereunder;
- (c) the failure of the Borrower to make any other payment due hereunder;
- (d) any inaccuracy or incompleteness of the Borrower's representations and warranties contained in Article 7;
- (e) any failure of the Borrower to observe or fulfil its obligations under Article 8;
- (f) any failure of the Borrower to observe or fulfil any other Obligation not specifically referred to above; or
- (g) the occurrence of any Default or Event of Default in respect of the Borrower,

provided that this Section 10.2 shall not apply to any losses, claims, costs, damages or liabilities that arise by reason of the gross negligence or wilful misconduct of the Indemnified Party claiming indemnity hereunder, as determined in a final, non-appealable judgment by a court of competent jurisdiction. The provisions of this Section 10.2 shall survive repayment of the Obligations.

10.3 Environmental Indemnity

The Borrower shall indemnify and hold harmless the Indemnified Parties forthwith on demand by the Lenders or any one of them from and against any and all claims, suits, actions, debts, damages, costs, losses, liabilities, penalties, obligations, judgments, charges, expenses and disbursements (including all reasonable legal fees and disbursements on a solicitor and his own client basis) of any nature whatsoever, suffered or incurred by the Indemnified Parties or any of them in connection with the Subordinated Debt Facilities, whether as beneficiaries under this Agreement, as successors in interest of the Borrower or any of its Subsidiaries, or voluntary transfer in

lieu of foreclosure, or otherwise howsoever, with respect to any Environmental Claims relating to the property of the Borrower or any of its Subsidiaries arising under any Environmental Laws as a result of the past, present or future operations of the Borrower or any of its Subsidiaries (or any predecessor in interest to the Borrower or its Subsidiaries) relating to the property of the Borrower or its Subsidiaries, or the past, present or future condition of any part of the property of the Borrower or its Subsidiaries owned, operated or leased by the Borrower or its Subsidiaries (or any such predecessor in interest), including any liabilities arising as a result of any indemnity covering Environmental Claims given to any person by the Lenders or a receiver, receiver manager or similar person appointed hereunder or under applicable law (collectively, the “**Indemnified Third Party**”); but excluding any Environmental Claims or liabilities relating thereto to the extent that such Environmental Claims or liabilities arise by reason of the gross negligence or wilful misconduct of the Indemnified Party or the Indemnified Third Party claiming indemnity hereunder, as determined in a final, non-appealable judgment by a court of competent jurisdiction. The provisions of this Section 10.3 shall survive the repayment of the Obligations.

10.4 Limits on Liability of Indemnified Parties

No Indemnified Party shall have any liability to the Borrower, any Subsidiary, any provider of Senior Commercial Debt or any person asserting claims on behalf of, or in right of, the Borrower, any Subsidiary or any provider of Senior Commercial Debt in connection with or as a result of the Subordinated Debt Facilities, this Agreement or any transaction contemplated hereby, except pursuant to Section 2.3 and Section 12.1(b).

ARTICLE 11

LENDER DECISION-MAKING AND ADMINISTRATION OF THE FACILITIES

11.1 Lender Decision-Making and Dispute Resolution

- (a) Other than the decision to make an Advance, which are to be made by each Lender acting independently, and other than as provided otherwise in Section 11.4(b), the Lenders agree that all decisions as to actions to be or not to be taken, as to consents or waivers to be given or not to be given, as to determinations to be made and otherwise in connection with this Agreement, shall be made upon the unanimous decision of both of the Lenders including in respect of a decision or determination where it is specifically provided in this Agreement that “both of the Lenders”, “all Lenders” or “each Lender” or words to similar effect. Each of the Lenders shall be bound by and agrees to abide by and adopt all decisions made as aforesaid and covenants in all communications with the Borrower to act in concert and to join in the action, consent, waiver, determination or other matter decided as aforesaid except where such communications are stated to be from an individual Lender.
- (b) In the event that the Lenders are not able to make a unanimous decision where required in accordance with the terms of this Agreement, each of the Lenders shall promptly advise its senior management in writing of such dispute. Within five (5) Banking Days following delivery of such notice, a senior executive (Vice President or higher) of each Lender who is empowered to bind such Lender shall

meet, either in person or by telephone, to attempt in good faith to resolve the dispute. Each senior executive shall be prepared at such meeting or conference to propose a solution to the dispute and shall record any resolution of such dispute in writing which shall be final and binding.

- (c) If the Lenders are unable to resolve the dispute pursuant to Section 11.1(b) within twenty (20) days, then, unless the Lenders otherwise agree, the matter shall be referred to arbitration pursuant to the following:
 - (i) The National Arbitration Rules of the ADR Institute of Canada, Inc., as amended, revised or replaced from time to time (the “**National Arbitration Rules**”), shall apply to the arbitration and shall be deemed to be incorporated by reference into this Agreement, subject to the following provisions of this Section 11.1(c);
 - (ii) The arbitration shall be heard by one (1) arbitrator, by agreement of the Lenders within five (5) Banking Days from the date the applicable Lenders are furnished with the Notice of Request to Arbitrate pursuant to Rule 11 of the National Arbitration Rules. Failing agreement, the selection and appointment of the arbitrator shall be made in accordance with this Agreement and by a Justice of the Court of Queen’s Bench Alberta. The arbitrator must be independent and sign a certificate to that effect in accordance with Rule 16(c) of the National Arbitration Rules.
 - (iii) The “Act” referred to in Rule 2 of the National Arbitration Rules shall be the *Arbitration Act* (Alberta). The *Arbitration Act* (Alberta) shall apply to the arbitration, but if there is a conflict between the National Arbitration Rules (as modified by this Section 11.1) and the provisions of the *Arbitration Act* (Alberta), the National Arbitration Rules shall prevail.
 - (iv) The arbitration shall be conducted in the English language and in Calgary, Alberta.
 - (v) The decision of the arbitrator shall be final, conclusive and binding on the Lenders.

11.2 Procedure for Making Base Obligation Loans Under the Base Obligation Facilities

- (a) Each Lender shall make Base Obligation Loans under the Base Obligation Facilities available to the Borrower as required hereunder by transferring to the account of the Borrower or, at the expense of the Borrower, transferring (or causing to be transferred) like funds in accordance with the instructions of the Borrower as set forth in an Officer’s Certificate in respect of any applicable Base Obligation Loan; provided that the obligation of the Lenders hereunder to effect such a transfer shall be limited to taking such steps as are commercially reasonable to implement such instructions, which steps once taken shall constitute conclusive and binding evidence that such funds were advanced hereunder in accordance with the provisions relating thereto and the Lenders shall not be liable for any damages, claims or costs which may be suffered by the Borrower and

occasioned by the failure of such Base Obligation Loan to reach the designated destination.

- (b) Unless a Lender has been notified by the other Lender at least five (5) Banking Days prior to the Drawdown Date that such other Lender will not make available to the Borrower its required portion of such Base Obligation Loan, the Lender may assume that such other Lender has made or will make such portion of the Base Obligation Loan available to the Borrower on the Drawdown Date in accordance with the provisions hereof. If such Lender makes the payment to the Borrower required herein, the amount so paid shall constitute such Lender's required portion of the Base Obligation Loan for purposes of this Agreement.

11.3 Lender Credit Decision

It is understood and agreed by each Lender that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrower and its Subsidiaries. Each Lender hereby covenants and agrees that it will not make any arrangements with the Borrower for the satisfaction of any Base Obligation Loans or other Obligations without the consent of the other Lender.

11.4 Taking and Enforcement of Remedies

- (a) Each of the Lenders hereby acknowledges that, to the extent permitted by applicable law, the remedies provided hereunder to the Lenders are for the benefit of the Lenders collectively and acting together and not severally and further acknowledges that its rights hereunder are to be exercised not severally, but collectively by the Lenders. Each of the Lenders hereby covenants and agrees that it shall not be entitled to individually take any enforcement action with respect to the Subordinated Debt Facilities but that any such action shall be taken only by both of the Lenders acting together.
- (b) Notwithstanding anything to the contrary contained in this Agreement, any Lender which holds 25% or more of the outstanding aggregate principal amount of the Aggregate Obligations at the relevant time may require that the Obligations be accelerated after the occurrence and during the continuance of an Event of Default pursuant to Section 9.2 and require the Lenders to take joint enforcement action. Each of the Lenders hereby further covenants and agrees that it shall cooperate fully with the other Lender to the extent requested by the other Lender in the collective realization.
- (c) Each Lender covenants and agrees to do all acts and things and to make, execute and deliver all agreements and other instruments, including any instruments necessary to effect any registrations, so as to fully carry out the intent and purpose of this Section 11.4; and each of the Lenders hereby covenants and agrees that it has not heretofore and shall not seek, take, accept or receive any security for any of the obligations and liabilities of the Borrower hereunder or under any other document, instrument, writing or agreement ancillary hereto other than security contemplated under the Processing Agreements and shall not enter into any

agreement with any of the parties hereto or thereto relating in any manner whatsoever to the Subordinated Debt Facilities, unless both of the Lenders shall at the same time obtain the benefit of any such security or agreement.

11.5 Article for Benefit of the Lenders

The provisions of this Article 11 which relate to the rights and obligations of the Lenders to each other shall be for the exclusive benefit of the Lenders, and, except to the extent provided in Sections 11.1, 11.2, 11.4 and this Section 11.5, the Borrower shall not have any rights or obligations thereunder or be entitled to rely for any purpose upon such provisions. Any Lender may waive in writing any right or rights which it may have against the other Lenders hereunder without the consent of or notice to the Borrower.

ARTICLE 12 GENERAL

12.1 Exchange and Confidentiality of Information

- (a) The Borrower agrees that each Lender may provide any assignee or any bona fide prospective assignee pursuant to Section 12.7 with any information concerning the Borrower and its Subsidiaries provided such party agrees in writing with such Lender for the benefit of the Borrower to be bound by a like duty of confidentiality to that contained in this Section 12.1.
- (b) Each of the Lenders acknowledges the confidential nature of the financial, operational and other information and data provided and to be provided to them by the Borrower pursuant to or directly in relation to this Agreement (the “**Information**”) and agrees to receive the Information in confidence and treat the Information as confidential. No Lender hereto shall disclose Information received by it from another party hereto except:
 - (i) each of the Lenders may disclose all or any part of the Information as required to be disclosed by it for financial reporting purposes or to comply with the rules of any stock exchange or to any taxation authority having jurisdiction;
 - (ii) each of the Lenders may disclose to such of its officers, employees, consultants, advisors and contractors, counsel, rating agencies, surety companies, underwriters, other professional advisors, lenders or potential lenders (and the respective agents, consultants and advisors of any of the foregoing) such Information which is reasonably required by such parties in furtherance of the Subordinated Debt Facilities, the Senior Commercial Debt, or the carrying out of this Agreement or to verify compliance with this Agreement;
 - (iii) each of the Lenders may disclose all or any part of the Information if, in their reasonable opinion, such disclosure is required (i) by their respective auditors or (ii) in connection with any actual or threatened judicial, administrative or governmental proceedings, including proceedings

initiated under or in respect of this Agreement or upon the request of its independent auditors or a Governmental Authority having jurisdiction over it;

- (iv) each of the Lenders shall incur no liability in respect of any Information required to be disclosed by any applicable law or regulation, or by applicable treaty, order, policy or directive having the force of law, to the extent of such requirement, including as required by the *Freedom of Information and Protection of Privacy Act* (Alberta) or any other applicable laws;
- (v) each Lender may disclose the Information to any governmental or regulatory authority (including any self-regulatory agency or authority) having jurisdiction over it (i) upon the request thereof or (ii) where it considers such disclosure to be advisable or appropriate, acting reasonably;
- (vi) by APMC to the Department of Energy of the Government of Alberta, subject to the same obligation of confidentiality;
- (vii) each Lender may provide any Affiliate thereof with the Information to the extent reasonably required to be disclosed thereto; provided that each such Affiliate shall be under a like duty of confidentiality to that contained in this Section 12.1;
- (viii) each Lender may disclose Information to any insurance or reinsurance company thereof for the purpose of maintaining insurance, to any person providing administration and settlement services in respect of this Agreement and to any actual or prospective counterparty to any securitization, swap or derivative transaction relating to the Borrower; provided that, such counterparty, insurance or reinsurance company or other person agrees in writing to be under a like duty of confidentiality to that contained in this Section;
- (ix) each of the Lenders shall incur no liability in respect of any Information:
 - (i) which is or becomes readily available to the public (other than by a breach hereof, including, for certainty, by a breach hereof by a person for which the applicable Lender is responsible) or which has been made readily available to the public by the Borrower or its Subsidiaries, (ii) which the relevant Lender can show was, prior to receipt thereof from the Borrower, lawfully in the Lender's possession from a source other than the Borrower or a representative of the Borrower and not then subject to any obligation on its part to the Borrower to maintain confidentiality, or (iii) which the relevant Lender received from a third party who was not, to the knowledge of such Lender, under a duty of confidentiality to the Borrower at the time the information was so received;
- (x) each of the Lenders may disclose the Information to (i) any of their respective Affiliates and (ii) other financial institutions and other persons

in connection with the assignment by a Lender of the Subordinated Debt Facilities where such Affiliate or financial institution or other person agrees to be under a like duty of confidentiality to that contained in this Section 12.1; and

- (xi) each of the Lenders may disclose all or any part of the Information so as to enable the Lenders to initiate any lawsuit against the Borrower or to defend any lawsuit commenced by the Borrower the issues of which touch on the Information, but only to the extent such disclosure is necessary to the initiation or defence of such lawsuit; or
 - (xii) where the disclosure of all or any party of the Information is consented to by the Borrower.
- (c) Notwithstanding Sections 12.1(a) and 12.1(b), any party shall be at liberty to make public disclosure of the provisions of this Agreement.

12.2 Nature of Obligation under this Agreement; Defaulting Lenders

- (a) The obligations of each Lender under this Agreement are several. Unless otherwise specifically provided herein, the failure of any Lender to carry out its obligations hereunder shall not relieve the other Lender or the Borrower of any of their respective obligations under this Agreement.
- (b) Subject to and without derogating from the operation of this Section 12.2, no Lender shall be responsible for the obligations of any other Lender hereunder.
- (c) Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:
 - (i) If a Lender fails to fund its required portion of an Advance and does not remedy such failure within ten (10) Banking Days (such Lender, a **"Defaulting Lender"**), then the other Lender (the **"Non-Defaulting Lender"**), provided that it is not also a Defaulting Lender, shall be entitled but not required to fund such Advance which was not funded and all future Advances requested of the Defaulting Lender until such time as such Defaulting Lender is no longer a Defaulting Lender (the aggregate of all such Advances, the **"Defaulted Loans"**).
 - (ii) The Non-Defaulting Lender shall be entitled to receive payment in the amounts and on the terms set forth in Schedule "E".
 - (iii) The Defaulting Lender shall remain a Defaulting Lender until such time as (A) the Defaulting Lender makes the applicable Advance, or (B) the Defaulted Loan is transferred to the Defaulting Lender in accordance with Schedule "E", at which time the Defaulting Lender shall no longer be a Defaulting Lender and shall revert to all of the rights hereunder granted to a Lender.

- (iv) A Defaulting Lender shall not be included in making any decisions or determinations by the Lenders hereunder (including any consent to any amendment or waiver pursuant to this Agreement), provided that any waiver, amendment or modification that does any of the following shall require the consent of such Defaulting Lender:
 - (A) increases the Base Obligation applicable to such Defaulting Lender;
 - (B) reduces or forgives any Obligations payable by the Borrower to the Lenders under this Agreement;
 - (C) postpones any payment due date or maturity date of any Obligations of the Borrower to the Lenders under this Agreement;
 - (D) changes in any way the nature of the Advances;
 - (E) changes in any way the revenue sources for payment obligations described in Section 2.2(f);
 - (F) amends Article 6, Sections 3.1, 5.3, 8.1(a), 8.2(a), 8.2(d), 8.2(e), 8.2(f), 11.2, or this Section 12.2; and
 - (G) amends in any way the definitions of "80/20 Ratio", "Acceptable Senior Commercial Debt", "Prime Rate" or "Subordinated Debt Facilities Interest Rate".
- (d) The remedies and voting rights described in Section 12.2(c) shall constitute the sole payments and remedies of a Non-Defaulting Lender against a Defaulting Lender in connection with Defaulted Loans.

12.3 Notices

Any demand, notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by transmittal by telecopy or other electronic means of communication addressed to the respective parties as follows:

To the Borrower:

North West Redwater Partnership
2800, 140 – 4th Avenue S.W.
Calgary, AB T2P 3N3

Attention: Director, Finance and Information Systems
Facsimile: (403) 398-0924

and if such notice is in connection with a Default, or Event of Default or any subsequent enforcement proceeding, with a copy to each of:

Canadian Natural Upgrading Limited
1800, 324 – 8th Avenue S.W.
Calgary, AB T2P 2Z2

Attention: Vice-President
Facsimile: (403) 514-7798; and

NWU LP
c/o 1726702 Alberta Ltd.
2800, 140 – 4th Avenue S.W.
Calgary, AB T2P 3N3

Attention: President
Facsimile: (403) 451-4197

To APMC:

Alberta Petroleum Marketing Commission, as a Lender
300, 801 – 6th Avenue SW
Calgary, AB T2P 3W2

Attention: Chief Executive Officer
Facsimile: (403) 297-5468

To CNUL:

Canadian Natural Upgrading Limited
1800, 324 – 8th Avenue S.W.
Calgary, AB T2P 2Z2

Attention: Vice-President
Facsimile: (403) 514-7798

To CNRL:

Canadian Natural Resources Limited, as guarantor
1800, 324 – 8th Avenue S.W.
Calgary, AB T2P 2Z2

Attention: Senior Vice-President, Marketing
Facsimile: (403) 514-7798

To CNR:

Canadian Natural Resources
c/o Canadian Natural Resources Limited
1800, 324 – 8th Avenue S.W.
Calgary, AB T2P 2Z2

Attention: Senior Vice-President, Marketing
Facsimile: (403) 514-7798

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

12.4 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, without prejudice to or limitation of any other rights or remedies available under the laws of any jurisdiction where property or assets of the Borrower may be found.

12.5 Benefit of the Agreement

- (a) This Agreement shall enure to the benefit of and be binding upon the Borrower, the Lenders and their respective successors and permitted assigns and, in respect of Article 4, shall enure to the benefit of the Beneficiary and, in respect of Section 2.1(e)(iv) and Section 2.1(e)(iv)2.2(e)(iv), shall enure to the benefit of the Tollpayers.
- (b) The parties hereto agree that CNR is a party to this Agreement only for the purpose of agreeing to pay the amounts described in Schedule "E" hereto payable by CNR and that APMC shall be the only person entitled to rely on or receive the benefit of such agreement.

12.6 Acknowledgement of NWULP Options

The Lenders hereby acknowledge the options of NWULP, pursuant to the Collateral Rights Agreement and under the conditions specified thereof and subject to any applicable restrictions in the Subordination Agreements and Schedule "E" hereto, following COD, to:

- (a) purchase from APMC, all (and not less than all) of APMC's share of the Subordinated Debt Facilities;
- (b) assign the option to purchase from APMC all (and not less than all) of APMC's share of the Subordinated Debt Facilities; and

- (c) purchase from APMC, all (and not less than all) of APMC's Excess Capacity entitlement (including any joint venture penalty entitlements).

12.7 APMC Purchase Option

Notwithstanding Section 12.8 or anything else contained herein, but subject to Schedule "E" hereto, CNUL hereby grants APMC an option to, at any time, purchase from CNUL such amount of the Subordinated Debt Facilities held by CNUL which would result in APMC (together with any assignees of APMC hereunder) holding up to 75% of the Subordinated Debt Facilities and the Aggregate Obligations for consideration equal to the principal amount of and accrued interest on the purchased Subordinated Debt Facilities. For greater certainty, in no event shall the exercise of the option of APMC in this Section 12.7 result in CNUL (together with any assignees of CNUL hereunder) holding less than 25% of the Subordinated Debt Facilities and the Aggregate Obligations. Such purchase option shall have been exercised upon completion of the following: (a) APMC delivering a notice to CNUL stating APMC's intention to exercise the option and the proposed effective date of such exercise, which shall be at least thirty (30) days following receipt of such notice by CNUL, (b) APMC's payment of the applicable amount to CNUL on or before the effective date of the exercise, and (c) the Lenders' entering into an Assignment Agreement with respect to the transferred Subordinated Debt Facilities as of the effective date of the exercise.

12.8 Assignment and Rights of First Refusal

- (a) Subject to Section 12.7, the Subordination Agreements and Schedule "E" hereto, following COD, each Lender may, with the prior written consent of the other Lender, which consent shall not be unreasonably withheld, assign an interest in all but not less than all of its share of the Subordinated Debt Facilities and its rights under the SDAs to any person, provided that:
 - (i) the consent of the other Lender shall be required (which consent shall not be unreasonably withheld, conditioned or delayed, provided that it shall be reasonable for a Lender to withhold its consent if it is not satisfied, acting reasonably, that the proposed assignee will be able to perform its obligations under the SDAs);
 - (ii) no Lender shall assign an interest in its share of the Subordinated Debt Facilities unless, following the assignment, the assignee holds all and not less than all of the assigning Lender's aggregate outstanding principal amount of Subordinated Debt Facilities; and
 - (iii) upon any assignment by CNUL in accordance with this Section 12.8(a), CNUL's guarantee pursuant to Article 4 shall immediately become null and void and APMC shall no longer be entitled to receive the benefit of such guarantee.
- (b) Subject to Section 12.8(h), upon any assignment permitted pursuant to this Section 12.8, the assigning Lender shall have no further obligation hereunder with respect to such interest.

- (c) Upon any assignment permitted pursuant to this Section 12.8, the assigning Lender, the assignee Lender and, if applicable, the Borrower shall execute and deliver an Assignment Agreement.
- (d) Except as permitted by Section 8.2(h), the Borrower shall not assign its rights or obligations hereunder without the prior written consent of both of the Lenders.
- (e) CNUL hereby grants APMC a right of first refusal in respect of any assignment of the Subordinated Debt Facilities by CNUL to any person pursuant to Section 12.8(a). Upon receiving an offer to assign its interest in the Subordinated Debt Facilities in any manner which CNUL is willing to accept, CNUL shall deliver notice to APMC which shall contain sufficient detail to enable APMC to make reasonably informed decisions whether to purchase the Subordinated Debt Facilities, including the identity of the party offering to purchase such interest in the Subordinated Debt Facilities, the price or other consideration for the proposed disposition, the proposed effective date and closing date and any other information respecting the transaction which would be material to the exercise of APMC's rights hereunder. Such notice shall be deemed to be an irrevocable offer by CNUL to APMC to sell the Subordinated Debt Facilities to APMC, upon the terms contained in such notice, subject nevertheless to such amendments as may be agreed to by the Lenders. APMC may, within ten (10) Banking Days of receipt of such notice, exercise its right of first refusal by delivering a notice to CNUL that APMC will acquire such interest in the Subordinated Debt Facilities on the terms set out in CNUL's notice to APMC, in which event a valid and enforceable agreement of sale and purchase shall be deemed to have arisen between APMC and CNUL for the sale of CNUL's interest in the Subordinated Debt Facilities.
- (f) APMC hereby grants CNUL a right of first refusal in respect of any assignment of the Subordinated Debt Facilities by APMC to any person pursuant to Section 12.8(a), provided that such right of first refusal shall not apply to a disposition by APMC of its required portion of the Subordinated Debt Facilities to NWULP or its assignee as contemplated by Section 12.6. Upon receiving an offer to assign its interest in the Subordinated Debt Facilities in any manner which APMC is willing to accept, APMC shall deliver notice to CNUL which shall contain sufficient detail to enable CNUL to make reasonably informed decisions whether to purchase the Subordinated Debt Facilities, including the identity of the party offering to purchase such interest in the Subordinated Debt Facilities, the price or other consideration for the proposed disposition, the proposed effective date and closing date and any other information respecting the transaction which would be material to the exercise of CNUL's rights hereunder. Such notice shall be deemed to be an irrevocable offer by APMC to CNUL to sell the Subordinated Debt Facilities to CNUL, upon the terms contained in such notice, subject nevertheless to such amendments as may be agreed to by the Lenders. CNUL may, within ten (10) Banking Days of receipt of such notice, exercise its right of first refusal by delivering a notice to APMC that CNUL will acquire such interest in the Subordinated Debt Facilities on the terms set out in APMC's notice to CNUL, in which event a valid and enforceable agreement of sale and purchase shall be

deemed to have arisen between CNUL and APMC for the sale of APMC's interest in the Subordinated Debt Facilities.

- (g) Each of APMC and CNUL acknowledge that, pursuant to section 2.2 of the Collateral Rights Agreement, NWULP has a right of second refusal in respect of any assignment of the Subordinated Debt Facilities by APMC or CNUL to any person pursuant to Section 12.8(a).
- (h) Notwithstanding anything to the contrary in this Agreement, no consent to assignment shall be required, and no right of first refusal shall exist, on any assignment of a Subordinated Debt Facilities by CNUL to an affiliate of CNUL as long as CNRL guarantees the assigned obligation on the same terms as contained in Article 4.

12.9 Severability

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

12.10 Whole Agreement

This Agreement, together with the Additional Obligation SDA, the Collateral Rights Agreement and the Lenders Funding Agreement, constitutes the whole and entire agreement between the parties hereto regarding the subject matter hereof and such parties agree there are no prior agreements (including any commitment letters), undertakings, declarations, commitments, representations, written or oral, in respect thereof.

12.11 Amendments and Waivers

- (a) Any provision of this Agreement may be amended only if the Borrower and each of the Lenders so agree in writing and, except as otherwise specifically provided herein, may be waived only if the Lenders so agree in writing. Any such waiver and any consent by both of the Lenders under any provision of this Agreement must be in writing (including, for certainty, by electronic mail) and may be given subject to any conditions thought fit by the person giving that waiver or consent. Any waiver or consent shall be effective only in the instance and for the purpose for which it is given.
- (b) It is the Borrower and the Lenders' intention that the covenants and events of default contained in Article 8 and Article 9, respectively (in this Section 12.11(b), the "**Specified Provisions**"), are to be substantially similar to the corresponding representations, warranties, covenants and events of default that are contained from time to time in the trust indenture with the largest principal amount of bonds outstanding thereunder (for certainty, excluding commercial paper) which is a Senior Commercial Debt Agreement. To the extent the Specified Provisions differ in any material respect from the corresponding provisions contained from time to time in such Senior Commercial Debt Agreement, the Borrower may request that

the other parties hereto amend the SDAs such that the Specified Provisions contained herein will be substantially the same, *mutatis mutandis*, as the corresponding provisions contained in such Senior Commercial Debt Agreement, provided that such amendments to the terms of the SDAs are not prohibited by the terms of any Senior Commercial Debt Agreement. Each of the parties to this Agreement agrees to enter into such amendments to this Agreement and the Additional Obligation SDA from time to time, acting reasonably, as may be so requested by other parties hereto. If any consent, waiver, forbearance or similar document is executed or granted or deemed to be granted by the providers of any Senior Commercial Debt to the Borrower in connection with representations, warranties, covenants and events of default thereunder which are similar to the Specified Provisions including events of default with respect to the payment of principal, interest or other amounts, each Lender hereby agrees to execute and deliver a consent, waiver, forbearance or similar document in such form as the Borrower may reasonably request on substantially the same terms, *mutatis mutandis*, as granted or deemed to be granted by such providers of such Senior Commercial Debt.

12.12 Further Assurances

The Borrower shall, and shall cause each Subsidiary to, promptly cure any default by it or defect in the execution and delivery of this Agreement or any of the agreements provided for hereunder to which it is a party. Upon request, the Borrower will, at its expense, as promptly as practical, execute and deliver to the Lenders, all such other and further deeds, agreements, opinions, certificates, instruments, affidavits, and other documents (and cause each other Subsidiary to take such action) necessary for the Borrower's compliance with or performance of the covenants and agreements of the Borrower in this Agreement, or to correct any omissions in this Agreement, or more fully to state the obligations set out herein, or to obtain any consent, all as may be necessary or appropriate in connection therewith, in the judgment of the Lenders, acting reasonably.

12.13 Attornment

The parties hereto each hereby attorn and submit to the non-exclusive jurisdiction of the courts of the Province of Alberta in regard to legal proceedings relating to this Agreement. For the purpose of all such legal proceedings, this Agreement shall be deemed to have been performed in the Province of Alberta and the courts of the Province of Alberta shall have jurisdiction to entertain any action arising under this Agreement. Notwithstanding the foregoing, nothing in this Section shall be construed nor operate to limit the right of any party hereto to commence any action relating hereto in any other jurisdiction, nor to limit the right of the courts of any other jurisdiction to take jurisdiction over any action or matter relating hereto.

12.14 Time of the Essence

Time shall be of the essence of this Agreement.

12.15 Waiver of Jury Trial

To the extent permitted by Applicable Laws, each of the Borrower and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the actions of any Lender in the negotiation, administration, performance or enforcement thereof.

12.16 Electronic Communications

- (a) Any demand, notice or communication to be made or given hereunder may be delivered or furnished by electronic communication (including email and internet or intranet websites) pursuant to procedures approved by the Lenders, provided that the foregoing shall not apply to notices to any Lender if such Lender has notified the other parties hereto that it is incapable of receiving notices by electronic communication. Each of the Lenders or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular demands, notices or communications.
- (b) Unless any Lender otherwise prescribes, demands, notices and other communications sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement), and demands, notices or communications posted to an internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its email address of notification that such notice or communication is available and identifying the website address therefor, provided that, if such demand, notice, email or other communication is not sent within normal business hours of the recipient, such demand, notice or other communication shall be deemed to have been sent at the opening of business on the next Banking Day.

12.17 No Fiduciary Duty

Each Lender and their respective Affiliates (collectively, solely for purposes of this Section 12.17, the "**Lenders**"), may have economic interests that conflict with those of the Borrower, its partners and/or its Affiliates and/or its Partner Affiliates. The Borrower agrees that nothing in this Agreement will be deemed to create an advisory, fiduciary or agency relationship or fiduciary or other implied duty between any Lender, on the one hand, and the Borrower, its Affiliates and its partners and any Partner Affiliates, on the other hand. The Borrower acknowledges and agrees that (a) the transactions contemplated by this Agreement (including the exercise of rights and remedies hereunder and thereunder) are arm's length commercial transactions between the Lenders, on the one hand, and the Borrower, on the other hand, and (b) in connection therewith and with the process leading thereto, (i) no Lender has assumed an advisory or fiduciary responsibility in favour of the Borrower, its Affiliates or its partners or any Partner Affiliates with respect to the transactions contemplated hereby (or the exercise of rights

or remedies with respect thereto) or the process leading thereto (irrespective of whether any Lender has advised, is currently advising or will advise the Borrower, its Affiliates or its partners or any Partner Affiliates on other matters) or any other obligation to the Borrower except the obligations expressly set forth in this Agreement and (ii) each Lender is acting solely as principal and not as the agent or fiduciary of the Borrower, its management, shareholders, unitholders, partners, creditors or any other person. The Borrower acknowledges and agrees that the Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to such transactions and the process leading thereto. The Borrower agrees that it will not claim that any Lender has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with such transactions or the process leading thereto.

12.18 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or by sending a scanned copy by electronic mail shall be effective as delivery of manually executed counterpart of this Agreement.

12.19 Full Recourse

The Lenders shall, subject to Section 9.6 and subject to the express provisions of this Agreement as to when payments of the Obligations are due and payable, have full recourse against the Borrower for all of the Obligations and any statements made herein that payments are to be made from the Initial Proceeds Trust Account shall not limit full recourse of the Lenders against the Borrower.

[Remainder of this page intentionally left blank.]


IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BORROWER:

**NORTH WEST REDWATER
PARTNERSHIP,
by its general partners**

**CANADIAN NATURAL UPGRADING
LIMITED**

By: 
Name:
Title:

By: 
Name:
Title:

**NWU LP, by its general partner, 1726702
ALBERTA LTD.**

By: _____
Name:
Title:

By: _____
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

BORROWER:

**NORTH WEST REDWATER
PARTNERSHIP,
by its general partners**

**CANADIAN NATURAL UPGRADING
LIMITED**

By: _____
Name:
Title:

By: _____
Name:
Title:


**NWU LP, by its general partner, 1726702
ALBERTA LTD.**

By: _____
Name: Gary Lee
Title: Secretary

By: _____
Name: Larry Vidori
Title: Senior Vice President of Strategy
and Corporate Development

LENDERS:

**ALBERTA PETROLEUM MARKETING
COMMISSION**

By: 
Name: Richard Masson
Title: Chief Executive Officer

**CANADIAN NATURAL UPGRADING
LIMITED**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

GUARANTOR:

**CANADIAN NATURAL RESOURCES
LIMITED**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

LENDERS:

**ALBERTA PETROLEUM MARKETING
COMMISSION**

By: _____
Name: Richard Masson
Title: Chief Executive Officer

**CANADIAN NATURAL UPGRADING
LIMITED**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

GUARANTOR:

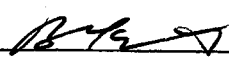
**CANADIAN NATURAL RESOURCES
LIMITED**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**CANADIAN NATURAL RESOURCES, by
its managing partner, CANADIAN
NATURAL RESOURCES LIMITED**

By: 
Name:
Title:

By: 
Name:
Title:

SCHEDULE "A"

FORM OF REPAYMENT NOTICE

TO: Alberta Petroleum Marketing Commission, as Lender

AND TO: Canadian Natural Upgrading Limited, as Lender

DATE: ●, 20●

1. This Repayment Notice is delivered to you pursuant to the terms and conditions of the subordinated debt agreement made as of ●, 2014 between North West Redwater Partnership, as Borrower, the Lenders, as lenders, and Canadian Natural Resources Limited, as guarantor (as amended, modified, supplemented or restated, the "**Base Obligation Subordinated Debt Agreement**"). Unless otherwise expressly defined herein, capitalized terms set forth in this Repayment Notice shall have the respective meanings set forth in the Base Obligation Subordinated Debt Agreement.

2. The Borrower hereby gives notice of a repayment as follows:

- (a) Date of repayment: _____
- (b) Loan(s): _____
- (c) Amount being repaid: _____

Yours very truly,

NORTH WEST REDWATER PARTNERSHIP

Per: _____
Name:
Title:

SCHEDULE "B"

DRAWDOWN SCHEDULE

Base Obligation Advances

<u>Drawdown Date</u>	<u>Amount of Base Obligation Loan of each Lender</u>	<u>Total</u>
April 30, 2014	Cdn.\$112,500,000	Cdn.\$225,000,000
January 2, 2015	Cdn.\$112,500,000	Cdn.\$225,000,000
January 4, 2016	Cdn.\$99,363,000	Cdn.\$198,726,000

SCHEDULE “C”
BASE OBLIGATION METHODOLOGY

See attached.

SCHEDULE "C"

BASE OBLIGATION METHODOLOGY

Defined terms used and not otherwise defined in this Schedule shall have the meanings given to such terms in the Base Obligation Subordinated Debt Agreement as of the date hereof. All monetary figures are in thousands of Canadian Dollars.

For the avoidance of doubt, this Schedule pertains only to calculation of the Base Obligation and does not affect any calculations made in accordance with the Processing Agreements.

A. Equity Funding

Borrower equity ("**Equity**") consists of the aggregate of:

- (a) 'old' equity which was previously funded to the Borrower to November 30, 2013 (*c* in the table below);
- (b) AFUDC (as defined in the Processing Agreements) earned on 'old' equity to November 30, 2013;
- (c) AFUDC to be earned on the 'old' equity from December 1, 2013 to the Toll Commencement Date;
- (d) Advances of Class A Subordinated Loans to a maximum amount equal to the Base Obligation Maximum Amount and compound interest earned thereon to Toll Commencement Date.

Assuming that actual COD is achieved on the target commercial operation date for the Project (in this Schedule, "**Target COD**"), being September 1, 2017 (which would also be the Toll Commencement Date), Equity is calculated as follows:

$$\begin{aligned} b &= 0.20(a) \\ b &= 0.20(s + t + u + p) \\ b &= \$1,808,671 \end{aligned}$$

Where:

Target Facility Capital Costs (in this Schedule, "**Target FCC**") = s = \$8,531,764

AFUDC on 'old' equity to November 30, 2013 = t = \$185,793. This number incorporates an AFUDC return on original equity (ROE) (to November 30, 2013) of 10.0% per annum.

AFUDC on 'old' equity from December 1, 2013 to August 31, 2017 = u = \$165,590. This number incorporates an AFUDC return on original equity (ROE) (December 1, 2013 to August 31, 2017) of 5.0% per annum.

*** Illustration of calculation of u**

u = the compound AFUDC on 'old' equity from December 1, 2013 to August 31, 2017 (using AFUDC formula in the Processing Agreements which shall be the aggregate of the returns in each Month from and including December 2013 to and

including the Month prior to Target COD calculated on the last day of such Month and determined as follows):

$$u_n = \sum_{n=First\ Month}^{n=Final\ Month} e * [(1 + r)^{DIM_n / DIY_n} - 1]$$

Where:

r is the annual interest rate (5% per annum)

n = the applicable Month commencing from and including December 2013 (in part A of this Schedule, the “**First Month**”) and ending on the Month prior to the Month in which the Toll Commencement Date falls (in part A of this Schedule, such ending Month being the “**Final Month**”)

e = ‘old’ equity which was previously funded to the Borrower to November 30, 2013 plus AFUDC earned on ‘old’ equity to November 30, 2013

DIM_n is the number of days in Month n

DIY_n is the number of days in the year during which Month n falls

Interest on Tranche 1 of the Class A Subordinated Debt Facility = p , where p is currently estimated to be \$160,206 pursuant to the calculation below.

Of the Equity to be provided by the Lenders, b , some will be or have been provided (i) as ‘old’ equity contributed to November 30, 2013, (ii) as AFUDC earned on such ‘old’ equity to November 30, 2013, (iii) as AFUDC earned on ‘old’ equity from December 1, 2013 to the end of the Month prior to the Month during which the Target COD falls, and (iv) Net Grant Amounts (as defined in the Processing Agreement on the date hereof) paid to the Borrower prior to the Toll Commencement Date (in this Schedule, the “**Grants**”). Subtracting these amounts from b results in i , the actual amount of additional Equity to be provided to the Borrower in the form of Class A Subordinated Loans (or the capitalization of interest accrued thereon).

The foregoing calculation is illustrated in the below table:

Target Equity Calculation		Legend of Symbols
Target Commercial Operation Date (Target COD)	9/1/2017	
Actual COD (Assume same as Target COD for this calculation)	9/1/2017	
Target Facility Capital Costs (Target FCC) (i.e. excluding AFUDC and interest on Class A Subordinated Loans)	8,531,764	s
AFUDC on 'old equity' to November 30, 2013	185,793	t
AFUDC on 'old equity' from December 1, 2013 to August 31, 2017	165,590	u
Capitalized interest on Class A Subordinated Debt Facility to Target COD	160,206	p
Total (Target FCC + AFUDC + capitalized interest on subordinated debt)	9,043,353	$a = s + t + u + p$
Target resulting total equity to be contributed (in order to achieve the 80/20 Ratio)	1,808,671	$b = 0.20(a)$
‘Old’ equity contributed to November 30, 2013	638,156	c

AFUDC earned on 'old' equity to November 30, 2013	185,793	t
Total ('old' equity contributed to November 30, 2013 + AFUDC earned to November 30, 2013)	823,949	$e = c + t$
AFUDC earned on 'old' equity from December 1, 2013 to August 31, 2017	165,590	u (*see above)
Expected Grants	10,200	g
Total equity ('old' equity contributed + AFUDC earned on 'old' equity + Grants)	999,738	$h = e + u + g$
Required Class A Subordinated Loans and interest thereon (based on current assumptions)	808,932	$i = b - h$

B. Scheduled Advances

The principal advances in accordance with the Drawdown Schedule are determined as follows:

Advances of Class A Subordinated Loans	Drawdown Date	Amount	Legend of Symbols
Principal Advance 1	30-Apr -14	225,000	x
Principal Advance 2	2-Jan-15	225,000	y
Principal Advance 3 (remaining)	4-Jan-16	198,726	z
	Total Principal	648,726	$q = x + y + z$
	Total Interest	160,206	$p = i - q$
	Total	808,932	$i = q + p$

Required additional Equity, i , is the sum of the three principal advances to be made under Tranche 1 of the Class A Subordinated Debt Facility (in this Schedule, each a “**Principal Advance**”), x , y and z , plus the total interest payable on x , y and z , being p .

The interest earned on each of x , y and z is calculated from but excluding the date that each of x , y and z , as applicable, is earned using the compound interest formula set forth below. The interest for each Month prior to the month during which the Toll Commencement Date occurs (the foregoing table assumes COD=Target COD=Toll Commencement Date) is calculated on the last day of such Month as follows:

$$\text{Amount of interest payable} = \sum_{n=\text{First Month}}^{n=\text{Final Month}} \text{Principal Advance} * [(1 + r)^{\text{DIM}_n / \text{DIY}_n} - 1]$$

Where:

r = rate of interest per annum. This variable is assumed to equal 9.0% per annum, being the sum of a 3.0% per annum assumed Prime Rate and 600 bps per annum.

n = the applicable Month commencing from the Month during which the applicable Principal Advance is made (in part B of this Schedule, the “**First Month**”) and ending on (i) for the purposes of the calculations in part B and part C of this Schedule, August 2017, and (ii) for the purposes of the calculations in part D of this Schedule, the Month prior to the Month in which the Toll Commencement Date falls (in part B of this Schedule, such ending Month being the “**Final Month**”).

DIM_n = the number of days in Month n during which the applicable Principal Advance was outstanding

excluding the date that the Principal Advance was made.

DIY_n = the number of days in the year during which Month n falls.

The interest for each Month n is added to the principal at the end of such Month, prior to calculating the interest for the subsequent Month. “ p ” is equal to the aggregate interest for x , y and z for the Months commencing from the date on which Principal Advance x , y or z , as applicable, was made up to but excluding the Month during which COD occurs.

Because i includes p , and since p depends on z which is an amount that is being determined according to this Schedule, it is necessary to calculate z as follows:

$$b = 0.20(a) = 0.20(s + t + u + p)$$

$$i = b - h = 0.20(s + t + u + p) - h$$

$$i = x + y + z + p$$

$$z = 0.20(s + t + u + p) - h - x - y - p$$

$$z = 0.20(s + t + u) + (0.2p - p) - h - x - y$$

$$z = 0.20(s + t + u) - 0.8p - h - x - y$$

If z is calculated at Target COD using an assumed prime rate of 3.0% per annum (as in the table above), then:

$$z = 0.20(8,531,764 + 185,793 + 165,590) - 0.8(160,206) - 999,738 - 225,000 - 225,000$$

$$z = 326,891 - 0.8(160,206)$$

$$z = 198,726$$

Let j = interest on x ; k = interest on y ; m = interest on z ; w = amount of interest on \$1 of Principal Advance 3
This implies:

$$z = 326,891 - 0.8(j + k) - 0.8m$$

$$z = 326,891 - 0.8(j + k) - 0.8wz$$

Note that j , k and w can be determined using the compound interest formula above and m can be calculated as a function of z and thus z can be determined without iteration based on the above formula.

C. Acceleration of Scheduled Advances from the Drawdown Schedule

To the extent that any of the Class A Subordinated Loans are advanced earlier than the scheduled advances or are accelerated as contemplated in Section 2.3, the interest thereon and the amount of the principal payments shall be recalculated using the foregoing methodology set forth in parts A and B of this Schedule, taking into account the date or dates the advances of such loans are actually made.

For example, if the remaining Class A Subordinated Loans are advanced on December 1, 2014, the accelerated Drawdown Schedule would be as follows:

Advances of Class A Subordinated Loans		Drawdown Date	Amount	Legend of Symbols
Principal Advance 1		30-Apr -14	225,000	x
Principal Advance 2 (remainder)		1-Dec-14	405,076	y
	Total Principal		630,076	$q = x + y$
	Total Interest		183,519	$p = i - q$
	Total		813,595	$i = q + p$

D. 80/20 True-Up

Upon each of the 80/20 True-Up Estimate Date and the 80/20 True-Up Final Date, the principal and interest amounts comprising the total, i , will be calculated retroactively using the actual Prime Rate and the Toll Commencement Date, as in effect on the applicable calculation dates.

SCHEDULE "D"

FORM OF ASSIGNMENT AGREEMENT

THIS ASSIGNMENT AGREEMENT (this "**Agreement**") is made as of the ● day of ●, 20●

BETWEEN:

● [APMC / CNUL]

(hereinafter referred to as the "**Assignor**"),

- and -

●

(hereinafter referred to as the "**Assignee**"),

- and -

●

(hereinafter referred to as the "**other Lender**").

- and -

NORTH WEST REDWATER PARTNERSHIP, a general partnership subsisting under the laws of the Province of Alberta (hereinafter sometimes referred to as the "**Borrower**"),

- and -

[CANADIAN NATURAL RESOURCES LIMITED

(hereinafter referred to as "CNRL")]. [NTD: CNRL would not be party to the assignment where the benefit of CNRL's guarantee does not flow to the assignee.]

WHEREAS the Assignor is a Lender under two subordinated debt agreements made as of ●, 2014 between, among others, the Borrower, the Lenders and CNRL, as guarantor (as amended, modified, supplemented or restated from time to time, collectively, the "**Subordinated Debt Agreement**");

AND WHEREAS the Assignor has agreed to assign and transfer to the Assignee the Assigned Interests in compliance with the Subordinated Agreement, and the Assignee has agreed to accept such rights and assume such obligations of the Assignor under the Subordinated Debt Agreement;

AND WHEREAS this Agreement complies with the conditions set forth in the Subordinated Debt Agreement and is delivered pursuant to the Subordinated Debt Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the parties hereby agree as follows:

1. **INTERPRETATION**

- (a) In this Agreement, including the recitals, capitalized terms used herein, and not otherwise defined herein, shall have the same meanings attributed thereto as set forth in the Subordinated Debt Agreement. In addition, the following terms shall have the following meanings:
 - (i) **“Assigned Interests”** has the meaning set forth in Section 2 hereof; and
 - (ii) **“Assumed Obligations”** has the meaning set forth in Section 3 hereof.
- (b) The division of this Agreement into Articles, Sections, paragraphs and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.
- (c) In this Agreement:
 - (i) the terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer, unless otherwise specified, to this Agreement taken as a whole and not to any particular section, subsection or paragraph;
 - (ii) words importing the singular number or masculine gender shall include the plural number or the feminine or neuter genders, and vice versa; and
 - (iii) words and terms denoting inclusiveness (such as “include” or “includes” or “including”), whether or not so stated, are not limited by their context or by the words or phrases which precede or succeed them.
- (d) This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of the Province of Alberta, without prejudice to the rights of the parties to take proceedings in any other jurisdictions.
- (e) If any provision of this Agreement shall be invalid, illegal or unenforceable in any respect in any jurisdiction, it shall not affect the validity, legality or enforceability of any such provision in any other jurisdiction or the validity, legality or enforceability of any other provision of this Agreement.

2. **ASSIGNMENT OF RIGHTS BY ASSIGNOR**

Effective as of the date hereof, the Assignor hereby absolutely assigns and transfers to the Assignee all of the Assignor's right, title and interest in, to and under each of the outstanding Loans and other Obligations owing by the Borrower to the Assignor under the Subordinated Debt Agreement, together with all of the Assignor's other rights under the Subordinated Debt Agreement (collectively, the "**Assigned Interests**").

[NTD: In case of assignments between APMC and CNUL, specify the partial interest assigned.]

3. **ASSUMPTION OF OBLIGATIONS BY ASSIGNEE**

The Assignee assumes and covenants and agrees to be responsible for all obligations relating to the Assigned Interests to the extent such obligations arise or accrue on or after the date hereof (collectively, the "**Assumed Obligations**") and agrees that it will be bound by the Subordinated Debt Agreement to the extent of the Assumed Obligations as fully as if it had been an original party to the Subordinated Debt Agreement.

4. **SUBORDINATED DEBT AGREEMENT REFERENCES; NOTICES**

Effective as of the date hereof:

- (a) the Assignee shall be a Lender for all purposes of the Subordinated Debt Agreement and all references therein to "Lenders" or "a Lender" shall be deemed to include the Assignee; and
- (b) any demand, notice or communication to be given to the Assignee in accordance with section 12.3 of the Subordinated Debt Agreement shall be made or given to the following address or telecopy number (until the Assignee otherwise gives notice in accordance with such section 12.3): ●.

5. **NO ENTITLEMENT TO PRIOR INTEREST OR OTHER FEES**

Except as otherwise agreed in writing between the Assignor and the Assignee, notwithstanding any provision of the Subordinated Debt Agreement or any other provision of this Agreement, the Assignee shall have no right, title or interest in or to any interest or fees paid or to be paid to the Assignor under, pursuant to or in respect of the Loans, the Subordinated Debt Facilities or the Subordinated Debt Agreement for any period of time or in respect of any event or circumstance prior to the date hereof.

6. **CONSENT**

The Borrower, the other Lender [**and CNRL**] each hereby consent to the assignment of the Assigned Interests to the Assignee and the assumption of the Assumed Obligations by the Assignee and agree to recognize the Assignee as a Lender under the Subordinated Debt Agreement as fully as if the Assignee had been an original party to the Subordinated Debt Agreement. The Borrower, the other Lender [**and CNRL**] each agree that the

Assignor shall have no further liability or obligation in respect of the Assumed Obligations.

[NTD: Not applicable for assignments between APMC and CNUL.]

7. REPRESENTATIONS AND WARRANTIES

Each of the parties, other than the Borrower, the other Lender **[and CNRL]**, hereby represents and warrants to the other parties, other than the Borrower, as follows:

- (a) it is duly **[incorporated]** and validly subsisting under the laws of its governing jurisdiction;
- (b) it has all necessary **[corporate]** power and authority to enter into this Agreement and to perform its obligations hereunder and under the Subordinated Debt Agreement;
- (c) the execution, delivery, observance and performance on its part of this Agreement has been duly authorized by all necessary **[corporate]** and other action and this Agreement constitutes a legal, valid and binding obligation of such party enforceable against it in accordance with its terms; and
- (d) all Governmental Authorizations, if any, required for the execution, delivery, observance and performance by it of this Agreement and the Subordinated Debt Agreement have been obtained and remain in full force and effect, all conditions have been duly complied with and no action by, and no notice to or other filing or registration with any Governmental Authority is required for such execution, delivery, observance or performance.

The Assignor represents and warrants to the Assignee that it has the right to sell to the Assignee the Assigned Interests. The Assignor also represents and warrants to the Assignee that it has not received written notice of any Default or Event of Default having occurred under the Subordinated Debt Agreement which is continuing.

The representations and warranties set out in this Agreement shall survive the execution and delivery of this Agreement and notwithstanding any examinations or investigations which may be made by the parties or their respective legal counsel.

Except as expressly provided herein, the Assignee confirms that this Agreement is entered into by the Assignee without any representations or warranties by the Assignor on any matter whatsoever, including, without limitation, on the effectiveness, validity, legality, enforceability, adequacy or completeness of the Subordinated Debt Agreement or any document delivered pursuant thereto or in connection therewith or any of the terms, covenants and conditions therein or on the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower and its Subsidiaries.

8. ASSIGNEE CREDIT DECISION

The Assignee acknowledges to the Assignor and the other Lender that the Assignee has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of the Borrower and its Subsidiaries, all of the matters and transactions contemplated herein and in the Subordinated Debt Agreement and all other matters incidental to the Subordinated Debt Agreement. The Assignee confirms with the Assignor and the other Lender that it does not rely, and it will not hereafter rely, on the Assignor or the other Lender:

- (a) to check or inquire on its behalf into the adequacy, accuracy or completeness of any information provided by the Borrower, any Subsidiary of the Borrower or any other person under or in connection with the Subordinated Debt Agreement or the transactions therein contemplated (whether or not such information has been or is hereafter distributed to the Assignee by the Assignor or any other person); or
- (b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of the Borrower and its Subsidiaries.

The Assignee acknowledges that a copy of the Subordinated Debt Agreement (including a copy of the Schedules) has been made available to it for review and further acknowledges and agrees that it has received copies of such other documents and such other information that it has requested for the purposes of its investigation and analysis of all matters related to this Agreement, the Subordinated Debt Agreement and the transactions contemplated hereby and thereby. The Assignee acknowledges that it is satisfied with the form and substance of the Subordinated Debt Agreement.

9. AMENDMENTS AND WAIVERS

Any amendment or modification or waiver of any right under any provision of this Agreement shall be in writing (in the case of an amendment or modification, signed by the parties) and any such waiver shall be effective only for the specific purpose for which given and for the specific time period, if any, contemplated therein. No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach.

10. GENERAL PROVISIONS

- (a) The parties hereto shall from time to time and at all times do all such further acts and things and execute and deliver all such documents as are reasonably required in order to fully perform and carry out the terms of this Agreement.
- (b) The provisions of this Agreement shall enure to the benefit of and shall be binding upon the parties hereto and their respective successors and permitted assigns.

- (c) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one full set of counterparts.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by its duly authorized representative(s) as of the date first above written.

●, as Assignee

By: _____

Name:

Title:

By: _____

Name:

Title:

●, as Assignor

By: _____

Name:

Title:

By: _____

Name:

Title:

● [other Lender]

By: _____

Name:

Title:

By: _____

Name:

Title:

**[CANADIAN NATURAL
RESOURCES LIMITED]**

**NORTH WEST REDWATER
PARTNERSHIP,
by its general partners,**

**CANADIAN NATURAL UPGRADING
LIMITED**

By: _____

Name:

Title:

By: _____

Name:

Title:

By: _____

Name:

Title:

By: _____

Name:

Title:

**NWU LP, by its general partner, 1726702
ALBERTA LTD.**

By: _____

Name:

Title:

By: _____

Name:

Title:

SCHEDULE "E"
ASSUMED LOANS

See attached.

SCHEDULE “E”

ASSUMED LOANS

I. APMC ASSUMED LOANS

A. Definitions

Defined terms used and not otherwise defined in Part I of this Schedule shall have the meanings given to such terms in the Base Obligation Subordinated Debt Agreement on the date hereof and, unless otherwise specified, the following terms shall have the following meanings:

“After Tax Amount” means, in respect of a Month and an amount, such amount multiplied by a percentage equal to 100% less the Assumed Tax Rate in effect during such Month.

“Allocated Receipts” means, in respect of an APMC Assumed Loan, the amount of a payment to APMC, pursuant to this Schedule, of CNUL Designated Partnership Receipts, CNUL Loan Receipts or CNR Net Margin Receipts that is allocated to such Loan, where such payment will be allocated among APMC Assumed Loans, at the time the payment is received by APMC, as follows:

- (a) first, to APMC Assumed Loans which are Class C Subordinated Loans (on a pro rata basis based on the principal amount on such Loans);
- (b) second, when there are no APMC Assumed Loans which are Class C Subordinated Loans, to APMC Assumed Loans which are Class B Subordinated Loans (on a pro rata basis based on the principal amount on such Loans); and
- (c) third, when there are no APMC Assumed Loans which are Class C Subordinated Loans or Class B Subordinated Loans, to APMC Assumed Loans which are Class A Subordinated Loans (on a pro rata basis based on the principal amount on such Loans).

“Annual Incentive Fee Amount” means, for a Month, the After Tax Amount of the Annual Incentive Fees (as defined in section 9(a) of schedule 10 of the Processing Agreements) received by the Borrower in the prior Month.

“APMC 100% Payout Amount” means, in respect of an APMC Assumed Loan, an amount equal to (a) the original principal amount of such APMC Assumed Loan, plus (b) all interest accrued thereon.

“APMC 200% Payout Amount” means, in respect of any APMC Assumed Loan, an amount equal to (a) two times the original principal amount of such APMC Assumed Loan, plus (b) all interest accrued thereon.

“APMC Assumed Loan” means: (a) where CNUL is a Defaulting Lender, a Defaulted Loan made by APMC, or (b) an Opted Advance (as defined in the Additional Obligation SDA), as applicable.

“APMC Assumption Date” means, in respect of an APMC Assumed Loan, the date on which APMC makes such APMC Assumed Loan.

“Assumed Tax Rate” means the maximum combined statutory federal and Alberta provincial tax rate on corporate income applicable at the applicable time to a corporation that is a “taxable Canadian corporation” and a “public corporation” (as those terms are defined in the *Income Tax Act* (Canada)) carrying on business solely in Alberta, expressed as a percentage.

“CNUL Assignment Date” has the meaning set forth in section I.C.1 below.

“CNUL Designated Partnership Receipts” means, in respect of a Fiscal Quarter, an amount equal to 50% of the sum of the following amounts received in such Fiscal Quarter: the Monthly Incentive Fee Amount, the Annual Incentive Fee Amount, the Excess Capacity Amount and the Return on Equity Amount.

“CNUL Loan Receipts” means, in respect of a Month, an amount equal to the sum of the principal and After Tax Amount of interest payments received in such Month by CNUL from the Borrower in respect of outstanding Loans held by CNUL.

“CNR Net IPTA Distribution” means, in respect of any Month, the After Tax Amount of:

- (a) the amount distributed to CNR from the Initial Proceeds Trust Account for such Month;

less

- (b) the sum of the following for the Month:
 - (i) the CNR Stream Value for the month; plus
 - (ii) the amounts payable to CNR pursuant to Sections 12.5 and 12.8 of the CNR Processing Agreement; plus
 - (iii) CNR’s share of the GST Remittance Amounts for such Month,

provided that if such amount is less than zero, the CNR Net IPTA Distribution for the Month will be zero and provided that all defined terms used in this definition not otherwise defined have the meanings given to such terms in the CNR Processing Agreement.

“CNR Net Margin Receipts” means, in respect of a Month, an amount equal to 50% of the CNR Net IPTA Distribution for the Month.

“Excess Capacity Amount” means the After Tax Amount (if any) paid to the Borrower for the Month pursuant to section 12.5 of the Processing Agreements in respect of the YTD Excess Capacity Amount (as defined in section 12.4 of the Processing Agreements) received by the Borrower in the prior Month.

“Monthly Incentive Fee Amount” means, for a Month, the After Tax Amount of the Monthly Incentive Fee (as defined in section 8(a) of schedule 10 of the Processing Agreements) component of the Monthly Cost of Service Tolls received by the Borrower in the prior Month.

“Monthly Cost of Service Tolls” means the Monthly Cost of Service Toll under each of the Processing Agreements.

“NWR Loan Payments” means, in respect of a Month and an APMC Assumed Loan, the principal and interest paid by the Borrower to APMC on account of such APMC Assumed Loan in such Month.

“Return on Equity Amount” means the Annual Return on Equity portion of the Annual Equity Component of the Monthly Cost of Service Tolls (as such terms are defined in the Processing Agreements).

“Top-Up Payment” has the meaning set forth in section I.C.1(a) of this Schedule.

B. Payment Obligations

1. At such times as there is an APMC Assumed Loan outstanding, CNUL hereby agrees to pay to APMC:
 - (a) an amount equal to the CNUL Designated Partnership Receipts on a quarterly basis promptly after receipt by the Borrower of the amounts described in the definition of CNUL Designated Partnership Receipts; and
 - (b) an amount equal to the CNUL Loan Receipts promptly after receipt by CNUL of the amounts described in the definition of CNUL Loan Receipts.
2. For the avoidance of doubt, CNRL hereby confirms, acknowledges and agrees that the guarantees provided by it in the SDAs apply to the obligations of CNUL in section I.B.1 of this Schedule and that such obligations shall constitute Guaranteed Obligations.
3. APMC hereby agrees that while there is any Senior Commercial Debt outstanding, APMC shall have no recourse against CNUL and APMC's only recourse shall be to enforce the guarantee against CNRL.
4. If, at the beginning of a Month, there is an APMC Assumed Loan outstanding which has been outstanding for five (5) or more years since its APMC Assumption Date and has not been assigned to CNUL pursuant to Section I.C.1 of this Schedule, CNR shall pay to APMC an amount equal to 50% of the After Tax Amount of the distributions from the Initial Proceeds Trust Account for the Month received by CNR that are in excess of the sum of items (b)(i), (ii) and (iii) of the definition of CNR Net IPTA Distribution for such Month, promptly after CNR receives the distributions until the total amount of such payments to APMC in respect of such distributions for such Month equals the CNR Net Margin Receipts for such Month.

C. Assignment Right and Nature of Payments

1. At any time after APMC has made an APMC Assumed Loan, APMC will assign such Loan to CNUL, for no further consideration, on the following date (the **“CNUL Assignment Date”**):

- (a) if the date is less than five (5) years following the APMC Assumption Date for such Loan, the date upon which APMC has received the APMC 100% Payout Amount for such Loan from (i) the NWR Loan Payments and the Allocated Receipts on account of or allocated to such Loan, and (ii) a payment or payments (the “**Top-Up Payment**”) from CNUL; or
- (b) if the date is five (5) or more years following the APMC Assumption Date for such Loan, the date upon which APMC has received the APMC 200% Payout Amount for such Loan from (i) the NWR Loan Payments and the Allocated Receipts allocated to such Loan, and (ii) a Top-Up Payment from CNUL or CNR.

For certainty, CNUL and CNR shall each have the right to make a Top-Up Payment at any time.

- 2. On the CNUL Assignment Date, APMC will transfer the APMC Assumed Loan to CNUL and execute an Assignment Agreement in respect of such transfer and such Loan will no longer be an APMC Assumed Loan but shall continue to be a Loan.
- 3. APMC and CNUL hereby agree that:
 - (a) if a CNUL Assignment Date has not occurred in respect of an APMC Assumed Loan, all payments of the CNUL Designated Partnership Receipts, the CNUL Loan Receipts and the CNR Net Margin Receipts on account of such APMC Assumed Loan shall be considered risk carrying fees paid to APMC for making the Defaulted Loan or the Opted Advance, as applicable; and
 - (b) if a CNUL Assignment Date has occurred in respect of an APMC Assumed Loan, all payments of the NWR Loan Payments, the CNUL Loan Receipts, the CNUL Designated Partnership Receipts and the Top-Up Payment shall be allocated as follows:
 - (i) first, to 100% of the principal and outstanding interest in respect of such Loan, as a purchase price for such Loan; and
 - (ii) second, the remainder, together with the CNR Net Margin Receipt, shall be considered risk carrying fees paid to APMC for making the Defaulted Loan or the Opted Advance, as applicable.
- 4. Notwithstanding anything else contained in the SDAs, APMC shall not assign any APMC Assumed Loan except pursuant to CNUL’s purchase of such APMC Assumed Loan pursuant to this Schedule and, for greater certainty, the NWULP option contemplated in Section 12.6 of the SDAs, the APMC option contemplated in Section 12.7 of the SDAs and the assignment and rights of first refusal provisions in Section 12.8 of the SDAs shall not apply to APMC Assumed Loans and the APMC Assumed Loan shall be held by APMC.

II. CNUL ASSUMED LOANS

A. Definitions

Defined terms used and not otherwise defined in Part II of this Schedule shall have the meanings given to such terms in the Base Obligation Subordinated Debt Agreement on the date hereof and, unless otherwise specified, the following terms shall have the following meanings:

“After Tax Amount” means, in respect of a Month and an amount, such amount multiplied by a percentage equal to 100% less the Assumed Tax Rate in effect during such Month.

“Allocated Receipts” means, in respect of a CNUL Assumed Loan, the amount of a payment to CNUL pursuant to this Schedule of APMC Loan Receipts or APMC Net Margin Receipts that is allocated to such Loan, where such payment will be allocated among the CNUL Assumed Loans at the time the payment is received by CNUL, as follows:

- (a) first, to CNUL Assumed Loans which are Class C Subordinated Loans (on a pro rata basis based on the principal amount on such Loans);
- (b) second, when there are no CNUL Assumed Loans which are Class C Subordinated Loans, to CNUL Assumed Loans which are Class B Subordinated Loans (on a pro rata basis based on the principal amount on such Loans); and
- (c) third, when there are no CNUL Assumed Loans which are Class B Subordinated Loans, to CNUL Assumed Loans which are Class A Subordinated Loans (on a pro rata basis based on the principal amount on such Loans).

“Assumed Tax Rate” means the maximum combined statutory federal and Alberta provincial tax rate on corporate income applicable at the applicable time to a corporation that is a “taxable Canadian corporation” and a “public corporation” (as those terms are defined in the Income Tax Act (Canada)) carrying on business solely in Alberta, expressed as a percentage.

“APMC Assignment Date” has the meaning set forth in section II.C.1 below.

“APMC Loan Receipts” means, in respect of a Month, an amount equal to the sum of the principal and After Tax Amount of interest payments received in such Month by APMC from the Borrower in respect of outstanding Loans held by APMC.

“APMC Net IPTA Distribution” means, in respect of any Month, the After Tax Amount of:

- (a) the amount distributed to APMC from the Initial Proceeds Trust Account for such Month;

less

- (b) the sum of the following for the Month:
 - (i) the Crown Stream Value for the Month; plus
 - (ii) the amounts payable to APMC pursuant to Sections 12.5 and 12.8 of the APMC Processing Agreement; plus
 - (iii) APMC’s share of the GST Remittance Amounts for such Month,

provided that if such amount is less than zero, the APMC Net IPTA Distribution for the Month will be zero and provided that all defined terms used in this definition not otherwise defined have the meanings given to such terms in the APMC Processing Agreement.

“APMC Net Margin Receipts” means, in respect of a Month, an amount equal to 50% of the After Tax Amount of the APMC Net IPTA Distribution for the Month.

“CNUL 100% Payout Amount” means, in respect of an CNUL Assumed Loan, an amount equal to (a) the original principal amount of such CNUL Assumed Loan, plus (b) all interest accrued thereon.

“CNUL 200% Payout Amount” means, in respect of any CNUL Assumed Loan, an amount equal to (a) two times the original principal amount of such CNUL Assumed Loan, plus (b) all interest accrued thereon.

“CNUL Assumed Loan” means where APMC is a Defaulting Lender, a Defaulted Loan made by CNUL.

“CNUL Assumption Date” means, in respect of an CNUL Assumed Loan, the date on which CNUL makes such CNUL Assumed Loan.

“NWR Loan Payments” means, in respect of any Month and each CNUL Assumed Loan, the principal and interest paid by the Borrower to CNUL on account of such CNUL Assumed Loan.

“Top-Up Payment” has the meaning set forth in section II.C.1(a) of this Schedule.

B. Payment Obligations

1. At such times as there is an CNUL Assumed Loan outstanding, APMC hereby agrees to pay to CNUL an amount equal to the APMC Loan Receipts promptly after receipt by APMC of the amounts described in the definition of APMC Loan Receipts.
2. If, at the beginning of a Month, there is a CNUL Assumed Loan outstanding which has been outstanding for five (5) or more years since its CNUL Assumption Date and has not been assigned to APMC pursuant to Section II.C.2 of this Schedule, APMC shall pay to CNUL an amount equal to 50% of the After Tax Amount of the distributions from the Initial Proceeds Trust Account for the Month in excess of the sum of the amounts described in paragraphs (b)(i), (ii) and (iii) of the definition of APMC Net IPTA Distribution received by APMC promptly after APMC receives the distributions until the total amount of such payments to CNUL in respect of such distributions for such Month equals the APMC Net Margin Receipts for such Month.

C. Assignment Right and Nature of Payments

1. At any time after CNUL has made an CNUL Assumed Loan, CNUL will assign such Loan to APMC, for no further consideration, on the following date (the **“APMC Assignment Date”**):
 - (a) if the date is less than five (5) years following the CNUL Assumption Date for such Loan, the date upon which CNUL has received the CNUL 100% Payout

Amount for such Loan from (i) the NWR Loan Payments and the Allocated Receipts on account of or allocated to such Loan, and (ii) a payment or payments from APMC (the “**Top-Up Payment**”); or

- (b) if the date is five (5) or more years following the CNUL Assumption Date for such Loan, the date upon which CNUL has received the CNUL 200% Payout Amount for such Loan from (i) the NWR Loan Payments and the Allocated Receipts on account of or allocated to such Loan, and (ii) the Top-Up Payment.

For certainty, APMC shall have the right to make a Top-Up Payment at any time.

- 2. On the APMC Assignment Date, CNUL will transfer the CNUL Assumed Loan to APMC and execute an Assignment Agreement in respect of such transfer and such Loan and CNUL Assumed Loan will no longer be an CNUL Assumed Loan but shall continue to be a Loan.
- 3. CNUL and APMC hereby agree that:
 - (a) if a APMC Assignment Date has not occurred in respect of an CNUL Assumed Loan, all payments of the APMC Loan Receipts and the APMC Net Margin Receipts on account of such CNUL Assumed Loan shall be considered risk carrying fees paid to CNUL for making the Defaulted Loan; and
 - (b) if a APMC Assignment Date has occurred in respect of an CNUL Assumed Loan, all payments of the NWR Loan Payments, the APMC Loan Receipts, and the Top-Up Payment shall be allocated as follows:
 - (i) first, to 100% of the principal and outstanding interest in respect of such Loan, as a purchase price for such Loan; and
 - (ii) second, the remainder together with the APMC Net Margin Receipts shall be considered risk carrying fees paid to CNUL for making the Defaulted Loan.
- 4. Notwithstanding anything else contained in the SDAs, CNUL shall not assign any CNUL Assumed Loan except pursuant to APMC’s purchase of such CNUL Assumed Loan pursuant to this Schedule and, for greater certainty, the NWULP option contemplated in Section 12.6 of the SDAs, the CNUL option contemplated in Section 12.7 of the SDAs and the assignment and rights of first refusal provisions in Section 12.8 of the SDAs shall not apply to CNUL Assumed Loans and the CNUL Assumed Loan shall be held by CNUL.