

COURT FILE NUMBER 1901-08251
COURT COURT OF QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
PLAINTIFF NATIONS FUND I, LLC
DEFENDANT BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
DOCUMENT AFFIDAVIT
ADDRESS FOR SERVICE AND CONTACT INFORMATION OF PARTY FILING THIS DOCUMENT
BENNETT JONES LLP
4500 Bankers Hall East
855-2nd Street SW
Calgary, Alberta T2P 4K7
Attention: Ken Lenz, Q.C.
Telephone No.: 403-298-3317
Fax No.: 403-265-7219
Client File No.: 70924.7

AFFIDAVIT OF MARK SKURA

Sworn on June 12, 2019

I. MARK SKURA, of Calgary, Alberta, SWEAR AND SAY THAT:

1. I am the SVP-Special Assets of the Plaintiff, Nations Fund I, LLC, in these proceedings, and as such I have personal knowledge of the matters hereinafter deposed to, save where stated to be based on information and belief, in which case I verily believe the same to be true.

2. The Plaintiff advanced \$6,105,770.00 to Bearstone pursuant to a Term Loan and Security Agreement dated March 9, 2017 (as amended April 26, 2017) and accompanying Promissory Note No. 0002 in the amount of \$1,232,179.89 dated March 9, 2017 (as amended May 3, 2018) and Promissory Note No. 0003 in the amount of \$4,832,334.00 dated March 9, 2017 amended to

\$4,873,590.11 April 26, 2017 and October 10, 2018. Attached hereto and marked as **Exhibit "1"** are copies of the Agreement and Promissory Notes and amendments thereto.

3. The Plaintiff provided a revolving term loan to Bearstone in amount of the lesser of \$3,000,000.00 and the Borrowing Base (as defined therein) to Bearstone pursuant to a Revolving Term Loan and Security Agreement dated March 9, 2017 and accompanying GRID Promissory Note dated March 9, 2017. Attached hereto and marked as **Exhibit "2"** are copies of the Agreement and GRID Promissory Note.

4. The Plaintiff advanced \$229,587.75 to Bearstone pursuant to a Loan and Security Agreement dated December 1, 2017 and accompanying Promissory Note No. BEAR 0004 dated December 1, 2017. Attached hereto and marked as **Exhibit "3"** are copies of the Agreement and Promissory Note.

5. The Plaintiff advanced \$189,000.00 to Bearstone pursuant to a Loan and Security Agreement dated March 16, 2018 and Promissory Note No. BEAR-0005 dated March 16, 2018 for \$189,000.00 and Promissory Note No. BEAR-0007 dated December 14, 2018 for \$194,250.00. Attached hereto and marked as **Exhibit "4"** are copies of the Agreement and Promissory Notes.

6. The Plaintiff advanced \$726,735.42 to Bearstone pursuant to a Term Loan and Security Agreement dated May 3, 2018 with an aggregate loan amount of \$600,000.00 and accompanying Promissory Note No. BEAR-0006A dated May 3, 2018 for \$198,616.78, Promissory Note No. BEAR-0006B dated May 30, 2018 for \$46,438.33, Promissory Note No. BEAR-0006C dated June 11, 2018 for \$151,696.70, Promissory Note No. BEAR-0006D dated July 17, 2018 for \$235,126.85, and Promissory Note No. BEAR-0006E dated October 29, 2018 for \$94,856.76 and Collateral Schedule No. BEAR-0006 thereto. Attached hereto and marked as **Exhibit "5"** are copies of the Agreement and Promissory Notes.

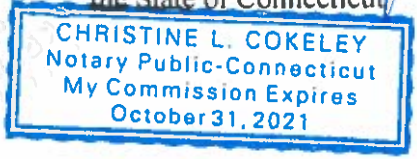
7. The Plaintiff advanced \$207,068.40 to Bearstone pursuant to a Term Loan and Security Agreement dated December 14, 2018 and accompanying Promissory Note No. BEAR-0008 dated January 2, 2019. Attached hereto and marked as **Exhibit "6"** are copies of the Agreement and Promissory Note.

- 8. Exhibits 1 – 6 are referred to collectively herein as the "Loan and Security".
- 9. There is as of June 6, 2019, a total of \$5,132,649.80 owing to the Plaintiff pursuant to the Loan and Security.
- 10. It is a default under the Loan and Security if Bearstone either ceases to carry on business, or ceases meeting its obligations as they come due.
- 11. I am advised by Bearstone management that there is at least one judgment and several claims against Bearstone and that it has ceased meeting its obligations as they come due. Bearstone has completely ceased carrying on business in its Grand Prairie office and largely done so in Medicine Hat. It is in default under the Loan and Security.
- 12. On June 10, 2019, a demand letter and Notice of Intent to Enforce Security (the "NOI") was sent to Bearstone by facsimile and by courier in accordance with the Loan and Security, declaring the default, accelerating the balance, and advising that a receiver may be appointed. The demand letter and the NOI were sent to counsel for Bearstone on June 6, 2019. Copies of the demand letter and NOI are attached hereto as **Exhibit "7"**.
- 13. The debtor has failed, neglected, refused or been unable to repay the Indebtedness.
- 14. I believe it is necessary, just and appropriate for a receiver to be appointed for the benefit of the Lenders and other secured creditors. KPMG Ltd. has consented to act as Receiver, and a copy of that Consent will be filed with the Court.

SWORN BEFORE ME at the City of)
Norwalk in the State of Connecticut,)
 United States this 12 day of June, 2019.)

Christine L. Cokeley

A Notary Public in and for)
 the State of Connecticut)



Mark Skura
 MARK SKURA

EXHIBIT 1

This is EXHIBIT "1" referred
to in the Affidavit of Mark Skura sworn
before me this 12 day of June, 2019.

Christine L. Cokeley

Notary Public in and for the
State of Connecticut



NATIONS FUND I, LLC

TERM LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "**Agreement**") is made effective as of the 9 day of March 2017, by and between NATIONS FUND I, LLC ("**Lender**"), NEW WEST ENERGY SERVICES INC. (the "**Parent**") and BEARSTONE ENVIRONMENTAL SOLUTIONS INC. ("**Borrower**") (the Parent and the Borrower are collectively the "**Loan Parties**", and each a "**Loan Party**").

The Borrower is desirous of obtaining a loan from the Lender and the Lender is willing to make the loan to the Borrower upon the terms and conditions set forth herein.

Capitalized terms used herein without definition shall have the meanings assigned to them in Schedule A attached hereto and, for purposes of this Agreement and the other Loan Documents, the rules of construction set forth in Schedule A shall govern.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. ADVANCE OF LOAN

- (a) The Loan. On the terms and conditions hereinafter set forth, the parties agree that the Lender shall lend to the Borrower the aggregate amount of up to CAD\$6,064,513.89 (the "**Loan**") as follows on the Closing Date:
 - (i) the amount of CAD\$1,232,179.89 (the "**CWB Refinancing Advance**"); and
 - (ii) the amount of CAD\$4,832,334.00 (the "**Equipment Sale Advance**").
- (b) Repair Fund. The Lender agrees to provide the Borrower with up to CAD\$175,000.00 to pay for repairs to vehicles and equipment sold pursuant to the Equipment Purchase (the "**Repair Fund**"). The Borrower may request payments out of the Repair Fund from time to time by providing written notice to the Lender identifying the vehicles and equipment to be repaired accompanied by an estimate for the required repairs, acceptable to the Lender, acting reasonably. The Lender shall pay the amount of such estimate to the Borrower within 10 days of receipt of such estimate. Payments under the Repair Fund shall be available during the six month period following the Closing Date, after which the availability of the Repair Fund shall terminate. Amounts advanced under the Repair Fund shall not form a part of the Loan and are not required to be repaid by the Borrower.
- (c) Promissory Notes. The obligation to repay the Loan hereunder shall be evidenced by a promissory note in respect of each Advance payable by the Borrower to the order of the Lender in form and substance satisfactory to the Lender (hereinafter individually referred to as a "**Promissory Note**" and collectively as the "**Promissory Notes**").
- (d) Cancellation of Existing Note. The Existing Note and Existing Loan and Security Agreement are hereby terminated and of no further force or effect. The amount of \$10,000 paid thereunder shall be returned to the Borrower within a reasonable time following the Closing Date.
- (e) Guarantors. In addition to providing the Guarantee, the Parent shall be required to ensure that all future subsidiaries of the Parent, within 10 days of creation or acquisition, provide

a guarantee of the Obligations to the Lender, provided that, as at the Closing Date, the Lender agrees that no guarantee shall be required from Porterco Oilfield Services Inc. or Bearstone Oilfield Services Inc.

Term of Loan. The CWB Refinancing Advance shall be repaid on March 9, 2022. The Equipment Sale Advance shall be repaid on March 9, 2023.

- (f) Purpose. All proceeds of the Loan shall be used by the Borrower as follows:
- (i) with respect to the CWB Refinancing Advance, to indefeasibly repay in full all existing indebtedness, liabilities and obligations owing by the Loan Parties to Canadian Western Bank and Canadian Western Bank Leasing Inc. pursuant to the CWB Refinancing; and
 - (ii) with respect to the Equipment Sale Advance, to fund the Equipment Purchase.
- (g) Issue of Warrants. In consideration for making the Loan available to the Borrower, the Parent shall issue to the Lender, pursuant to the Warrant Certificate, warrants entitling the Lender (or any of its Affiliates) to acquire not less than 6,000,000 common shares in the capital of the Parent at an exercise price of C\$0.05 per share.
- (h) Single Loan. The Loan and the payment of all of the other Obligations of the Borrower to the Lender shall constitute one general obligation of the Loan Parties secured by all of the Collateral.
- (i) Currency. The Borrower shall make payment relative to each Obligation in Canadian dollars. If the Borrower makes, or is required to make payment of any amount hereunder in a currency other than Canadian dollars (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction) (the "Other Currency"), such payment shall constitute a discharge of the liability of the Borrower hereunder in respect of the applicable amount owing only to the extent of the amount of Canadian dollars owed is actually received by the Lender on the date of receipt as determined by the Lender. If the amount of Canadian dollars which the Lender is able to purchase is less than the amount of Canadian dollars originally due in respect of the applicable payment, the Borrower shall indemnify and save the Lender harmless from and against any loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender and shall continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order. A certificate of the Lender as to any such loss or damage shall constitute prima facie evidence thereof, in the absence of manifest error.

2. PAYMENTS, PREPAYMENT OF LOAN AND COLLATERAL REPLACEMENT

- (a) Principal Payment. On each Payment Date, the Borrower shall pay the aggregate principal payments owed with respect to the Loan as set forth in the Promissory Notes; provided, however, on the Stated Maturity Date or on any date of acceleration or prepayment in full of the Loan, the Borrower shall repay in full the aggregate, if any, of the then-outstanding principal amount of the Loan plus all accrued and unpaid interest thereon, any Prepayment Fee applicable to the Loan and all other amounts owed hereunder and under each Loan Document related to the Loan. The Borrower shall pay accrued interest on the Loan on each Payment Date as provided in Section 2(c) hereof.

- (b) Acceleration. Upon any acceleration of the Loan pursuant to this Agreement or any other Loan Document, the Borrower shall immediately repay all (or if only a portion is accelerated thereunder, such portion of) the Loan then outstanding, including all accrued and unpaid interest thereon, plus the aggregate Prepayment Fee for the Loan and all other amounts owed under the Loan Documents.
- (c) Interest. Subject to Section 2(a) and Section 2(d) hereof, interest shall accrue at the Loan Rate on the outstanding principal balance of the Loan starting on the date of advance of the Loan to the Borrower and until all amounts under the Loan are repaid in full. Interest and repayment of the principal balance of the Loan shall be payable on each Payment Date in accordance with the terms of the Promissory Notes. In no event will the Lender charge, or will the Borrower be liable to pay interest at a rate that exceeds the highest rate of interest permissible under Applicable Law, or that is not in compliance with any applicable usury laws. Any excess interest shall be adjusted as set forth in any Promissory Note. If any payment due hereunder is not received within five (5) days of its due date, the Borrower shall incur and shall be liable to pay a late charge equal to five (5) percent of the amount in arrears.
- (d) Default Rate. Effective upon the occurrence of any Default and for so long as any Default shall be continuing: (i) the Loan Rate shall automatically be increased by a nominal amount equal to three (3) percent per annum (such increased rate, the "**Default Rate**"); and (ii) all outstanding Obligations, including unpaid interest, shall continue to accrue interest from the date of such Default at the Default Rate applicable to such Obligations.
- (e) Payment Date. If any payment to the Lender under this Agreement becomes due and payable on a day other than a Business Day, such Payment Date shall be extended to the next succeeding Business Day (unless such next succeeding Business Day is in the next calendar month, in which case such payment date shall be the immediately preceding Business Day) and the interest portion of such payment shall be calculated at the then applicable rate during such extension, provided that for greater certainty, if such next Business Day is in the succeeding calendar month and the payment is made on the immediately preceding Business Day, there shall be no change in the payment amount.
- (f) Interest Act (Canada). Solely for purposes of the Interest Act (Canada): (1) whenever interest is to be computed or expressed at any rate (the "**Specified Rate**") on the basis of a year of less than 365 days or any other period of time less than a calendar year hereunder, the annual rate of interest to which each such Specified Rate is equal is such Specified Rate multiplied by a fraction, the numerator of which is the actual number of days in the applicable year and the denominator of which is 360 or such other period of time, respectively; (2) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder; and (3) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields.
- (g) Payment by Wire Transfer. The Borrower shall make each payment under this Agreement without set-off, counterclaim or deduction and free and clear of all Taxes not later than 1:00 p.m. Eastern Standard Time, on the day when due in lawful money of Canada by wire transfer of immediately available funds to such account as the Lender shall specify from time to time in writing. If the Borrower shall be required by law to deduct any Taxes from any payment to the Lender under any Loan Document, then the amount payable to the Lender shall be increased so that, after making all required deductions, the Lender receives an amount equal to that which it could have received had no such deductions been made. For purposes of computing interest and fees, any payments received after 1:00 p.m. Eastern Standard Time, shall be deemed received by the Lender on the next Business Day.

- (h) Application of Payments. The Borrower irrevocably agrees that the Lender shall have the continuing and exclusive right to apply any and all payments against the then due and payable Obligations in such order as the Lender may deem advisable. The Lender is authorized to, and at its option may (without prior notice or precondition and at any time or times), but shall not be obligated to, make or cause to be made advances on behalf of the Borrower for: (1) payment of all reasonable fees, expenses, indemnities, charges, costs, principal, interest, or other Obligations owing by the Borrower under this Agreement or any of the other Loan Documents, (2) the payment, performance or satisfaction of any of the Borrower's obligations hereunder with respect to preservation of the Collateral, or (3) any premium in whole or in part required in respect of any of the policies of insurance required by this Agreement, even if the making of any such advance causes the outstanding balance of the Loan to exceed the Maximum Amount and the Borrower agrees to repay immediately, in cash, any amount by which the Loan exceeds the Maximum Amount.
- (i) Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority affects or would affect the amount of capital required or expected to be maintained by the Lender or any Person controlling the Lender, and the Lender determines that the rate of return on its or such controlling Person's capital as a consequence of making its Loan is reduced to a level below that which the Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by the Lender to the Borrower, the Borrower shall immediately pay directly to the Lender additional amounts sufficient to compensate the Lender or such controlling Person for such reduction in rate of return. A statement of the Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower.
- (j) Prepayments.
- (i) The Borrower shall not be permitted to prepay the Advances save and except for any prepayments permitted under Section 2(j)(ii) or required under Section 2(k)(iii).
- (ii) The Borrower may prepay:
- (1) the full amount of the CWB Refinancing Advance at any time, subject to payment in full of any applicable Prepayment Fee; and
- (2) the full amount of the Equipment Sale Advance at any time, subject to payment in full of any applicable Prepayment Fee, provided that if the prepayment occurs prior to September 9, 2018, the Prepayment Fee for such repayment shall be waived.
- (iii) The Borrower acknowledges and agrees that (i) it could be difficult or impractical to calculate the Lender's actual damages from prepayment for any reason pursuant to this Agreement, (ii) the Prepayment Fee is intended to be a fair and reasonable approximation of such damages, and (iii) the Prepayment Fee is not intended to be a penalty.
- (iv) Any prepayment made to either Advance, including repayments under Section 2(k), shall be applied to the principal repayment schedule set out in the applicable Promissory Note in inverse order of maturity.

(k) Proceeds of Disposition or Replacement of Collateral.

- (i) The Borrower may at any time and from time to time, in connection with the sale, exchange, or disposal of any item of Collateral (the "**Disposed Collateral**") in the ordinary course of the Borrower's business, partially prepay the applicable Advance and obtain a discharge of the Lender's security interest in the Disposed Collateral provided that either:
- (1) The Borrower provides the Lender with a first charge security interest (subject to Permitted Liens) in an alternative item of Collateral which is reasonably acceptable to the Lender, is free and clear of any security interests or other charges (other than Permitted Liens) with a realizable value that is equal or greater value than the Disposed Collateral; or
 - (2) The Borrower pays to the Lender the proportion attributable to the Disposed Collateral of the outstanding principal amount of such Advance, all accrued interest thereon, all other amounts then due and owing under any Loan Document and the applicable Prepayment Fee, none of which shall be refundable.

For the purposes of this Section, the proportion of the applicable Advance attributable to the Disposed Collateral shall be equal to the proportion of such Advance initially attributed to the Disposed Collateral as set forth in the Collateral Schedule delivered in connection with such Advance.

- (ii) For the purpose determining the realizable value applicable to the Disposed Collateral, or any Collateral proposed as a substitute Collateral therefor, whether in connection with a partial prepayment or otherwise, the realizable value in each case shall be (i) in connection with Disposed Collateral, the amount actual received by the Borrower for the Disposed Collateral and (ii) in the case of substitute Collateral, 75% of the appraised forced liquidation value of the substitute Collateral.
- (iii) Notwithstanding the foregoing, the Borrower shall be able to designate from time to time certain pieces of equipment or vehicles which the Borrower obtained under the Equipment Purchase and does not wish to retain (the "**Auction Equipment**"). Such designation must be made within 4 months of the Closing Date. The Auction Equipment shall, following such a designation, be professionally appraised by an appraiser selected by the Lender and acceptable to the Borrower, acting reasonably, and put up for auction by the Lender by an auctioneer selected by the Lender and acceptable to the Borrower, acting reasonably. All expenses associated with such appraisal and auction shall be at the expense of the Lender. All net proceeds of the sale of the Auction Equipment shall be forthwith paid to the Lender and applied to repay the outstanding principal under the Equipment Loan Advance. Upon such repayment, the outstanding principal balance under the Equipment Loan Advance shall be reduced by the greater of (i) the appraised amount, and (ii) the net proceeds used to repay the Equipment Loan Advance.

3. SECURITY

As security for the payment as and when due of the indebtedness of the Borrower to the Lender hereunder and under the Promissory Notes (and any renewals, extensions and modifications thereof) and under any other agreement or instrument, both now in existence and hereafter created (as the same may be renewed, extended or modified), and the performance and payment as and when due of all other Obligations of the Borrower to the Lender, both now in existence and hereafter created (as the same may

be renewed, extended or modified), the Borrower hereby grants to the Lender a security interest in all of its right, title and interest in and to the items of equipment described on the collateral schedule(s) in form and substance satisfactory to the Lender (hereinafter collectively referred to as the "**Collateral Schedule**") now or hereafter executed in connection with the Promissory Notes, and all replacements, substitutions and exchanges therefor and thereof and accessions thereto (collectively, the "**Equipment**") and any and all insurance and/or other proceeds thereof (collectively, the "**Collateral**"). The Lender agrees, upon prepayment of the Loan in accordance with the terms hereof or the terms of the applicable Promissory Note or any disposition of Collateral otherwise permitted by this Agreement, and provided that no Default exists hereunder or under any other agreement between the Lender and the Borrower, that it shall forthwith release its security interest and any cross-collateralization of the applicable item of equipment. The Borrower agrees that, with respect to the Collateral, the Lender shall have all of the rights and remedies of a secured party under the PPSA. The Lender may require the Borrower, and the Borrower agrees, to execute and deliver security documents granting liens in the Collateral in favour of the Lender but the Lender shall have no obligation to formalize or perfect its security beyond this Agreement. The Borrower hereby authorizes the Lender to file financing statements under the PPSA ("**Financing Statements**") describing the Collateral. Without the Lender's prior written consent, the Borrower agrees not to file any corrective or termination statements or partial releases with respect to any Financing Statements filed by the Lender pursuant to this Agreement. The Borrower hereby waives any and all rights the Borrower has or may have under Section 43 of the PPSA to receive a copy of any financing statement or financing change statement filed by or for the Lender or any verification statement in respect thereof.

4. CONDITIONS PRECEDENT TO LENDER'S OBLIGATION

The obligation of the Lender to make the Loan as set forth in Section 1 hereof is expressly conditioned upon compliance by the Loan Parties, to the reasonable satisfaction of the Lender and its counsel, of the following conditions precedent. On or prior to the date of the CWB Refinancing Advance and the Equipment Sale Advance, the Loan Parties shall provide, or cause to be provided, to the Lender the following:

- (a) A duly executed copy of this Agreement.
- (b) Resolutions of the Board of Directors of each Loan Party, certified by the Chief Financial Officer or another duly appointed officer of such Loan Party, duly authorizing, in the case of the Borrower, the borrowing of funds hereunder and, as applicable, the execution, delivery and performance of this Agreement, the Promissory Notes, the Guarantee, and all related instruments and documents.
- (c) A certificate executed by the Chief Financial Officer or another duly appointed officer of each Loan Party, certifying that the representations and warranties of such Loan Party contained in this Agreement are true and correct as of the Closing Date, and that no Default or Pending Default or event which, with the giving of notice or the lapse of time, would become a Default or Pending Default hereunder, has then occurred, and that no event has occurred since September 30, 2016 which would have a Material Adverse Effect.
- (d) A legal opinion from counsel to the Loan Parties with respect to usual and customary matters as requested by the Lender and its counsel, acting reasonably.
- (e) Evidence satisfactory to the Lender as to due compliance by the Borrower with the insurance provisions of Section 7(g) hereof.
- (f) An original Guarantee duly executed on behalf of the Parent.

- (g) An original Promissory Note in the amount of the CWB Refinancing Advance duly executed on behalf of the Borrower, pursuant to Section 1 hereof.
- (h) An original Promissory Note in the amount of the Equipment Sale Advance duly executed on behalf of the Borrower, pursuant to Section 1 hereof.
- (i) A Collateral Schedule describing the Collateral to which the CWB Refinancing Advance relates.
- (j) A Collateral Schedule describing the Collateral to which the Equipment Sale Advance relates.
- (k) Evidence satisfactory to the Lender that upon the CWB Refinancing, all liens and security interests of Canadian Western Bank and Canadian Western Bank Leasing Inc. against the Collateral will be terminated and discharged.
- (l) An executed bill of sale in respect of certain Equipment conveyed pursuant to the Equipment Purchase.
- (m) Such bills of sale, no interest letters, authorizations to discharge and discharges or subordination agreements shall have been obtained and such filings shall have been made and other actions taken as reasonably may be required by the Lender and its counsel to perfect a valid, first priority security interest granted by the Borrower to the Lender with respect to the Collateral to which the CWB Refinancing Advance relates, and the Collateral to which the Equipment Sale Advance relates.
- (n) A conditional approval from the TSX Venture Exchange to the issuance by the Parent of the Warrants and the issuance by the Parent of common shares upon any exercise of the Warrants.
- (o) The Parent shall have issued the Warrants to the Lender and/or its Affiliates in accordance with the Warrant Certificate.
- (p) Satisfactory completion by the Lender of a physical appraisal of the Equipment described in the Collateral Schedule to which the CWB Refinancing Advance relates, and the CWB Refinancing Advance must be at least 75% of such appraised amount under forced liquidation value.

5. REPRESENTATIONS AND WARRANTIES

Each Loan Party hereby represents and warrants, for and on behalf of itself, to the Lender that:

- (a) Business Existence. It has the form of business organization, and is duly organized and validly existing in good standing under the laws of the jurisdiction, specified below its signature on the signature page of this Agreement, and is duly qualified and authorized to transact business and is in good standing wherever necessary to perform its obligations under the Loan Documents to which it is a party, including each jurisdiction in which the Collateral in which it has an interest is located.
- (b) Requisite Power and Authority. It has the requisite power and authority to own or hold under lease its properties and to enter into and perform its obligations hereunder; and, in the case of the Borrower, the borrowing hereunder by the Borrower from the Lender, and the execution and delivery by it and the performance of its obligations under the Loan Documents to which it is a party: (1) have been duly authorized by all necessary action consistent with such Loan Party's form of organization; (2) do not require any approval or

consent of any shareholder or holders of any indebtedness or obligations of such Loan Party except such as have been duly obtained; and (3) do not and will not contravene any law, governmental rule, regulation or order now binding on such Loan Party, or the organizational documents of such Loan Party, or contravene the provisions of, or constitute a default under, or result in the creation of any Lien upon the property of such Loan Party under any agreement to which such Loan Party is a party or by which it or its property is bound.

- (c) No Consents or Approvals. Neither the execution and delivery by it of the Loan Documents to which it is a party, nor the consummation of any of the transactions by such Loan party contemplated hereby or thereby, requires the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any federal, provincial or foreign governmental authority or agency, except as provided herein.
- (d) Enforceability. This Agreement constitutes, and all other Loan Documents to which it is a party when entered into by it will constitute, its legal, valid and binding obligations, enforceable against such Loan Party in accordance with the terms hereof and thereof, except as limited by applicable bankruptcy, insolvency, receivership, moratorium or similar laws or equitable principles relating to or affecting the enforcement of creditors' rights generally, and by Applicable Laws (including any applicable common law and equity) and judicial decisions which may affect the remedies provided herein and therein.
- (e) Litigation. There are no pending or threatened actions or proceedings to which it is a party, and there are no other pending or threatened actions or proceedings of which it has knowledge, before any court, arbitrator or administrative agency, which, either individually or in the aggregate, would have a Material Adverse Effect. Further, it is not in default under any material obligation for the payment of borrowed money, for the deferred purchase price of property or for the payment of any rent which, either individually or in the aggregate, which default would have a Material Adverse Effect.
- (f) Not Real Property Fixtures. Under the laws of the provinces in which the Equipment in which it has an interest is located, such Equipment consists solely of personal property and not fixtures.
- (g) Validity and Priority of Security Interest. Upon satisfaction of the conditions precedent in Section 4 hereof and advance by the Lender of the applicable Advance, it will have good and marketable title to the Equipment in which it has an interest, free and clear of all Liens and encumbrances (excepting only Permitted Liens) and the Lender will have a valid, perfected, first priority security interest in such item of Collateral (subject to Permitted Liens). In the case of any Collateral purchased by it using the Loan then, upon the last to occur of: (1) delivery of the applicable item of Collateral, (2) payment to the vendor of the acquisition cost of such item of Collateral, (3) advance by the Lender of the Loan relating to such item of Collateral, and (4) filing in the appropriate public office of a Financing Statement naming it as debtor, and the Lender as secured party, and describing such item of Collateral, all in compliance with the provisions of the PPSA, the Lender will have a valid, perfected, first priority purchase money security interest in such item of Collateral (subject to Permitted Liens).
- (h) Financial Statements. The financial statements of such Loan Party (copies of which have been furnished to the Lender) have been prepared in accordance with GAAP, and fairly present in all material respects each Loan Party's consolidated financial condition and the results of each Loan Party's operations as of the date of and for the period covered by such statements, and since the date of such statements there has been no Material Adverse Effect on such conditions or operations.

- (i) Tax Returns and Payments. It has filed or has caused to have been filed all federal, provincial and local tax returns which, to its knowledge, are required to be filed by it, and has paid or caused to have been paid all taxes as shown on such returns or on any assessment received by it, to the extent that such taxes have become due, unless and to the extent only that such taxes, assessments and governmental charges are currently contested in good faith and by appropriate proceedings by it and adequate reserves therefor have been established as required under GAAP.
- (j) No Violation of Law. It is not in violation of any law, ordinance, governmental rule or regulation to which it is subject and the violation of which would have a Material Adverse Effect, and it has obtained any and all licenses, permits, franchises or other governmental authorizations necessary for the ownership of its properties and the conduct of its business, except where the failure to obtain such license, permit, franchise or other governmental authorization would not have a Material Adverse Effect.
- (k) Business Information. Its legal name, jurisdiction of organization and Corporate Access Number specified on the signature page hereof is true and correct and its address on such signature page is the address of its chief executive office. Within the previous six (6) years, it has not changed its name, done business under any other name, or merged or been the surviving entity of any merger, except as disclosed to the Lender in writing or as previously disclosed to the Lender.
- (l) Full Disclosure. No information relating to it contained in any Loan Document or any written statement or document furnished by or on behalf of such Loan Party under any Loan Document, or to induce the Lender to execute the Loan Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.
- (m) Subsidiaries. The only subsidiaries of the Parent on the Closing Date are the Borrower, Porterco Oilfield Services Inc. and Bearstone Oilfield Services Inc.. As at the Closing Date, each of Porterco Oilfield Services Inc. and Bearstone Oilfield Services Inc. have no assets or operations.

6. LENDER'S REPRESENTATIONS

The Lender represents and warrants to the Parent that it is purchasing the Warrants for investment only and not with a view to the resale or distribution of all or any of the Warrants or common shares issuable upon exercise of the Warrants. The Lender certifies that it is a resident of Connecticut and acknowledges that:

- (a) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Warrants;
- (b) there is no government or other insurance covering the Warrants;
- (c) there are risks associated with the purchase of the Warrants;
- (d) there are restrictions on the Lender's ability to resell the Warrants and it is the responsibility of the Lender to find out what those restrictions are and to comply with them before selling the Warrants; and
- (e) the Borrower has advised the Lender that the Borrower is relying on an exemption from the requirements to provide the Lender with a prospectus and to sell the Warrants through a person or company registered to sell securities under the *Securities Act*

(Alberta) and, as a consequence of acquiring securities under an exemption, certain protections, rights and remedies provided by the *Securities Act* (Alberta), including statutory rights of rescission or damages, will not be available to the Lender.

7. COVENANTS OF LOAN PARTIES

- (a) Application of Proceeds. The Borrower shall use the proceeds of the Loan exclusively for the purposes set forth in Section 1(f).
- (b) Use of Collateral. The Borrower shall cause the Equipment in which it has an interest to be used solely in the Provinces of Alberta, British Columbia, and Saskatchewan, or in any other jurisdiction in respect of which the Lender has given its prior written consent (which consent shall not be unreasonably withheld), and in the conduct of its business and in a careful and proper manner; shall not permanently discontinue use of the Collateral unless it otherwise maintains such Collateral in accordance with the provisions of this Agreement; and shall provide written notice to the Lender not more than thirty (30) days after any change of the location of any item of Equipment (or the location of the principal base of any item of Equipment, to the extent that such item is mobile equipment) as specified on the applicable Collateral Schedule.
- (c) No Sale or Further Encumbrance. Other than for Permitted Dispositions and as contemplated by Section 2(k), the Borrower shall not dispose of its interest in the Collateral without the prior written consent of the Lender, and such disposition shall be on arm's length terms and for full market value. The Borrower shall maintain the Collateral in which it has an interest free from all claims, Liens and legal processes of its creditors other than:
 - (i) Liens for fees, taxes, or other governmental charges of any kind which are not yet delinquent or are being contested in good faith by appropriate proceedings which suspend the collection thereof (provided, however, that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of the Equipment or any interest therein);
 - (ii) Liens of mechanics, materialmen, laborers, employees or suppliers and similar Liens arising by operation of law incurred by the Borrower in the ordinary course of business for sums that are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof (provided, however, that such contest does not involve any substantial danger of the sale, forfeiture or loss of the Equipment or any interest therein);
 - (iii) Liens arising out of any judgments or awards against the Borrower which have been adequately bonded to protect the Lender's interests or with respect to which a stay of execution has been obtained pending an appeal or a proceeding for review;
 - (iv) Liens arising merely by operation of law in the ordinary course of business of the Borrower, consented to in writing by the Lender, such consent not to be unreasonably withheld;
 - (v) All Liens created by or in favour of the Lender, including pursuant to this Agreement;
 - (vi) Liens existing on the Equipment acquired by the Borrower pursuant to the Equipment Purchase at the time of such acquisition (notwithstanding the

Lender's obligation pursuant to the Equipment Purchase to transfer such Equipment free of all Liens); and

- (vii) Liens in respect of which the Lender has given its written consent, (collectively, "**Permitted Liens**").

The Borrower shall notify the Lender promptly upon receipt by it of notice of any Lien, attachment or judicial proceeding affecting the Equipment in which it has an interest in whole or in part, and in any event within two (2) Business Days.

- (d) Fees and Taxes. The Borrower will, at its own expense, pay or cause to be paid all taxes and fees relating to its ownership and use of the Equipment in which it has an interest. The Borrower will keep and maintain, or cause to be kept and maintained, (1) the Equipment (other than the Equipment acquired pursuant to the Equipment Purchase) in accordance with the manufacturer's recommended specifications, and (2) the Equipment in at least as good operating condition as on the date of execution hereof (or on the date on which acquired, if such date is subsequent to the date of execution hereof), provided that any improvements to the Equipment or improvements to the standard of maintenance of such Equipment shall form the minimum condition or standard of maintenance on a go forward basis, except in either case for ordinary wear and tear resulting from proper use thereof. The Borrower will provide all maintenance and service and make all repairs necessary for such purpose. In addition, if any parts or accessories forming part of such Equipment shall from time to time after the date hereof become worn out, lost, destroyed, damaged beyond repair or otherwise permanently rendered unfit for use, the Borrower, at its own expense, will within a reasonable time replace such parts or accessories or cause the same to be replaced, with replacement parts or accessories which are free and clear of all Liens, encumbrances or rights of others and have a value and utility at least equal to the parts or accessories replaced. All accessories, parts and replacements for or which are added to or become attached to the Equipment shall immediately be deemed incorporated in the Equipment and subject to the security interest granted by the Borrower herein.
- (e) Loss or Damage. The Borrower shall advise the Lender in writing within ten (10) days of the occurrence of any material damage, loss, theft, destruction or governmental confiscation or appropriation of any item of the Equipment in which it has an interest (an "**Event of Loss**") and of the circumstances and extent of such Event of Loss and, within thirty (30) days after receipt of notice from the Lender, it shall (at the Lender's option) either: (1) replace the item of Equipment having suffered the Event of Loss with equipment which is free and clear of all Liens (other than Permitted Liens) and has a value and utility at least equal to the item of Equipment having suffered the Event of Loss, and such replacement equipment shall immediately be deemed "Equipment" hereunder and subject to the security interest granted pursuant to Section 3 hereof; (2) prepay the Obligations to the extent attributable to the unpaid portion of the Obligations funded with respect to the item of Equipment having suffered the Event of Loss (as reasonably determined by the Lender); or (3) the Lender shall retain any payments received under Section 7(g) below, provided such payments cover the value of the item of Equipment having suffered the Event of Loss. If any item of Equipment is damaged and such damage can be repaired, the Borrower shall (at its expense) promptly effect such repairs. Proceeds of insurance shall be paid to the Lender with respect to such reparable damage to the Equipment and shall, at the election of the Lender, be applied either to the repair of the Equipment by payment by the Lender directly to the party completing the repairs, or to the reimbursement of the Borrower for the cost of such repairs; provided, however, that the Lender shall have no obligation to make such payment or any part thereof until receipt of such evidence as the Lender shall deem

satisfactory that such repairs have been completed, and further provided that the Lender may apply such proceeds to the payment of any installment or other sum due or payable.

- (f) Personal Property. The Borrower and the Lender intend that the Equipment shall remain personal property, notwithstanding the manner in which it may be affixed to any real property, and the Borrower shall obtain and deliver to the Lender (to be recorded at the Borrower's expense) from each Person having an interest in or Lien on the property (the "**Premises**") where the Equipment in which it has an interest is to be located, waivers of any Lien, encumbrance or interest which such Person might have or hereafter obtain or claim with respect to such Equipment.
- (g) Insurance. At its own expense, the Borrower shall keep the Equipment in which it has an interest or cause such Equipment to be kept insured against loss or damage due to fire and the risks normally included in extended coverage, malicious mischief and vandalism, for the full replacement value thereof. All insurance for loss or damage shall provide that losses, if any, shall be payable to the Lender under a lender's loss payee endorsement, which shall be evidenced by adding the Lender as a first loss payee in respect of the Collateral on the certificate of insurance of the Borrower. The proceeds of such insurance payable as a result of loss of or damage to the Collateral shall be applied, at the Lender's option, (x) toward the replacement, restoration or repair of the Collateral which may be lost, stolen, destroyed or damaged, or (y) toward payment of the balance outstanding on the Promissory Notes or the Obligations. In addition, the Borrower shall also carry public liability insurance, both personal injury and property damage. All insurance required hereunder shall be in form and amount and with companies satisfactory to the Lender, acting reasonably. The Borrower shall pay or cause to be paid the premiums therefor and deliver to the Lender evidence satisfactory to the Lender of such insurance coverage. The Borrower shall cause to be provided to the Lender, prior to the scheduled expiration or lapse of such insurance coverage, evidence satisfactory to the Lender of renewal or replacement coverage. Each insurer shall agree, by endorsement upon the policy or policies issued by it, or by independent instrument furnished to the Lender, that (1) it will give the Lender thirty (30) days' prior written notice of the effective date of any material alteration or cancellation of such policy; and (2) the interest of any named loss payee other than the Borrower shall not be invalidated by any actions, inactions, breach of warranty or conditions or negligence of the Borrower with respect to such policy or policies.
- (h) Further Assurances. Each Loan Party shall promptly and duly execute and deliver to the Lender such further documents, instruments and assurances and take such further action as the Lender may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created in favor of the Lender hereunder; including, without limitation, the addition of any Affiliate of either of the Loan Parties as a guarantor, and the execution and delivery of any document reasonably required, and payment of all necessary costs to record such documents (including payment of any documentary or stamp tax), to perfect and maintain perfected the security interest granted by it under this Agreement.
- (i) Notices to Lender. Each Loan Party shall provide written notice to the Lender: (1) not less than thirty (30) days prior notice of any change in its name, jurisdiction of organization or address of its chief executive office; and (2) promptly upon the occurrence of any event which constitutes a Default or Pending Default.
- (j) Delivery of Financial Information. Parent shall furnish the Lender (1) within one hundred twenty (120) days after the end of each fiscal year of Parent, its consolidated balance sheet as at the end of such year, and the related consolidated statement of income and statement of changes in financial position for such fiscal year, prepared in accordance with GAAP, all in reasonable detail and certified by independent certified public

accountants of recognized standing selected by Parent and reasonably acceptable to the Lender; (2) within sixty (60) days after the end of each quarter of Parent's fiscal year (other than the fourth quarter), its unaudited consolidated balance sheet as at the end of such quarter and the related consolidated statement of income and statement of changes in financial position for such quarter, prepared in accordance with GAAP; and (3) within thirty (30) days after the date on which they are filed, all material reports, forms and other filings required to be made by Parent (or the Borrower) to any recognized stock exchange or other securities regulatory body under whose jurisdiction or policies, such person is regulated or to which such person is otherwise subject if any, as and when filed (by furnishing these such forms or filings, or making them publicly available in electronic form, in each case, within the time periods set forth in clauses (1) and (2), Parent shall be deemed to have satisfied the requirements of clauses (1), (2) and (3)).

- (k) Notice of Bankruptcy. Each Loan Party shall provide written notice to the Lender of the commencement of proceedings under any and all bankruptcy, insolvency, receivership, reorganization or similar laws under Applicable Law (as now or hereafter in effect) involving it, and, in the case of the Parent, any direct or indirect subsidiary of the Parent as a debtor.
- (l) Bank Secrecy Act, etc. (1) It has been advised by the Lender that the USA Patriot Act establishes minimum standards of account information to be collected and maintained by the Lender, and that to help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account; and specifically, this means that when such Loan Party executes this Agreement, the Lender may ask for such Loan Party's name and address, the date of birth of the officers executing this Agreement, and other information that will allow the Lender to identify such Loan Party; and that the Lender may also ask to see the driver's license or other identifying documents of the officers executing this Agreement on behalf of such Loan Party. (2) It is and will remain in full compliance with all Applicable Laws including, without limitation, (i) ensuring that no Person who owns a controlling interest in or otherwise controls such Loan Party is or shall be (A) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control ("**OFAC**"), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation, or (B) a Person designated under Sections 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders, and (ii) compliance with all applicable Bank Secrecy Act ("**BSA**") laws, regulations and government guidance on BSA compliance and on the prevention and detection of money laundering violations.
- (m) Indemnification. The Borrower shall indemnify (on an after-tax basis) and defend the Lender, its successors and assigns, and their respective directors, officers and employees, from and against any and all claims, actions and suits (including, without limitation, any Environmental Claim or Environmental Loss), and related attorneys' fees, of any kind, nature or description whatsoever arising, directly or indirectly, in connection with any of the Collateral (other than such as may result from the gross negligence or willful misconduct of the Lender, its successors and assigns, and their respective directors, officers and employees). The obligations of the Borrower under this Section 7(m) shall survive the expiration of the term of this Agreement.
- (n) Annual Equipment Appraisals. The Borrower shall permit and enable the Lender and all other Persons designated by the Lender, to attend the premises to perform an annual physical inspection of all Equipment in which it has an interest and to obtain an appraisal report in form and substance reasonably satisfactory to the Lender at the cost of the Loan Parties.

- (o) Equipment Inspections. The Borrower shall permit and enable the Lender and all Persons designated by the Lender, to visit and inspect the Equipment during normal business hours up to four times per any twelve-month period, for the first eighteen months, and once per any twelve-month period thereafter, at the cost of the Borrower.
- (p) Subsidiaries. The Parent shall not permit Porterco Oilfield Services Inc. and Bearstone Oilfield Services Inc. to own any assets or undertake any operations, unless agreed to in writing by the Lender.

8. DEFAULT.

A default shall be deemed to have occurred hereunder (a "Default") upon the occurrence of any of the following events:

- (a) if the Borrower fails to make any payment of principal and/or interest when due hereunder or under any Promissory Note on the applicable Payment Date;
- (b) if the Borrower fails to make any payment of an amount when due hereunder or under any Promissory Note (other than a payment described in paragraph (a)) and such default continues for at least five (5) days after written notice to the Borrower thereof;
- (c) the failure by any Loan Party to maintain, use or operate the Collateral in compliance with Applicable Law;
- (d) if the Borrower fails to perform its obligations under Section 7(c) and Section 7(g) and such default continues for at least five (5) days after written notice to the Borrower thereof;
- (e) the occurrence of a payment or other default by the Borrower or its Affiliates under any loan, lease, agreement, guarantee or other financial obligation to the Lender or its Affiliates which default entitles the other party to such obligation to exercise any remedies;
- (f) the occurrence of a payment or other default by the Borrower or its Affiliates under any material loan, lease, guarantee or other material financial obligation to any third party which default has been declared;
- (g) if any representation or warranty made by a Loan Party in any financial statement or Loan Document proves to be false or misleading, including any omission of any substantial contingent or unliquidated liability or claim against a Loan Party;
- (h) the failure by a Loan Party generally to pay its debts as they become due or its admission in writing of its inability to pay the same, or the commencement of any bankruptcy, insolvency, receivership or similar proceeding by or against a Loan Party or any of its properties or business (unless, if involuntary, the proceeding is dismissed within sixty (60) days of the filing thereof) or the rejection of this Agreement or any other Loan Document in any such proceeding;
- (i) a Loan Party shall (1) enter into any transaction of merger or amalgamation with another Person (such actions being referred to as an "Event"), unless such Loan Party is the surviving entity or the surviving entity is organized and existing under the laws of Canada or any province of Canada, and prior to such Event: (A) such Person executes and delivers to the Lender (x) an agreement satisfactory to the Lender, in its sole discretion, containing such Person's effective assumption, and its agreement to pay, perform, comply with and otherwise be liable for, in a due and punctual manner, all of such Loan

Party's Obligations having previously arisen, or then or thereafter arising, under any and all of the Loan Documents to which it is a party, and (y) any and all other documents, agreements, instruments, certificates, opinions and filings requested by the Lender; and (B) the Lender is satisfied as to the creditworthiness of such Person, and as to such Person's conformance to the other standard criteria then used by the Lender when approving transactions similar to the transactions contemplated in this Agreement; (2) cease to do business as a going concern, liquidate, or dissolve; or (3) sell, transfer, or otherwise dispose of all or substantially all of its assets or property;

- (j) effective control of the Borrower's voting capital stock/membership interests/partnership interests, issued and outstanding from time to time, is not retained by the present holders (unless the Borrower shall have provided thirty (30) days' prior written notice to the Lender of the proposed disposition and the Lender shall have consented thereto in writing);
- (k) there occurs a default or anticipatory repudiation under any guarantee executed in connection with this Agreement;
- (l) there occurs a breach by either Loan Party of Section 7(j) of this Agreement; or
- (m) breach by the either Loan Party of any other covenant, condition or agreement (other than those in items (a)-(l) above) under this Agreement or any of the other Loan Documents that continues for thirty (30) days after the Lender's written notice to the Borrower (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period).

The occurrence of a Default with respect to any Promissory Note shall, at the sole discretion of the Lender (as set forth in a written declaration to the Borrower), constitute a Default with respect to any or all of the other Promissory Notes. Notwithstanding anything to the contrary set forth herein, the Lender or its assignee(s) (as applicable) may exercise all rights and remedies hereunder or under a Promissory Note independently with respect to each Promissory Note and/or with respect to the Collateral collateralizing such Promissory Note.

9. REMEDIES.

Upon the occurrence of a Default which is continuing, the Lender may, at its option, declare this Agreement to be in default and accelerate all Obligations hereunder and may do any one or more of the following, all of which are hereby authorized by the Borrower:

- (a) Rights Under PPSA. Exercise any and all rights and remedies of a secured party under the PPSA or otherwise under Applicable Law and in addition to those rights, at its sole discretion, may require the Borrower (at its sole expense) to forward promptly any or all of the Collateral to the Lender at such location as shall reasonably be required by the Lender, or enter upon the premises where any such Collateral is located (without obligation for rent) and take immediate possession of and remove the Collateral by summary proceedings or otherwise, all without liability from the Lender to the Borrower for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise.
- (b) Disposition of Collateral. Subject to Applicable Law, and any right of the Borrower to redeem the Collateral, sell, lease or otherwise dispose of any or all of the Collateral in a commercially reasonable manner at public or private sale with notice to the Borrower (the parties agreeing that ten (10) days' prior written notice shall constitute adequate notice of such sale) at such price as it may deem best, for cash, credit, or otherwise, with the right of the Lender to purchase and apply the proceeds:

First, to the payment of all expenses and charges, including the expenses of any sale, lease or other disposition, the expenses of any taking, attorneys' fees, court costs and any other expenses incurred or advances made by the Lender in the protection of its rights or the pursuance of its remedies, and to provide adequate indemnity to the Lender against all taxes and Liens which by law have, or may have, priority over the rights of the Lender to the monies so received by the Lender;

Second, to the payment of the Obligations; and

Third, to the payment of any surplus thereafter remaining to the Borrower or to whosoever may be entitled thereto;

and in the event that the proceeds are insufficient to pay the amounts specified in clauses "First" and "Second" above, the Lender may collect such deficiency from the Borrower.

- (c) Other Rights and Remedies. The Lender may exercise any other right or remedy available to it under the Loan Documents or Applicable Law, or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Agreement in whole or in part.
- (d) Costs and Expenses; No Remedy Exclusive. In addition, the Borrower shall be liable for any and all reasonable unpaid additional sums due hereunder or under any Promissory Note before, after or during the exercise of any of the foregoing remedies; and for all reasonable legal fees and other reasonable costs and expenses incurred by reason of any Default or of the exercise of the Lender's remedies with respect thereto. No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative, and shall be in addition to any other remedy referred to above or otherwise available at law or in equity, and may be exercised concurrently or separately from time to time. The Borrower hereby waives any and all existing or future claims to any offset against the sums due hereunder or under any Promissory Note and agrees to make the payments regardless of any offset or claim which may be asserted by the Borrower or on its behalf in connection with this Agreement.
- (e) No Waiver. The failure of the Lender to exercise, or delay in the exercise of, the rights granted hereunder upon any Default by a Loan Party shall not constitute a waiver of any such right upon the continuation or recurrence of any such Default. The Lender may take or release other security; may release any party primarily or secondarily liable for the Obligations; may grant extensions, renewals or indulgences with respect to the Obligations and may apply any other security therefor held by it to the satisfaction of the Obligations without prejudice to any of its rights hereunder.

10. NOTICES.

All notices (excluding billings and communications in the ordinary course of business) hereunder shall be in writing, personally delivered, sent by overnight courier service, sent by facsimile telecopier, or sent by certified mail, return receipt requested, addressed to the Lender or the Loan Parties at their respective addresses stated below the signature of such parties or at such other addresses as such parties shall from time to time designate in writing to the other parties; and shall be effective from the date of receipt.

11. LENDER'S RIGHT TO PERFORM FOR LOAN PARTIES.

- (a) Performance and Reimbursement. If any Loan Party fails to perform or comply with any of its agreements contained herein the Lender shall have the right, but shall not be obligated, to effect such performance or compliance, and the amount of any reasonable

out-of-pocket expenses and other reasonable expenses of the Lender thereby incurred, together with interest thereon at the Default Rate, shall be due and payable by such Loan Party upon demand.

- (b) Power of Attorney. The Borrower hereby appoints the Lender as the Borrower's attorney-in-fact (which power shall be deemed coupled with an interest) to execute, endorse and deliver any deed, conveyance, assignment or other instrument in writing as may be required to vest in the Lender any right, title or power which by the terms hereof are expressed to be conveyed to or conferred upon the Lender, including, without limitation, real property waivers, and documents and cheques or drafts relating to or received in payment for any loss or damage under the policies of insurance required hereby, but only to the extent that the same relates to the Collateral.

12. SUCCESSORS AND ASSIGNS.

This Agreement shall inure to the benefit of the Lender, its successors and assigns, and shall be binding upon Loan Parties and their successors and permitted assigns. The rights and obligations of each Loan Party under this Agreement may not be assigned or delegated. The Lender reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, the Lender's rights and obligations hereunder, in the Promissory Notes, in the Collateral and/or the Obligations held by it to others at any time and from time to time; and the Lender may disclose to any such purchaser, assignee, transferee or participant (the "**Participant**"), or potential Participant, this Agreement and all information, reports, financial statements and documents executed or obtained in connection with this Agreement which the Lender now or hereafter may have relating to the Loan, Loan Parties, or the business of Loan Parties. Each Loan Party hereby grants to any Participant all Liens, rights and remedies of the Lender under the provisions of this Agreement or any other documents relating hereto or under applicable laws. Each Loan Party agrees that any Participant may enforce such Liens and exercise such rights and remedies in the same manner as if such Participant were the Lender and a direct creditor of such Loan Party.

13. CHOICE OF LAW: JURISDICTION: WAIVER OF JURY TRIAL.

- (a) GOVERNING LAW. THIS AGREEMENT AND ALL OTHER RELATED INSTRUMENTS AND DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL, IN ALL RESPECTS, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ALBERTA (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH PROVINCE) AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL.
- (b) Jurisdiction. The parties agree that any action or proceeding arising out of or relating to this Agreement shall be commenced in the courts of the Province of Alberta, and each party irrevocably submits to the non-exclusive jurisdiction of such court and agrees that a summons and complaint commencing an action or proceeding in any such court shall be properly served and shall confer personal jurisdiction if served personally or by certified mail to it at its address designated pursuant hereto, or as otherwise provided under the laws of the Province of Alberta.
- (c) WAIVER OF JURY TRIAL. EACH LOAN PARTY HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH SUCH LOAN PARTY AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS AGREEMENT OR ANY PROMISSORY NOTE. EACH LOAN PARTY AUTHORIZES THE LENDER TO FILE THIS PROVISION WITH THE CLERK OR JUDGE OF ANY COURT HEARING SUCH CLAIM. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY SUCH LOAN PARTY AND SUCH LOAN PARTY HEREBY

ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. EACH LOAN PARTY FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND ANY PROMISSORY NOTE AND IN THE MAKING OF THIS WAIVER BY LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

14. MISCELLANEOUS.

- (a) Entire Agreement. The Loan Documents constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and shall not be amended or altered in any manner except by a document in writing executed by both parties.
- (b) Survival. All representations, warranties, and covenants of each Loan Party contained herein or made pursuant hereto shall survive closing and continue throughout the term hereof and until the Obligations are satisfied in full.
- (c) Severability. Any provision of the Loan Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, each Loan Party hereby waives any provision of law which renders any provision hereof or thereof prohibited or unenforceable in any respect.
- (d) Captions. The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.
- (e) Time of Essence. Time is of the essence hereof.
- (f) Expenses. Except as contemplated by Sections 1(b) and 2(k)(iii), the Borrower agrees to pay or reimburse the Lender (without duplication) for all reasonable costs and expenses (including the reasonable fees and expenses of all counsel, advisors, consultants and auditors retained in connection therewith), incurred by the Lender in connection with: (1) the preparation, negotiation, execution, delivery, performance and enforcement of the Loan Documents and the preservation of any rights thereunder (including, without limitation, filing or recording fees and taxes); (2) collection, including deficiency collections; (3) any amendment, waiver or other modification or waiver of, or consent with respect to, any Loan Document or advice in connection with the administration of the Loan or the rights thereunder; (4) any litigation, dispute, suit, proceeding or action (whether instituted by or between any combination of the Lender, Loan Parties or any other Person), and an appeal or review thereof, in any way relating to the Collateral, any Loan Document, or any action taken or any other agreements to be executed or delivered in connection therewith, whether as a party, witness or otherwise; and (5) any effort (i) to monitor the Loan, (ii) to evaluate, observe or assess the Borrower or the affairs of the Borrower, and (iii) to verify, protect, observe, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of the Collateral.

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IN WITNESS WHEREOF, the parties hereto have caused this Loan and Security Agreement to be duly executed as of the day and year first above written.

NATIONS FUND I, LLC

Lender

By:

Name: 
Title: **SAURIN P. SHAH**
Duly Authorized Signatory

501 Merritt Seven
Norwalk, Connecticut 06851
Facsimile: (203) 939-1597

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

Borrower

By:

Name:
Title:

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8
Facsimile: (403) 984-9799

Form of Organization: Corporation
Jurisdiction of Organization: Alberta
Corporate Access Number: 2017755501

NEW WEST ENERGY SERVICES INC.

Parent Guarantor

By: _____

Name:
Title:

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8
Facsimile: (403) 984-9799

Form of Organization: Corporation
Jurisdiction of Organization: Canada
Corporate Access Number: 213478720

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Security Agreement to be duly executed as of the day and year first above written.

NATIONS FUND I, LLC

Lender

By: _____

Name:

Title:

501 Merritt Seven
Norwalk, Connecticut 06851
Facsimile: (203) 939-1597

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

Borrower

By:  _____

Name: GERRY KERHOFF


Title: PRESIDENT

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8
Facsimile: (403) 984-9799

Form of Organization: Corporation
Jurisdiction of Organization: Alberta
Corporate Access Number: 2017755501

NEW WEST ENERGY SERVICES INC.

Parent Guarantor

By:  _____

Name: GERRY KERHOFF

Title: PRESIDENT & CHIEF EXECUTIVE OFFICER

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8
Facsimile: (403) 984-9799

Form of Organization: Corporation
Jurisdiction of Organization: Canada
Corporate Access Number: 213478720

SCHEDULE A

DEFINITIONS

Capitalized terms used in this Agreement and the other Loan Documents shall have (unless otherwise provided elsewhere in this Agreement or in the Loan Documents) the following respective meanings:

"Advance" shall mean the CWB Refinancing Advance or the Equipment Sale Advance, as applicable.

"Adverse Environmental Condition" shall mean (i) the existence or the continuation of the existence of an Environmental Contamination (including, without limitation, a sudden or non-sudden accidental or non-accidental Environmental Contamination), or exposure to any substance, chemical, material, pollutant, Hazardous Substance, odour or audible noise or other release or emission in, into or onto the environment (including without limitation, the air, ground, water or any surface) at, in, by, from or related to any Collateral, (ii) the environmental aspect of the transportation, storage, treatment or disposal of materials in connection with the operation of any Collateral, or (iii) the violation, or alleged violation, of any Environmental Law, permits or licenses of, by or from any governmental authority, agency or court relating to environmental matters connected with any of the Collateral.

"Affiliate" means, with respect to any Person: (i) each other Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five (5) percent or more of the Stock having ordinary voting power for the election of directors of such Person; (ii) each other Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person; or (iii) each of such Person's officers, directors, joint venturers and partners. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting Stock, by contract or otherwise.

"Agreement" means this Loan and Security Agreement including all appendices, exhibits or schedules attached or otherwise identified thereto, restatements and modifications and supplements thereto, and any appendices, exhibits or schedules to any of the foregoing, each as in effect at the time such reference becomes operative.

"Applicable Law" means any law, rule, regulation, ordinance, order, code, common law, interpretation, judgment, directive, decree, treaty, injunction, writ, determination, award, permit or similar norm or decision of any Governmental Authority having jurisdiction over a Loan Party or the matters herein.

"Borrower" means the Person identified as such in the preamble of this Agreement.

"Breakage Costs" means any and all breakage costs and penalties required to be paid by the Lender to the counterparties under any foreign exchange derivative entered into by the Lender in connection with the Loan, which breakage costs and penalties are incurred by the Lender as a result of any prepayment made hereunder by the Borrower.

"BSA" has the meaning assigned to it in Section 7(l) of this Agreement.

"Business Day" means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of New York or the City of Calgary, Alberta.

"Closing Date" means the date on which the conditions precedent in Section 4 are satisfied by the Loan Parties or waived by the Lender.

"Collateral" has the meaning assigned to it in Section 3 of this Agreement.

"Collateral Schedule" has the meaning assigned to it in Section 3 of this Agreement.

"**CWB Refinancing**" means the repayment in full of all amounts owing by the Loan Parties to Canadian Western Bank and Canadian Western Bank Leasing Inc. pursuant to a commitment letter dated March 7, 2016 and accepted March 15, 2016, between Canadian Western Bank and Canadian Western Bank Leasing Inc., as lenders, and the Parent, the Borrower and Porterco Oilfield Services Inc. as borrowers/guarantors.

"**CWB Refinancing Advance**" has the meaning assigned to it in Section 1 of this Agreement.

"**Default**" has the meaning assigned to it in Section 8 of this Agreement.

"**Default Rate**" has the meaning assigned to it in Section 2(d) of this Agreement.

"**Environment**" or "**Environmental**" or "**Environmentally**" means the components of the earth and includes: (i) air, land subsurface strata, water, surface water and groundwater; (ii) all layers of the atmosphere; (iii) all organic and inorganic matter and living organisms; and (iv) the interacting natural systems that include components referred to in (i) to (iii).

"**Environmental Claim**" shall mean any accusation, allegation, notice of violation, claim, demand, abatement or other order on direction (conditional or otherwise) by any governmental authority or any Person for personal injury (including sickness, disease or death), tangible or intangible property damage, damage to the environment or other adverse effects on the environment, or for fines, penalties or restrictions, resulting from or based upon any Adverse Environmental Condition.

"**Environmental Contamination**" shall mean any actual or threatened release, spill, emission, leaking, pumping, injection, presence, deposit, abandonment, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, or into or out of any of the Collateral, including, without limitation, the movement or any Hazardous Substance or other substance through or in the air, soil, surface water, groundwater, or property which is not in compliance with applicable Environmental Laws.

"**Environmental Law**" means any Applicable Law, including any applicable guidelines and standards, relating in any way to the Environment, Environmental protection or occupational health and safety.

"**Environmental Loss**" shall mean any loss, cost, damage, liability, deficiency, fine, penalty or expense (including, without limitation, reasonable attorneys' fees, engineering and other professional or expert fees), investigation, removal, cleanup and remedial costs (voluntarily or involuntarily incurred) and damages to, loss of the use of or decrease in value of the Collateral arising out of or related to any Adverse Environmental Condition.

"**Equipment**" has the meaning assigned to it in Section 3 of this Agreement.

"**Equipment Purchase**" means the purchase of various vehicles and equipment from the Lender by the Borrower as further detailed in the Equipment Bill of Sale dated as of the date hereof, between the Lender and the Borrower, the Equipment Bill of Sale dated as of February 23, 2017, between the Lender and the Borrower, the Equipment Bill of Sale dated as of February 10, 2017, between the Lender and the Borrower, and the Equipment Bill of Sale dated as of January 12, 2017, between the Lender and the Borrower.

"**Equipment Sale Advance**" has the meaning assigned to it in Section 1 of this Agreement.

"**Event**" has the meaning assigned to it in Section 8(i) of this Agreement.

"**Event of Loss**" has the meaning assigned to it in Section 7(e) of this Agreement.

"**Existing Note**" means the promissory note no. BEAR-0001 in the amount of \$593,000.58, as amended, granted by the Borrower to the Lender.

"**Financing Statements**" has the meaning assigned to it in Section 3 of this Agreement.

"**GAAP**" means, generally accepted accounting principles in the Canada as in effect from time to time, consistently applied, including, if applicable to any Loan Party, IFRS or ASPE.

"**Governmental Authority**" means any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"**Guarantee**" means a guarantee dated as of the Closing Date, granted by the Parent to the Lender guaranteeing the Obligations of the Borrower.

"**Hazardous Substance**" means any pollutants, contaminants, hydrocarbon contaminants, asbestos materials, hazardous, corrosive or toxic substances or underground or aboveground tanks, urea formaldehyde, deleterious substances, special waste or waste of any kind, including any substance the storage, manufacture, disposal, handling, treatment, generation, use, transport, remediation or release into the Environment which is prohibited, controlled, regulated or licensed under Environmental Law.

"**Interest Period**" has the meaning assigned to it in the applicable Promissory Note.

"**Lender**" has the meaning assigned to it in the preamble of this Agreement and, if at any time the Lender shall decide to assign, participate or syndicate all or any of the Obligations, such term shall include each such assignee, Participant or such other members of the syndicate; together with its or their successors and assigns.

"**Lien**" means any mortgage, security deed or deed of trust, pledge, hypothecation, assignment, deposit arrangement, Lien, charge, claim, security interest, security title, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the PPSA, any comparable law of any jurisdiction or any other statute governed by Applicable Law).

"**Loan**" means the loan in the amount of the aggregate principal amount of all advances and evidenced by the Promissory Notes, and made to the Borrower under the terms of this Agreement, and any renewals, extensions, revisions, modifications or replacements therefor or thereof.

"**Loan Documents**" means this Agreement, any Promissory Note, the Guarantee, and any other guarantee and the other documents and instruments executed by any of the Loan Parties pursuant hereto.

"**Loan Rate**" has the meaning assigned to it in the applicable Promissory Note.

"**Material Adverse Effect**" means: a material adverse effect on (a) the business, assets, operations or financial condition of a Loan Party or the industry within which a Loan Party operates, (b) the Borrower's ability to pay or perform the Obligations under the Loan Documents in accordance with the terms thereof, (c) the Collateral or the Lien of the Lender on the Collateral granted hereunder or the priority of such Lien, or (d) the Lender's rights and remedies under this Agreement and the other Loan Documents.

"**Maximum Amount**" means CAD\$6,064,513.89.

"**Obligations**" means all loans, interest, advances, debts, expense reimbursement, fees (including if applicable, any Prepayment Fee), liabilities, and obligations for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or amounts are liquidated or determinable) owing by the Borrower to the Lender or any of the

Lender's Affiliates, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, whether arising under any of the Loan Documents or under any other agreement between the Borrower and the Lender or any of the Lender's Affiliates, and all covenants and duties regarding such amounts. This term includes all principal, interest (including interest accruing at the then applicable rate provided in this Agreement after the maturity of the Loan and interest accruing at the then applicable rate provided in this Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, charges, expenses, attorneys' fees and any other sum chargeable to the Borrower under any of the Loan Documents, and all principal, and interest due in respect of the Loan.

"**OFAC**" has the meaning assigned to it in Section 7(l) of this Agreement.

"**Other Currency**" has the meaning assigned to it in Section 1(i) of this Agreement.

"**Participant**" has the meaning assigned to it in Section 12 of this Agreement.

"**Payment Date**" has the meaning assigned to it in the applicable Promissory Note.

"**Pending 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 a Default.

"**Permitted Disposition**" means any sale or disposition of Equipment by the Borrower on notice to the Lender including a list of Equipment to be sold and the expected price range, provided that the value of such sales do not, in aggregate, exceed \$350,000 of the orderly liquidation value as outlined in the Equipment Appraisal report dated October 24, 2016 prepared for the Lender, and provided further that such sale or disposition does not occur in the 3 months immediately following the Closing Date.

"**Person**" means any individual, sole proprietorship, entity, limited liability entity, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation or government (whether Federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof), and shall include such Person's successors and assigns.

"**PPSA**" means the *Personal Property Security Act* (Alberta) and the regulations thereunder, as in effect from time to time.

"**Premises**" has the meaning assigned to it in Section 7(f) of this Agreement.

"**Prepayment Fee**" means:

- (a) an amount equal to the principal amount outstanding of the Loan to be prepaid on the date of prepayment, multiplied by 3%; and
- (b) any Breakage Costs.

"**Proceeds**" means "proceeds," as such term is defined in the PPSA and, in any event, shall include: (i) any and all proceeds of any insurance, indemnity, warranty or guarantee payable to the Borrower from time to time with respect to any Collateral; (ii) any and all payments (in any form whatsoever) made or due and payable to the Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any Collateral by any governmental body, authority, bureau or agency (or any Person acting under color of governmental authority); (iii) any recoveries by the Borrower against third parties with respect to any litigation or dispute concerning any Collateral, including claims arising at of the loss or nonconformity of, interference with the use of, defects in, or infringement of rights in, or damage to, Collateral; and (iv) any and all other amounts, rights to payment or other property

acquired upon the sale, lease, licence exchange or other disposition of Collateral and all rights arising out of Collateral.

"**Promissory Note**" has the meaning assigned to it in Section 1(c) of this Agreement.

"**Specified Rate**" has the meaning assigned to it in Section 2(f) of this Agreement.

"**Stated Maturity Date**" has the meaning assigned to it in the Promissory Note.

"**Stock**" means all certificated and uncertificated shares, options, warrants, membership interests, general or limited partnership interests, participation or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934).

"**Taxes**" means taxes, levies, imposts, deductions, charges or withholdings imposed by a Governmental Authority, and all liabilities with respect thereto; excluding taxes imposed on or measured by the net income of the Lender.

"**Warrant Certificate**" means the certificate granted by the Parent to the Lender providing for the issue of warrants entitling the Lender or any of its Affiliates to acquire common shares in the capital of the Parent, in substantially the form attached hereto as Schedule B.

"**Warrants**" means the warrants issued by the Parent pursuant to the Warrant Certificate.

Any accounting term used in this Agreement or the other Loan Documents shall have, unless otherwise specifically provided therein, the meaning customarily given such term in accordance with GAAP, and all financial computations thereunder shall be computed, unless otherwise specifically provided therein, in accordance with GAAP consistently applied; provided, that all financial covenants and calculations in the Loan Documents shall be made in accordance with GAAP as in effect on the Closing Date unless Loan Parties and the Lender shall otherwise specifically agree in writing. That certain items or computations are explicitly modified by the phrase "in accordance with GAAP" shall in no way be construed to limit the foregoing. All other undefined terms contained in this Agreement or the other Loan Documents all, unless the context indicates otherwise, have the meanings provided for by the PPSA. The words "herein," "hereof" and "hereunder" or other words of similar import refer to this Agreement as a whole, including the exhibits and schedules thereto, as the same may from time to time be amended, modified or supplemented, and not to any particular section, subsection or clause contained in this Agreement.

For purposes of this Agreement and the other Loan Documents, the following additional rules of construction shall apply, unless specifically indicated to the contrary: (a) wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural; (b) the term "or" is not exclusive; (c) the term "including" (or any form thereof) shall not be limiting or exclusive; (d) all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations; and (e) all references to any instruments or agreements, including references to any of the Loan Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof.

SCHEDULE B
WARRANT CERTIFICATE

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE JULY 10, 2017.

WITHOUT PRIOR WRITTEN APPROVAL OF THE TSX VENTURE EXCHANGE ("TSXV") AND COMPLIANCE WITH ALL APPLICABLE SECURITIES LEGISLATION, THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE TRADED ON OR THROUGH THE FACILITIES OF THE TSXV OR OTHERWISE IN CANADA OR TO OR FOR THE BENEFIT OF A CANADIAN RESIDENT UNTIL JULY 10, 2017.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR OTHER APPLICABLE SECURITIES LAWS. THESE SECURITIES HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION OR RESALE AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH THE PROVISIONS OF REGULATIONS S, RULE 901 THROUGH RULE 905, AND PRELIMINARY NOTES UNDER THE U.S. SECURITIES ACT OR (2) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT.

THIS WARRANT CERTIFICATE, AND THE WARRANTS EVIDENCED HEREBY, WILL BE VOID AND OF NO VALUE UNLESS EXERCISED ON OR BEFORE 4:00 P.M. (CALGARY TIME) ON MARCH 9, 2020.

NEW WEST ENERGY SERVICES INC.

a corporation incorporated under the laws of the Province of Alberta
and having its principal office at
500 - 435 4th Avenue S.W., Calgary, Alberta T2P 3A8

6,000,000 NON-TRANSFERABLE WARRANTS

Each entitling the holder to acquire one (1) common share in the capital of New West Energy Services Inc., subject to adjustment as set forth herein, in accordance with the terms and conditions set forth herein.

THIS IS TO CERTIFY THAT for value received **Nations Fund I, LLC** (the "Holder") is the registered holder of the number of Warrants stated above and is entitled for each whole Warrant represented hereby to purchase one (1) common share (each a "Share" and collectively the "Shares") in the capital of New West Energy Services Inc. (the "Corporation") at any time and from time to time from the date of issue hereof up to and including 4:00 p.m. (Calgary Time) on March 9, 2020 (the "Expiry Time"), at a price per Share equal to \$0.05, subject to adjustment as hereinafter provided (the "Exercise Price"), upon and subject to the following terms and conditions.

For purposes of this Warrant:

- (i) "Warrant Shares" means the Shares which are issuable upon the exercise from time to time of these Warrants;
- (ii) "\$" means Canadian dollars.

These Warrants are issued pursuant to a Term Loan and Security Agreement between the Corporation, Bearstone Environmental Solutions Inc. and the Holder dated March 9, 2017.

TERMS AND CONDITIONS

1. The Warrants represented by this Warrant Certificate may not be exercised in the United States or by or on behalf of a U.S. Person nor will the Warrant Shares be registered or delivered to an address in the United States, unless an exemption from registration under the U.S. Securities Act or the securities laws of any U.S. state is available, and with the prior consent of the Corporation (which will be delivered promptly and will not be unreasonably withheld but which may be conditioned on delivery of a legal opinion in form and substance satisfactory to the Corporation). As used herein, the terms "United States" and "U.S. Person" have the meanings ascribed to them in Regulation S under the U.S. Securities Act.

The Warrants represented by this Warrant Certificate are non-transferrable.

The Warrants represented by this Warrant Certificate and the Warrant Shares issuable upon exercise of these Warrants are subject to certain resale restrictions under applicable securities legislation. The Holder is advised to seek professional advice as to applicable resale restrictions.

Certificates representing the Warrant Shares issuable upon the exercise of these Warrants shall bear a legend in form and substance to those appearing on the first page of this Warrant Certificate until no longer required by applicable securities legislation.

2. At any time and from time to time at or prior to the Expiry Time (the "Exercise Period"), the Holder may exercise all or any number of whole Warrants represented hereby, upon delivering to the Corporation at its principal office noted above on this Warrant Certificate, together with a duly completed and executed subscription notice in the form attached hereto (the "Subscription Notice") evidencing the election of the Holder to exercise the number of Warrants set forth in the Subscription Notice (which shall not be greater than the number of Warrants represented by this Warrant Certificate as adjusted from time to time pursuant to Sections 5 and 6 of this Warrant Certificate) and a certified cheque, money order or bank draft payable to the Corporation for the aggregate Exercise Price of all Warrants being exercised. If the Holder is not exercising all Warrants represented by this Warrant Certificate, the Holder shall be entitled to receive, without charge, a new Warrant Certificate representing the number of Warrants which is the difference between the number of Warrants represented by the then original Warrant Certificate and the number of Warrants being so exercised.
3. The Holder shall be deemed to have become the holder of record of Warrant Shares on the date (the "Exercise Date") on which the Corporation has received a duly completed Subscription Notice, delivery of the Warrant Certificate and payment of the full aggregate Exercise Price in respect of the Warrants being exercised pursuant to such Subscription Notice; provided, however, that if such date is not a business day in the City of Calgary, Alberta (a "Business Day") then the Warrant Shares shall be deemed to have been issued and the Holder shall be deemed to have become the holder of record of the Warrant Shares on the next following Business Day. Within seven (7) Business Days of the Exercise Date, the Corporation shall issue and deliver (or cause to be delivered) to the Holder, by registered mail or pre-paid courier to his, her or its address specified in the register of the Corporation, one or more certificates for the appropriate number of issued and outstanding Warrant Shares. All costs, expenses, transfer taxes and other charges payable in connection with the issue and delivery of the Warrant Shares shall be at the sole expense of the Corporation (other than withholding tax, if any).
4. The Corporation covenants and agrees that, until the Expiry Time, while any of the Warrants represented by this Warrant Certificate shall be outstanding, it shall reserve and there shall remain unissued out of its authorized capital a sufficient number of Warrant Shares to satisfy the right of purchase herein provided, as such right of purchase may be adjusted pursuant to Sections 5 and 6 of this Warrant Certificate. The Corporation represents and warrants that all Warrant Shares which shall be issued upon the exercise of the right to purchase herein provided for, upon payment of the aggregate Exercise Price at which such Warrant Shares may at that time be purchased pursuant to the provisions hereof, shall be issued as fully paid and

non-assessable shares and the holders thereof shall not be liable to the Corporation or its creditors in respect thereof. The Corporation further represents and warrants that this Warrant Certificate is a legal, valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms. The Corporation covenants that it will make all filings under applicable laws required to be made by the Corporation in connection with the exercise of the Warrants and issue of Warrant Shares.

5. The Exercise Price (and the number of Warrant Shares purchasable upon exercise) shall be subject to adjustment from time to time in the events and in the manner provided as follows:

(a) Share Reorganization. If during the Exercise Period the Corporation shall:

- (i) issue Shares or securities exchangeable for or convertible into Shares to holders of all or substantially all of its then outstanding Shares by way of stock dividend or other distribution, or
- (ii) subdivide, redivide or change its outstanding Shares into a greater number of Shares, or
- (iii) consolidate, reduce or combine its outstanding Shares into a lesser number of Shares,

(any of such events in these paragraphs (i), (ii) and (iii) being a "Share Reorganization"), then the Exercise Price shall be adjusted as of the effective date or record date, as the case may be, at which the holders of Shares are determined for the purpose of the Share Reorganization by multiplying the Exercise Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which shall be the number of Shares outstanding on such effective date or record date before giving effect to such Share Reorganization and the denominator of which shall be the number of Shares outstanding as of the effective date or record date after giving effect to such Share Reorganization (including, in the case where securities exchangeable for or convertible into Shares are distributed, the number of Shares that would have been outstanding had such securities been fully exchanged for or converted into Shares on such record date or effective date). From and after any adjustment of the Exercise Price pursuant to this Section 5(a), the number of Warrant Shares purchasable pursuant to this Warrant Certificate shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Shares then otherwise purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

- (b) Rights Offering. If and whenever during the Exercise Period the Corporation shall fix a record date for the issue or distribution of rights, options or warrants to all or substantially all of the holders of Shares under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue to subscribe for or purchase Shares or securities exchangeable for or convertible into Shares at a price per share to the holder (or having a conversion price or exchange price per Share) of less than 95% of the Current Market Price (as defined in Section 6 hereof) for the Shares on such record date (any of such events being called a "Rights Offering"), then the Exercise Price shall be adjusted effective immediately after the record date for the Rights Offering to a price determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (i) the numerator of which shall be the aggregate of:
 - (A) the number of Shares outstanding as of the record date for the Rights Offering, and
 - (B) a number determined by dividing either

I. the product of the number of Shares offered under the Rights Offering and the price at which such Shares are offered,

or, as the case may be,

II. the product of the exchange or conversion price per share of such securities offered and the maximum number of Shares for or into which the securities so offered pursuant to the Rights Offering may be exchanged or converted,

by the Current Market Price of the Shares as of the record date for the Rights Offering; and

- (ii) the denominator of which shall be the aggregate of the number of Shares outstanding on such record date after giving effect to the Rights Offering and including the number of Shares offered pursuant to the Rights Offering (including shares issuable upon exercise of the rights, warrants or options under the Rights Offering or upon the exercise of the exchange or conversion rights contained in such exchangeable or convertible securities under the Rights Offering).

Any Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that such Rights Offering is not so made or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall, then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or if such expired rights, options or warrants had not been issued. From and after any adjustment of the Exercise Price pursuant to this Section 5(b), the number of Warrant Shares purchasable pursuant to this Warrant Certificate shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Shares then otherwise purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

- (c) Special Distribution. If and whenever during the Exercise Period the Corporation shall issue or distribute to all or to substantially all the holders of the Shares:

- (i) securities of the Corporation including shares, rights, options or warrants to acquire shares of any class or securities exchangeable for or convertible into or exchangeable into any such shares or cash, property or assets or evidences of its indebtedness, or
- (ii) any cash, property or other assets,

and if such issuance or distribution does not constitute dividends paid in the ordinary course, a Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "Special Distribution"), the Exercise Price shall be adjusted immediately after the record date for the Special Distribution so that it shall equal the price determined by multiplying the Exercise Price in effect on such record date by a fraction:

- (i) the numerator of which shall be the difference between:
- (A) the amount obtained by multiplying the number of Shares outstanding on such record date by the Current Market Price of the Shares on such record date, and

- (B) the fair value (as determined by the directors of the Corporation) to the holders of such Shares of such Special Distribution; and
- (ii) the denominator of which shall be the total number of shares outstanding on such record date multiplied by such Current Market Price of the Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such computation. To the extent that such Special Distribution is not so made or any such rights, options or warrants are not exercised prior to the expiration thereof, the Exercise Price shall then be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or if such expired rights, options or warrants had not been issued. From and after any adjustment of the Exercise Price pursuant to this Section 5(c), the number of Warrant Shares purchasable pursuant to this Warrant Certificate shall be adjusted contemporaneously with the adjustment of the Exercise Price by multiplying the number of Shares then otherwise purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to the adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment.

- (d) Capital Reorganization. If and whenever during the Exercise Period there shall be a reclassification or redesignation of Shares at any time outstanding or a change of the Shares into other shares or into other securities or any other capital reorganization (other than a Share Reorganization), or a consolidation, amalgamation, arrangement or merger of the Corporation with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification or redesignation of the outstanding Shares or a change of the Shares into other securities), or a transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a "Capital Reorganization"), the Holder, where he has not exercised the right of subscription and purchase under this Warrant Certificate prior to the effective date or record date, as the case may be, of such Capital Reorganization, shall be entitled to receive, and shall accept upon the exercise of such right for the same aggregate consideration, in lieu of the number of Warrant Shares to which such Holder was theretofore entitled upon such exercise, the kind and aggregate number of shares, other securities or other property which such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, he had been the registered holder of the number of Shares to which such holder was theretofore entitled to subscribe for and purchase; provided however, that no such Capital Reorganization shall be carried into effect unless all necessary steps shall have been taken to so entitle the Holder. If determined appropriate by the board of directors of the Corporation, acting reasonably and in good faith, and subject to the prior written approval of the principal Canadian stock exchange or over-the-counter market on which the Shares are then listed or quoted for trading, appropriate adjustments shall be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Section 5 with respect to the rights and interests thereafter of the Holder to the end that the provisions set forth in this Section 5 shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any Warrant. Any such adjustments shall be made by and set forth in terms and conditions supplemental hereto approved by the board of directors of the Corporation, acting reasonably and in good faith.
- (e) If and whenever at any time after the date hereof and prior to the Expiry Time, the Corporation takes any action affecting its Shares to which the foregoing provisions of this Section 5, in the opinion of the board of directors of the Corporation, acting reasonably and in good faith, are not strictly applicable, or if strictly applicable would not fairly adjust the rights of the Holder against dilution in accordance with the intent and purposes thereof, or would otherwise materially affect

the rights of the Holder hereunder, then the Corporation shall execute and deliver to the Holder an amendment hereto providing for an adjustment in the application of such provisions so as to adjust such rights as aforesaid in such a manner as the board of directors of the Corporation may determine to be equitable in the circumstances, acting reasonably and in good faith. The failure of the taking of action by the board of directors of the Corporation to so provide for any adjustment on or prior to the effective date of any action or occurrence giving rise to such state of facts will be conclusive evidence, absent manifest error that the board of directors has determined that it is equitable to make no adjustment in the circumstances.

6. The following rules and procedures shall be applicable to the adjustments made pursuant to Section 5:
- (a) The adjustments provided for in Section 5 are cumulative and shall be made successively whenever an event referred to therein shall occur, and shall, in the case of adjustments to the Exercise Price be computed to the nearest one-tenth of one cent subject to the following paragraphs of this Section 6.
 - (b) No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least 1% in the prevailing Exercise Price and no adjustment shall be made in the number of Shares purchasable upon exercise of this Warrant unless it would result in a change of at least one one-hundredth of a Share; provided, however, that any adjustments which, except for the provisions of this Section 6(b) would otherwise have been required to be made, shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding Section 5 or 7 hereof, no adjustment shall be made which would result in an increase in the Exercise Price or a decrease in the number of Shares issuable upon the exercise of this Warrant (except in respect of a consolidation of the outstanding Shares).
 - (c) No adjustment in the Exercise Price or in the number of Shares purchasable upon exercise of Warrants shall be made in respect of any event described in Section 5, other than the events referred to in Sections 5(a)(ii) and (iii), if the Holder is entitled to participate in such event on the same terms, *mutatis mutandis*, as if it had exercised its Warrants prior to or on the effective date or record date, as the case may be, of such event. The terms of the participation of the Holder in such event shall be subject to the prior written approval, if applicable, of the TSX Venture Exchange or such other principal Canadian stock exchange or over-the-counter market on which the Shares are then listed or quoted for trading.
 - (d) No adjustment in the Exercise Price shall be made pursuant to Section 5 in respect of the issue from time to time:
 - (i) of Warrant Shares purchasable on exercise of the Warrants represented by this Warrant Certificate;
 - (ii) of dividends paid in the ordinary course of Shares to holders of Shares who exercise an option or election to receive substantially equivalent dividends in Shares in lieu of receiving a cash dividend pursuant to a dividend reinvestment plan or similar plan adopted by the Corporation in accordance with the requirements of the principal Canadian stock exchange or over-the-counter market on which the Shares are then listed or quoted for trading and applicable securities laws; or
 - (iii) of Shares pursuant to any stock option, stock option plan, stock purchase plan or benefit plan in force at the date hereof for directors, officers, employees, advisers or consultants of the Corporation, as such option or plan is amended or superseded from time to time in accordance with the requirements of the principal Canadian stock exchange or over-the-counter market on which the Shares are then listed or quoted for trading and applicable

securities laws, and such other stock option, stock option plan, stock purchase plan or benefit plan as may be adopted by the Corporation in accordance with the requirements of the principal Canadian stock exchange or over-the-counter market on which the Shares are then listed or quoted for trading and applicable securities laws;

and any such issue shall be deemed not to be a Share Reorganization or Capital Reorganization.

- (e) If the Corporation shall set a record date to determine the holders of the Shares for the purpose of entitling them to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Shares purchasable upon exercise of any Warrant shall be required by reason of the setting of such record date.
 - (f) As a condition precedent to the taking of any action which would require any adjustment in any of the subscription rights pursuant to this Warrant Certificate, including the Exercise Price and the number or class of shares or other securities which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Corporation have unissued and reserved shares in its authorized capital and may validly and legally issue as fully paid and non-assessable all the shares or other securities which the holder of such Warrant Certificate is entitled to receive on the full exercise thereof in accordance with the provisions hereof.
 - (g) For the purposes of this Warrant Certificate, "Current Market Price" of a Share at any date shall be calculated as the price per Share equal to the weighted average price at which the Shares have traded in the principal Canadian stock exchange or, if the Shares are not listed, the over-the-counter market, on which the Shares are then listed or posted for trading during the 20 consecutive trading days (on each of which at least 500 Shares are traded in board lots) ending not more than five trading days immediately prior to such date as reported by such market or exchange in which the Shares are then trading or quoted. If the Shares are not then traded in the over-the-counter market or on a recognized Canadian stock exchange, the Current Market Price of the Shares shall be the fair market value of the Shares as determined in good faith by the board of directors of the Corporation after consultation with a nationally or internationally recognized and independent investment dealer, investment banker or firm of chartered accountants.
 - (h) In the absence of a resolution of the board of directors of the Corporation fixing a record date for any dividend or distribution referred to in Section 5(a)(i) or any Rights Offering or Special Distribution, the Corporation shall be deemed to have fixed as the record date therefor the date on which such dividend or distribution, Rights Offering or Special Distribution is effected.
 - (i) Any question that at any time or from time to time arises with respect to the amount of any adjustment to the Exercise Price or other adjustments pursuant to Section 5 shall be conclusively determined by a firm of independent chartered accountants (who may be the Corporation's auditors) and shall be binding upon the Corporation and the Holder, absent manifest error. Notwithstanding the foregoing, such determination shall be subject to the prior written approval of the principal Canadian stock exchange or over-the-counter market on which the Shares are then listed or quoted for trading. In the event that any such determination is made, the Corporation shall notify the Holder in the manner contemplated in Section 18 describing such determination.
7. On the happening of each and every such event set out in Section 5, the applicable provisions of this Warrant Certificate, including the Exercise Price, shall, *ipso facto*, be deemed to be amended accordingly and the Corporation shall take all necessary action so as to comply with such provisions as so amended.

8. In any case in which Section 5 shall require that an adjustment shall be effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such an event:
- (a) issuing to the holder of any Warrant exercised after such record date and before the occurrence of such event, the additional Shares issuable upon such exercise by reason of the adjustment required by such event, and
 - (b) delivering to such holder any distributions declared with respect to such additional Shares after such Exercise Date and before such event;

provided, however, that the Corporation shall deliver or cause to be delivered to such holder, an appropriate instrument evidencing such holder's right, upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price and/or the number of Shares purchasable on the exercise of any Warrant and to such distributions declared with respect to any additional Shares issuable on the exercise of any Warrant.

9. At least ten Business Days prior to the effective date or record date, as the case may be, of any event which requires or might require adjustment in any of the subscription rights pursuant to this Warrant Certificate, including the Exercise Price and the number of Shares which are purchasable upon the exercise thereof, or such longer period of notice as the Corporation shall be required to provide holders of Shares in respect of any such event, the Corporation shall notify the Holder of the particulars of such event and, if determinable, the required adjustment and the computation of such adjustment. In case any adjustment for which such notice has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable notify the Holder of the adjustment and the computation of such adjustment.
10. The Corporation shall maintain a register of holders in which shall be entered the names and addresses of the holders of the Warrants and of the number of Warrants held by them. Such register shall be open at all reasonable times for inspection by the Holder. The Corporation shall notify the Holder forthwith of any change of address of the principal office of the Corporation.
11. The Corporation shall not be required to issue fractional Warrant Shares in satisfaction of its obligations hereunder. If any fractional interest in a Warrant Share would, except for the provisions of this Section 11, be deliverable upon the exercise of a Warrant, the Corporation shall in lieu of delivering the fractional Warrant Shares therefor satisfy the right to receive such fractional interest by payment to the holder of such Warrant of an amount in cash equal (computed in the case of a fraction of a cent to the next lower cent) to the value of the right to acquire such fractional interest on the basis of the Current Market Price at the Exercise Date.
12. Subject as herein provided, all or any of the rights conferred upon the Holder by the terms hereof may be enforced by the Holder by appropriate legal proceedings.
13. The registered Holder of this Warrant Certificate may at any time up to and including the Expiry Time, upon the surrender hereof to the Corporation at its principal office, exchange this Warrant Certificate for one or more Warrant Certificates entitling the Holder to subscribe in the aggregate for the same number of Shares as is expressed in this Warrant Certificate. Any Warrant Certificate tendered for exchange shall be surrendered to the Corporation and cancelled.
14. If this Warrant Certificate becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion acting reasonably impose, issue and deliver to the Holder a new Warrant Certificate of like denomination, tenor and date as the Warrant Certificate so stolen, lost, mutilated or destroyed.

15. Nothing contained herein shall confer any right upon the Holder hereof or any other person to subscribe for or purchase any Shares of the Corporation at any time subsequent to the Expiry Time. After the Expiry Time this Warrant Certificate and all rights hereunder shall be void and of no value.
16. Except as expressly set out herein, the holding of this Warrant Certificate or the Warrants represented hereby shall not constitute a Holder hereof a holder of Shares nor entitle it to any right of interest in respect thereof.
17. Unless herein otherwise expressly provided, any notice to be given hereunder to the Holder shall be deemed to be validly given if such notice is given by personal delivery or registered mail to the attention of the Holder at its registered address recorded in the registers maintained by the Corporation. Any notice so given shall be deemed to be validly given, if delivered personally, on the day of delivery and if sent by post or other means, on the fifth Business Day next following the sending thereof. In determining under any provision hereof the date when notice of any event must be given, the date of giving notice shall be included and the date of the event shall be excluded.
18. Time is of the essence hereof.
19. This Warrant Certificate is binding upon the Corporation and its successors and assigns, provided that it shall not be assigned by the Corporation without the prior consent of the Holder.
20. This Warrant Certificate and the Warrants granted hereunder shall be governed by and be interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

IN WITNESS WHEREOF this Warrant Certificate has been executed on behalf of New West Energy Services Inc. as of March 9, 2017.

NEW WEST ENERGY SERVICES INC.

By: _____
Authorized Signing Officer

SUBSCRIPTION NOTICE

TO: NEW WEST ENERGY SERVICES INC.

500 - 435 4th Avenue S.W.
 Calgary, Alberta T2P 3A86

Attention: Chief Financial Officer

Terms used herein but not otherwise defined have the meanings ascribed thereto in the attached Warrant Certificate.

The Holder of the attached Warrant Certificate, hereby:

- (a) subscribes for _____ Warrant Shares at a price per of \$0.05 per Share (or such adjusted price which may be in effect under the provisions of the Warrant Certificate) and in payment of the exercise price encloses a certified cheque, bank draft or money order in lawful money of Canada payable to the order of New West Energy Services Inc. or its successor corporation; and
- (b) delivers herewith the above-mentioned Warrant Certificate entitling the undersigned to subscribe for the above-mentioned number of Warrant Shares,

in each case in accordance with the terms and conditions set out in the attached Warrant Certificate.

The undersigned hereby irrevocably directs that the said Warrant Shares be registered and delivered as follows:

Name(s) in Full	Address(es) *	Number of Warrant Shares

Total Number of Warrant Shares

Total Purchase Price		
X	\$0.05	= \$
-----	-----	-----
No. Warrant Shares	Price Per Share	Total Purchase Price

* Certificates representing Warrant Shares will not be registered or delivered to an address in the United States unless Box B below is checked.

In connection with this exercise of the Warrant, the Holder encloses cash, a bank draft or a certified cheque payable to the Corporation in the amount described in the table above as full payment for the Warrant Shares to be acquired hereby.

The Holder represents, warrants and certifies as follows (one (only) of the following must be checked):

- A. He, she or it is: (i) at the time of exercise of the Warrant is not in the United States; (ii) is not a "U.S. person", as defined in Regulation S under the United States *Securities Act of 1933*, as amended (the "U.S. Securities Act"), and is not exercising this Warrant on behalf of a "U.S. person" or a person in the United States; and (iii) did not execute or deliver this Subscription Notice in the United States.
- B. He, she or it is tendering with this Subscription Notice an opinion of counsel reasonably satisfactory to the Corporation to the effect that the exercise of the Warrant made is pursuant to an effective registration statement under the U.S. Securities Act or that an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

The Holder understands that unless Box A above is checked or the exercise is made pursuant to an effective registration statement under the U.S. Securities Act, the certificate representing the Warrant Shares will bear a legend to the following effect:

"THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF THE ISSUER THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY: (A) TO THE ISSUER, (B) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) INSIDE THE UNITED STATES IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE UNITED STATES FEDERAL OR STATE SECURITIES LAWS, AFTER PROVIDING AN OPINION OF COUNSEL OF RECOGNIZED STANDING REASONABLY SATISFACTORY TO THE ISSUER TO THAT EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."

The Holder further understands that if the Warrant is exercised at a time when the Corporation is not a "foreign issuer" (as defined in Regulation S under the U.S. Securities Act) and Box A above is checked, the Holder agrees and understands that the Warrant Shares may be transferred without registration only to the Corporation, outside the United States in compliance with Rule 904 under the U.S. Securities Act, or pursuant to an exemption from registration, and that hedging transactions with regard to the Warrant Shares may not be conducted unless in compliance with the U.S. Securities Act, and the certificate representing the Warrant Shares will bear a legend to such effect.

DATED this _____ of _____, _____.

Signature Guaranteed by:

Signature of Holder*

Name of Holder

Address of Holder (include postal code or zip code)

* This signature must correspond exactly with the name appearing on the Warrant Certificate.

- Please check box if the Warrant Share certificates are to be delivered at the office where this Subscription Notice is surrendered, failing which the certificates will be mailed to the addresses noted above.

EXERCISE OF THE WARRANTInstructions:

1. The Holder may exercise his, her or its right to receive Warrant Shares by completing this form and surrendering this form and the Warrant Certificate representing the Warrants being exercised, along with and a certified cheque, money order or bank draft payable to the Corporation for the aggregate Exercise Price of all Warrants being exercised, to the Corporation at its principal office in Calgary, Alberta.
2. If this Subscription Notice indicates that Warrant Shares are to be issued to a person or persons other than the Holder, the signature of such other person or persons must be guaranteed by an authorized officer of a chartered bank, trust Corporation or medallion guaranteed by a member of a recognized medallion guarantee program.
3. If this Subscription Notice is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a Corporation or any person acting in a judiciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.

FIRST AMENDMENT TO TERM LOAN AND SECURITY AGREEMENT

THIS AMENDMENT is dated as of April 26, 2017.

BETWEEN:

BEARSTONE ENVIRONMENTAL SOLUTIONS INC., a corporation
subsisting under the laws of Alberta (hereinafter referred to as the
"**Borrower**")

OF THE FIRST PART

- and -

NEW WEST ENERGY SERVICES INC., a corporation subsisting under
the laws of Canada (hereinafter referred to as the "**Parent**")

OF THE SECOND PART

- and -

NATIONS FUND I, LLC, as lender (hereinafter referred to as the
"**Lender**")

OF THE THIRD PART

WHEREAS the parties hereto are parties to the Agreement;

AND WHEREAS the parties hereto have agreed to amend certain provisions of the Agreement and supporting documentation as set out herein;

NOW THEREFORE 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:

1. INTERPRETATION

1.1 In this Amendment (including the recitals hereto), unless something in the subject matter or context is inconsistent therewith:

"Agreement" means the term loan and security agreement dated as of March 9, 2017 between the Borrower, the Parent and the Lender;

"Amendment" means this first amendment to the Agreement;

"Collateral Schedule" means the collateral schedule no. BEAR-0003 dated March 9, 2017 made pursuant to and forming a part of the Agreement; and

"Effective Date" means the date of this Amendment.

1.2 Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Agreement.

1.3 The division of this Amendment into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Amendment. The terms "this Amendment", "hereof", "hereunder", "herein" and similar expressions refer to this Amendment and not to any particular Section or other portion hereof and include any agreements supplemental hereto. Unless expressly indicated otherwise, all references to "Section" or "Sections" are intended to refer to a Section or Sections of the Agreement. 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 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.

1.4 This Amendment shall be effective as of the Effective Date.

2. AMENDMENTS

2.1 Section 1(a) of the Agreement is hereby amended by deleting "CAD\$6,064,513.89" therefrom and replacing the same with "CAD\$6,105,770.00".

2.2 Section 1(a)(ii) of the Agreement is hereby amended by deleting "CAD\$4,832,334.00" therefrom and replacing the same with "CAD\$4,873,590.11".

2.3 The definition of "Equipment Purchase" in the Agreement is hereby deleted in its entirety, and replaced with the following:

“**Equipment Purchase**” means the purchase of various vehicles and equipment from the Lender by the Borrower as further detailed in the Equipment Bill of Sale dated as of April 26, 2017, between the Lender and the Borrower, the Equipment Bill of Sale dated as of March 9, 2017, between the Lender and the Borrower, the Equipment Bill of Sale dated as of February 23, 2017, between the Lender and the Borrower, the Equipment Bill of Sale dated as of February 10, 2017, between the Lender and the Borrower, the Equipment Bill of Sale dated as of January 12, 2017, between the Lender and the Borrower, and any future sales of equipment as may be agreed upon and documented by the Borrower and the Lender.”

2.4 The definition of "Maximum Amount" in the Agreement is hereby amended by deleting "CAD\$6,064,513.89" therefrom and replacing the same with "CAD\$6,105,770.00".

2.5 The Collateral Schedule is hereby amended by adding the following rows to the end of the equipment chart, located on page three:

2008	Ford	350XL 4x4 Gas	1FTWW31598EB06174
2008	GMC	2500 4x4 Extend	1GTHK29K68E144499
2006	Featherlite	Utility Trailer	4FGA4172X6H094527
2000	Custom	Trailer	4P5PH252151070692
1998	Wabash	Trailer	2W9PS3323WW040002
1997	Renn	Trailer	2140297
2006	Trail Tech	Trailer	2CU138LA962019605
2009	CJAY	S/A Enclosed Fi	2JAAE792691001312

3. CONDITIONS PRECEDENT

3.1 This Amendment will become effective upon the date hereof, subject to receipt by the Lender of a copy of this Amendment duly executed by the Borrower and the Parent, in form and substance

satisfactory to the Lender. The foregoing condition is inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions).

4. REPRESENTATIONS AND WARRANTIES

4.1 The Borrower and the Parent represent and warrant to the Lender that all representations and warranties set forth in Article 5 of the Agreement (except those expressed to be made as of any specific date) are true and accurate as of the Effective Date, and no Default or Pending Default or event which, with the giving of notice or the lapse of time, or both, would become a Default or Pending Default under the Agreement, has occurred, and no event has occurred since March 9, 2017 which would have a Material Adverse Effect.

4.2 The representations and warranties set out in this Amendment shall survive the execution and delivery of this Amendment, notwithstanding any investigations or examinations which may be made by the Lender or Lender's counsel. Such representations and warranties shall survive until the Agreement, as amended hereby, has been terminated but for certainty shall not be repeated after the date hereof.

5. CONFIRMATION OF LOAN AGREEMENT AND OTHER DOCUMENTS

The Agreement and all covenants, terms and provisions thereof, except as expressly amended and supplemented by this Amendment, shall be and continue to be in full force and effect. The Agreement, as amended hereby, is hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect as herein amended.

6. MISCELLANEOUS

6.1 This Amendment shall be governed by and construed in accordance with the laws of the Province of Alberta and federal laws of Canada applicable therein.

6.2 The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Amendment.

6.3 This Amendment may be executed in any number of counterparts, including by way of facsimile or PDF, 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.

6.4 If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect, that fact will not affect the validity, legality or enforceability of the remaining provisions of this Amendment or any valid, legal or enforceable parts of the impugned provision.

6.5 This Amendment constitutes the entire agreement among the parties with respect to the subject matter hereof, supersedes all oral agreements, undertakings and understandings among the parties with respect to the subject matter hereof, and may not be amended, modified or terminated in any respect except by an instrument in writing executed by the party against whom enforcement of the amendment, modification or termination is sought.

6.6 This Amendment shall constitute a Loan Document for the purposes of the Agreement.

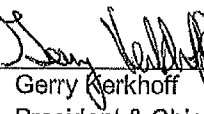
[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Amendment as of the day first written above.

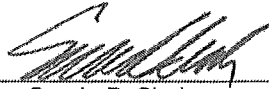
BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

By: 
Name: Gerry Kerkhoff
Title: President

NEW WEST ENERGY SERVICES INC.

By: 
Name: Gerry Kerkhoff
Title: President & Chief Executive Officer

NATIONS FIND I, LLC

By: 
Name: Saurin P. Shah
Title: Duly Authorized Signatory

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

GRID PROMISSORY NOTE

Dated: March 9, 2017

FOR VALUE RECEIVED, the undersigned, **BEARSTONE ENVIRONMENTAL SOLUTIONS INC.** (the "**Maker**"), acknowledges itself indebted and unconditionally promises to pay to, or to the order of, **NATIONS FUND I, LLC** (the "**Holder**") at its offices at 501 Merritt Seven, Norwalk, Connecticut, or such other place as the Holder may, from time to time, designate, the principal amount outstanding as recorded by the Maker in the column entitled "Unpaid Principal Balance" on the record (the "**Grid**") attached to and forming part of this Note. The Unpaid Principal Balance shall not, at any time, exceed CAD\$3,000,000.00.

The Holder shall and is unconditionally and absolutely authorized and directed by the Maker to record on the Grid (a) the date and amount of each advance made by the Holder and the resulting increase in the Unpaid Principal Balance, and (b) the date and amount of each repayment on account of principal paid to the Holder and the resulting decrease of the Unpaid Principal Balance. Such notations, in the absence of manifest mathematical error, is *prima facie* evidence of such advances, repayments and the Unpaid Principal Balances; provided that the failure of the Holder to record the same shall not affect the obligations of the Maker to pay such amounts to the Holder.

This Note is secured by a Revolving Term Loan and Security Agreement (the "**Loan Agreement**") executed by the Maker, the Holder, and New West Energy Services Inc. on the date hereof. In the event of any inconsistency between this Note and the Loan Agreement, the provisions of the Loan Agreement shall prevail.

The Unpaid Principal Balance shall bear interest from this date at the rate of interest per annum quoted or established as the "prime rate" in Canada as published from time to time in the "Money Rates" section of The Wall Street Journal (provided that such rate shall not be below 2.7% for the purposes hereof), plus 4.3% per annum (the "**Loan Rate**"). Until such time as the Unpaid Principal Balance becomes due and payable per the terms of the Loan Agreement, interest shall be payable monthly in arrears on the first day of each month commencing April 1, 2017 until the Unpaid Principal Balance has been paid in full. Upon demand being made under the Loan Agreement, all accrued and unpaid interest shall become immediately due and payable.

The Maker has the right and privilege of prepaying the whole or any portion of the Unpaid Principal Balance, together with any interest accrued thereon as set out above at any time or times. Any such prepayments shall be applied first in satisfaction of any accrued but unpaid interest and thereafter to the Unpaid Principal Balance.

To the fullest extent permitted by law, the Maker waives:

- (a) diligence, presentment, demand and protest, and notice of presentment, dishonour, intent to accelerate, acceleration, protest, non-payment, release, compromise, settlement, extension or renewal of this Note; and
- (b) the benefit of all applicable valuation, appraisal and exemption laws.

The Maker agrees that all amounts under this Note are payable without set-off, withholding, deduction, claim, counterclaim, defence or recoupment, all of which are hereby waived by the Maker.

Upon request of the Holder, the Maker shall, from time to time, execute and deliver acknowledgements of its liability and the continuing existence of the Holder's claims against the Maker pursuant to this Note.

Time is of the essence with this Note.


This Note is binding upon the Maker and its successors and assigns and enures to the benefit of the Holder and its successors and assigns. The Holder may at any time assign all or any of its rights and benefits hereunder and all references to the "Holder" are deemed to include a reference to its successors and assigns. The Maker may not assign any of its rights or obligations hereunder.

This Note is governed by and is to be interpreted, construed and enforced in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the Maker has executed this Note as of the date first above written.

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

By:


Name: GERY KERKHOFF
Title: PRESIDENT

(Signature Page to Grid Note)

**SCHEDULE A
ADVANCES AND REPAYMENT OF PRINCIPAL**

Date	Amount of Advance	Principal Repaid or Prepaid	Unpaid Principal Balance	Notation Made By

AMENDED AND RESTATED COLLATERAL SCHEDULE NO. BEAR-0002

THIS AMENDED AND RESTATED COLLATERAL SCHEDULE NO. BEAR-0002 is executed pursuant to and made a part of that certain Term Loan and Security Agreement dated as of March 9, 2017 (the "Agreement"), between NATIONS FUND I, LLC, as Lender, and BearStone Environmental Solutions Inc., as Borrower, and New West Energy Services Inc., as Parent and guarantor, and describes collateral in which Borrower has granted Lender a security interest in connection with the Obligations (as defined in the Agreement).

Year	Make	Model	Serial
2013	Western Star	Steelhead 15 m3	5KKPALDR5DPBX4389
2012	Freightliner	TC-406	1FVPGNDR6CDBJ2466
2014	Western Star	Rebel vac	5KKPALD14EPFZ0316
2014	Western Star	Foremost 15 m3	5KKPALD10EPFZ0314
2014	Western Star	Foremost 15 m3	5KKPALD19EPFZ0313
2014	Western Star	Rebel vac	5KKPALD16EPFZ0317

including (i) all manuals, documents, date, log books and other records in respect of the equipment or any part thereof; (ii) all rights to money or other value payable under insurance policies in respect of the equipment; (iii) all warranties, representations, service contracts, product support or other agreements of any nature in respect of or that shall apply to the equipment or any part thereof from any manufacturer, vendor, contractor or supplier thereof; and (iv) all rights under any sublease or rental of the equipment, including any payments under such sublease or rental.

This Amended and Restated Collateral Schedule No. BEAR-0002 replaces in its entirety Collateral Schedule No. BEAR-0002 dated as of March 9, 2017 and the same is hereby terminated and of no force and effect.

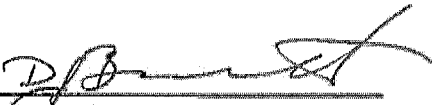
Location:

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8


Date: May 3, 2018

[Signature page follows]

NATIONS FUND I, LLC
Lender

By: 
Name: DENNIS J. BICKERSTAFF
Title: Executive Vice President

BearStone Environmental Solutions Inc.
Borrower

By: 
Name: GERRY KERLHOFF
Title: PRESIDENT

New West Energy Services Inc.
Parent Guarantor

By: 
Name: GERRY KERLHOFF
Title: PRESIDENT & CEO

PROMISSORY NOTE NO. BEAR-0002

CAD\$1,232,179.89

March 9, 2017

For value received, the receipt and sufficiency of which are hereby acknowledged, BEARSTONE ENVIRONMENTAL SOLUTIONS INC. (the "**Borrower**"), hereby promises to pay to the order of NATIONS FUND I, LLC (together with its successors and assigns, "**Lender**"), the amount of **ONE MILLION TWO HUNDRED THIRTY TWO THOUSAND ONE HUNDRED SEVENTY NINE DOLLARS AND EIGHTY NINE CENTS (\$1,232,179.89)** (the "**Principal Sum**") in lawful money of Canada, as the Principal Sum may become payable in accordance with this Promissory Note and the Agreement (as defined below), together with interest on the unpaid balance of the Principal Sum remaining from the date of this Promissory Note at the Loan Rate or, under the circumstances contemplated by the Agreement, at the Default Rate, until paid in full.

The Borrower hereby acknowledges receipt of the Principal Sum in accordance with the terms of the Agreement. Interest shall begin to accrue on the Principal Sum as of the date hereof and shall be computed on the basis of a thirty day month/360 day year.

"**Loan Rate**" shall mean seven (7) percent per annum, subject to possible increase in the Loan Rate of two (2) percent per annum in accordance with Section 2(d) of the Agreement.

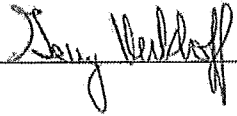
This Promissory Note is the Promissory Note referred to in, and issued under the Term Loan and Security Agreement dated as of March 9, 2017, between the Borrower and the Lender (said agreement, as the same shall be amended, restated or supplemented from time to time, being herein called the "**Agreement**"), to which reference is made for a statement of all of the terms and conditions of the Loan evidenced hereby. Capitalized terms used and not defined in this Promissory Note shall have the respective meanings assigned to them in the Agreement. This Promissory Note is secured by the Agreement, the other Loan Documents and the Collateral, and is entitled to the benefit of the rights and security provided thereby. In the event of any conflict or inconsistency between the provisions of this Promissory Note and the provisions of the Agreement, the provisions of the Agreement shall govern.

The Principal Sum and interest due thereon shall be payable as follows:

- (a) **Six** (6) consecutive monthly installments of principal and interest, each in amount of CAD\$15,000.00 shall be payable, in arrears, on the first day of each calendar month during the term hereof, commencing April 1, 2017, followed by **Fifty four** (54) consecutive monthly installments of principal and interest, each in amount of CAD\$25,636.98 shall be payable, in arrears, on the first day of each calendar month during the term hereof, commencing September 9, 2017 (each, a "**Payment Date**"), as set forth in the payment schedule attached hereto as Schedule "A", subject to adjustment pursuant to terms hereof and prepayment of the Principal Sum as permitted pursuant to the terms of the Agreement.
- (b) The Borrower shall repay, or cause to be repaid, the CWB Refinancing Advance in full on the earlier of March 9, 2022 (the "**Stated Maturity Date**") and any date of acceleration or prepayment in full of the CWB Refinancing Advance pursuant to the terms of the Agreement, at which time the Borrower shall repay in full, if any, the aggregate of the then-outstanding Principal Sum plus all accrued and unpaid interest thereon, any Prepayment Fee applicable to the CWB Refinancing Advance and all other fees, expenses or other amounts owed hereunder and under each Loan Document related to the CWB Refinancing Advance.

IN WITNESS WHEREOF, this Promissory Note has been duly executed as of the date first written above.

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

Per: 

SCHEDULE "A"

TO PROMISSORY NOTE NO. BEAR-0002

BEAR-0002 Loan Amortization (CAD)

Date	Starting Balance	Funding	Payment Amount	Interest	Principal	Remaining Balance
09/03/2017	-	\$1,232,179.89	-	-	-	\$1,232,179.89
09/04/2017	\$1,232,179.89	-	\$15,000.00	\$7,187.72	\$7,812.28	\$1,224,367.61
09/05/2017	\$1,224,367.61	-	\$15,000.00	\$7,142.14	\$7,857.86	\$1,216,509.75
09/06/2017	\$1,216,509.75	-	\$15,000.00	\$7,096.31	\$7,903.69	\$1,208,606.06
09/07/2017	\$1,208,606.06	-	\$15,000.00	\$7,050.20	\$7,949.80	\$1,200,656.26
09/08/2017	\$1,200,656.26	-	\$15,000.00	\$7,003.83	\$7,996.17	\$1,192,660.09
09/09/2017	\$1,192,660.09	-	\$15,000.00	\$6,957.18	\$8,042.82	\$1,184,617.27
09/10/2017	\$1,184,617.27	-	\$25,636.98	\$6,910.27	\$18,726.72	\$1,165,890.56
09/11/2017	\$1,165,890.56	-	\$25,636.98	\$6,801.03	\$18,835.96	\$1,147,054.60
09/12/2017	\$1,147,054.60	-	\$25,636.98	\$6,691.15	\$18,945.83	\$1,128,108.77
09/01/2018	\$1,128,108.77	-	\$25,636.98	\$6,580.63	\$19,056.35	\$1,109,052.42
09/02/2018	\$1,109,052.42	-	\$25,636.98	\$6,469.47	\$19,167.51	\$1,089,884.91
09/03/2018	\$1,089,884.91	-	\$25,636.98	\$6,357.66	\$19,279.32	\$1,070,605.59
09/04/2018	\$1,070,605.59	-	\$25,636.98	\$6,245.20	\$19,391.78	\$1,051,213.80
09/05/2018	\$1,051,213.80	-	\$25,636.98	\$6,132.08	\$19,504.90	\$1,031,708.90
09/06/2018	\$1,031,708.90	-	\$25,636.98	\$6,018.30	\$19,618.68	\$1,012,090.22
09/07/2018	\$1,012,090.22	-	\$25,636.98	\$5,903.86	\$19,733.12	\$992,357.10
09/08/2018	\$992,357.10	-	\$25,636.98	\$5,788.75	\$19,848.23	\$972,508.86
09/09/2018	\$972,508.86	-	\$25,636.98	\$5,672.97	\$19,964.01	\$952,544.85
09/10/2018	\$952,544.85	-	\$25,636.98	\$5,556.51	\$20,080.47	\$932,464.38
09/11/2018	\$932,464.38	-	\$25,636.98	\$5,439.38	\$20,197.61	\$912,266.77
09/12/2018	\$912,266.77	-	\$25,636.98	\$5,321.56	\$20,315.43	\$891,951.34
09/01/2019	\$891,951.34	-	\$25,636.98	\$5,203.05	\$20,433.93	\$871,517.41
09/02/2019	\$871,517.41	-	\$25,636.98	\$5,083.85	\$20,553.13	\$850,964.27
09/03/2019	\$850,964.27	-	\$25,636.98	\$4,963.96	\$20,673.03	\$830,291.25
09/04/2019	\$830,291.25	-	\$25,636.98	\$4,843.37	\$20,793.62	\$809,497.63
09/05/2019	\$809,497.63	-	\$25,636.98	\$4,722.07	\$20,914.91	\$788,582.72
09/06/2019	\$788,582.72	-	\$25,636.98	\$4,600.07	\$21,036.92	\$767,545.80
09/07/2019	\$767,545.80	-	\$25,636.98	\$4,477.35	\$21,159.63	\$746,386.17
09/08/2019	\$746,386.17	-	\$25,636.98	\$4,353.92	\$21,283.06	\$725,103.10
09/09/2019	\$725,103.10	-	\$25,636.98	\$4,229.77	\$21,407.22	\$703,695.89
09/10/2019	\$703,695.89	-	\$25,636.98	\$4,104.89	\$21,532.09	\$682,163.80
09/11/2019	\$682,163.80	-	\$25,636.98	\$3,979.29	\$21,657.69	\$660,506.10
09/12/2019	\$660,506.10	-	\$25,636.98	\$3,852.95	\$21,784.03	\$638,722.07
09/01/2020	\$638,722.07	-	\$25,636.98	\$3,725.88	\$21,911.10	\$616,810.97

09/02/2020	\$616,810.97	-	\$25,636.98	\$3,598.06	\$22,038.92	\$594,772.05
09/03/2020	\$594,772.05	-	\$25,636.98	\$3,469.50	\$22,167.48	\$572,604.57
09/04/2020	\$572,604.57	-	\$25,636.98	\$3,340.19	\$22,296.79	\$550,307.78
09/05/2020	\$550,307.78	-	\$25,636.98	\$3,210.13	\$22,426.85	\$527,880.92
09/06/2020	\$527,880.92	-	\$25,636.98	\$3,079.31	\$22,557.68	\$505,323.25
09/07/2020	\$505,323.25	-	\$25,636.98	\$2,947.72	\$22,689.26	\$482,633.98
09/08/2020	\$482,633.98	-	\$25,636.98	\$2,815.36	\$22,821.62	\$459,812.36
09/09/2020	\$459,812.36	-	\$25,636.98	\$2,682.24	\$22,954.74	\$436,857.62
09/10/2020	\$436,857.62	-	\$25,636.98	\$2,548.34	\$23,088.65	\$413,768.97
09/11/2020	\$413,768.97	-	\$25,636.98	\$2,413.65	\$23,223.33	\$390,545.64
09/12/2020	\$390,545.64	-	\$25,636.98	\$2,278.18	\$23,358.80	\$367,186.84
09/01/2021	\$367,186.84	-	\$25,636.98	\$2,141.92	\$23,495.06	\$343,691.78
09/02/2021	\$343,691.78	-	\$25,636.98	\$2,004.87	\$23,632.11	\$320,059.67
09/03/2021	\$320,059.67	-	\$25,636.98	\$1,867.01	\$23,769.97	\$296,289.70
09/04/2021	\$296,289.70	-	\$25,636.98	\$1,728.36	\$23,908.63	\$272,381.07
09/05/2021	\$272,381.07	-	\$25,636.98	\$1,588.89	\$24,048.09	\$248,332.98
09/06/2021	\$248,332.98	-	\$25,636.98	\$1,448.61	\$24,188.37	\$224,144.60
09/07/2021	\$224,144.60	-	\$25,636.98	\$1,307.51	\$24,329.47	\$199,815.13
09/08/2021	\$199,815.13	-	\$25,636.98	\$1,165.59	\$24,471.40	\$175,343.73
09/09/2021	\$175,343.73	-	\$25,636.98	\$1,022.84	\$24,614.14	\$150,729.59
09/10/2021	\$150,729.59	-	\$25,636.98	\$879.26	\$24,757.73	\$125,971.86
09/11/2021	\$125,971.86	-	\$25,636.98	\$734.84	\$24,902.15	\$101,069.71
09/12/2021	\$101,069.71	-	\$25,636.98	\$589.57	\$25,047.41	\$76,022.30
09/01/2022	\$76,022.30	-	\$25,636.98	\$443.46	\$25,193.52	\$50,828.78
09/02/2022	\$50,828.78	-	\$25,636.98	\$296.50	\$25,340.48	\$25,488.30
09/03/2022	\$25,488.30	-	\$25,636.98	\$148.68	\$25,488.30	\$(0.00)

COLLATERAL SCHEDULE NO. BEAR-0002

THIS COLLATERAL SCHEDULE NO. BEAR-0002 is executed pursuant to and made a part of that certain Loan and Security Agreement dated as of March 9, 2017 (the "**Agreement**"), between NATIONS FUND I, LLC, as Lender, and BearStone Environmental Solutions Inc., as Borrower, and New West Energy Services Inc., as Parent and guarantor, and describes collateral in which Borrower has granted Lender a security interest in connection with the Obligations (as defined in the Agreement).

Year	Make	Model	Serial
2013	Western Star	Steelhead 15 m3	5KKPALDR5DPBX4389
2012	Mack, Water	Hamms 22 m3	1M2AX22C1CM001069
2012	Freightliner	TC-406	1FVPGNDR6CDBJ2466
2014	Western Star	Rebel vac	5KKPALD14EPFZ0316
2014	Western Star	Foremost 15 m3	5KKPALD10EPFZ0314
2014	Western Star	Foremost 15 m3	5KKPALD19EPFZ0313
2014	Western Star	Rebel vac	5KKPALD16EPFZ0317
2006	Freightliner	Steelhead 13 m3	1FVHALCG26DV46864
2006	Western Star	Custco 17 m3	5KKPALCK16PV23858
2005	Freightliner	Steelhead 13 m3	1FVHALCG05DN85404
2006	Western Star	Steelhead 13 m3	5KKHALDE76PV35431
2011	Western Star	Steelhead 15 m3	5KKPALDR9BPAZ1545
2009	Western Star	Custom Vac 18 m3	5KJRALCK59PAJ2030
2006	International	Tremcor 22 m3 Alum	1HTXTAPT16J254382
2006	International	Tremcor 22 m3 Alum	1HTXTAPT56J223295
2007	Paystar	Advance 19 m3	1HTXSAPT27J362840
2013	West Star	Advance 19 m3	5KKPALDR5DPBS7587
2013	West Star	Advance 19 m3	5KKPALDR7DPBS7588
2013	Freightliner	Jasper 16 m3	1FVHG3DV0DDBW2562
2007	Freightliner	Rebel vac	1FVPALAV67DY45840
2007	Western Star	Custom Vac	5KKPALCK97PY22211
2006	Kenworth	T-300	2NKMHD8X16M991559
2011	Kenworth	Rebel vac	1NKDXBEX5BJ946735
2005	Freightliner M2	van body	1FVACXDCX5HV13228
2006	Freightliner M2	van body	1FVACXDC96HW34126
2010	Steamer unit	van body	2NPLLZ9X15M874675
2012	Cross Country		2C9EUR335DM183418
1996	Peterbuilt	Van Body, 60hp	1XP5DBPX3TD387581
1986	Kenworth	Van Body, 60hp	2NKWL29X6GM915654
2015	Rebel, Vac Pup		2P9PT3GN3FA015488
1995	Goertzen	20' Flat Deck	2WZTR1628S0006582
1990	Homemade	12' Dually fuel trailer	n/a
2005	Pace American	14' Dump trailer	4P2UB122054063800

2006	Steeldec	12' Utility	n/a
2014	Road Clipper	24' Tilt Deck trailer	46UFU222XE1155446
2008		Tandem 20x8 pintle	6653
2013	Polar	41600 tank trailer	1PMA35031D1040702
2005	Hamms	pup tank trailer	2G9P2S3345R011211
2011	SeaCan		n/a
2004	Travco WST	10x30	WW1028415200
2000	Mountain View	10x30	6510300700
2005	Westlake	10x30	SQ1030TRA37020554
2005	Westlake	10x30	SQ1030TRA37010549
2005	Westlake	10x30	SQ1030TRA37010550
2005	Westlake	10x30	SQ1030TRA37020552
2007	Four Lane	10x30	2AT70124970301964
1996	Dunmore	10x30	W9610302016
2001	Mountain View	10x30	10510300501
2003	Noble, Wellsite	10x30	NAL1028031949
2007	GMC		1GBE5C3987F426405
2009	Ford	F350	1FTWW31R59EA63893
2002	Dodge 1500 regular cab	1500	1D7HU16N22J215317
2008	Dodge 3500 mega cab	3500	3D7MX39A78G131157
2012	Dodge Ram 3500	3500	3C63D3ML0CG234542

including (i) all manuals, documents, date, log books and other records in respect of the equipment or any part thereof; (ii) all rights to money or other value payable under insurance policies in respect of the equipment; (iii) all warranties, representations, service contracts, product support or other agreements of any nature in respect of or that shall apply to the equipment or any part thereof from any manufacturer, vendor, contractor or supplier thereof; and (iv) all rights under any sublease or rental of the equipment, including any payments under such sublease or rental.


Location:

500, 435 - 4 Avenue SW
 Calgary, AB T2P 3A8

Date: March 9, 2017

[Signature page follows]

NATIONS FUND I, LLC
Lender

By: 
Name: **SAURIN P. SHAH**
Title: **Duly Authorized Signatory**

BearStone Environmental Solutions Inc.
Borrower

By: _____
Name:
Title:

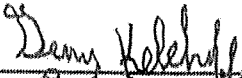
New West Energy Services Inc.
Parent Guarantor

By: _____
Name:
Title:

NATIONS FUND I, LLC
Lender

By: _____
Name:
Title:

BearStone Environmental Solutions Inc.
Borrower

By: 
Name: PRESIDENT
Title: GARRY KERKHOFF

New West Energy Services Inc.
Parent Guarantor

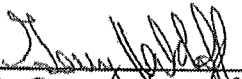
By: 
Name: GARRY KERKHOFF
Title: PRESIDENT & CEO

EXHIBIT 2

This is EXHIBIT "2" referred
to in the Affidavit of Mark Skura sworn
before me this 12 day of June, 2019.

Christine L. Cokeley
Notary Public in and for the
State of Connecticut



NATIONS FUND I, LLC

REVOLVING TERM LOAN AND SECURITY AGREEMENT

THIS REVOLVING TERM LOAN AND SECURITY AGREEMENT (this "Agreement") is made effective as of the 9 day of March 2017, by and between NATIONS FUND I, LLC ("Lender"), NEW WEST ENERGY SERVICES INC. (the "Parent") and BEARSTONE ENVIRONMENTAL SOLUTIONS INC. ("Borrower") (the Parent and the Borrower are collectively the "Loan Parties", and each a "Loan Party").

The Borrower is desirous of obtaining a loan from the Lender and the Lender is willing to make the loan to the Borrower upon the terms and conditions set forth herein.

Capitalized terms used herein without definition shall have the meanings assigned to them in Schedule A attached hereto and, for purposes of this Agreement and the other Loan Documents, the rules of construction set forth in Schedule A shall govern.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. ADVANCE OF LOAN

- (a) The Loan. On the terms and conditions hereinafter set forth, the Lender shall make available to the Borrower a revolving term credit facility (the "Loan") in a maximum aggregate principal amount not to exceed the lesser of (i) CAD\$3,000,000.00 and (ii) the "Borrowing Base", which is equal to 85% of the aggregate outstanding amount of Eligible Accounts (such lesser amount being, the "Maximum Amount"). The Borrower may draw down on the Loan by way of Advances; provided that, at no time shall the aggregate principal amount outstanding under the Loan exceed the Maximum Amount. Advances shall be made in Canadian Dollars and at the time and in the manner requested by the Borrower, subject to the fulfilment of all conditions precedent to the making of such Advances. The Borrower may borrow, repay and reborrow up to the Maximum Amount in compliance with the terms hereof. The Lender may create reserves against, or reduce its advance percentages based on Eligible Accounts without declaring a Default if it determines that such reserves or reduction is prudent, including, without limitation, to protect its interest in the Collateral and/or against diminution in the value of any Collateral, and/or to insure the prospect of payment or performance by the Borrower of its Obligations to the Lender are not impaired. The Borrowing Base formula set forth above is intended solely for monitoring purposes. The making of loans, advances, and credits by the Lender to the Borrower in excess of the above described Borrowing Base formula is for the benefit of the Borrower and does not affect the obligations of the Borrower hereunder; all such loans constitute Obligations and must be repaid by the Borrower in accordance with the terms of this Agreement.
- (b) Advances. Subject to the provisions hereof, the Borrower may request Advances under the Loan by delivering to the Lender a drawdown notice in the form attached as Schedule B before 1:00 p.m. Eastern Standard Time at least three (3) Business Days prior to the requested date of such Advance. The Borrower shall be permitted to draw Advances no more than once per week, subject to the terms of this Agreement. Each Advance by the Borrower shall be requested and made available in a minimum amount of not less than \$100,000 and in multiples of \$50,000 thereafter.
- (c) Overadvances. All Advances shall be added to and be deemed part of the Obligations when made. If, at any time and for any reason, the aggregate amount of the outstanding

Advances under the Loan exceeds the Maximum Amount (an "Overadvance"), then the Borrower shall, upon demand by the Lender, immediately pay to the Lender, the amount of such Overadvance. Without affecting the Borrower's obligation to immediately repay to the Lender the amount of each Overadvance, the Borrower shall pay the Lender a fee (the "Overadvance Fee") in an amount to be agreed upon between the Lender and the Borrower, but not less than \$500.00 per occurrence of an Overadvance, plus interest on the Overadvance amount at the Default Rate.

- (d) Promissory Note. The obligation to repay the Loan hereunder shall be evidenced by a grid promissory note in respect of each Advance payable by the Borrower to the order of the Lender in form and substance satisfactory to the Lender (hereinafter referred to as the "Promissory Note").
- (e) Guarantors. In addition to providing the Guarantee, the Parent shall be required to ensure that all future subsidiaries of the Parent, within 10 days of creation or acquisition, provide a guarantee of the Obligations to the Lender, provided that, as at the Closing Date, the Lender agrees that no guarantee shall be required from Porterco Oilfield Services Inc. or Bearstone Oilfield Services Inc.
- (f) Term of Loan. The Loan shall be repaid on March 9, 2020 (the "Maturity Date"), subject to earlier repayment in accordance with the terms of this Agreement and the Promissory Note.
- (g) Purpose. All proceeds and Advances made under the Loan shall be used by the Borrower for payment of transaction fees, to repay amounts due to Canadian Western Bank, and for the general working capital purposes of the Borrower.
- (h) Currency. The Borrower shall make payment relative to each Obligation in Canadian dollars. If the Borrower makes, or is required to make payment of any amount hereunder in a currency other than Canadian dollars (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction) (the "Other Currency"), such payment shall constitute a discharge of the liability of the Borrower hereunder in respect of the applicable amount owing only to the extent of the amount of Canadian dollars owed is actually received by the Lender on the date of receipt as determined by the Lender. If the amount of Canadian dollars which the Lender is able to purchase is less than the amount of Canadian dollars originally due in respect of the applicable payment, the Borrower shall indemnify and save the Lender harmless from and against any loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender and shall continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order. A certificate of the Lender as to any such loss or damage shall constitute prima facie evidence thereof, in the absence of manifest error.

2. REPAYMENT AND PREPAYMENTS OF LOAN

- (a) Repayment. Subject to the Lender's rights under Section 10, the Borrower shall, on the Maturity Date, repay all Obligations outstanding under this Agreement. On the Maturity Date, the commitment of the Lender to make Advances under the Loan shall terminate and any availability thereunder shall be immediately cancelled. The Maturity Date may be extended at the request of the Borrower with the consent of the Lender, at its sole discretion, for such period and on such terms as the Borrower and the Lender may agree.
- (b) Acceleration. Upon any acceleration of the Loan pursuant to this Agreement or any other Loan Document, the Borrower shall immediately repay all (or if only a portion is

accelerated thereunder, such portion of) the Loan then outstanding, including all accrued and unpaid interest thereon, plus the aggregate Fees then due and payable for the Loan and all other amounts owed under the Loan Documents.

- (c) Interest. Subject to Section 2(a) and Section 2(e) hereof, interest shall accrue at the Loan Rate on the outstanding principal balance of the Loan starting on the date of advance of the Loan to the Borrower and until all amounts under the Loan are repaid in full. Interest and repayment of the principal balance of the Loan shall be payable on or before the Maturity Date, in accordance with the terms of this Agreement and the Promissory Note. In no event will the Lender charge, or will the Borrower be liable to pay interest at a rate that exceeds the highest rate of interest permissible under Applicable Law, or that is not in compliance with any applicable usury laws. Any excess interest shall be adjusted as set forth in the Promissory Note. If any payment due hereunder is not received within five (5) days of its due date, the Borrower shall incur and shall be liable to pay a late charge equal to five (5) percent of the amount in arrears.
- (d) Fees. In consideration of the Lender's entering into this Agreement, the Borrower shall pay to the Lender the following fees:
- (i) a one-time setup fee of \$3,000.00 for the monitoring of collateral, on the Closing Date;
 - (ii) a monthly collateral monitoring fee of \$1,500.00 to be paid on the first of each month;
 - (iii) a facility fee comprised of a one-time fee equal to \$30,000.00 on the Closing Date, and an annual facility fee due on March 9, 2018, and March 9, 2019 which shall be equal to 0.5% of the Maximum Amount on such payment date (collectively, the "Facility Fee"); and
 - (iv) an unused line fee equal to 0.5% per annum (but calculated based on the actual number of days elapsed) of the difference between the Maximum Amount and the average Daily Balance of outstanding Advances during such month, which will accrue from the Closing Date and will be paid monthly in arrears on the first Business Day of each month (the "Unused Fee").

The foregoing, together with any Breakage Costs and Overadvance Fees, are herein referred to as the "Fees". The Facility Fee shall be deemed to have been fully earned upon the execution hereof. No portion of the Facility Fee is refundable to the Borrower. No portion of the Unused Fee is refundable to the Borrower.

- (e) Default Rate. Effective upon the occurrence of any Default and for so long as any Default shall be continuing: (i) the Loan Rate shall automatically be increased by a nominal amount equal to three (3) percent per annum (such increased rate, the "Default Rate"); and (ii) all outstanding Obligations, including unpaid interest, shall continue to accrue interest from the date of such Default at the Default Rate applicable to such Obligations.
- (f) Payment Date. If any payment to the Lender under this Agreement becomes due and payable on a day other than a Business Day, such payment date shall be extended to the next succeeding Business Day (unless such next succeeding Business Day is in the next calendar month, in which case such payment date shall be the immediately preceding Business Day) and the interest portion of such payment shall be calculated at the then applicable rate during such extension, provided that for greater certainty, if such next Business Day is in the succeeding calendar month and the payment is made on the immediately preceding Business Day, there shall be no change in the payment amount.

- (g) Interest Act (Canada). Solely for purposes of the Interest Act (Canada): (1) whenever interest is to be computed or expressed at any rate (the "**Specified Rate**") on the basis of a year of less than 365 days or any other period of time less than a calendar year hereunder, the annual rate of interest to which each such Specified Rate is equal is such Specified Rate multiplied by a fraction, the numerator of which is the actual number of days in the applicable year and the denominator of which is 360 or such other period of time, respectively; (2) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder; and (3) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields.
- (h) Payment by Wire Transfer. The Borrower shall make each payment under this Agreement without set-off, counterclaim or deduction and free and clear of all Taxes not later than 1:00 p.m. Eastern Standard Time, on the day when due in lawful money of Canada by wire transfer of immediately available funds to such account as the Lender shall specify from time to time in writing. If the Borrower shall be required by law to deduct any Taxes from any payment to the Lender under any Loan Document, then the amount payable to the Lender shall be increased so that, after making all required deductions, the Lender receives an amount equal to that which it could have received had no such deductions been made. For purposes of computing interest and fees, any payments received after 1:00 p.m. Eastern Standard Time, shall be deemed received by the Lender on the next Business Day.
- (i) Application of Payments. The Borrower irrevocably agrees that the Lender shall have the continuing and exclusive right to apply any and all payments against the then due and payable Obligations in such order as the Lender may deem advisable. The Lender is authorized to, and at its option may (without prior notice or precondition and at any time or times), but shall not be obligated to, make or cause to be made Advances on behalf of the Borrower for: (1) payment of all reasonable fees, expenses, indemnities, charges, costs, principal, interest, or other Obligations owing by the Borrower under this Agreement or any of the other Loan Documents, (2) the payment, performance or satisfaction of any of the Borrower's obligations hereunder with respect to preservation of the Collateral, or (3) any premium in whole or in part required in respect of any of the policies of insurance required by this Agreement, even if the making of any such Advance causes the outstanding balance of the Loan to exceed the Maximum Amount and the Borrower agrees to repay immediately, in cash, any amount by which the Loan exceeds the Maximum Amount.
- (j) Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority affects or would affect the amount of capital required or expected to be maintained by the Lender or any Person controlling the Lender, and the Lender determines that the rate of return on its or such controlling Person's capital as a consequence of making its Loan is reduced to a level below that which the Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by the Lender to the Borrower, the Borrower shall immediately pay directly to the Lender additional amounts sufficient to compensate the Lender or such controlling Person for such reduction in rate of return. A statement of the Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrower.
- (k) Reduction of Facility. The Borrower shall have the right at any time and from time to time to reduce the Maximum Amount of the Loan, provided that the Borrower gives notice to the Lender three Business Days prior to such reduction, and provided further provided that any such reduction is accompanied by the payment of a fee equal to 3% of the

reduced amount. Upon payment of such fee, the Lender shall confirm in writing the reduction of the Maximum Amount under this Agreement.

3. ACCOUNTS AND COLLECTIONS

- (a) Collections Account. In connection with this Agreement, the Borrower shall use commercially reasonable efforts to establish, no later than the DACA Deadline, an account (the "**Collections Account**") with the New Bank that is subject to a deposit account control agreement ("**Collections Account DACA**") among the Lender, the Borrower and the New Bank. The Collections Account DACA shall establish that the Borrower shall have no rights of withdrawal under the Collections Account. To the extent that any payment received in the Collections Account exceeds the then Daily Balance, the Lender shall promptly cause the amount of such excess to be transferred to the Disbursement Account.
- (b) Disbursement Account. In connection with this Agreement, the Borrower has established an account (the "**Disbursement Account**") with the Existing Bank that is either (a) on behalf of the Borrower, but in the Lender's name, or (b) in the Borrower's name, but subject to a deposit account control agreement ("**Disbursement Account DACA**") among the Lender, the Borrower and the Existing Bank. The Disbursement Account DACA shall establish that, upon the Lender's notice to the Existing Bank that a Default has occurred, the Borrower shall have no rights of withdrawal under the Operating Account. The Lender shall not exercise its rights pursuant to the Collections Account DACA (other than rights related to viewing the account and receiving reports) unless a Default has occurred and is continuing.
- (c) Collection of Accounts. Upon execution of the Collections Accounts DACA, the Borrower shall notify all Account debtors and other obligors of the Borrower to remit payments on Accounts and other Collateral directly to the Collections Account. All notices to Account debtors shall be in such form as shall be required by the Lender. If, notwithstanding said notice, the Borrower obtains payment on any Account or other Collateral, including, without limitation, collections under credit card sales, the Borrower shall receive all such payments on Accounts and other Collateral and other proceeds, including cash, in trust for the Lender and immediately deliver said payments to the Lender in their original form as received from the Account debtor or other obligor, together with any necessary endorsements.

The Lender or its agent may, at any time, on notice to the Borrower, (i) notify customers or Account debtors or other obligors of the Borrower that the Accounts or other Collateral have been assigned to the Lender, and that the Lender has a security interest in them, (ii) collect the Accounts and other Collateral directly and (iii) add the collection costs and expenses to the Obligations.

- (d) Crediting Payments. The receipt of any item of payment in the Collections Account shall, for the sole purpose of determining availability under the Loan, subject to final payment of such item, be provisionally applied to reduce the Obligations on the date of receipt of such item in the Collections Account, but the receipt of such an item of payment shall for all other purposes in determining the Daily Balance, including without limitation for the purpose of calculation of interest on the Obligations, not be deemed to have been paid to the Lender until three (3) Business Days after the date of the receipt of such item of payment. Notwithstanding anything to the contrary contained herein, payments received in the Collections Account after 1:00 p.m. Eastern Standard Time shall be deemed to have been received by the Lender as of the opening of business on the immediately following Business Day.

4. SECURITY

As security for the payment as and when due of the indebtedness of the Borrower to the Lender hereunder and under the Promissory Note (and any renewals, extensions and modifications thereof) and under any other agreement or instrument, both now in existence and hereafter created (as the same may be renewed, extended or modified), and the performance and payment as and when due of all other Obligations of the Borrower to the Lender, both now in existence and hereafter created (as the same may be renewed, extended or modified), each of the Loan Parties hereby grant to the Lender a security interest in all present and after acquired personal and real property of such Loan Party, and all replacements, substitutions and exchanges therefor and thereof and accessions thereto and any and all insurance and/or other proceeds thereof (all of the foregoing collectively, the "Collateral"). The Lender agrees, upon full repayment of the Loan in accordance with the terms hereof or the terms of the Promissory Note or any disposition of Collateral otherwise permitted by this Agreement, and provided that no Default exists hereunder or under any other agreement between the Lender and the Borrower, that it shall forthwith release its security interest and any cross-collateralization of the applicable item of collateral. Each Loan Party agrees that, with respect to the Collateral, the Lender shall have all of the rights and remedies of a secured party under the PPSA. The Lender may require each Loan Party, and each Loan Party agrees, to execute and deliver security documents granting liens in the Collateral in which it has an interest in favour of the Lender but the Lender shall have no obligation to formalize or perfect its security beyond this Agreement. Each Loan Party hereby authorizes the Lender to file financing statements under the PPSA ("**Financing Statements**") describing the Collateral. Without the Lender's prior written consent, each Loan Party agrees not to file any corrective or termination statements or partial releases with respect to any Financing Statements filed by the Lender pursuant to this Agreement. Each Loan Party hereby waives any and all rights such Loan Party has or may have under Section 43 of the PPSA to receive a copy of any financing statement or financing change statement filed by or for the Lender or any verification statement in respect thereof.

5. CONDITIONS PRECEDENT TO EFFECTIVENESS

The obligation of the Lender to make the Loan as set forth in Section 1 hereof is expressly conditioned upon compliance by the Loan Parties, to the reasonable satisfaction of the Lender and its counsel, of the following conditions precedent. On or prior to the date of an initial Advance, the Loan Parties shall provide, or cause to be provided, to the Lender the following:

- (a) A duly executed copy of this Agreement.
- (b) Resolutions of the Board of Directors of each Loan Party, certified by the Chief Financial Officer or another duly appointed officer of such Loan Party, duly authorizing, in the case of the Borrower, the borrowing of funds hereunder and, as applicable, the execution, delivery and performance of this Agreement, the Promissory Note, the Guarantee, and all related instruments and documents.
- (c) A certificate executed by the Chief Financial Officer or another duly appointed officer of each Loan Party, certifying that the representations and warranties of such Loan Party contained in this Agreement are true and correct as of the Closing Date, and that no Default or Pending Default or event which, with the giving of notice or the lapse of time, or both, would become a Default or Pending Default hereunder, has then occurred, and that no event has occurred since September 30, 2016 which would have a Material Adverse Effect.
- (d) A legal opinion from counsel to the Loan Parties with respect to usual and customary matters as requested by the Lender and its counsel, acting reasonably.
- (e) Evidence satisfactory to the Lender as to due compliance by the Loan Parties with the insurance provisions of Section 8(g) hereof.
- (f) An original Guarantee duly executed on behalf of the Parent.

- (g) An original Promissory Note relating to the Loan duly executed on behalf of the Borrower, pursuant to Section 1 hereof.
- (h) Satisfactory completion of a site inspection and field examination performed on site of the Borrower.
- (i) Subordination of security pursuant to all seller, shareholder and Affiliate debt and officer loans to the Loan Parties, if applicable.
- (j) Payment of all fees, including but not limited to the Fees due and payable under this Agreement.
- (k) After giving effect to any Advance on the Closing Date, there must be a minimum excess availability of \$150,000.00 under the Loan.
- (l) A Borrowing Base certificate of the Borrower, in a form acceptable to the Lender.
- (m) A master customer list of the Borrower, in a form acceptable to the Lender.
- (n) Evidence satisfactory to the Lender that upon the repayment in full all existing indebtedness, liabilities and obligations owing by the Loan Parties or their Affiliates to Canadian Western Bank and Canadian Western Bank Leasing Inc., all liens and security interests of Canadian Western Bank and Canadian Western Bank Leasing Inc. against the property of the Loan Parties and in and to any Collateral will be terminated and discharged.
- (o) A duly executed copy of the Disbursement Account DACA from the Borrower and the Existing Bank, in a form acceptable to the Lender.
- (p) Such bills of sale, no interest letters, authorizations to discharge and discharges or subordination agreements shall have been obtained and such filings shall have been made and other actions taken as reasonably may be required by the Lender and its counsel to perfect a valid, first priority security interest granted by the Loan Parties to the Lender with respect to the Collateral.

6. CONDITIONS PRECEDENT TO EACH ADVANCE

On or before the date of each Advance hereunder, the following conditions shall be satisfied:

- (a) no material adverse change in the financial condition or operations of the Borrower shall have occurred after the Closing Date;
- (b) no Default or Pending Default has occurred and is continuing or will occur as a result of the Advance;
- (c) each of the representations and warranties herein is true and correct as of the date of such Advance, except to the extent that such representations and warranties relate to an earlier date, in which case such representations and warranties were true and correct on and as of such earlier date; and
- (d) receipt by the Lender of a drawdown notice in the form attached hereto as Schedule B.

7. REPRESENTATIONS AND WARRANTIES

Each Loan Party hereby represents and warrants for and on behalf of itself to the Lender that:

- (a) Business Existence. It has the form of business organization, and is duly organized and validly existing in good standing under the laws of the jurisdiction, specified below its signature on the signature page of this Agreement, and is duly qualified and authorized to transact business and is in good standing wherever necessary to perform its obligations under the Loan Documents to which it is a party, including each jurisdiction in which the Collateral in which it has an interest is located.
- (b) Requisite Power and Authority. It has the requisite power and authority to own or hold under lease its properties and to enter into and perform its obligations hereunder; and in case of the Borrower, the borrowing hereunder by the Borrower from the Lender, and the execution and delivery by it and the performance of its obligations under the Loan Documents to which it is a party; (1) have been duly authorized by all necessary action consistent with such Loan Party's form of organization; (2) do not require any approval or consent of any shareholder or holders of any indebtedness or obligations of such Loan Party except such as have been duly obtained; and (3) do not and will not contravene any law, governmental rule, regulation or order now binding on such Loan Party, or the organizational documents of such Loan Party, or contravene the provisions of, or constitute a default under, or result in the creation of any Lien upon the property of such Loan Party under any agreement to which such Loan Party is a party or by which it or its property is bound.
- (c) No Consents or Approvals. Neither the execution and delivery by it of the Loan Documents to which it is a party, nor the consummation of any of the transactions by such Loan party contemplated hereby or thereby, requires the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any federal, provincial or foreign governmental authority or agency, except as provided herein.
- (d) Enforceability. This Agreement constitutes, and all other Loan Documents to which it is a party when entered into by it will constitute, its legal, valid and binding obligations, enforceable against such Loan Party in accordance with the terms hereof and thereof, except as limited by applicable bankruptcy, insolvency, receivership, moratorium or similar laws or equitable principles relating to or affecting the enforcement of creditors' rights generally, and by Applicable Laws (including any applicable common law and equity) and judicial decisions which may affect the remedies provided herein and therein.
- (e) Litigation. There are no pending or threatened actions or proceedings to which it is a party, and there are no other pending or threatened actions or proceedings of which it has knowledge, before any court, arbitrator or administrative agency, which, either individually or in the aggregate, would have a Material Adverse Effect. Further, it is not in default under any material obligation for the payment of borrowed money, for payment to any trade creditors or service providers, for the deferred purchase price of property or for the payment of any rent which, either individually or in the aggregate, which default would have a Material Adverse Effect.
- (f) Validity and Priority of Security Interest. Upon satisfaction of the conditions precedent in Section 5 hereof and advance by the Lender of the applicable Advance, it will have good and marketable title to the Collateral in which it has an interest, free and clear of all Liens and encumbrances (excepting only Permitted Liens) and the Lender will have a valid, perfected, first priority security interest in such item of Collateral (subject to Permitted Liens). In the case of any Collateral purchased by it using the Loan then, upon the last to occur of: (1) delivery of the applicable item of Collateral, (2) payment to the vendor of the acquisition cost of such item of Collateral, (3) advance by the Lender of the Loan relating to such item of Collateral, and (4) filing in the appropriate public office of a Financing Statement naming it as debtor, and the Lender as secured party, and describing such item of Collateral, all in compliance with the provisions of the PPSA, the Lender will have

a valid, perfected, first priority purchase money security interest in such item of Collateral (subject to Permitted Liens).

- (g) Financial Statements. The financial statements of such Loan Party (copies of which have been furnished to the Lender) have been prepared in accordance with GAAP, and fairly present in all material respects each Loan Party's consolidated financial condition and the results of each Loan Party's operations as of the date of and for the period covered by such statements, and since the date of such statements there has been no Material Adverse Effect on such conditions or operations.
- (h) Tax Returns and Payments. It has filed or has caused to have been filed all federal, provincial and local tax returns which, to its knowledge, are required to be filed by it, and has paid or caused to have been paid all taxes as shown on such returns or on any assessment received by it, to the extent that such taxes have become due, unless and to the extent only that such taxes, assessments and governmental charges are currently contested in good faith and by appropriate proceedings by it and adequate reserves therefor have been established as required under GAAP.
- (i) No Violation of Law. It is not in violation of any law, ordinance, governmental rule or regulation to which it is subject and the violation of which would have a Material Adverse Effect, and it has obtained any and all licenses, permits, franchises or other governmental authorizations necessary for the ownership of its properties and the conduct of its business, except where the failure to obtain such license, permit, franchise or governmental authorization would not have a Material Adverse Effect.
- (j) Business Information. Its legal name, jurisdiction of organization and Corporate Access Number specified on the signature page hereof is true and correct and its address on such signature page is the address of its chief executive office. Within the previous six (6) years, it has not changed its name, done business under any other name, or merged or been the surviving entity of any merger, except as disclosed to the Lender in writing or as previously disclosed to the Lender.
- (k) Full Disclosure. No information relating to it contained in any Loan Document or any written statement or document furnished by or on behalf of such Loan Party under any Loan Document, or to induce the Lender to execute the Loan Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.
- (l) Subsidiaries. The only subsidiaries of the Parent on the Closing Date are the Borrower, Porterco Oilfield Services Inc. and Bearstone Oilfield Services Inc.. As at the Closing Date, each of Porterco Oilfield Services Inc. and Bearstone Oilfield Services Inc. have no assets or operations.

8. COVENANTS OF LOAN PARTIES

Each Loan Party, as applicable, covenants and agrees as follows:

- (a) Application of Proceeds. The Borrower shall use the proceeds of the Loan exclusively for the purposes set forth in Section 1(g).
- (b) Use of Collateral. It shall cause the Collateral in which it has an interest to be used solely in the Provinces of Alberta, British Columbia and Saskatchewan or in any other jurisdiction in respect of which the Lender has given its prior written consent (which consent shall not be unreasonably withheld), and in the conduct of its business and in a

careful and proper manner; shall not permanently discontinue use of the Collateral unless it otherwise maintains such Collateral in accordance with the provisions of this Agreement; and shall provide written notice to the Lender not more than thirty (30) days after any change of the location of any item of Collateral (or the location of the principal base of any item of Collateral, to the extent that such item is mobile equipment).

- (c) No Sale or Further Encumbrance. Except in the ordinary course of its business, including without limitation in respect of the disposition of worn out, damaged or obsolete Collateral, or as otherwise consented to by the Lender, it shall not dispose of its interest in the Collateral without the prior written consent of the Lender, and such disposition shall be on arm's length terms and for full market value. It shall maintain the Collateral in which it has an interest free from all claims, Liens and legal processes of its creditors other than:
- (i) Liens for fees, taxes, or other governmental charges of any kind which are not yet delinquent or are being contested in good faith by appropriate proceedings which suspend the collection thereof (provided, however, that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of the Collateral or any interest therein);
 - (ii) Liens of mechanics, materialmen, laborers, employees or suppliers and similar Liens arising by operation of law incurred by such Loan Party in the ordinary course of business for sums that are not yet delinquent or are being contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof (provided, however, that such contest does not involve any substantial danger of the sale, forfeiture or loss of the Collateral or any interest therein);
 - (iii) Liens arising out of any judgments or awards against such Loan Party which have been adequately bonded to protect the Lender's interests or with respect to which a stay of execution has been obtained pending an appeal or a proceeding for review;
 - (iv) Liens arising merely by operation of law in the ordinary course of business of the Loan Party, consented to in writing by the Lender, such consent not to be unreasonably withheld;
 - (v) Liens arising from any seller, shareholder and Affiliate debt and officer loans to the Loan Parties, provided that such liens are subordinated to the Lender in writing, in a form satisfactory to the Lender;
 - (vi) All Liens created by or in favour of the Lender, including pursuant to this Agreement;
 - (vii) Liens arising in connection with capital leases or "purchase-money security interests" (as that term is defined in the *Personal Property Security Act* (Alberta) or the equivalent thereto under the applicable law if (i) the principal amount of indebtedness, obligations or liabilities secured thereby does not exceed \$3,000,000, in aggregate, for all Loan Parties at the time such encumbrances are created, incurred or assumed, and (ii) no Default or Pending Default exists at the time such encumbrances are created, incurred or assumed;
 - (viii) Liens existing on the Purchased Equipment at the time of such acquisition (notwithstanding the Lender's obligation to transfer the Purchased Equipment free of all Liens); and

- (ix) Liens in respect of which the Lender has given its written consent,
(collectively, "**Permitted Liens**").

Each Loan Party shall notify the Lender promptly upon receipt by it of notice of any Lien, attachment or judicial proceeding affecting the Collateral in which it has an interest in whole or in part.

- (d) Fees and Taxes. It will, at its own expense, pay or cause to be paid all taxes and fees relating to its ownership and use of the Collateral in which it has an interest. The Borrower will keep and maintain, or cause to be kept and maintained, (1) such Collateral (other than the Purchased Equipment) in accordance with the manufacturer's recommended specifications, and (2) the Collateral in at least as good operating condition as on the date of execution hereof (or on the date on which acquired, if such date is subsequent to the date of execution hereof), provided that any improvements to the Collateral or improvements to the standard of maintenance of such Collateral shall form the minimum condition or standard of maintenance on a go forward basis except for ordinary wear and tear resulting from proper use thereof. It will provide all maintenance and service and make all repairs necessary for such purpose. In addition, if any parts or accessories forming part of such Collateral shall from time to time after the date hereof become worn out, lost, destroyed, damaged beyond repair or otherwise permanently rendered unfit for use, such Loan Party, at its own expense, will within a reasonable time replace such parts or accessories or cause the same to be replaced, with replacement parts or accessories which are free and clear of all Liens, encumbrances or rights of others and have a value and utility at least equal to the parts or accessories replaced. All accessories, parts and replacements for or which are added to or become attached to the Collateral shall immediately be deemed incorporated in the Collateral and subject to the security interest granted by such Loan Party herein.
- (e) Loss or Damage. It shall advise the Lender in writing within ten (10) days of the occurrence of any material damage, loss, theft, destruction or governmental confiscation or appropriation of any item of the Collateral in which it has an interest (an "**Event of Loss**") and of the circumstances and extent of such Event of Loss and, within thirty (30) days after receipt of notice from the Lender, it shall (at the Lender's option) either: (1) replace the item of Collateral having suffered the Event of Loss with collateral which is free and clear of all Liens (other than Permitted Liens) and has a value and utility at least equal to the item of Collateral having suffered the Event of Loss, and such replacement collateral shall immediately be deemed "Collateral" hereunder and subject to the security interest granted pursuant to Section 3 hereof; (2) prepay the Obligations to the extent attributable to the unpaid portion of the Obligations funded with respect to the item of Collateral having suffered the Event of Loss (as reasonably determined by the Lender); or (3) the Lender shall retain any payments received under Section 8(g) below, provided such payments cover the value of the item of Equipment having suffered the Event of Loss. If any item of Collateral is damaged and such damage can be repaired, each Loan Party shall (at their expense) promptly effect such repairs. Proceeds of insurance shall be paid to the Lender with respect to such reparable damage to the Collateral and shall, at the election of the Lender, be applied either to the repair of the Collateral by payment by the Lender directly to the party completing the repairs, or to the reimbursement of each Loan Party for the cost of such repairs; provided, however, that the Lender shall have no obligation to make such payment or any part thereof until receipt of such evidence as the Lender shall deem satisfactory that such repairs have been completed, and further provided that the Lender may apply such proceeds to the payment of any installment or other sum due or payable.
- (f) Personal Property. The parties intend that the Collateral shall remain personal property, notwithstanding the manner in which it may be affixed to any real property, and each

Loan Party shall obtain and deliver to the Lender (to be recorded at such Loan Party's expense) from each Person having an interest in or Lien on the property (the "Premises") where such Collateral in which it has an interest is to be located, waivers of any Lien, encumbrance or interest which such Person might have or hereafter obtain or claim with respect to such Collateral.

- (g) Insurance. At its own expense, it shall keep the Collateral which is of a character usually insured by Persons similarly situated to it in which it has an interest or cause such Collateral to be kept insured against loss or damage due to fire and the risks normally included in extended coverage, malicious mischief and vandalism, for the full replacement value thereof. All insurance for loss or damage shall provide that losses, if any, shall be payable to the Lender under a lender's loss payee endorsement, which shall be evidenced by adding the Lender as a first loss payee in respect of the Collateral on the certificate of insurance of each Loan Party. The proceeds of such insurance payable as a result of loss of or damage to the Collateral shall be applied, at the Lender's option, (x) toward the replacement, restoration or repair of the Collateral which may be lost, stolen, destroyed or damaged, or (y) toward payment of the balance outstanding on the Promissory Note or the Obligations. In addition, each Loan Party shall also carry public liability insurance, both personal injury and property damage. All insurance required hereunder shall be in form and amount and with companies satisfactory to the Lender, acting reasonably. Loan Parties shall pay or cause to be paid the premiums therefor and deliver to the Lender evidence satisfactory to the Lender of such insurance coverage. Loan Parties shall cause to be provided to the Lender, prior to the scheduled expiration or lapse of such insurance coverage, evidence satisfactory to the Lender of renewal or replacement coverage. Each insurer shall agree, by endorsement upon the policy or policies issued by it, or by independent instrument furnished to the Lender, that (1) it will give the Lender thirty (30) days' prior written notice of the effective date of any material alteration or cancellation of such policy; and (2) the interest of any named loss payee other than Loan Parties shall not be invalidated by any actions, inactions, breach of warranty or conditions or negligence of Loan Parties with respect to such policy or policies.
- (h) Further Assurances. It shall promptly and duly execute and deliver to the Lender such further documents, instruments and assurances and take such further action as the Lender may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created in favor of the Lender hereunder; including, without limitation, the addition of any Affiliate of either of the Loan Parties as a guarantor, and the execution and delivery of any document reasonably required, and payment of all necessary costs to record such documents (including payment of any documentary or stamp tax), to perfect and maintain perfected the security interest granted by it under this Agreement.
- (i) Notices to Lender. It shall provide written notice to the Lender: (1) not less than thirty (30) days prior notice of any change in its name, jurisdiction of organization or address of its chief executive office; and (2) promptly upon the occurrence of any event which constitutes a Default or Pending Default.
- (j) Delivery of Financial Information. Parent shall furnish the Lender (1) within one hundred twenty (120) days after the end of each fiscal year of Parent, its consolidated balance sheet as at the end of such year, and the related consolidated statement of income and statement of changes in financial position for such fiscal year, prepared in accordance with GAAP, all in reasonable detail and certified by independent certified public accountants of recognized standing selected by Parent and reasonably acceptable to the Lender; (2) within sixty (60) days after the end of each quarter of Parent's fiscal year (other than the fourth quarter), its unaudited consolidated balance sheet as at the end of such quarter and the related consolidated statement of income and statement of changes

in financial position for such quarter, prepared in accordance with GAAP; and (3) within thirty (30) days after the date on which they are filed, all material reports, forms and other filings required to be made by Parent (or the Borrower) to any recognized stock exchange or other securities regulatory body under whose jurisdiction or policies, such person is regulated or to which such person is otherwise subject if any, as and when filed (by furnishing these such forms or filings, or making them publicly available in electronic form, in each case, within the time periods set forth in clauses (1) and (2), Parent shall be deemed to have satisfied the requirements of clauses (1), (2) and (3)).

- (k) Notice of Bankruptcy. It shall provide written notice to the Lender of the commencement of proceedings under any and all bankruptcy, insolvency, receivership, reorganization or similar laws under Applicable Law (as now or hereafter in effect) involving it, and, in the case of the Parent, any direct or indirect subsidiary of the Parent as a debtor.
- (l) Bank Secrecy Act, etc. (1) It has been advised by the Lender that the USA Patriot Act establishes minimum standards of account information to be collected and maintained by the Lender, and that to help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account; and specifically, this means that when such Loan Party executes this Agreement, the Lender may ask for such Loan Party's name and address, the date of birth of the officers executing this Agreement, and other information that will allow the Lender to identify such Loan Party; and that the Lender may also ask to see the driver's license or other identifying documents of the officers executing this Agreement on behalf of such Loan Party. (2) It is and will remain in full compliance with all Applicable Laws including, without limitation, (i) ensuring that no Person who owns a controlling interest in or otherwise controls such Loan Party is or shall be (A) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control ("OFAC"), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation, or (B) a Person designated under Sections 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders, and (ii) compliance with all applicable Bank Secrecy Act ("BSA") laws, regulations and government guidance on BSA compliance and on the prevention and detection of money laundering violations.
- (m) Indemnification. On a joint and several basis with each other Loan Party, it shall indemnify (on an after-tax basis) and defend the Lender, its successors and assigns, and their respective directors, officers and employees, from and against any and all claims, actions and suits (including, without limitation, any Environmental Claim or Environmental Loss), and related attorneys' fees, of any kind, nature or description whatsoever arising, directly or indirectly, in connection with any of the Collateral (other than such as may result from the gross negligence or willful misconduct of the Lender, its successors and assigns, and their respective directors, officers and employees). The obligations of each Loan Party under this Section 8(m) shall survive the expiration of the term of this Agreement.
- (n) Annual Equipment Appraisals. The Borrower shall permit and enable the Lender and all other Persons designated by the Lender, to attend the premises to perform an annual physical inspection of all Collateral that is equipment in which it has an interest and to obtain an appraisal report in form and substance reasonably satisfactory to the Lender at the cost of the Loan Parties.
- (o) Collateral Reporting. The Borrower shall provide (i) daily invoices and collections reports to the Lender, (ii) a weekly detailed open accounts receivable aging, which shall have unique customer account numbers, and (iii) a weekly accounts payable reporting. Within ten (10) days of the end of each month, the Borrower shall provide a reconciliation of

accounts receivable aging to its general ledger and the collateral statement of account. Upon request by the Lender, the Borrower shall provide an up to date master customer list.

- (p) Audit Fee. It shall permit and enable the Lender and all Persons designated by the Lender, to examine all books and records of such Loan Party up to four times per year, or more frequently upon a Default. The cost of such examination shall be based on a standard daily rate, as set by the Lender from time to time.
- (q) Cash Management. The Borrower shall remit, and shall cause all Proceeds of the Collateral to be directly remitted to the Collections Account.
- (r) Monitoring of Accounts. The Borrower shall make arrangements to permit the Lender viewing rights to all bank accounts maintained by the Borrower. The Borrower will provide to the Lender and/or the Lender's agent all passwords and access information with respect to any depository account owned by it or maintained for its benefit such that the Lender and its agent shall be able to review and access each such account in the same manner as the Borrower.
- (s) No Other Accounts. The Borrower shall not hold any deposit accounts with any bank or lender for any purpose, other than the Collections Account and the Disbursement Account with the Existing Bank, which are subject to the Collections Account DACA and the Disbursement Account DACA, respectively.
- (t) Subsidiaries. The Parent shall not permit Porterco Oilfield Services Inc. and Bearstone Oilfield Services Inc. to own any assets or undertake any operations, unless agreed to in writing by the Lender.
- (u) No Merger. The Borrower shall not, without the prior written consent of the Lender, (i) merge or consolidate with any other Person, or (ii) purchase all or substantially all of the assets of any other Person.
- (v) Investments and Loans. The Borrower shall not make or suffer to exist any investments in, or loans or advances to, any other Person except (a) advance payments or deposits against purchases made in the ordinary course of business; (b) any existing investments in, or existing advances to, any Affiliate thereof; (c) advances to the Parent; or (d) temporary advances to employees to cover expenses incurred in the ordinary course of business.
- (w) Dividends or Distributions. Other than as consented to by the Lender in writing, the Borrower shall not pay or declare any dividends or distributions in cash or other property other than to the Parent.
- (x) Transactions with Affiliates. The Borrower shall not be a party to, directly or indirectly, any transaction (including any lending transaction or other transaction involving the advance of money) with any Affiliate of any Loan Party other than the Parent, except in the ordinary course of business and on terms that are (a) no less favorable to such Loan Party than those which might be obtained at the time from Persons who are not Affiliates of any Loan Party, and (b) in accordance with standard industry practices.
- (y) Banking Matters. The Borrower shall use reasonable commercial efforts to sign and do all things necessary to switch banking providers from the Existing Bank to the New Bank, and to enter into the Collections Account DACA and a new Disbursement Account DACA with the New Bank, in forms satisfactory to the Lender.

- (z) Compliance with Environmental Law. No Loan Party will, and no Loan Party will permit any occupant of any real property owned or leased by such Loan Party to, (a) act in any manner that would violate any Environmental Law or bring any of such properties in violation of any Environmental Law, (b) use any of such properties or any portion thereof for the handling, processing, storage or disposal of Hazardous Substances in violation of any Environmental Law, (c) cause or permit to be located at any of such properties any underground tank or other underground storage receptacle for Hazardous Substances, (d) generate any Hazardous Substances at any of such properties in violation of any Environmental Law, or (e) conduct any activity at any of such properties in any manner so as to cause a release or threatened release of Hazardous Substances on, upon or into any of such properties in violation of any Environmental Law or to cause any Environmental Contamination.

9. DEFAULT.

A default shall be deemed to have occurred hereunder (a "Default") upon the occurrence of any of the following events:

- (a) if the Borrower fails to make any payment of principal and/or interest when due hereunder or under the Promissory Note;
- (b) if the Borrower fails to make any payment of any Fees or an amount when due hereunder or under the Promissory Note (other than a payment described in paragraph (a)) and such default continues for at least five (5) days after written notice to the Borrower thereof;
- (c) the failure by any Loan Party to maintain, use or operate the Collateral in compliance with Applicable Law;
- (d) if the Borrower fails to perform its obligations under Section 8(c) and Section 8(g) and such default continues for at least five (5) days after written notice to the Borrower thereof;
- (e) the occurrence of a payment or other default by the Borrower or its Affiliates under any loan, lease, agreement, guarantee or other financial obligation to the Lender or its Affiliates which default entitles the other party to such obligation to exercise any remedies;
- (f) the occurrence of a payment or other default by the Borrower or its Affiliates under any material loan, lease, guarantee or other material financial obligation to any third party which default has been declared;
- (g) if any representation or warranty made by a Loan Party in any financial statement or Loan Document proves to be false or misleading, including any omission of any substantial contingent or unliquidated liability or claim against a Loan Party;
- (h) the failure by a Loan Party generally to pay its debts as they become due or its admission in writing of its inability to pay the same, or the commencement of any bankruptcy, insolvency, receivership or similar proceeding by or against a Loan Party or any of its properties or business (unless, if involuntary, the proceeding is dismissed within sixty (60) days of the filing thereof) or the rejection of this Agreement or any other Loan Document in any such proceeding;
- (i) a Loan Party shall (1) enter into any transaction of merger or amalgamation with another Person (such actions being referred to as an "Event"), unless such Loan Party is the

surviving entity or the surviving entity is organized and existing under the laws of the Canada or any province of Canada, and prior to such Event: (A) such Person executes and delivers to the Lender (x) an agreement satisfactory to the Lender, in its sole discretion, containing such Person's effective assumption, and its agreement to pay, perform, comply with and otherwise be liable for, in a due and punctual manner, all of such Loan Party 's Obligations having previously arisen, or then or thereafter arising, under any and all of the Loan Documents to which it is a party, and (y) any and all other documents, agreements, instruments, certificates, opinions and filings requested by the Lender; and (B) the Lender is satisfied as to the creditworthiness of such Person, and as to such Person's conformance to the other standard criteria then used by the Lender when approving transactions similar to the transactions contemplated in this Agreement; (2) cease to do business as a going concern, liquidate, or dissolve; or (3) sell, transfer, or otherwise dispose of all or substantially all of its assets or property;

- (j) effective control of the Borrower's voting capital stock/membership interests/partnership interests, issued and outstanding from time to time, is not retained by the present holders (unless the Borrower shall have provided thirty (30) days' prior written notice to the Lender of the proposed disposition and the Lender shall have consented thereto in writing);
- (k) there occurs a default or anticipatory repudiation under any guarantee executed in connection with this Agreement;
- (l) there occurs a breach by either Loan Party of Section 8(j) of this Agreement; or
- (m) breach by either Loan Party of any other covenant, condition or agreement (other than those in items (a)-(l) above) under this Agreement or any of the other Loan Documents that continues for thirty (30) days after the Lender's written notice to the Borrowers (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period).

Notwithstanding anything to the contrary set forth herein, the Lender or its assignee(s) (as applicable) may exercise all rights and remedies hereunder or under the Promissory Note independently with respect to the Collateral.

10. REMEDIES.

Upon the occurrence of a Default which is continuing, the Lender may, at its option, declare this Agreement to be in default and accelerate all Obligations hereunder and may do any one or more of the following, all of which are hereby authorized by the Loan Parties:

- (a) Rights Under PPSA. Exercise any and all rights and remedies of a secured party under the PPSA or otherwise under Applicable Law and in addition to those rights, at its sole discretion, may require each Loan Party (at their sole expense) to forward promptly any or all of the Collateral in which it has an interest to the Lender at such location as shall reasonably be required by the Lender, or enter upon the premises where any such Collateral is located (without obligation for rent) and take immediate possession of and remove the Collateral by summary proceedings or otherwise, all without liability from the Lender to the Loan Parties for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise.
- (b) Disposition of Collateral. Subject to Applicable Law, and any right of either Loan Party to redeem the Collateral, sell, lease or otherwise dispose of any or all of the Collateral in a commercially reasonable manner at public or private sale with notice to the Loan Parties (the parties agreeing that ten (10) days' prior written notice shall constitute adequate

notice of such sale) at such price as it may deem best, for cash, credit, or otherwise, with the right of the Lender to purchase and apply the proceeds:

First, to the payment of all expenses and charges, including the expenses of any sale, lease or other disposition, the expenses of any taking, attorneys' fees, court costs and any other expenses incurred or advances made by the Lender in the protection of its rights or the pursuance of its remedies, and to provide adequate indemnity to the Lender against all taxes and Liens which by law have, or may have, priority over the rights of the Lender to the monies so received by the Lender;

Second, to the payment of the Obligations; and

Third, to the payment of any surplus thereafter remaining to the respective Loan Party or to whosoever may be entitled thereto;

and in the event that the proceeds are insufficient to pay the amounts specified in clauses "First" and "Second" above, the Lender may collect such deficiency from either Loan Party.

- (c) Other Rights and Remedies. The Lender may exercise any other right or remedy available to it under the Loan Documents or Applicable Law, or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Agreement in whole or in part.
- (d) Costs and Expenses: No Remedy Exclusive. In addition, the Loan Parties shall be liable for any and all reasonable unpaid additional sums due hereunder or under the Promissory Note before, after or during the exercise of any of the foregoing remedies; and for all reasonable legal fees and other reasonable costs and expenses incurred by reason of any Default or of the exercise of the Lender's remedies with respect thereto. No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative, and shall be in addition to any other remedy referred to above or otherwise available at law or in equity, and may be exercised concurrently or separately from time to time. Each Loan Party hereby waives any and all existing or future claims to any offset against the sums due hereunder or under the Promissory Note and agrees to make the payments regardless of any offset or claim which may be asserted by such Loan Party or on its behalf in connection with this Agreement.
- (e) No Waiver. The failure of the Lender to exercise, or delay in the exercise of, the rights granted hereunder upon any Default by a Loan Party shall not constitute a waiver of any such right upon the continuation or recurrence of any such Default. The Lender may take or release other security; may release any party primarily or secondarily liable for the Obligations; may grant extensions, renewals or indulgences with respect to the Obligations and may apply any other security therefor held by it to the satisfaction of the Obligations without prejudice to any of its rights hereunder.

11. NOTICES.

All notices (excluding billings and communications in the ordinary course of business) hereunder shall be in writing, personally delivered, sent by overnight courier service, sent by facsimile telecopier, or sent by certified mail, return receipt requested, addressed to the Lender or the Loan Parties at their respective addresses stated below the signature of such parties or at such other addresses as such parties shall from time to time designate in writing to the other parties; and shall be effective from the date of receipt.

12. LENDER'S RIGHT TO PERFORM FOR LOAN PARTIES.

- (a) Performance and Reimbursement. If any Loan Party fails to perform or comply with any of its agreements contained herein the Lender shall have the right, but shall not be obligated, to effect such performance or compliance, and the amount of any reasonable out-of-pocket expenses and other reasonable expenses of the Lender thereby incurred, together with interest thereon at the Default Rate, shall be due and payable by the Loan Parties upon demand.
- (b) Power of Attorney. Each Loan Party hereby appoints the Lender as such Loan Party's attorney-in-fact (which power shall be deemed coupled with an interest) to execute, endorse and deliver any deed, conveyance, assignment or other instrument in writing as may be required to vest in the Lender any right, title or power which by the terms hereof are expressed to be conveyed to or conferred upon the Lender, including, without limitation, real property waivers, and documents and cheques or drafts relating to or received in payment for any loss or damage under the policies of insurance required hereby, but only to the extent that the same relates to the Collateral.

13. SUCCESSORS AND ASSIGNS.

This Agreement shall inure to the benefit of the Lender, its successors and assigns, and shall be binding upon Loan Parties and their successors and permitted assigns. The rights and obligations of each Loan Party under this Agreement may not be assigned or delegated. The Lender reserves the right to sell, assign, transfer, negotiate or grant participations in all or any part of, or any interest in, the Lender's rights and obligations hereunder, in the Promissory Note, in the Collateral and/or the Obligations held by it to others at any time and from time to time; and the Lender may disclose to any such purchaser, assignee, transferee or participant (the "**Participant**"), or potential Participant, this Agreement and all information, reports, financial statements and documents executed or obtained in connection with this Agreement which the Lender now or hereafter may have relating to the Loan, Loan Parties, or the business of Loan Parties. Each Loan Party hereby grants to any Participant all Liens, rights and remedies of the Lender under the provisions of this Agreement or any other documents relating hereto or under applicable laws. Each Loan Party agrees that any Participant may enforce such Liens and exercise such rights and remedies in the same manner as if such Participant were the Lender and a direct creditor of such Loan Party.

14. CHOICE OF LAW: JURISDICTION: WAIVER OF JURY TRIAL.

- (a) GOVERNING LAW. THIS AGREEMENT AND ALL OTHER RELATED INSTRUMENTS AND DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL, IN ALL RESPECTS, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ALBERTA (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH PROVINCE) AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL.
- (b) Jurisdiction. The parties agree that any action or proceeding arising out of or relating to this Agreement shall be commenced in the courts of the Province of Alberta, and each party irrevocably submits to the non-exclusive jurisdiction of such court and agrees that a summons and complaint commencing an action or proceeding in any such court shall be properly served and shall confer personal jurisdiction if served personally or by certified mail to it at its address designated pursuant hereto, or as otherwise provided under the laws of the Province of Alberta.
- (c) WAIVER OF JURY TRIAL. EACH LOAN PARTY HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH SUCH LOAN PARTY AND THE LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS AGREEMENT OR THE PROMISSORY NOTE. EACH LOAN PARTY AUTHORIZES THE

LENDER TO FILE THIS PROVISION WITH THE CLERK OR JUDGE OF ANY COURT HEARING SUCH CLAIM. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY SUCH LOAN PARTY AND SUCH LOAN PARTY HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. EACH LOAN PARTY FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND THE PROMISSORY NOTE AND IN THE MAKING OF THIS WAIVER BY LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

15. MISCELLANEOUS.

- (a) Entire Agreement. The Loan Documents constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and shall not be amended or altered in any manner except by a document in writing executed by both parties.
- (b) Survival. All representations, warranties, and covenants of each Loan Party contained herein or made pursuant hereto shall survive closing and continue throughout the term hereof and until the Obligations are satisfied in full.
- (c) Severability. Any provision of the Loan Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, each Loan Party hereby waives any provision of law which renders any provision hereof or thereof prohibited or unenforceable in any respect.
- (d) Captions. The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.
- (e) Time of Essence. Time is of the essence hereof.
- (f) Expenses. Each Loan Party agrees to pay or reimburse the Lender (without duplication) for all reasonable costs and expenses (including the reasonable fees and expenses of all counsel, advisors, consultants and auditors retained in connection therewith), incurred by the Lender in connection with: (1) the preparation, negotiation, execution, delivery, performance and enforcement of the Loan Documents and the preservation of any rights thereunder (including, without limitation, filing or recording fees and taxes); (2) collection, including deficiency collections; (3) any amendment, waiver or other modification or waiver of, or consent with respect to, any Loan Document or advice in connection with the administration of the Loan or the rights thereunder; (4) any litigation, dispute, suit, proceeding or action (whether instituted by or between any combination of the Lender, Loan Parties or any other Person), and an appeal or review thereof, in any way relating to the Collateral, any Loan Document, or any action taken or any other agreements to be executed or delivered in connection therewith, whether as a party, witness or otherwise; and (5) any effort (i) to monitor the Loan, (ii) to evaluate, observe or assess Loan Parties or the affairs of such Person, and (iii) to verify, protect, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of the Collateral.

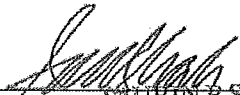
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IN WITNESS WHEREOF, the parties hereto have caused this Revolving Term Loan and Security Agreement to be duly executed as of the day and year first above written.

NATIONS FUND I, LLC
Lender

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
Borrower

By:

Name:  SAUKIN P. SHAH
Title: Duly Authorized Signatory

By:

Name:
Title:

501 Merritt Seven
Norwalk, Connecticut 06851
Facsimile: (203) 939-1597

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8
Facsimile: (403) 984-9799

Form of Organization: Corporation
Jurisdiction of Organization: Alberta
Corporate Access Number: 2017755501

NEW WEST ENERGY SERVICES INC.
Parent Guarantor

By:

Name:
Title:

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8
Facsimile: (403) 984-9799

Form of Organization: Corporation
Jurisdiction of Organization: Canada
Corporate Access Number: 213478720

IN WITNESS WHEREOF, the parties hereto have caused this Revolving Term Loan and Security Agreement to be duly executed as of the day and year first above written.

NATIONS FUND I, LLC

Lender

By: _____

Name: _____

Title: _____

501 Merritt Seven
Norwalk, Connecticut 06851
Facsimile: (203) 939-1597

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

Borrower

By:  _____

Name: GERRY KERKHOFF

Title: PRESIDENT

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8
Facsimile: (403) 984-9799

Form of Organization: Corporation
Jurisdiction of Organization: Alberta
Corporate Access Number: 2017755501

NEW WEST ENERGY SERVICES INC.

Parent Guarantor

By:  _____

Name: GERRY KERKHOFF

Title: PRESIDENT & CHIEF EXECUTIVE OFFICER

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8
Facsimile: (403) 984-9799

Form of Organization: Corporation
Jurisdiction of Organization: Canada
Corporate Access Number: 213478720

SCHEDULE A

DEFINITIONS

Capitalized terms used in this Agreement and the other Loan Documents shall have (unless otherwise provided elsewhere in this Agreement or in the Loan Documents) the following respective meanings:

"Accounts" means, in addition to the definition of 'account' in the PPSA, all presently existing and hereafter arising accounts receivable, contract rights, insurance receivables, and all other forms of obligations owing to the Borrower arising out of the sale, lease, license or assignment of goods or other property, or the rendition of services by the Borrower, whether or not earned by performance, all credit insurance, guarantees, and other security therefor, as well as all merchandise returned to or reclaimed by the Borrower and the Borrower's books and records relating to any of the foregoing.

"Advance" means the extension of credit hereunder by the Lender to the Borrower by way of the making of the Loan or any portion thereof.

"Adverse Environmental Condition" shall mean (i) the existence or the continuation of the existence of an Environmental Contamination (including, without limitation, a sudden or non-sudden accidental or non-accidental Environmental Contamination), or exposure to any substance, chemical, material, pollutant, Hazardous Substance, odour or audible noise or other release or emission in, into or onto the environment (including without limitation, the air, ground, water or any surface) at, in, by, from or related to any Collateral, (ii) the environmental aspect of the transportation, storage, treatment or disposal of materials in connection with the operation of any Collateral, or (iii) the violation, or alleged violation, of any Environmental Law, permits or licenses of, by or from any governmental authority, agency or court relating to environmental matters connected with any of the Collateral.

"Affiliate" means, with respect to any Person: (i) each other Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five (5) percent or more of the Stock having ordinary voting power for the election of directors of such Person; (ii) each other Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person; or (iii) each of such Person's officers, directors, joint venturers and partners. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting Stock, by contract or otherwise.

"Agreement" means this Revolving Term Loan and Security Agreement including all appendices, exhibits or schedules attached or otherwise identified thereto, restatements and modifications and supplements thereto, and any appendices, exhibits or schedules to any of the foregoing, each as in effect at the time such reference becomes operative.

"Applicable Law" means any law, rule, regulation, ordinance, order, code, common law, interpretation, judgment, directive, decree, treaty, injunction, writ, determination, award, permit or similar norm or decision of any Governmental Authority having jurisdiction over a Loan Party or the matters herein.

"Borrower" means the Person identified as such in the preamble of this Agreement.

"Borrowing Base" has the meaning assigned to it in Section 1(a) of this Agreement.

"Breakage Costs" means any and all breakage costs and penalties required to be paid by the Lender to the counterparties under any foreign exchange derivative entered into by the Lender in connection with the Loan, which breakage costs and penalties are incurred by the Lender as a result of any repayment made hereunder by the Borrower, in connection with a reduction of the Loan.

"BSA" has the meaning assigned to it in Section 8(l) of this Agreement.

"**Business Day**" means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of New York or the City of Calgary, Alberta.

"**Closing Date**" means the date on which the conditions precedent in Section 5 are satisfied by the Loan Parties or waived by the Lender.

"**Collateral**" has the meaning assigned to it in Section 3 of this Agreement.

"**Collections Account**" has the meaning assigned to it in Section 3(a) of this Agreement.

"**Collections Account DACA**" has the meaning assigned to it in Section 3(a) of this Agreement.

"**DACA Deadline**" means 60 days from the Closing Date.

"**Daily Balance**" means the amount of the Obligations owed hereunder at the end of a given day.

"**Default**" has the meaning assigned to it in Section 9 of this Agreement.

"**Default Rate**" has the meaning assigned to it in Section 2(d) of this Agreement.

"**Disbursement Account**" has the meaning assigned to it in Section 3(b) of this Agreement.

"**Disbursement Account DACA**" has the meaning assigned to it in Section 3(b) of this Agreement.

"**Eligible Accounts**" means those Accounts created by the Borrower in the ordinary course of business, which are and at all times shall continue to be acceptable to the Lender in all respects; other than the following (1) the Account debtor on such Account is and at all times continues to be acceptable to the Lender, and up to credit limits acceptable to the Lender, and (2) such Account complies in all respects with the representations, covenants and warranties hereinafter set forth. Except in the Lender's sole discretion, Eligible Accounts shall not include any of the following (a) Accounts which the Account debtor has failed to pay within 90 days of invoice date, and all Accounts owed by any Account debtor that has failed to pay twenty five percent (25%) or more of its Accounts owed to the Borrower within ninety (90) days of invoice date; (b) Accounts with respect to which goods are sold on a bill and hold basis or placed on consignment or for a guaranteed sale, or which contain other terms by reason of which payment by the Account debtor may be conditional; (c) Accounts with respect to which the Account debtor is not a resident of Canada unless the Account is supported by foreign credit insurance or a letter of credit, in both instances satisfactory to and assigned to the Lender; (d) Accounts with respect to which the Account debtor is the Crown or any department, agency or department of the Canadian federal or provincial government, or any city, town, municipality or division thereof unless all filings have been made under the applicable provincial or federal statutes, including without limitation, the *Financial Administration Act* (Canada) (e) Accounts with respect to which the Account debtor is an officer, employee or agent of, or subsidiary of, related to, affiliated with or has common shareholders, officers or directors with the Borrower; (f) Accounts with respect to which the Borrower is or may become liable to the Account debtor for goods sold or services rendered by the Account debtor to the Borrower; (g) Accounts with respect to an Account debtor whose total obligations to the Borrower exceed thirty percent (30%) of all Accounts or such other percentage as the Lender may agree to in writing as to a particular Account debtor (the applicable percentage the "**Concentration Percentage**"), to the extent such obligations exceed the applicable Concentration Percentage; (h) Accounts with respect to which the Account debtor disputes liability or makes any claim with respect thereto, or is subject to any insolvency proceeding, or becomes insolvent, fails or goes out of business; (i) the Account arises out of a contract or purchase order for which a surety bond was issued on behalf of the Borrower; (j) Accounts in which the Lender does not have first priority and exclusive perfected security interest; (k) Accounts where the Account Debtor is in a jurisdiction for which the Borrower is required to file a notice of business activities or similar report and the Borrower has not filed such report within the time period required by applicable law; (l) any Account as to which an invoice has not been issued to the Account debtor; or (m) any Account which represents a

progress billing on a contract which has not been fully completed by the Borrower; or (n) such other criteria as the Lender may establish at any time and from time to time on notice to the Borrower.

"Environment" or **"Environmental"** or **"Environmentally"** means the components of the earth and includes: (i) air, land subsurface strata, water, surface water and groundwater; (ii) all layers of the atmosphere; (iii) all organic and inorganic matter and living organisms; and (iv) the interacting natural systems that include components referred to in (i) to (iii).

"Environmental Claim" shall mean any accusation, allegation, notice of violation, claim, demand, abatement or other order on direction (conditional or otherwise) by any governmental authority or any Person for personal injury (including sickness, disease or death), tangible or intangible property damage, damage to the environment or other adverse effects on the environment, or for fines, penalties or restrictions, resulting from or based upon any Adverse Environmental Condition.

"Environmental Contamination" shall mean any actual or threatened release, spill, emission, leaking, pumping, injection, presence, deposit, abandonment, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, or into or out of any of the Collateral, including, without limitation, the movement or any Hazardous Substance or other substance through or in the air, soil, surface water, groundwater, or property which is not in compliance with applicable Environmental Laws.

"Environmental Law" means any Applicable Law, including any applicable guidelines and standards, relating in any way to the Environment, Environmental protection or occupational health and safety.

"Environmental Loss" shall mean any loss, cost, damage, liability, deficiency, fine, penalty or expense (including, without limitation, reasonable attorneys' fees, engineering and other professional or expert fees), investigation, removal, cleanup and remedial costs (voluntarily or involuntarily incurred) and damages to, loss of the use of or decrease in value of the Collateral arising out of or related to any Adverse Environmental Condition.

"Event" has the meaning assigned to it in Section 9(i) of this Agreement.

"Event of Loss" has the meaning assigned to it in Section 8(e) of this Agreement.

"Existing Bank" means Canadian Western Bank, or such other bank as may be approved in writing from time to time by the Lender.

"Fees" has the meaning assigned to it in Section 2(d) of this Agreement.

"Financing Statements" has the meaning assigned to it in Section 3 of this Agreement.

"GAAP" means, generally accepted accounting principles in the Canada as in effect from time to time, consistently applied, including, if applicable to any Loan Party, IFRS or ASPE.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Guarantee" means a guarantee dated as of the Closing Date, granted by the Parent to the Lender guaranteeing the Obligations of the Borrower.

"Hazardous Substance" means any pollutants, contaminants, hydrocarbon contaminants, asbestos materials, hazardous, corrosive or toxic substances or underground or aboveground tanks, urea formaldehyde, deleterious substances, special waste or waste of any kind, including any substance the storage, manufacture, disposal, handling, treatment, generation, use, transport, remediation or release into the Environment which is prohibited, controlled, regulated or licensed under Environmental Law.

"**Lender**" has the meaning assigned to it in the preamble of this Agreement and, if at any time the Lender shall decide to assign, participate or syndicate all or any of the Obligations, such term shall include each such assignee, Participant or such other members of the syndicate; together with its or their successors and assigns.

"**Lien**" means any mortgage, security deed or deed of trust, pledge, hypothecation, assignment, deposit arrangement, Lien, charge, claim, security interest, security title, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the PPSA, any comparable law of any jurisdiction or any other statute governed by Applicable Law).

"**Loan**" means the loan in the amount of the aggregate principal amount of all advances and evidenced by the Promissory Note, and made to the Borrower under the terms of this Agreement, and any renewals, extensions, revisions, modifications or replacements therefor or thereof.

"**Loan Documents**" means this Agreement, the Promissory Note, the Guarantee, and any other guarantee and the other documents and instruments executed by any of the Loan Parties pursuant hereto.

"**Loan Rate**" has the meaning assigned to it in the Promissory Note.

"**Material Adverse Effect**" means: a material adverse effect on (a) the business, assets, operations or financial condition of a Loan Party or the industry within which a Loan Party operates, (b) the Borrower's ability to pay or perform the Obligations under the Loan Documents in accordance with the terms thereof, (c) the Collateral or the Lien of the Lender on the Collateral granted hereunder or the priority of such Lien, or (d) the Lender's rights and remedies under this Agreement and the other Loan Documents.

"**Maximum Amount**" has the meaning assigned to it in Section 1(a) of this Agreement.

"**New Bank**" means Bank of Montreal, or such other bank as may be approved in writing from time to time by the Lender.

"**Obligations**" means all loans, interest, advances, debts, expense reimbursement, fees (including if applicable, any Fees), liabilities, and obligations for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or amounts are liquidated or determinable) owing by the Borrower to the Lender or any of the Lender's Affiliates, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, whether arising under any of the Loan Documents or under any other agreement between the Borrower and the Lender or any of the Lender's Affiliates, and all covenants and duties regarding such amounts. This term includes all principal, interest (including interest accruing at the then applicable rate provided in this Agreement after the maturity of the Loan and interest accruing at the then applicable rate provided in this Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, charges, expenses, attorneys' fees and any other sum chargeable to the Borrower under any of the Loan Documents, and all principal, and interest due in respect of the Loan.

"**OFAC**" has the meaning assigned to it in Section 8(l) of this Agreement.

"**Other Currency**" has the meaning assigned to it in Section 1(h) of this Agreement.

"**Overadvance**" has the meaning assigned to it in Section 1(c) of this Agreement.

"Overadvance Fee" has the meaning assigned to it in Section 1(c) of this Agreement.

"Participant" has the meaning assigned to it in Section 13 of this Agreement.

"Pending 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 a Default.

"Person" means any individual, sole proprietorship, entity, limited liability entity, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation or government (whether Federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof), and shall include such Person's successors and assigns.

"PPSA" means the *Personal Property Security Act* (Alberta) and the regulations thereunder, as in effect from time to time.

"Premises" has the meaning assigned to it in Section 8(f) of this Agreement.

"Proceeds" means "proceeds," as such term is defined in the PPSA and, in any event, shall include: (i) any and all proceeds of any insurance, indemnity, warranty or guarantee payable to a Loan Party from time to time with respect to any Collateral; (ii) any and all payments (in any form whatsoever) made or due and payable to a Loan Party from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any Collateral by any governmental body, authority, bureau or agency (or any Person acting under color of governmental authority); (iii) any recoveries by a Loan Party against third parties with respect to any litigation or dispute concerning any Collateral, including claims arising at of the loss or nonconformity of, interference with the use of, defects in, or infringement of rights in, or damage to, Collateral; and (iv) any and all other amounts, rights to payment or other property acquired upon the sale, lease, licence exchange or other disposition of Collateral and all rights arising out of Collateral.

"Promissory Note" has the meaning assigned to it in Section 1(d) of this Agreement.

"Purchased Equipment" means the equipment purchased by the Borrower from the Lender pursuant to the Equipment Bill of Sale dated as of the date hereof, between the Lender and the Borrower, the Equipment Bill of Sale dated as of February 23, 2017, between the Lender and the Borrower, the Equipment Bill of Sale dated as of February 10, 2017, between the Lender and the Borrower, and the Equipment Bill of Sale dated as of January 12, 2017, between the Lender and the Borrower.

"Specified Rate" has the meaning assigned to it in Section 2(g) of this Agreement.

"Stock" means all certificated and uncertificated shares, options, warrants, membership interests, general or limited partnership interests, participation or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934).

"Taxes" means taxes, levies, imposts, deductions, charges or withholdings imposed by a Governmental Authority, and all liabilities with respect thereto; excluding taxes imposed on or measured by the net income of the Lender.

Any accounting term used in this Agreement or the other Loan Documents shall have, unless otherwise specifically provided therein, the meaning customarily given such term in accordance with GAAP, and all financial computations thereunder shall be computed, unless otherwise specifically provided therein, in accordance with GAAP consistently applied; provided, that all financial covenants and calculations in the

Loan Documents shall be made in accordance with GAAP as in effect on the Closing Date unless Loan Parties and the Lender shall otherwise specifically agree in writing. That certain items or computations are explicitly modified by the phrase "in accordance with GAAP" shall in no way be construed to limit the foregoing. All other undefined terms contained in this Agreement or the other Loan Documents all, unless the context indicates otherwise, have the meanings provided for by the PPSA. The words "herein," "hereof" and "hereunder" or other words of similar import refer to this Agreement as a whole, including the exhibits and schedules thereto, as the same may from time to time be amended, modified or supplemented, and not to any particular section, subsection or clause contained in this Agreement.

For purposes of this Agreement and the other Loan Documents, the following additional rules of construction shall apply, unless specifically indicated to the contrary: (a) wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural; (b) the term "or" is not exclusive; (c) the term "including" (or any form thereof) shall not be limiting or exclusive; (d) all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations; and (e) all references to any instruments or agreements, including references to any of the Loan Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof.

SCHEDULE B
DRAWDOWN NOTICE

To: Nations Fund I, LLC

Re: Revolving Term Loan and Security Agreement dated as of March 9, 2017 (such Revolving Term Loan Agreement, as it may be amended, supplemented or otherwise modified or restated from time to time, referred to as the **Loan Agreement**), by and between the Borrower, the Parent and the Lender

1 The date of the Advance is the _____ day of _____, 20_____.

2 The undersigned hereby irrevocably requests that the following Advance under the Loan Agreement be made available:

Amount: \$ _____

3 The undersigned certifies to the Lender that:

- (a) no material adverse change in the financial condition or operations of the Borrower has occurred since the Closing Date;
- (b) on the date hereof, no pending Default or Pending Default exists and Default will occur as a result of the making of the Advance contemplated herein; and
- (c) all representations and warranties contained in the Loan Agreement (excluding those representations and warranties which are expressly limited to the Closing Date) are true and correct in all material respects as if made on such date.

4 This Notice is irrevocable.

5 Capitalized terms used herein and not otherwise defined herein have the meanings given to them in the Loan Agreement.

DATED this _____ day of _____, _____.

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

By: _____
Name:
Title:

FIRST AMENDMENT TO PROMISSORY NOTE BEAR-0003

THIS AMENDMENT is dated as of April 26, 2017.

BETWEEN:

BEARSTONE ENVIRONMENTAL SOLUTIONS INC., a corporation
subsisting under the laws of Alberta (hereinafter referred to as the
"**Borrower**")

OF THE FIRST PART

- and -

NATIONS FUND I, LLC, as lender (hereinafter referred to as the
"**Lender**")

OF THE SECOND PART

WHEREAS the parties hereto are parties to the Agreement;

AND WHEREAS the Borrower granted the Promissory Note to the Lender pursuant to the Agreement;

AND WHEREAS the parties hereto have agreed to amend certain provisions of the Promissory Note as set out herein;

NOW THEREFORE 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:

1. INTERPRETATION

1.1 In this Amendment (including the recitals hereto), unless something in the subject matter or context is inconsistent therewith:

"**Agreement**" means the term loan and security agreement dated as of March 9, 2017 between the Borrower, New West Energy Services Inc., and the Lender;

"**Amendment**" means this first amendment to the Promissory Note;

"**Effective Date**" means the date of this Amendment; and

"**Promissory Note**" means the promissory note no. BEAR-0003 dated as of March 9, 2017, referred to in and issued under the Agreement.

1.2 Capitalized terms used herein without express definition shall have the same meanings herein as are ascribed thereto in the Agreement.

1.3 The division of this Amendment into Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Amendment. The terms "this Amendment", "hereof", "hereunder", "herein" and similar expressions refer to this Amendment and not to any particular Section or other portion hereof and include any agreements supplemental hereto. Unless expressly indicated otherwise, all references to "Section" or "Sections" are intended to refer to a

Section or Sections of the Agreement. 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 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.

1.4 This Amendment shall be effective as of the Effective Date.

2. AMENDMENTS

2.1 The Promissory Note is amended by deleting "CAD\$4,832,334.00" from the header thereof and replacing the same with "CAD\$4,873,590.11".

2.2 The Promissory Note is amended by deleting "**FOUR MILLION EIGHT HUNDRED THIRTY TWO THOUSAND AND THREE HUNDRED THIRTY FOUR DOLLARS (\$4,832,334.00)**" from the first paragraph thereof and replacing the same with "**FOUR MILLION EIGHT HUNDRED SEVENTY THREE THOUSAND FIVE HUNDRED AND NINETY DOLLARS AND ELEVEN CENTS (\$4,873,590.11)**".

2.3 Paragraph (a) of the first page of the Promissory Note is deleted in its entirety and replaced with the following:

"**Eighteen** (18) consecutive monthly installments of interest only shall be payable, in arrears, commencing March 9, 2017, followed by **Fifty Four** (54) consecutive monthly installments of principal and interest, which shall be payable, in arrears, during the term hereof, commencing October 9, 2018 (each, a "**Payment Date**"), in the amounts and on the dates set forth in the payment schedule attached hereto as Schedule "A", subject to adjustment pursuant to terms hereof and prepayment of the Principal Sum as permitted pursuant to the terms of the Agreement."

2.4 Schedule A to the Promissory Note is deleted and replaced with the schedule attached as Schedule 1 hereto.

3. CONDITIONS PRECEDENT

3.1 This Amendment will become effective upon the date hereof, subject to receipt by the Lender of a copy of this Amendment duly executed by the Borrower, in form and substance satisfactory to the Lender. The foregoing condition is inserted for the sole benefit of the Lender and may be waived by the Lender, in whole or in part (with or without terms or conditions).

4. CONFIRMATION OF PROMISSORY NOTE

The Promissory Note and all covenants, terms and provisions thereof, except as expressly amended and supplemented by this Amendment, shall be and continue to be in full force and effect. The Promissory Note, as amended hereby, is hereby ratified and confirmed and shall from and after the date hereof continue in full force and effect as herein amended.

5. MISCELLANEOUS

5.1 This Amendment shall be governed by and construed in accordance with the laws of the Province of Alberta and federal laws of Canada applicable therein.

5.2 The parties hereto shall from time to time do all such further acts and things and execute and deliver all such documents as are required in order to effect the full intent of and fully perform and carry out the terms of this Amendment.

5.3 This Amendment may be executed in any number of counterparts, including by way of facsimile or PDF, 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.

5.4 If any provision of this Amendment is or becomes invalid, illegal or unenforceable in any respect, that fact will not affect the validity, legality or enforceability of the remaining provisions of this Amendment or any valid, legal or enforceable parts of the impugned provision.

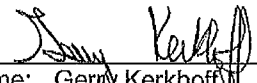
5.5 This Amendment constitutes the entire agreement among the parties with respect to the subject matter hereof, supersedes all oral agreements, undertakings and understandings among the parties with respect to the subject matter hereof, and may not be amended, modified or terminated in any respect except by an instrument in writing executed by the party against whom enforcement of the amendment, modification or termination is sought.

5.6 This Amendment shall constitute a Loan Document for the purposes of the Agreement.


[Remainder of page intentionally left blank]

IN WITNESS WHEREOF the parties hereto have executed this Amendment as of the day first written above.

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

By: 
Name: Gerry Kerkhoff
Title: President

NATIONS FIND I, LLC

By: 
Name: Saurin P. Shah
Title: Duly Authorized Signatory

SCHEDULE "A"

TO PROMISSORY NOTE NO. BEAR-0003

BEAR-0003 Loan Amortization (CAD)

<u>Date</u>	<u>Starting Balance</u>	<u>Funding</u>	<u>Payment Amount</u>	<u>Interest</u>	<u>Principal</u>	<u>Remaining Balance</u>
09/03/2017	-	\$4,832,334.00	-	-	-	\$4,832,334.00
09/04/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
26/04/2017	\$4,832,334.00	\$41,256.11	-	-	-	\$4,873,590.11
09/05/2017	\$4,873,590.11	-	\$29,025.05	\$29,025.05	-	\$4,873,590.11
09/06/2017	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/07/2017	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/08/2017	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/09/2017	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/10/2017	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/11/2017	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/12/2017	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/01/2018	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/02/2018	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/03/2018	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/04/2018	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/05/2018	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/06/2018	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/07/2018	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/08/2018	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/09/2018	\$4,873,590.11	-	\$29,164.96	\$29,164.96	-	\$4,873,590.11
09/10/2018	\$4,873,590.11	-	\$105,236.17	\$29,164.96	\$76,071.21	\$4,797,518.90
09/11/2018	\$4,797,518.90	-	\$105,899.96	\$28,709.73	\$77,190.23	\$4,720,328.67
09/12/2018	\$4,720,328.67	-	\$105,899.96	\$28,247.80	\$77,652.16	\$4,642,676.51
09/01/2019	\$4,642,676.51	-	\$105,899.96	\$27,783.11	\$78,116.86	\$4,564,559.65
09/02/2019	\$4,564,559.65	-	\$105,899.96	\$27,315.63	\$78,584.33	\$4,485,975.32
09/03/2019	\$4,485,975.32	-	\$105,899.96	\$26,845.36	\$79,054.60	\$4,406,920.72
09/04/2019	\$4,406,920.72	-	\$105,899.96	\$26,372.27	\$79,527.69	\$4,327,393.03
09/05/2019	\$4,327,393.03	-	\$105,899.96	\$25,896.36	\$80,003.60	\$4,247,389.43
09/06/2019	\$4,247,389.43	-	\$105,899.96	\$25,417.59	\$80,482.37	\$4,166,907.07
09/07/2019	\$4,166,907.07	-	\$105,899.96	\$24,935.96	\$80,964.00	\$4,085,943.07
09/08/2019	\$4,085,943.07	-	\$105,899.96	\$24,451.45	\$81,448.51	\$4,004,494.56

09/09/2019	\$4,004,494.56	-	\$105,899.96	\$23,964.04	\$81,935.92	\$3,922,558.64
09/10/2019	\$3,922,558.64	-	\$105,899.96	\$23,473.71	\$82,426.25	\$3,840,132.39
09/11/2019	\$3,840,132.39	-	\$105,899.96	\$22,980.45	\$82,919.51	\$3,757,212.89
09/12/2019	\$3,757,212.89	-	\$105,899.96	\$22,484.24	\$83,415.72	\$3,673,797.16
09/01/2020	\$3,673,797.16	-	\$105,899.96	\$21,985.05	\$83,914.91	\$3,589,882.26
09/02/2020	\$3,589,882.26	-	\$105,899.96	\$21,482.88	\$84,417.08	\$3,505,465.18
09/03/2020	\$3,505,465.18	-	\$105,899.96	\$20,977.71	\$84,922.25	\$3,420,542.92
09/04/2020	\$3,420,542.92	-	\$105,899.96	\$20,469.51	\$85,430.45	\$3,335,112.47
09/05/2020	\$3,335,112.47	-	\$105,899.96	\$19,958.27	\$85,941.69	\$3,249,170.78
09/06/2020	\$3,249,170.78	-	\$105,899.96	\$19,443.97	\$86,455.99	\$3,162,714.78
09/07/2020	\$3,162,714.78	-	\$105,899.96	\$18,926.59	\$86,973.37	\$3,075,741.41
09/08/2020	\$3,075,741.41	-	\$105,899.96	\$18,406.12	\$87,493.84	\$2,988,247.57
09/09/2020	\$2,988,247.57	-	\$105,899.96	\$17,882.53	\$88,017.43	\$2,900,230.14
09/10/2020	\$2,900,230.14	-	\$105,899.96	\$17,355.81	\$88,544.15	\$2,811,685.99
09/11/2020	\$2,811,685.99	-	\$105,899.96	\$16,825.93	\$89,074.03	\$2,722,611.96
09/12/2020	\$2,722,611.96	-	\$105,899.96	\$16,292.89	\$89,607.07	\$2,633,004.89
09/01/2021	\$2,633,004.89	-	\$105,899.96	\$15,756.65	\$90,143.31	\$2,542,861.58
09/02/2021	\$2,542,861.58	-	\$105,899.96	\$15,217.21	\$90,682.75	\$2,452,178.83
09/03/2021	\$2,452,178.83	-	\$105,899.96	\$14,674.54	\$91,225.42	\$2,360,953.41
09/04/2021	\$2,360,953.41	-	\$105,899.96	\$14,128.62	\$91,771.34	\$2,269,182.07
09/05/2021	\$2,269,182.07	-	\$105,899.96	\$13,579.44	\$92,320.53	\$2,176,861.55
09/06/2021	\$2,176,861.55	-	\$105,899.96	\$13,026.96	\$92,873.00	\$2,083,988.55
09/07/2021	\$2,083,988.55	-	\$105,899.96	\$12,471.18	\$93,428.78	\$1,990,559.77
09/08/2021	\$1,990,559.77	-	\$105,899.96	\$11,912.08	\$93,987.88	\$1,896,571.89
09/09/2021	\$1,896,571.89	-	\$105,899.96	\$11,349.63	\$94,550.33	\$1,802,021.56
09/10/2021	\$1,802,021.56	-	\$105,899.96	\$10,783.81	\$95,116.15	\$1,706,905.41
09/11/2021	\$1,706,905.41	-	\$105,899.96	\$10,214.61	\$95,685.35	\$1,611,220.06
09/12/2021	\$1,611,220.06	-	\$105,899.96	\$9,642.00	\$96,257.96	\$1,514,962.10
09/01/2022	\$1,514,962.10	-	\$105,899.96	\$9,065.97	\$96,833.99	\$1,418,128.11
09/02/2022	\$1,418,128.11	-	\$105,899.96	\$8,486.48	\$97,413.48	\$1,320,714.63
09/03/2022	\$1,320,714.63	-	\$105,899.96	\$7,903.53	\$97,996.43	\$1,222,718.20
09/04/2022	\$1,222,718.20	-	\$105,899.96	\$7,317.10	\$98,582.87	\$1,124,135.34
09/05/2022	\$1,124,135.34	-	\$105,899.96	\$6,727.15	\$99,172.81	\$1,024,962.53
09/06/2022	\$1,024,962.53	-	\$105,899.96	\$6,133.67	\$99,766.29	\$925,196.23
09/07/2022	\$925,196.23	-	\$105,899.96	\$5,536.64	\$100,363.32	\$824,832.91
09/08/2022	\$824,832.91	-	\$105,899.96	\$4,936.04	\$100,963.92	\$723,868.99

09/09/2022	\$723,868.99	-	\$105,899.96	\$4,331.84	\$101,568.12	\$622,300.87
09/10/2022	\$622,300.87	-	\$105,899.96	\$3,724.03	\$102,175.93	\$520,124.93
09/11/2022	\$520,124.93	-	\$105,899.96	\$3,112.58	\$102,787.38	\$417,337.55
09/12/2022	\$417,337.55	-	\$105,899.96	\$2,497.47	\$103,402.49	\$313,935.06
09/01/2023	\$313,935.06	-	\$105,899.96	\$1,878.68	\$104,021.28	\$209,913.77
09/02/2023	\$209,913.77	-	\$105,899.96	\$1,256.18	\$104,643.78	\$105,269.99
09/03/2023	\$105,269.99	-	\$105,899.96	\$629.97	\$105,269.99	\$0.00

ORIGINAL

ORIGINAL

CONFIDENTIAL



Nations Equipment Finance 501 Merritt Seven, Norwalk, CT 06851

FAX: 203-939-1597

October 10, 2018

Bearstone Environmental Solutions Inc.
500 – 435 4th Avenue S.W.
Calgary, Alberta T2P 3A8
Canada

Attention: Mr. Gerry Kerkhoff

Dear Sir:

Re: **Loan Agreement (as defined below) by and between Nations Fund I, LLC (the "Lender") and Bearstone Environmental Solutions Inc. (the "Borrower")**

This letter agreement ("**Letter Agreement**") confirms the agreement between the Lender and the Borrower regarding certain changes to the terms of certain payments of principal and interest required to be made by the Borrower to the Lender in respect of the loan (the "**Loan**") pursuant to the loan and security agreement dated as of March 9, 2017 (the "**Loan Agreement**") and the Promissory Note No. BEAR-0003 dated as of March 9, 2017 (the "**Promissory Note**") made by the Borrower in favour of the Lender.

Capitalized terms used and not defined in this Letter Agreement have the meanings given to them in the Loan Agreement.

Pursuant to the terms of the Loan Agreement and the Promissory Note, the Borrower is required to make payments of principal and interest (each, a "**Scheduled Payment**") to the Lender in respect of the Loan as set forth on Schedule A to the Promissory Note (each, a "**Scheduled Payment Date**):

The Lender and the Borrower hereby agree that:

1. The Schedule A to the Promissory Note is hereby amended to be replaced in its entirety with an amended and revised Schedule A (the "**Revised Schedule A**"), attached hereto. Borrower will make all Scheduled Payments on the Scheduled Payment Dates in accordance with the Revised Schedule A to the Promissory Note.
2. The Lender hereby confirms and agrees that no Default shall result from the Borrower making payment of principal and interest in respect of the Loan in accordance with the terms of this Letter Agreement and, to the extent that any Default may have already occurred under the Loan

Agreement or any other Loan Document as a result of the Borrower not making any Scheduled Payment(s) due prior to the date hereof, the Lender waives any such Default.

3. This Letter Agreement shall be read together with the Loan Agreement and the Promissory Note and the parties confirm that, except to the extent necessary to give effect to the terms of this Letter Agreement, all of the provisions of the Loan Agreement and the Promissory Note are and shall remain unchanged, unmodified and in full force and effect in accordance with the terms thereof. This Letter Agreement shall constitute a Loan Document (as defined in each Loan Agreement).
4. This Letter Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta (without regard to the conflict of laws principles of such province) and the federal laws of Canada applicable therein.

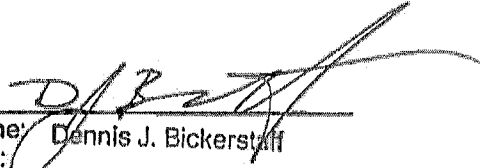
[Remainder of Page Intentionally Left Blank. Signature Page Follows.]

Borrower's Initials: _____

If the terms of this Letter Agreement are acceptable to you, please indicate your agreement to them by signing and dating this Letter Agreement where indicated below and returning it to the Lender in accordance with the notice provisions of the Loan Agreement, retaining a copy of this Letter Agreement for your own records.

Yours truly,

NATIONS FUND I, LLC

By: 
Name: Dennis J. Bickerstaff
Title: Chief Risk Officer & EVP

Accepted this ____ day of _____, 2018:

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

By: 
Name: Gerry Kerkhoff
Title: President

Borrower's Initials: _____

**Revised Schedule A
To Promissory Note BEAR-0003**

Date	Starting Balance	Funding	Payment Amount	Principal	Interest	Remaining Balance
3/9/2017		\$4,832,334.00				\$4,832,334.00
4/9/2017	\$4,832,334.00		\$28,918.07		\$28,918.07	\$4,832,334.00
4/26/2017	\$4,832,334.00	\$41,256.11				\$4,873,590.11
5/9/2017	\$4,873,590.11		\$29,025.05		\$29,025.05	\$4,873,590.11
5/9/2017	\$4,873,590.11			\$21,875.00		\$4,851,715.11
6/9/2017	\$4,851,715.11		\$29,034.05		\$29,034.05	\$4,851,715.11
7/9/2017	\$4,851,715.11		\$29,034.05		\$29,034.05	\$4,851,715.11
8/9/2017	\$4,851,715.11		\$29,034.05		\$29,034.05	\$4,851,715.11
9/9/2017	\$4,851,715.11		\$29,034.05		\$29,034.05	\$4,851,715.11
9/9/2017	\$4,851,715.11			\$30,000.00		\$4,821,715.11
10/9/2017	\$4,821,715.11		\$28,854.52		\$28,854.52	\$4,821,715.11
11/9/2017	\$4,821,715.11		\$28,854.52		\$28,854.52	\$4,821,715.11
12/5/2017	\$4,821,715.11			\$47,350.00		\$4,774,365.11
12/9/2017	\$4,774,365.11		\$28,816.73		\$28,816.73	\$4,774,365.11
12/11/2017	\$4,774,365.11			\$70,000.00		\$4,704,365.11
12/12/2017	\$4,704,365.11			\$571,690.00		\$4,132,675.11
12/21/2017	\$4,132,675.11			\$18,000.00		\$4,114,675.11
12/31/2017	\$4,114,675.11			\$136,920.54		\$3,977,754.57
1/9/2018	\$3,977,754.57		\$25,611.48		\$25,611.48	\$3,977,754.57
2/1/2018	\$3,977,754.57			\$69,936.06		\$3,907,818.51
2/9/2018	\$3,907,818.51		\$24,485.87		\$24,485.87	\$3,907,818.51
3/9/2018	\$3,907,818.51		\$23,385.49		\$23,385.49	\$3,907,818.51
3/22/2018	\$3,907,818.51			\$121,411.25		\$3,786,407.26
4/3/2018	\$3,786,407.26			\$8,000.00		\$3,778,407.26
4/9/2018	\$3,778,407.26		\$23,385.49		\$23,385.49	\$3,778,407.26
5/9/2018	\$3,778,407.26		\$4,023.57	\$781,424.28	\$22,611.06	\$2,996,982.98
6/9/2018	\$2,996,982.98		\$17,934.80		\$17,934.80	\$2,996,982.98
7/9/2018	\$2,996,982.98		\$17,934.80		\$17,934.80	\$2,996,982.98
8/9/2018	\$2,996,982.98		\$17,934.80	\$47,545.41	\$17,934.80	\$2,949,437.57
9/9/2018	\$2,949,437.57		\$17,650.27		\$17,650.27	\$2,949,437.57
10/9/2018	\$2,949,437.57		\$17,650.27		\$17,650.27	\$2,949,437.57
11/9/2018	\$2,949,437.57		\$17,650.27		\$17,650.27	\$2,949,437.57
12/9/2018	\$2,949,437.57		\$17,650.27		\$17,650.27	\$2,949,437.57
1/9/2019	\$2,949,437.57		\$17,650.27		\$17,650.27	\$2,949,437.57
2/9/2019	\$2,949,437.57		\$17,650.27		\$17,650.27	\$2,949,437.57
3/9/2019	\$2,949,437.57		\$17,650.27		\$17,650.27	\$2,949,437.57

Borrower's Initials _____

4/9/2019	\$2,949,437.57		\$64,080.69	\$46,430.42	\$17,650.27	\$2,903,007.15
5/9/2019	\$2,903,007.15		\$64,080.69	\$46,708.27	\$17,372.42	\$2,856,298.88
6/9/2019	\$2,856,298.88		\$64,080.69	\$46,987.79	\$17,092.90	\$2,809,311.09
7/9/2019	\$2,809,311.09		\$64,080.69	\$47,268.96	\$16,811.71	\$2,762,042.11
8/9/2019	\$2,762,042.11		\$64,080.69	\$47,551.85	\$16,528.84	\$2,714,490.26
9/9/2019	\$2,714,490.26		\$64,080.69	\$47,836.41	\$16,244.28	\$2,666,653.85
10/9/2019	\$2,666,653.85		\$64,080.69	\$48,122.68	\$15,958.01	\$2,618,531.18
11/9/2019	\$2,618,531.18		\$64,080.69	\$48,410.66	\$15,670.03	\$2,570,120.52
12/9/2019	\$2,570,120.52		\$64,080.69	\$48,700.36	\$15,380.33	\$2,521,420.16
1/9/2020	\$2,521,420.16		\$64,080.69	\$48,991.80	\$15,088.89	\$2,472,428.36
2/9/2020	\$2,472,428.36		\$64,080.69	\$49,284.98	\$14,795.71	\$2,423,143.38
3/9/2020	\$2,423,143.38		\$64,080.69	\$49,579.91	\$14,500.78	\$2,373,563.47
4/9/2020	\$2,373,563.47		\$64,080.69	\$49,876.61	\$14,204.08	\$2,323,686.86
5/9/2020	\$2,323,686.86		\$64,080.69	\$50,175.09	\$13,905.60	\$2,273,511.77
6/9/2020	\$2,273,511.77		\$64,080.69	\$50,475.35	\$13,605.34	\$2,223,036.41
7/9/2020	\$2,223,036.41		\$64,080.69	\$50,777.41	\$13,303.28	\$2,172,259.00
8/9/2020	\$2,172,259.00		\$64,080.69	\$51,081.28	\$12,999.41	\$2,121,177.73
9/9/2020	\$2,121,177.73		\$64,080.69	\$51,386.96	\$12,693.73	\$2,069,790.77
10/9/2020	\$2,069,790.77		\$64,080.69	\$51,694.48	\$12,386.21	\$2,018,096.29
11/9/2020	\$2,018,096.29		\$64,080.69	\$52,003.83	\$12,076.66	\$1,966,092.46
12/9/2020	\$1,966,092.46		\$64,080.69	\$52,315.04	\$11,765.65	\$1,913,777.42
1/9/2021	\$1,913,777.42		\$64,080.69	\$52,628.10	\$11,452.59	\$1,861,149.32
2/9/2021	\$1,861,149.32		\$64,080.69	\$52,943.05	\$11,137.64	\$1,808,206.28
3/9/2021	\$1,808,206.28		\$64,080.69	\$53,259.87	\$10,820.82	\$1,754,946.40
4/9/2021	\$1,754,946.40		\$64,080.69	\$53,578.59	\$10,502.10	\$1,701,367.81
5/9/2021	\$1,701,367.81		\$64,080.69	\$53,899.22	\$10,181.47	\$1,647,468.59
6/9/2021	\$1,647,468.59		\$64,080.69	\$54,221.77	\$9,858.92	\$1,593,246.82
7/9/2021	\$1,593,246.82		\$64,080.69	\$54,546.25	\$9,534.44	\$1,538,700.57
8/9/2021	\$1,538,700.57		\$64,080.69	\$54,872.67	\$9,208.02	\$1,483,827.90
9/9/2021	\$1,483,827.90		\$64,080.69	\$55,201.04	\$8,879.65	\$1,428,628.85
10/9/2021	\$1,428,628.85		\$64,080.69	\$55,531.38	\$8,549.31	\$1,373,095.47
11/9/2021	\$1,373,095.47		\$64,080.69	\$55,863.70	\$8,216.99	\$1,317,231.77
12/9/2021	\$1,317,231.77		\$64,080.69	\$56,198.00	\$7,882.69	\$1,261,033.77
1/9/2022	\$1,261,033.77		\$64,080.69	\$66,534.31	\$7,546.38	\$1,204,499.47
2/9/2022	\$1,204,499.47		\$64,080.69	\$66,872.62	\$7,208.07	\$1,147,626.84
3/9/2022	\$1,147,626.84		\$64,080.69	\$67,212.97	\$6,867.72	\$1,090,413.88
4/9/2022	\$1,090,413.88		\$64,080.69	\$67,555.34	\$6,525.35	\$1,032,858.53
5/9/2022	\$1,032,858.53		\$64,080.69	\$67,899.77	\$6,180.92	\$974,958.76
6/9/2022	\$974,958.76		\$64,080.69	\$68,246.26	\$5,834.43	\$916,712.50
7/9/2022	\$916,712.50		\$64,080.69	\$68,594.82	\$5,485.87	\$858,117.68
8/9/2022	\$858,117.68		\$64,080.69	\$68,945.47	\$5,135.22	\$799,172.21

Borrower's Initials: _____

9/9/2022	\$799,172.21		\$64,080.69	\$59,298.22	\$4,782.47	\$739,873.99
10/9/2022	\$739,873.99		\$64,080.69	\$59,653.07	\$4,427.62	\$680,220.91
11/9/2022	\$680,220.91		\$64,080.69	\$60,010.06	\$4,070.63	\$620,210.86
12/9/2022	\$620,210.86		\$64,080.69	\$60,369.17	\$3,711.52	\$559,841.69
1/9/2023	\$559,841.69		\$64,080.69	\$60,730.44	\$3,350.25	\$499,111.25
2/9/2023	\$499,111.25		\$64,080.69	\$61,093.87	\$2,986.82	\$438,017.38
3/9/2023	\$438,017.38		\$64,080.69	\$61,459.47	\$2,621.22	\$376,567.91
4/9/2023	\$376,567.91		\$64,080.69	\$61,827.26	\$2,253.43	\$314,730.65
5/9/2023	\$314,730.65		\$64,080.69	\$62,197.25	\$1,883.44	\$252,533.40
6/9/2023	\$252,533.40		\$64,080.69	\$62,569.46	\$1,511.23	\$189,963.94
7/9/2023	\$189,963.94		\$64,080.69	\$62,943.89	\$1,136.80	\$127,020.05
8/9/2023	\$127,020.05		\$64,080.69	\$63,320.57	\$760.12	\$63,699.48
9/9/2023	\$63,699.48		\$64,080.69	\$63,699.49	\$381.20	\$0.00

Borrower's Initials _____

PROMISSORY NOTE NO. BEAR-0003

CAD\$4,832,334.00

March 9, 2017

For value received, the receipt and sufficiency of which are hereby acknowledged, BEARSTONE ENVIRONMENTAL SOLUTIONS INC. (the "**Borrower**"), hereby promises to pay to the order of NATIONS FUND I, LLC (together with its successors and assigns, "**Lender**"), the amount of **FOUR MILLION EIGHT HUNDRED THIRTY TWO THOUSAND AND THREE HUNDRED THIRTY FOUR DOLLARS (\$4,832,334.00)** (the "**Principal Sum**") in lawful money of Canada, as the Principal Sum may become payable in accordance with this Promissory Note and the Agreement (as defined below), together with interest on the unpaid balance of the Principal Sum remaining from the date of this Promissory Note at the Loan Rate or, under the circumstances contemplated by the Agreement, at the Default Rate, until paid in full.

The Borrower hereby acknowledges receipt of the Principal Sum in accordance with the terms of the Agreement. Interest shall begin to accrue on the Principal Sum as of the date hereof and shall be computed on the basis of a thirty day month/360 day year.

"**Loan Rate**" shall mean 7.1811 percent per annum, subject to possible increase in the Loan Rate of two (2) percent per annum in accordance with Section 2(d) of the Agreement.

This Promissory Note is the Promissory Note referred to in, and issued under the Term Loan and Security Agreement dated as of March 9, 2017, between the Borrower and the Lender (said agreement, as the same shall be amended, restated or supplemented from time to time, being herein called the "**Agreement**"), to which reference is made for a statement of all of the terms and conditions of the Loan evidenced hereby. Capitalized terms used and not defined in this Promissory Note shall have the respective meanings assigned to them in the Agreement. This Promissory Note is secured by the Agreement, the other Loan Documents and the Collateral, and is entitled to the benefit of the rights and security provided thereby. In the event of any conflict or inconsistency between the provisions of this Promissory Note and the provisions of the Agreement, the provisions of the Agreement shall govern.

The Principal Sum and interest due thereon shall be payable as follows:

- (a) **Eighteen (18)** consecutive monthly installments of interest only, each in amount of CAD\$28,918.07 shall be payable, in arrears, on the first day of each calendar month during the term hereof, commencing March 9, 2017, followed by **Fifty four (54)** consecutive monthly installments of principal and interest, each in amount of CAD\$104,989.28 shall be payable, in arrears, on the first day of each calendar month during the term hereof, commencing September 9, 2017 (each, a "**Payment Date**"), as set forth in the payment schedule attached hereto as Schedule "A", subject to adjustment pursuant to terms hereof and prepayment of the Principal Sum as permitted pursuant to the terms of the Agreement.
- (b) The Borrower shall repay, or cause to be repaid, the Equipment Sale Advance in full on the earlier of March 9, 2023 (the "**Stated Maturity Date**") and any date of acceleration or prepayment in full of the Equipment Sale Advance pursuant to the terms of the Agreement, at which time the Borrower shall repay in full, if any, the aggregate of the then-outstanding Principal Sum plus all accrued and unpaid interest thereon, any Prepayment Fee applicable to the Equipment Sale Advance and all other fees, expenses or other amounts owed hereunder and under each Loan Document related to the Equipment Sale Advance.

- (c) If any payment due hereunder is not received within five (5) days of its due date, the Borrower shall pay a late charge equal to five (5) percent of the amount in arrears.

The Borrower is entitled to prepay in accordance with the terms of the Agreement.

Interest Act (Canada). Solely for purposes of the *Interest Act (Canada)*: (1) whenever the interest is to be computed or expressed at any rate (the "**Specified Rate**") on the basis of a year of less than 365 days or any other period of time less than a calendar year hereunder, the annual rate of interest to which each such Specified Rate is equal is such Specified Rate multiplied by a fraction, the numerator of which is the actual number of days in the relevant year and the denominator of which is 360 or such other period of time, respectively; (2) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder; and (3) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields.

To the fullest extent permitted by Applicable Law, the Borrower waives: (a) presentment, demand and protest, and notice of presentment, dishonor, intent to accelerate, acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all of the Obligations, this Promissory Note or the other Loan Documents; (b) all rights to notice and a hearing prior to Lender's taking possession or control of, or to Lender's replevy, attachment or levy upon, the Collateral or any bond or security that might be required by any court prior to allowing Lender to exercise any of its remedies; and (c) the benefit of all valuation, appraisal and exemption laws.

The Borrower acknowledges that this Promissory Note is executed as part of a commercial transaction and that the proceeds of this Promissory Note will not be used for any personal or consumer purpose.

In the event of the declaration by Lender of a Default under the Agreement, then this Promissory Note shall be in default and the balance of the Principal Sum then due hereunder, together with all accrued interest thereon, immediately shall accelerate and become due and payable without further notice, such further notice being expressly waived, and the Borrower shall be liable to the holder hereof for reasonable attorneys' fees and costs of suit and enforcement.

The remedies of Lender as provided herein and in the Agreement shall be cumulative and concurrent and may be pursued singly, successively or together, at the sole discretion of Lender, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

It is the intention of the parties hereto to comply with the applicable usury laws. Accordingly, it is agreed that, notwithstanding any provisions to the contrary in this Promissory Note or the Agreement, in no event shall this Promissory Note or the Agreement require the payment or permit the collection of interest in excess of the maximum amount permitted by Applicable Law. If any such excess interest is contracted for, charged or received under this Promissory Note or the Agreement, or in the event that all of the principal balance shall be prepaid, so that under any of such circumstances the amount of interest contracted for, charged or received under this Promissory Note or the Agreement on the principal balance shall exceed the maximum amount of interest permitted by Applicable Law, then in such event: (a) the provisions of this paragraph shall govern and control, (b) neither the Borrower nor any other person or entity now or hereafter liable for the payment hereof shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest permitted by Applicable Law, (c) any such excess which may have been collected shall either be forthwith applied as a credit against the then unpaid principal balance or refunded to the Borrower, at the option of Lender, and (d) the effective rate of interest shall be automatically reduced to the maximum lawful contract rate allowed under Applicable Law as now or hereafter construed by the courts having jurisdiction thereof. It is further agreed that, without limitation of the foregoing, all calculations of the rate of interest contracted for, charged or received under this Promissory Note or the Agreement which are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by Applicable Law, by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of the indebtedness evidenced hereby, all interest at any time contracted for, charged or received from the

Borrower or otherwise by Lender in connection with such Obligations; provided, however, that if any applicable provincial or state law is amended or the law of the United States of America or Canada pre-empts any applicable provincial or state law, so that it becomes lawful for Lender to receive a greater interest per annum rate than is presently allowed by law, the Borrower agrees that, on the effective date of such amendment or pre-emption, as the case may be, the lawful maximum hereunder shall be increased to the maximum interest rate per annum allowed by the amended provincial law, state law or the law of Canada or the United States of America (but not in excess of the Loan Rate (or, if applicable, the Default Rate) provided for herein).

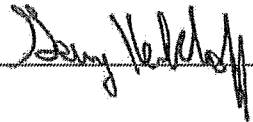
THE BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH SUCH BORROWER AND LENDER MAY BE PARTIES ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS PROMISSORY NOTE. THE BORROWER AUTHORIZES LENDER TO FILE THIS PROVISION WITH THE CLERK OR JUDGE OF ANY COURT HEARING SUCH CLAIM. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY SUCH BORROWER AND SUCH BORROWER HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. THE BORROWER FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS PROMISSORY NOTE AND IN THE MAKING OF THIS WAIVER BY LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

THE BORROWER AGREES THAT THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ALBERTA (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH PROVINCE) AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. Actions for any action hereunder or related hereto shall be subject to the non-exclusive jurisdiction of the Courts of the Province of Alberta, and the Borrower irrevocably submits to the non-exclusive jurisdiction of such courts. Nothing herein shall affect the right to serve process in any manner permitted by Applicable Law or limit the right of the Lender to bring proceedings against the Borrower in the courts of any other jurisdiction.

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IN WITNESS WHEREOF, this Promissory Note has been duly executed as of the date first written above.

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

Per: 

SCHEDULE "A"

TO PROMISSORY NOTE NO. BEAR-0003

BEAR-0003 Loan Amortization (CAD)

<u>Date</u>	<u>Starting Balance</u>	<u>Funding</u>	<u>Payment Amount</u>	<u>Interest</u>	<u>Principal</u>	<u>Remaining Balance</u>
09/03/2017	-	\$4,832,334.00	-	-	-	\$4,832,334.00
09/04/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/05/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/06/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/07/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/08/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/09/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/10/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/11/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/12/2017	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/01/2018	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/02/2018	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/03/2018	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/04/2018	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/05/2018	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/06/2018	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/07/2018	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/08/2018	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/09/2018	\$4,832,334.00	-	\$28,918.07	\$28,918.07	-	\$4,832,334.00
09/10/2018	\$4,832,334.00	-	\$104,989.28	\$28,918.07	\$76,071.21	\$4,756,262.79
09/11/2018	\$4,756,262.79	-	\$104,989.28	\$28,462.84	\$76,526.44	\$4,679,736.35
09/12/2018	\$4,679,736.35	-	\$104,989.28	\$28,004.88	\$76,984.40	\$4,602,751.96
09/01/2019	\$4,602,751.96	-	\$104,989.28	\$27,544.19	\$77,445.09	\$4,525,306.87
09/02/2019	\$4,525,306.87	-	\$104,989.28	\$27,080.73	\$77,908.55	\$4,447,398.32
09/03/2019	\$4,447,398.32	-	\$104,989.28	\$26,614.50	\$78,374.77	\$4,369,023.55
09/04/2019	\$4,369,023.55	-	\$104,989.28	\$26,145.49	\$78,843.79	\$4,290,179.76
09/05/2019	\$4,290,179.76	-	\$104,989.28	\$25,673.66	\$79,315.61	\$4,210,864.14
09/06/2019	\$4,210,864.14	-	\$104,989.28	\$25,199.02	\$79,790.26	\$4,131,073.88
09/07/2019	\$4,131,073.88	-	\$104,989.28	\$24,721.53	\$80,267.75	\$4,050,806.13
09/08/2019	\$4,050,806.13	-	\$104,989.28	\$24,241.18	\$80,748.09	\$3,970,058.04
09/09/2019	\$3,970,058.04	-	\$104,989.28	\$23,757.96	\$81,231.31	\$3,888,826.72

09/10/2019	\$3,888,826.72	-	\$104,989.28	\$23,271.85	\$81,717.43	\$3,807,109.30
09/11/2019	\$3,807,109.30	-	\$104,989.28	\$22,782.83	\$82,206.45	\$3,724,902.85
09/12/2019	\$3,724,902.85	-	\$104,989.28	\$22,290.88	\$82,698.39	\$3,642,204.46
09/01/2020	\$3,642,204.46	-	\$104,989.28	\$21,795.99	\$83,193.28	\$3,559,011.18
09/02/2020	\$3,559,011.18	-	\$104,989.28	\$21,298.14	\$83,691.14	\$3,475,320.04
09/03/2020	\$3,475,320.04	-	\$104,989.28	\$20,797.31	\$84,191.97	\$3,391,128.07
09/04/2020	\$3,391,128.07	-	\$104,989.28	\$20,293.48	\$84,695.80	\$3,306,432.28
09/05/2020	\$3,306,432.28	-	\$104,989.28	\$19,786.64	\$85,202.64	\$3,221,229.64
09/06/2020	\$3,221,229.64	-	\$104,989.28	\$19,276.76	\$85,712.52	\$3,135,517.12
09/07/2020	\$3,135,517.12	-	\$104,989.28	\$18,763.83	\$86,225.45	\$3,049,291.68
09/08/2020	\$3,049,291.68	-	\$104,989.28	\$18,247.83	\$86,741.44	\$2,962,550.23
09/09/2020	\$2,962,550.23	-	\$104,989.28	\$17,728.75	\$87,260.53	\$2,875,289.70
09/10/2020	\$2,875,289.70	-	\$104,989.28	\$17,206.56	\$87,782.72	\$2,787,506.98
09/11/2020	\$2,787,506.98	-	\$104,989.28	\$16,681.24	\$88,308.04	\$2,699,198.94
09/12/2020	\$2,699,198.94	-	\$104,989.28	\$16,152.78	\$88,836.50	\$2,610,362.45
09/01/2021	\$2,610,362.45	-	\$104,989.28	\$15,621.16	\$89,368.12	\$2,520,994.32
09/02/2021	\$2,520,994.32	-	\$104,989.28	\$15,086.35	\$89,902.93	\$2,431,091.40
09/03/2021	\$2,431,091.40	-	\$104,989.28	\$14,548.35	\$90,440.93	\$2,340,650.47
09/04/2021	\$2,340,650.47	-	\$104,989.28	\$14,007.12	\$90,982.16	\$2,249,668.31
09/05/2021	\$2,249,668.31	-	\$104,989.28	\$13,462.66	\$91,526.62	\$2,158,141.69
09/06/2021	\$2,158,141.69	-	\$104,989.28	\$12,914.94	\$92,074.34	\$2,066,067.35
09/07/2021	\$2,066,067.35	-	\$104,989.28	\$12,363.94	\$92,625.34	\$1,973,442.02
09/08/2021	\$1,973,442.02	-	\$104,989.28	\$11,809.64	\$93,179.64	\$1,880,262.38
09/09/2021	\$1,880,262.38	-	\$104,989.28	\$11,252.03	\$93,737.25	\$1,786,525.13
09/10/2021	\$1,786,525.13	-	\$104,989.28	\$10,691.08	\$94,298.20	\$1,692,226.93
09/11/2021	\$1,692,226.93	-	\$104,989.28	\$10,126.77	\$94,862.51	\$1,597,364.42
09/12/2021	\$1,597,364.42	-	\$104,989.28	\$9,559.09	\$95,430.19	\$1,501,934.23
09/01/2022	\$1,501,934.23	-	\$104,989.28	\$8,988.00	\$96,001.27	\$1,405,932.96
09/02/2022	\$1,405,932.96	-	\$104,989.28	\$8,413.51	\$96,575.77	\$1,309,357.19
09/03/2022	\$1,309,357.19	-	\$104,989.28	\$7,835.57	\$97,153.71	\$1,212,203.48
09/04/2022	\$1,212,203.48	-	\$104,989.28	\$7,254.17	\$97,735.10	\$1,114,468.37
09/05/2022	\$1,114,468.37	-	\$104,989.28	\$6,669.30	\$98,319.98	\$1,016,148.39
09/06/2022	\$1,016,148.39	-	\$104,989.28	\$6,080.92	\$98,908.35	\$917,240.04
09/07/2022	\$917,240.04	-	\$104,989.28	\$5,489.03	\$99,500.25	\$817,739.79
09/08/2022	\$817,739.79	-	\$104,989.28	\$4,893.59	\$100,095.69	\$717,644.10
09/09/2022	\$717,644.10	-	\$104,989.28	\$4,294.59	\$100,694.69	\$616,949.41

09/10/2022	\$616,949.41	-	\$104,989.28	\$3,692.00	101,297.28	\$515,652.14
09/11/2022	\$515,652.14	-	\$104,989.28	\$3,085.81	\$101,903.47	\$413,748.67
09/12/2022	\$413,748.67	-	\$104,989.28	\$2,475.99	\$102,513.29	\$311,235.38
09/01/2023	\$311,235.38	-	\$104,989.28	\$1,862.52	\$103,126.76	\$208,108.62
09/02/2023	\$208,108.62	-	\$104,989.28	\$1,245.38	\$103,743.90	\$104,364.73
09/03/2023	\$104,364.73	-	\$104,989.28	\$624.55	\$104,364.73	\$0.00

COLLATERAL SCHEDULE NO. BEAR-0003

THIS COLLATERAL SCHEDULE NO. BEAR-0003 is executed pursuant to and made a part of that certain Loan and Security Agreement dated as of March 9, 2017 (the "Agreement"), between NATIONS FUND I, LLC, as Lender, and BearStone Environmental Solutions Inc., as Borrower, and New West Energy Services Inc., as Parent and guarantor, and describes collateral in which Borrower has granted Lender a security interest in connection with the Obligations (as defined in the Agreement).

Year	Make	Model	Serial
2011	Kenworth	T800	1XKDP4EX5BR948665
2005	Kenworth	T800B	1NKDXB0X85R980486
2006	Peterbilt	378	1NPFXBEX46D889810
2006	Wabash	Quad Wagon Tank	2W9FA35826W040218
1999	Wabash	Quad Wagon Tank	2W9FA3550XW040032
1998	Wabash	Quad Wagon Tank	2W9FA35424W040164
1996	Peterbilt	367	1XPADB9X0TD392705
2003	Wabash	Tri Axle Wagon	2W9FA32453W040114
1977	Steiger	Cougar III 4x4	14300126
2001	Kenworth	T800	1XKDDB9X91J964484
2007	Kenworth	T800B	1NKDX4EX17R999680
2004	Kenworth	T800B	1NKDXBEX64R974709
2006	Kenworth	T800B	1XKDPB0X66R990540
2003	Kenworth	T800	1XKDDB0X43R967603
1994	Advance	Super B Train	2AEABSAH0RR000245
1994	Advance	Super B Train	2AEABPAE0RR000246
1999	Wabash	Super B Train	2W9BA3932XW040038
1999	Wabash	Super B Train	2W9SA3120XW040039
1990	PTI	Camp	5643
2009	Kenworth	T800	1NKDX40X59R941243
2012	Tremcar	Quad Wagon Tank	2TLZL4548CB004502
2008	Heil	Quad Wagon Tank	5HTDL364885G22539
2011	Kenworth	T800	1NKDX4EX2BJ948258
2013	Peterbilt	367	1NPTX4TXXDD184315
2012	Peterbilt	367	1NPTX4TX4CD154807
2012	Peterbilt	367	1NPTX4TXXCD171224
2011	Kenworth	T800	1NKDX4EX0BJ948257
2010	Kenworth	Tridem Truck	1NKDX4EX4AJ942573
2008	Kenworth	T800B	1NKDX4EX08R935390
2007	Kenworth	T800B	1NKDXBEX37R995022
2005	Kenworth	T800	1NKDXB0X65R980485
2012	Kenworth	T800	1XKDP4EX2CR955557
2012	Kenworth	T800	1XKDP4EX0CR955556

2011	Kenworth	T800 Tridem	1XKDP4EX6BJ948656
2011	Kenworth	T800 Tridem	1XKDP4EX8BJ948657
2011	Kenworth	T800 Tridem	1XKDP4EX4BJ948655
2009	Peterbilt	367	1XPTP40X69D790518
2009	Kenworth	T800	1XKDP40X29R941240
2009	Peterbilt	T800	1XPTP40X89D790519
2011	Kenworth	W900	1XKWD40X7BJ948495
2009	Kenworth	T800	1XKDD40X79R941906
2006	Kenworth	T800B	1XKDDB0X86R990533
2004	Kenworth	W900	1XKWDB9XX4R973712
2008	Heil	Super B Train Tanker	5HTDL403785G22358
2008	Heil	Super B Train Tanker	5HTDL312985F22360
2012	Stephens	Tridem Tanker	1S9AB15C8CH474444
2012	Stephens	Tridem Tanker	1S9AB15C3CH474447
2012	Stephens	Tridem Tanker	1S9AB15CXCH474445
2011	Heil	Tridem Tanker	5HTDL4939BSL23784
2011	Stephens	Tridem Tanker	1S9AB15C6BH474165
2011	Stephens	Tridem Tanker	1S9AB15C2BH474163
2011	Stephens	Tridem Tanker	1S9AB15C6BH474120
2009	Heil	Tridem Tanker	5HTDL493595J23298
2008	Stephens	Tridem Tanker	1S9AB15C68H474045
2007	Heil	Tridem Tanker	5HTDL493575J21807
2007	Heil	Tridem Tanker	5HTDL493375J21868
2007	Wabash	Tridem Tanker	5HTDL483X75J21903
2007	Brenner	Tridem Tanker	10BFAB3307F0B8056
2006	Heil	Tridem Tanker	5HTDL493765J21287
2006	Brenner	Tridem Tanker	10BFAB3UX6F0B6855
2005	Heil	Tridem Tanker	5HTDL433055J21123
2005	Heil	Tridem Tanker	5HTDL433455J21299
2013	Brenner	Quad Wagon Tank	10BFB742XDF0C6709
2012	Tremcar	Quad Wagon Tank	2TLZL454XCB004503
2012	Tremcar	Quad Wagon Tank	2TLZL4541CB004504
2011	Heil	Quad Wagon Tank	5HTDL3744BSH23714
2011	Stephens	Quad Wagon	1S9CB15D5BH474109
2011	Stephens	Quad Wagon	1S9CB15D5BH474160
2008	Stephens	Quad Wagon	1S9CB15D49H474113
2008	Lazer inox	Quad Wagon Tank	2L9TC442X9D079578
2008	Lazer inox	Quad Wagon Tank	2L9TC44289D079580
2008	Heil	Quad Wagon Tank	5HTDL364485G22537
2007	Jasper	Quad Wagon Tank	1PMS3324671031089
2006	Heil	Quad Wagon Tank	5HTDL364965G21784
2012	CJAY	S/A Enclosed Filter	2JAAE7926C1002175
2012	Chevrolet	3500 4x4	1GC4K0C82CF140310
2013	Chevrolet	1500 4x4	3GCPKSE77DG243364

2012	CJAY	S/A Enclosed Filter	2JAAB7525C1002246
2012	CJAY	S/A Enclosed Filter	2JAAB7523C1002245
2011	Chevrolet	2500 4x4 Pickup	1GC1KXCG7BF259634
2007	GMC	C5500	1GDE5C3957F419516
2012	Chevrolet	2500 4x4	1GC1KXCG8CF157373
2011	Chevrolet	2500 4x4	1GC1KXCG9BF258940
2012	Chevrolet	1500 4x4	3GCPKSE77CG108108
2013	Chevrolet	1500 4x4	3GCPKSE78DG223074
2010	Chevrolet	1500 4x4	3GCXKTE21AG103350
2010	Chevrolet	1500 4x4	3GCRKREA3AG198030
1998	Doepker	Tri-Axle	2DEHBFZ39W1011569
2010	Chevrolet	2500 4x4	1GC4KXBG5AF101239
2010	Chevrolet	1500 4x4	3GCRKREAXAG101292
1997	Atlas	Tridem Flat Deck	2V9F3S436VS006983
2009	Chevrolet	2500 Crewcab	1GCHK73K59F102181
2009	Chevrolet	2500 4x4	2GCEK133091101729
2010	Load Trail	Filter Trailer	4ZESA1211A1074228
2008	Doepker	Tridem End Dump	2DEGEDZ3481021565
2000	Travco	Camp	S125609499
2000	Travco	Camp	SR125609500
2000	Travco	Camp	SW125609501
2000	Travco	Camp	SK125609502
2000	Travco	Camp	SD125609503
2010	Chevrolet	1500 4x4	1GC4K1BG1AF140598
1999	Wabash	Tri Axle Wagon	2W9FA3536XW040034
2009	Chevrolet	1500LT 4x4	3GCEK13MX9G124385
1997	Doghouse	Tandem Emergency	WDT28DT028
2015	Chevrolet	3500 4x4	1GB4KYC85FF501181
1980	U built	Filter Trailer	2AT601230AU102053
2004	GMC	3500 4x4 Diesel	1GDJK34U44E380316
2004	GMC	3500 4x4 Diesel	1GDJK34U74E382626
2015	Chevrolet	3500 4x4	1GB4KYC88FF511929
2005	Chevrolet	2500 Crewcab	1GCHK29255E242077
2003	GMC	3500 4x4 Diesel	1GTJK39143E251901
2006	Chevrolet	1500 Crewcab	2GCEK13T661348250
2012	CJAY	Tandem Cargo	2JAAB7522C1002298
2012	CJAY	Tandem Cargo	2JAAB7520C1002297
2005	Chevrolet	2500 4x4	1GCHK29265E213185
2008	Dodge	1500 4x4 Regular	1D7HU16268J240803

including (i) all manuals, documents, date, log books and other records in respect of the equipment or any part thereof; (ii) all rights to money or other value payable under insurance policies in respect of the equipment; (iii) all warranties, representations, service contracts, product support or other agreements of any nature in respect of or that shall apply to the equipment or any part thereof from any manufacturer,

vendor, contractor or supplier thereof; and (iv) all rights under any sublease or rental of the equipment, including any payments under such sublease or rental.


Location:

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8

Date: March 9, 2017

[Signature page follows]

NATIONS FUND I, LLC
Lender

By: 
Name: _____
Title: SAURIN P. SHAH
Duly Authorized Signatory

BearStone Environmental Solutions Inc.
Borrower

By: _____
Name: _____
Title: _____

New West Energy Services Inc.
Parent Guarantor

By: _____
Name: _____
Title: _____

NATIONS FUND I, LLC
Lender

By: _____
Name:
Title:

BearStone Environmental Solutions Inc.
Borrower

By: Gerry Kerhoff
Name: GERRY KERHOFF
Title: PRESIDENT

New West Energy Services Inc.
Parent Guarantor

By: Gerry Kerhoff
Name: GERRY KERHOFF
Title: PRESIDENT & CHIEF EXECUTIVE OFFICER

EXHIBIT 3

This is EXHIBIT "3" referred
to in the Affidavit of Mark Skura sworn
before me this 12 day of June, 2019.

Christine L. Cokeley
Notary Public in and for the
State of Connecticut



ORIGINAL

NATIONS FUND I, LLC

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Agreement") is made as of the 1st day of December 2017, by and between NATIONS FUND I, LLC ("Lender") and BearStone Environmental Solutions Inc. ("Borrower").

Borrower is desirous of obtaining a loan from Lender and Lender is willing to make the loan to Borrower upon the terms and conditions set forth herein.

Capitalized terms used herein without definition shall have the meanings assigned to them in Schedule A attached hereto and, for purposes of this Agreement and the other Loan Documents, the rules of construction set forth in Schedule A shall govern.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do hereby agree as follows:

1. ADVANCE OF LOAN

- (a) The Loan. On the terms and conditions hereinafter set forth, the parties agree that Lender shall lend to Borrower certain sums by way of advances in Canadian dollars and dollars of the United States of America in an aggregate amount not to exceed CAD\$229,587.75 (the "Loan"), on the terms specified herein. Borrower acknowledges and agrees that for the purposes of determining such aggregate amount, any determination made by Lender as to the exchange rate between Canadian dollars and United States dollars at the time of initial funding, shall, absent manifest error on the part of Lender, be binding on Borrower. Time is of the essence.
- (b) Promissory Note. The obligation to repay the Loan hereunder shall be evidenced by one or more promissory notes payable by Borrower to the order of Lender in form and substance satisfactory to Lender (hereinafter collectively referred to individually as a "Promissory Note" and collectively as the "Promissory Notes").
- (c) Expiration of Commitment. The obligation of Lender to make the Loan herein shall expire on December 31, 2017; provided, however, that such obligation shall terminate (at Lender's option) upon the occurrence of any Default or of any event which, with the giving of notice or lapse of time, or both, would become a Default hereunder.
- (d) Single Loan. The Loan and all of the other Obligations of Borrower to Lender shall constitute one general obligation of Borrower secured by all of the Collateral.
- (e) [Intentionally deleted]
- (f) [Intentionally deleted]

2. PAYMENTS AND PREPAYMENT OF LOAN

- (a) Principal Payment. On each Payment Date, Borrower shall pay the aggregate principal payments owed with respect to the Loan as set forth in the Promissory Notes; provided, however, on the Stated Maturity Date or on any date of acceleration or prepayment of the Loan, Borrower shall repay in full the aggregate, if any, of the then outstanding principal

amount of the Loan plus all accrued and unpaid interest thereon, any Prepayment Fee applicable to the Loan and all other amounts owed hereunder and under each Loan Document related to the Loan. Borrower shall pay accrued interest on the Loan on each Payment Date as provided in Section 2(c) hereof.

- (b) Acceleration. Upon any acceleration of the Loan pursuant to this Agreement or any other Loan Document, Borrower shall immediately repay all (or if only a portion is accelerated thereunder, such portion of) the Loan then outstanding, including all accrued and unpaid interest thereon, plus the aggregate Prepayment Fee for the Loan and all other amounts owed under the Loan Documents.
- (c) Interest. Subject to Section 2(a) hereof, interest shall accrue at the Loan Rate on the outstanding principal balance of the Loan starting on the date of advance of the Loan to Borrower and until all amounts under the Loan are repaid in full. Interest and repayment of the principal balance of the Loan shall be payable on each Payment Date in accordance with the terms of the Promissory Notes. In no event will Lender charge, or will Borrower be liable to pay interest at a rate that exceeds the highest rate of interest permissible under Applicable Law, or that is not in compliance with any applicable usury laws any excess interest shall be adjusted as set forth in any Promissory Note. If any payment due hereunder is not received within five (5) days of its due date, Borrower shall incur and shall, on be liable to pay a late charge equal to five (5) percent of the amount in arrears.
- (d) Default Rate. Effective upon the occurrence of any Default and for so long as any Default shall be continuing: (i) the Loan Rate shall automatically be increased by a nominal amount equal to two (2) percent per annum (such increased rate, the "Default Rate"); and (ii) all outstanding Obligations, including unpaid interest, shall continue to accrue interest from the date of such Default at the Default Rate applicable to such Obligations.
- (e) Payment Date. If any payment to Lender under this Agreement becomes due and payable on a day other than a Business Day, such Payment Date shall be extended to the next succeeding Business Day (unless such next succeeding Business Day is in the next calendar month, in which case such payment date shall be the immediately preceding Business Day) and the interest portion of such payment shall be calculated at the then applicable rate during such extension, provided that for greater certainty, if such next Business Day is in the succeeding calendar month and the payment is made on the immediately preceding Business Day, there shall be no change in the payment amount.
- (f) Interest Act (Canada). Solely for purposes of the Interest Act (Canada): (1) whenever the interest is to be computed or expressed at any rate (the "Specified Rate") on the basis of a year of less than 365 days or any other period of time less than a calendar year hereunder, the annual rate of interest to which each such Specified Rate is equal is such Specified Rate multiplied by a fraction, the numerator of which is the actual number of days in the relevant year and the denominator of which is 360 or such other period of time, respectively; (2) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder; and (3) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields.
- (g) Payment by Wire Transfer. Borrower shall make each payment under this Agreement without set-off, counterclaim or deduction and free and clear of all Taxes not later than 12:00 Noon, New York, New York time, on the day when due in lawful money of the Canada by wire transfer of immediately available funds as Lender shall specify from time to time in writing. If Borrower shall be required by law to deduct any Taxes from any payment to Lender under any Loan Document, then the amount payable to Lender shall be increased so that, after making all required deductions, Lender receives an amount equal to that which it could have received had no such deductions been made. For purposes of computing interest and fees, any payments received after 12:00 Noon, New York, New York time, shall be deemed received by Lender on the next Business Day.

- (h) Application of Payments. Borrower irrevocably agrees that Lender shall have the continuing and exclusive right to apply any and all payments against the then due and payable Obligations in such order as Lender may deem advisable. Lender is authorized to, and at its option may (without prior notice or precondition and at any time or times), but shall not be obligated to, make or cause to be made advances on behalf of Borrower for: (1) payment of all fees, expenses, indemnities, charges, costs, principal, interest, or other Obligations owing by Borrower under this Agreement or any of the other Loan Documents, (2) the payment, performance or satisfaction of any of Borrower's obligations with respect to preservation of the Collateral, or (3) any premium in whole or in part required in respect of any of the policies of insurance required by this Agreement, even if the making of any such advance causes the outstanding balance of the Loan to exceed the Maximum Amount and Borrower agrees to repay immediately, in cash, any amount by which the Loan exceeds the Maximum Amount.
- (i) Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority affects or would affect the amount of capital required or expected to be maintained by Lender or any Person controlling Lender, and Lender determines that the rate of return on its or such controlling Person's capital as a consequence of making its Loan is reduced to a level below that which Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by Lender to Borrower, Borrower shall immediately pay directly to Lender additional amounts sufficient to compensate Lender or such controlling Person for such reduction in rate of return. A statement of Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on Borrower.

3 SECURITY

As security for the payment as and when due of the indebtedness of Borrower to Lender hereunder and under the Promissory Notes (and any renewals, extensions and modifications thereof) and under any other agreement or instrument, both now in existence and hereafter created (as the same may be renewed, extended or modified), and the performance and payment as and when due of all other Obligations of Borrower to Lender, both now in existence and hereafter created (as the same may be renewed, extended or modified), Borrower hereby grants to Lender a security interest in: (i) all equipment and inventory of Borrower from time to time financed by Lender or its Affiliates whether financed pursuant to this Agreement or otherwise; and (ii) the items of equipment described on the collateral schedule(s) in form and substance satisfactory to Lender (hereinafter collectively referred to as the "Collateral Schedule") now or hereafter executed in connection with the Promissory Notes, and all replacements, substitutions and exchanges therefor and thereof and accessions thereto (the "Equipment") and any and all insurance and/or other proceeds thereof (the "Collateral"). For greater certainty, Borrower also hereby grants to Lender a security interest in the equipment listed in the Collateral Schedule as continuing security for any other indebtedness of Borrower to Lender or its Affiliates, from time to time, under this Agreement or any other agreement or document pursuant to which Borrower is indebted to Lender.

Lender agrees, upon prepayment of the Loan in accordance with the terms hereof or the terms of the applicable Promissory Note, and provided that no Default exists hereunder or under any other agreement between Lender and Borrower, that it shall release its security interest and any cross-collateralization of the applicable item of equipment. Borrower agrees that, with respect to the Collateral, Lender shall have all of the rights and remedies of a secured party under the PPSA. Borrower hereby authorizes Lender to file financing statements under the PPSA ("Financing Statements") describing the Collateral. Without Lender's prior written consent, Borrower agrees not to file any corrective or termination statements or partial releases with respect to any Financing Statements filed by Lender pursuant to this Agreement. Borrower hereby waives any and all rights Borrower has or may have under Section 43 of the PPSA to receive a copy of any financing statement or financing change statement filed by or for Lender or any verification statement in respect thereof.

4. CONDITIONS PRECEDENT TO LENDER'S OBLIGATION

The obligation of Lender to make the Loan as set forth in Section 1 hereof is expressly conditioned upon compliance by Borrower, to the reasonable satisfaction of Lender and its counsel, of the following conditions precedent:

- (a) Initial Advance. Concurrently with the execution hereof, or on or prior to the first date on which Lender is to advance the Loan hereunder, Borrower shall cause to be provided to Lender the following:
 - (1) Resolutions of the Board of Directors, managing body or validly authorized Executive Committee of Borrower, certified by the Secretary or another duly appointed officer of Borrower, duly authorizing the borrowing of funds hereunder and the execution, delivery and performance of this Agreement, the Promissory Notes and all related instruments and documents.

- (b) Each Advance. On each date on which Lender is to advance funds hereunder,
 - (1) Borrower shall cause to be provided to Lender the following:
 - (a) A certificate executed by the Secretary or another duly appointed officer of Borrower, certifying that the representations and warranties of Borrower contained herein remain true and correct as of such date, and that no Default or event which, with the giving of notice or the lapse of time, or both, would become a Default hereunder, has then occurred.
 - (b) Evidence satisfactory to Lender as to due compliance with the insurance provisions of Section 6(g) hereof.
 - (c) An original Promissory Note in the amount of the Loan to be advanced on such date, duly executed on behalf of Borrower, pursuant to Section 1 hereof.
 - (d) As applicable, copies of either: (i) the invoice(s) or other evidence reasonably satisfactory to Lender and its counsel, related to the acquisition cost of the Collateral to which such advance of the Loan relates; or (ii) an appraisal in form satisfactory to Lender and completed by an appraiser satisfactory to Lender as to the orderly liquidation value of the Collateral to which such advance of the Loan relates.
 - (e) A Collateral Schedule describing the Collateral to which such advance of the Loan relates.

- (2) Such bills of sale, no interest letters, authorizations to discharge and discharges or subordination agreements shall have been obtained and such filings shall have been made and other actions taken as reasonably may be required by Lender and its counsel to perfect a valid, first priority security interest granted by Borrower to Lender with respect to the Collateral to which such advance of the Loan relates.
- (3) No Default or event which, with the giving of notice or lapse of time, or both, would become a Default hereunder, shall have occurred.
- (4) No event shall have occurred which could have a Material Adverse Effect.

5. REPRESENTATIONS AND WARRANTIES

Borrower hereby represents and warrants that:

- (a) Business Existence. Borrower has the form of business organization, and is and will remain duly organized and validly existing in good standing under the laws of the jurisdiction, specified below the signature of Borrower; and is duly qualified and authorized to transact business and is in good standing wherever necessary to perform its obligations under the Loan Documents, including each jurisdiction in which the Collateral is to be located.
- (b) Requisite Power and Authority. Borrower has the requisite power and authority to own or hold under lease its properties and to enter into and perform its obligations hereunder; and the borrowing hereunder by Borrower from Lender, the execution, delivery and performance of the Loan Documents, (1) have been duly authorized by all necessary action consistent with Borrower's form of organization; (2) do not require any approval or consent of any stockholder, member, partner, trustee or holders of any indebtedness or obligations of Borrower except such as have been duly obtained; and (3) do not and will not contravene any law, governmental rule, regulation or order now binding on Borrower, or the organizational documents of Borrower, or contravene the provisions of, or constitute a default under, or result in the creation of any Lien or encumbrance upon the property of Borrower under any agreement to which Borrower is a party or by which it or its property is bound.
- (c) No Consents or Approvals. Neither the execution and delivery by Borrower of the Loan Documents, nor the consummation of any of the transactions by Borrower contemplated hereby or thereby, requires the consent or approval of, the giving of notice to, the registration with, or the taking of any other action in respect of, any federal, provincial or foreign governmental authority or agency, except as provided herein.
- (d) Enforceability. This Agreement constitutes, and all other Loan Documents when entered into will constitute, the legal, valid and binding obligation of Borrower enforceable against Borrower in accordance with the terms hereof and thereof, except as limited by applicable bankruptcy, insolvency, receivership, moratorium or similar laws or equitable principles relating to or affecting the enforcement of creditors' rights generally, and by applicable laws (including any applicable common law and equity) and judicial decisions which may affect the remedies provided herein and therein.
- (e) Litigation. There are no pending or threatened actions or proceedings to which Borrower is a party, and there are no other pending or threatened actions or proceedings of which Borrower has knowledge, before any court, arbitrator or administrative agency, which, either individually or in the aggregate, would have a Material Adverse Effect. Further, Borrower is not in default under any material obligation for the payment of borrowed

money, for the deferred purchase price of property or for the payment of any rent which, either individually or in the aggregate, would have a Material Adverse Effect.

- (f) Not Real Property Fixtures. Under the laws of the provinces in which the Collateral is to be located, the Collateral consists solely of personal property and not fixtures.
- (g) Validity and Priority of Security Interest. Upon satisfaction of the conditions precedent in Section 4 hereof, Borrower will have good and marketable title to the Equipment, free and clear of all Liens and encumbrances (excepting only the Lien of Lender and the subordinated liens in favour of Canadian Western Bank and Canadian Western Bank Leasing Inc.) Lender will have a valid, perfected, first priority security interest in such item of Collateral. In the case of any Collateral purchased by Borrower using an advance of the Loan provided by Lender then, upon the last to occur of: (1) delivery of the applicable item of Collateral, (2) payment to the vendor of the acquisition cost of such item of Collateral, (3) advance by Lender or Borrower of the Loan relating to such item of Collateral, and (4) filing in the appropriate public office of a Financing Statement naming Borrower as debtor, and Lender as secured party, and describing such item of Collateral, Lender will have a valid, perfected, first priority purchase money security interest in such item of Collateral.
- (h) Financial Statements. The financial statements of Borrower (copies of which have been furnished to Lender) have been prepared in accordance with GAAP, and fairly present Borrower's financial condition and the results of Borrower's operations as of the date of and for the period covered by such statements, and since the date of such statements there has been no Material Adverse Effect on such conditions or operations.
- (i) Tax Returns and Payments. Borrower has filed or has caused to have been filed all federal, provincial and local tax returns which, to the knowledge of Borrower, are required to be filed, and has paid or caused to have been paid all taxes as shown on such returns or on any assessment received by it, to the extent that such taxes have become due, unless and to the extent only that such taxes, assessments and governmental charges are currently contested in good faith and by appropriate proceedings by Borrower and adequate reserves therefor have been established as required under GAAP. To the extent Borrower believes it advisable to do so, Borrower has set up reserves which are believed by Borrower to be adequate for the payment of additional taxes for years which have not been audited by the respective tax authorities.
- (j) No Violation of Law. Borrower is not in violation of any law, ordinance, governmental rule or regulation to which it is subject and the violation of which would have a Material Adverse Effect, and Borrower has obtained any and all licenses, permits, franchises or other governmental authorizations necessary for the ownership of its properties and the conduct of its business.
- (k) Use of Proceeds. None of the proceeds of the Loan will be used, directly or indirectly, by Borrower for the purpose of purchasing or carrying, or for the purpose of reducing or retiring any indebtedness which was originally incurred to purchase or carry, any "margin security" or "margin stock" within the meaning of Regulation U (12 CFR Part 221), of the Board of Governors of the Federal Reserve System (herein called "margin security" and "margin stock") or for any other purpose which might make the transactions contemplated herein a purpose credit" within the meaning of Regulation U, or cause this Agreement to violate any other regulation of the Board of Governors of the Federal Reserve System or the Securities Exchange Act of 1934 or the Small Business Investment Act of 1958, as amended, or any rules or regulations promulgated under any of such statutes, or any similar legislation under Applicable Law.

- (l) Business Information. The legal name, jurisdiction of organization, Corporate Access and Business Identification Number of Borrower, specified on the signature page hereof, are true and correct and the address of Borrower on such signature page is the address of its chief executive officer. Within the previous six (6) years, Borrower has not changed its name, done business under any other name, or merged or been the surviving entity of any merger, except as disclosed to Lender in writing.
- (m) ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other existing ERISA Events, could reasonably be expected to result in a liability of Borrower of more than the Minimum Actionable Amount. The present value of all accumulated benefit obligations of Borrower under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan by more than the Minimum Actionable Amount, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such underfunded Plans by more than the Minimum Actionable Amount. Neither Borrower nor any ERISA Affiliate has incurred or reasonably expects to incur any Withdrawal Liability in excess of the Minimum Actionable Amount.
- (n) Full Disclosure. No information contained in any Loan Document, the financial statements or any written statement furnished by or on behalf of Borrower under any Loan Document, or to induce Lender to execute the Loan Documents, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.

6. COVENANTS OF BORROWER

Borrower covenants and agrees as follows:

- (a) Application of Proceeds. The proceeds of the Loan will be used exclusively for business or commercial purposes and to refinance the Equipment and/or to reimburse Borrower with respect to the acquisition cost of the Equipment.
- (b) Use of Collateral. Borrower shall use the Collateral solely in the Province of Alberta, Canada, or in any other province of Canada in respect of which Lender has given its prior written consent, and in the conduct of its business and in a careful and proper manner; shall not permanently discontinue use of the Collateral; and shall provide written notice to Lender not more than thirty (30) days after any change of the location of any item of the Collateral (or the location of the principal garage of any item of the Collateral, to the extent that such item is mobile equipment) as specified on the applicable Collateral Schedule
- (c) No Sale or Further Encumbrance. Borrower shall not dispose of or further encumber its interest in the Collateral without the prior written consent of Lender. Borrower shall maintain the Collateral free from all claims, Liens and legal processes of creditors of Borrower other than Liens (1) for fees, taxes, or other governmental charges of any kind which are not yet delinquent or are being contested in good faith by appropriate proceedings which suspend the collection thereof (provided, however, that such proceedings do not involve any substantial danger of the sale, forfeiture or loss of the Equipment or any interest therein); (2) Liens of mechanics, materialmen, laborers, employees or suppliers and similar Liens arising by operation of law incurred by Borrower in the ordinary course of business for sums that are not yet delinquent or are being

contested in good faith by negotiations or by appropriate proceedings which suspend the collection thereof (provided, however, that such contest does not involve any substantial danger of the sale, forfeiture or loss of the Equipment or any interest therein); and (3) Liens arising out of any judgments or awards against Borrower which have been adequately bonded to protect Lender's interests or with respect to which a stay of execution has been obtained pending an appeal or a proceeding for review ("Permitted Liens"). Borrower shall notify Lender immediately upon receipt of notice of any Lien, attachment or judicial proceeding affecting the Equipment in whole or in part.

- (d) Fees and Taxes. Borrower, at its own expense, will pay or cause to be paid all taxes and fees relating to the ownership and use of the Equipment and will keep and maintain, or cause to be kept and maintained, the Equipment in accordance with the manufacturer's recommended specifications, and in as good operating condition as on the date of execution hereof (or on the date on which acquired, if such date is subsequent to the date of execution hereof), ordinary wear and tear resulting from proper use thereof alone excepted, and will provide all maintenance and service and make all repairs necessary for such purpose. In addition, if any parts or accessories forming part of the Equipment shall from time to time become worn out, lost, destroyed, damaged beyond repair or otherwise permanently rendered unfit for use, Borrower, at its own expense, will within a reasonable time replace such parts or accessories or cause the same to be replaced, with replacement parts or accessories which are free and clear of all Liens, encumbrances or rights of others and have a value and utility at least equal to the parts or accessories replaced. All accessories, parts and replacements for or which are added to or become attached to the Equipment shall immediately be deemed incorporated in the Equipment and subject to the security interest granted by Borrower herein. Upon reasonable advance notice, Lender shall have the right to inspect the Equipment and all maintenance records thereto, if any, at any reasonable time.
- (e) Loss or Damage. Borrower shall advise Lender in writing within ten (10) days of the occurrence of any material damage, loss, theft, destruction or governmental confiscation or appropriation of any item of the Equipment (an "Event of Loss") and of the circumstances and extent of such Event of Loss. Within thirty (30) days after receipt of notice from Lender, Borrower shall (at Lender's option) either: (1) replace the item of Equipment having suffered the Event of loss with equipment which is free and clear of all Liens and has a value and utility at least equal to the item of Equipment having suffered the Event of Loss, and such replacement equipment shall immediately be deemed "Equipment" hereunder and subject to the security interest granted by Borrower herein; or (2) prepay the Obligations to the extent attributable to the unpaid portion of the Obligations funded with respect to the item of Equipment having suffered the Event of Loss (as reasonably determined by Lender). If any item of Equipment is damaged and such damage can be repaired, Borrower shall (at its expense) promptly effect such repairs. Proceeds of insurance shall be paid to Lender with respect to such reparable damage to the Equipment and shall, at the election of Lender, be applied either to the repair of the Equipment by payment by Lender directly to the party completing the repairs, or to the reimbursement of Borrower for the cost of such repairs; provided, however, that Lender shall have no obligation to make such payment or any part thereof until receipt of such evidence as Lender shall deem satisfactory that such repairs have been completed, and further provided that Lender may apply such proceeds to the payment of any installment or other sum due or payable.
- (f) Personal Property. The parties intend that the Equipment shall remain personal property, notwithstanding the manner in which it may be affixed to any real property, and Borrower shall obtain and deliver to Lender (to be recorded at Borrower's expense) from each Person having an interest in or Lien on the property (the "Premises") where the Equipment is to be located, waivers of any Lien, encumbrance or interest which such Person might have or hereafter obtain or claim with respect to the Equipment.

- (g) Insurance. At its own expense, Borrower shall keep the Equipment or cause it to be kept insured against loss or damage due to fire and the risks normally included in extended coverage, malicious mischief and vandalism, for the full replacement value thereof. All insurance for loss or damage shall provide that losses, if any, shall be payable to Lender under a lender's loss payee endorsement, which shall be evidenced by Borrower adding Lender as a First Loss Payee in respect of the Collateral on the certificate of insurance of Borrower. The proceeds of such insurance payable as a result of loss of or damage to the Collateral shall be applied, at Lender's option, (x) toward the replacement, restoration or repair of the Collateral which may be lost, stolen, destroyed or damaged, or (y) toward payment of the balance outstanding on the Promissory Notes or the Obligations. In addition, Borrower shall also carry public liability insurance, both personal injury and property damage. All insurance required hereunder shall be in form and amount and with companies satisfactory to Lender. Borrower shall pay or cause to be paid the premiums therefor and deliver to Lender evidence satisfactory to Lender of such insurance coverage. Borrower shall cause to be provided to Lender, prior to the scheduled expiration or lapse of such insurance coverage, evidence satisfactory to Lender of renewal or replacement coverage. Each insurer shall agree, by endorsement upon the policy or policies issued by it, or by independent instrument furnished to Lender, that (1) it will give Lender thirty (30) days' prior written notice of the effective date of any material alteration or cancellation of such policy; and (2) the interest of any named loss payee other than Borrower shall not be invalidated by any actions, inactions, breach of warranty or conditions or negligence of Borrower with respect to such policy or policies.
- (h) Further Assurances. Borrower shall promptly and duly execute and deliver to Lender such further documents, instruments and assurances and take such further action as Lender may from time to time reasonably request in order to carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or intended to be created in favor of Lender hereunder; including, without limitation, the execution and delivery of any document reasonably required, and payment of all necessary costs to record such documents (including payment of any documentary or stamp tax), to perfect and maintain perfected the security interest granted under this Agreement.
- (i) Notices to Lender. Borrower shall provide written notice to Lender: (1) not less than thirty (30) days prior to any contemplated change in the name, the jurisdiction of organization, or address of the chief executive office, of Borrower or Borrower's organizational structure such that a filed financing statement would become seriously misleading; and (2) promptly upon the occurrence of any event which constitutes a Default (as hereinafter defined) hereunder or which, with the giving of notice, lapse of time or both, would constitute a Default hereunder.
- (j) Notice of Bankruptcy. Borrower shall provide written notice to Lender of the commencement of proceedings under any and all bankruptcy, insolvency, receivership, reorganization or similar laws under Applicable Law (as now or hereafter in effect) involving Borrower as a debtor.
- (k) Bank Secrecy Act, etc. (1) Borrower has been advised by Lender that the USA Patriot Act establishes minimum standards of account information to be collected and maintained by Lender, and that to help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account; and specifically, this means that when Borrower executes this Agreement, Lender may ask for Borrower's name and address, the date of birth of the officers executing this Agreement, and other information that will allow Lender to identify Borrower; and that Lender may also ask to see the driver's license or other identifying documents of the officers of Borrower executing this Agreement. (2) Borrower is and will remain in full compliance with all

Applicable Laws including, without limitation, (i) ensuring that no Person who owns a controlling interest in or otherwise controls Borrower is or shall be (A) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control ("OFAC"), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation, or (B) a Person designated under Sections 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders, and (ii) compliance with all applicable Bank Secrecy Act ("BSA") laws, regulations and government guidance on BSA compliance and on the prevention and detection of money laundering violations.

- (l) Indemnification. Borrower shall indemnify (on an after-tax basis) and defend Lender, its successors and assigns, and their respective directors, officers and employees, from and against any and all claims, actions and suits (including, without limitation, any Environmental Claim or Environmental Loss, and related attorneys' fees of any kind, nature or description whatsoever arising, directly or indirectly, in connection with any of the Collateral (other than such as may result from the gross negligence or willful misconduct of Lender, its successors and assigns, and their respective directors, officers and employees)). The obligations of Borrower under this Section shall survive the expiration of the term of this Agreement.

7. DEFAULT.

A default shall be deemed to have occurred hereunder ("Default") upon the occurrence of any of the following: (a) non-payment of an installment of principal and/or interest due under any Promissory Note on the applicable Payment Date; (b) non-payment or non-performance of any other Obligation within five (5) days after it is due; (c) failure to maintain, use or operate the Collateral in compliance with Applicable Law; (d) failure to obtain, maintain and comply with all of the insurance coverages required under this Agreement; (e) any transfer or encumbrance, or the existence of any Lien, that is prohibited by this Agreement; (f) a payment or other default by Borrower or its Affiliates under any loan, lease, agreement, guaranty or other financial obligation to Lender or its Affiliates which default entitles the other party to such obligation to exercise remedies; (g) a payment or other default by Borrower or its Affiliates under any material loan, lease, guaranty or other material financial obligation to any third party which default has been declared; (h) an inaccuracy in any representation or breach of warranty by Borrower (including any false or misleading representation or warranty) in any financial statement or Loan Document, including any omission of any substantial contingent or unliquidated liability or claim against Borrower; (i) the failure by Borrower generally to pay its debts as they become due or its admission in writing of its inability to pay the same, or the commencement of any bankruptcy, insolvency, receivership or similar proceeding by or against Borrower or any of its properties or business (unless, if involuntary, the proceeding is dismissed within sixty (60) days of the filing thereof) or the rejection of this Agreement or any other Loan Document in any such proceeding; (j) Borrower shall (1) enter into any transaction of merger or consolidation (such actions being referred to as an "Event"), unless Borrower is the surviving entity or the surviving entity is organized and existing under the laws of the Province of Alberta, and prior to such Event: (A) such Person executes and delivers to Lender (x) an agreement satisfactory to Lender, in its sole discretion, containing such Person's effective assumption, and its agreement to pay, perform, comply with and otherwise be liable for, in a due and punctual manner, all of Borrower's Obligations having previously arisen, or then or thereafter arising, under any and all of the Loan Documents, and (y) any and all other documents, agreements, instruments, certificates, opinions and filings requested by Lender; and (B) Lender is satisfied as to the creditworthiness of such Person, and as to such Person's conformance to the other standard criteria then used by Lender when approving transactions similar to the transactions contemplated in this Agreement; (2) cease to do business as a going concern, liquidate, or dissolve; or (3) sell, transfer, or otherwise dispose of all or substantially all of its assets or property; (k) if Borrower is privately held and effective control of Borrower's voting capital stock/membership interests/partnership interests, issued and outstanding from time to time, is not retained by the present holders (unless Borrower shall have provided thirty (30) days' prior written notice to Lender of the proposed disposition and Lender shall have consented thereto in writing); (1) if Borrower is a publicly held

corporation and there is a material change in the ownership of Borrower's capital stock, unless Lender is satisfied as to the creditworthiness of Borrower and as to Borrower's conformance to the other standard criteria then used by Lender for such purpose immediately thereafter; (m) there occurs a default or anticipatory repudiation under any guaranty executed in connection with this Agreement; (n) failure to satisfy the requirements of any financial covenants set forth in this Agreement; or (o) breach by Borrower of Section 60) of this Agreement; or (p) breach by Borrower of any other covenant, condition or agreement (other than those in items (a)-(o)) under this Agreement or any of the other Loan Documents that continues for thirty (30) days after Lender's written notice to Borrower (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period).

The occurrence of a Default with respect to any Promissory Note shall, at the sole discretion of Lender (as set forth in a written declaration to Borrower), constitute a Default with respect to any or all of the other Promissory Notes. Notwithstanding anything to the contrary set forth herein, Lender or its assignee(s) (as applicable) may exercise all rights and remedies hereunder or under a Promissory Note independently with respect to each Promissory Note and/or with respect to the Collateral collateralizing such Promissory Note.

8. REMEDIES.

Upon the occurrence of a Default hereunder, Lender may, at its option, declare this Agreement to be in default with respect to any or all of the Promissory Notes, and at any time thereafter may do any one or more of the following, all of which are hereby authorized by Borrower:

- (a) Rights Under PPSA. Exercise any and all rights and remedies of a secured party under the PPSA or otherwise under Applicable Law and in addition to those rights, at its sole discretion, may require Borrower (at Borrower's sole expense) to forward promptly any or all of the Collateral to Lender at such location as shall reasonably be required by Lender, or enter upon the premises where any such Collateral is located (without obligation for rent) and take immediate possession of and remove the Collateral by summary proceedings or otherwise, all without liability from Lender to Borrower for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise.
- (b) Disposition of Collateral. Subject to Applicable Law, and any right of Borrower to redeem the Collateral, sell, lease or otherwise dispose of any or all of the Collateral in a commercially reasonable manner at public or private sale with notice to Borrower (the parties agreeing that ten (10) days' prior written notice shall constitute adequate notice of such sale) at such price as it may deem best, for cash, credit, or otherwise, with the right of Lender to purchase and apply the proceeds:

First to the payment of all expenses and charges, including the expenses of any sale, lease or other disposition, the expenses of any taking, attorneys' fees, court costs and any other expenses incurred or advances made by Lender in the protection of its rights or the pursuance of its remedies, and to provide adequate indemnity to Lender against all taxes and Liens which by law have, or may have, priority over the rights of Lender to the monies so received by Lender;

Second, to the payment of the Obligations; and

Third, to the payment of any surplus thereafter remaining to Borrower or to whosoever may be entitled thereto;

and in the event that the proceeds are insufficient to pay the amounts specified in clauses "First" and "Second" above, Lender may collect such deficiency from Borrower.

- (c) Other Rights and Remedies. Lender may exercise any other right or remedy available to it under the Loan Documents or Applicable Law, or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof or to rescind this Agreement in whole or in part.
- (d) Costs and Expenses; No Remedy Exclusive. In addition, Borrower shall be liable for any and all unpaid additional sums due hereunder or under any Promissory Note, before, after or during the exercise of any of the foregoing remedies; for all reasonable legal fees and other reasonable costs and expenses incurred by reason of any Default or of the exercise of Lender's remedies with respect thereto. No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative, and shall be in addition to any other remedy referred to above or otherwise available at law or in equity, and may be exercised concurrently or separately from time to time. Borrower hereby waives any and all existing or future claims to any offset against the sums due hereunder or under any Promissory Note and agrees to make the payments regardless of any offset or claim which may be asserted by Borrower or Of its behalf in connection with this Agreement.
- (e) No Waiver. The failure of Lender to exercise, or delay in the exercise of, the rights granted hereunder upon any Default by Borrower or its Affiliates shall not constitute a waiver of any such right upon the continuation or recurrence of any such Default. Lender may take or release other security; may release any party primarily or secondarily liable for the Obligations; may grant extensions, renewals or indulgences with respect to the Obligations and may apply any other security therefor held by it to the satisfaction of the Obligations without prejudice to any of its rights hereunder.

9. NOTICES.

All notices (excluding billings and communications in the ordinary course of business) hereunder shall be in writing, personally delivered, sent by overnight courier service, sent by facsimile telecopier, or sent by certified mail, return receipt requested, addressed to the other party at its respective address stated below the signature of such parties or at such other addresses as such parties shall from time to time designate in writing to the other parties; and shall be effective from the date of receipt.

10. LENDER'S RIGHT TO PERFORM FOR BORROWER.

- (a) Performance and Reimbursement. If Borrower fails to perform or comply with any of its agreements contained herein, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, and the amount of any out-of-pocket expenses and other reasonable expenses of Lender thereby incurred, together with interest thereon at the Default Rate, shall be due and payable by Borrower upon demand.
- (b) Power of Attorney. Borrower hereby appoints Lender as Borrower's attorney-in-fact (which power shall be deemed coupled with an interest) to execute, endorse and deliver any deed, conveyance, assignment or other instrument in writing as may be required to vest in Lender any right, title or power which by the terms hereof are expressed to be conveyed to or conferred upon Lender, including, without limitation, real property waivers, and documents and checks or drafts relating to or received in payment for any loss or damage under the policies of insurance required hereby, but only to the extent that the same relates to the Collateral.

11. SUCCESSORS AND ASSIGNS.

This Agreement shall inure to the benefit of Lender, its successors and assigns, and shall be binding upon the successors of Borrower. The rights and obligations of Borrower under this Agreement may not be assigned or delegated. Lender reserves the right to sell, assign, transfer, negotiate or grant

participations in all or any part of, or any interest in, Lender's rights and obligations hereunder, in the Promissory Notes, in the Collateral and/or the Obligations held by it to others at any time and from time to time; and Lender may disclose to any such purchaser, assignee, transferee or participant (the "Participant"), or potential Participant, this Agreement and all information, reports, financial statements and documents executed or obtained in connection with this Agreement which Lender now or hereafter may have relating to the Loan, Borrower, or the business of Borrower. Borrower hereby grants to any Participant all Liens, rights and remedies of Lender under the provisions of this Agreement or any other documents relating hereto or under applicable laws. Borrower agrees that any Participant may enforce such Liens and exercise such rights and remedies in the same manner as if such Participant were Lender and a direct creditor of Borrower.

12. CHOICE OF LAW: JURISDICTION: WAIVER OF JURY TRIAL.

- (a) GOVERNING LAW. THIS AGREEMENT AND ALL OTHER RELATED INSTRUMENTS AND DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL, IN ALL RESPECTS, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ALBERTA (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH PROVINCE) AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE COLLATERAL.
- (b) Jurisdiction. The parties agree that any action or proceeding arising out of or relating to this Agreement shall be commenced in the courts of the Province of Alberta, and each party irrevocably submits to the non-exclusive jurisdiction of such court and agrees that a summons and complaint commencing an action or proceeding in any such court shall be properly served and shall confer personal jurisdiction if served personally or by certified mail to it at its address designated pursuant hereto, or as otherwise provided under the laws of the Province of Alberta.
- (c) WAIVER OF JURY TRIAL. BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH BORROWER AND LENDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS AGREEMENT OR ANY PROMISSORY NOTE. BORROWER AUTHORIZES LENDER TO FILE THIS PROVISION WITH THE CLERK OR JUDGE OF ANY COURT HEARING SUCH CLAIM. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND BORROWER HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. BORROWER FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND ANY PROMISSORY NOTE AND IN THE MAKING OF THIS WAIVER BY LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

13. MISCELLANEOUS.

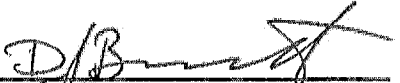
- (a) Entire Agreement. The Loan Documents constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and shall not be amended or altered in any manner except by a document in writing executed by both parties.
- (b) Survival. All representations, warranties, and covenants of Borrower contained herein or made pursuant hereto shall survive closing and continue throughout the term hereof and until the Obligations are satisfied in full.

- (c) Severability. Any provision of the Loan Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Applicable Law, Borrower hereby waives any provision of law which renders any provision hereof or thereof prohibited or unenforceable in any respect.
- (d) Captions. The captions in this Agreement are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.
- (e) Expenses. Borrower agrees to pay or reimburse Lender for all costs and expenses (including the fees and expenses of all counsel, advisors, consultants and auditors retained in connection therewith), incurred in connection with: (1) the preparation, negotiation, execution, delivery, performance and enforcement of the Loan Documents and the preservation of any rights thereunder (including, without limitation, filing or recording fees and taxes); (2) collection, including deficiency collections; (3) any amendment, waiver or other modification or waiver of, or consent with respect to, any Loan Document or advice in connection with the administration of the Loan or the rights thereunder; (4) any litigation, dispute, suit, proceeding or action (whether instituted by or between any combination of Lender, Borrower or any other Person), and an appeal or review thereof, in any way relating to the Collateral, any Loan Document, or any action taken or any other agreements to be executed or delivered in connection therewith, whether as a party, witness or otherwise; and (5) any effort (i) to monitor the Loan, (ii) to evaluate, observe or assess Borrower or the affairs of such Person, and (iii) to verify, protect, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of the Collateral.

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IN WITNESS WHEREOF, the parties hereto have caused this Loan and Security Agreement to be duly executed as of the day and year first above written.

NATIONS FUND I, LLC
Lender

By: 
Name: DENNIS J. BICKERSTAFF
Title: Executive Vice President

501 Merritt Seven
Norwalk, Connecticut 06851
Facsimile: (203) 939-1597

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.
Borrower

By: 
Name: Gerry Kerkhoff
Title: President

500, 435 - 4 Avenue SW
Calgary, AB T2P 3A8
Facsimile: (780) 672-8599
Form of Organization: Corporation
Jurisdiction of Organization: Alberta

SCHEDULE A

DEFINITIONS

Capitalized terms used in this Agreement and the other Loan Documents shall have (unless otherwise provided elsewhere in this Agreement or in the Loan Documents) the following respective meanings:

"Adverse Environmental Condition" shall mean (i) the existence or the continuation of the existence of an Environmental Contamination (including, without limitation, a sudden or non-sudden accidental or non-accidental Environmental Contamination), or exposure to any substance, chemical, material, pollutant, Hazardous Substance, odor or audible noise or other release or emission in, into or onto the environment (including without limitation, the air, ground, water or any surface) at, in, by, from or related to any Collateral, (ii) the environmental aspect of the transportation, storage, treatment or disposal of materials in connection with the operation of any Collateral, or (iii) the violation, or alleged violation, of any Environmental Law, permits or licenses of, by or from any governmental authority, agency or court relating to environmental matters connected with any of the Collateral.

"Affiliate" means, with respect to any Person: (i) each other Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, five (5) percent or more of the Stock having ordinary voting power for the election of directors of such Person; (ii) each other Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person; or (iii) each of such Person's officers, directors, joint venturers and partners. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting Stock, by contract or otherwise.

"Agreement" means this Loan and Security Agreement including all appendices, exhibits or schedules attached or otherwise identified thereto, restatements and modifications and supplements thereto, and any appendices, exhibits or schedules to any of the foregoing, each as in effect at the time such reference becomes operative.

"Applicable Law" means any law, rule, regulation, ordinance, order, code, common law, interpretation, judgment, directive, decree, treaty, injunction, writ, determination, award, permit or similar norm or decision of any Governmental Authority having jurisdiction over Borrower or the matters herein.

"Borrower" means the Person identified as such in the preamble of this Agreement.

"BSA" has the meaning assigned to it in Section 6(1) of this Agreement.

"Business Day" means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of New York or the Province of Alberta-

"Closing Date" means the date on which a Promissory Note is executed and delivered to Lender pursuant to this Agreement.

"Collateral" has the meaning assigned to it in Section 3 of this Agreement.

"Collateral Schedule" has the meaning assigned to it in section 3 of this Agreement. "Default" has the meaning assigned to it in Section 7 of this Agreement

"Default Rate" has the meaning assigned to it in Section 2(d) of this Agreement.

"Environment" or "Environmental" or "Environmentally" means the components of that earth and includes: (i) air, land subsurface strata, water, surface water and groundwater; (ii) all layers of the

atmosphere; (iii) all organic and inorganic matter and living organisms; and (iv) the interacting natural systems that include components referred to in (i) to (iii).

"Environmental Claim" shall mean any accusation, allegation, notice of violation, claim, demand, abatement or other order on direction (conditional or otherwise) by any governmental authority or any Person for personal injury (including sickness, disease or death), tangible or intangible property damage, damage to the environment or other adverse affects on the environment, or for fines, penalties or restrictions, resulting from or based upon any Adverse Environmental Condition.

"Environmental Contamination" shall mean any actual or threatened release, spill, emission, leaking, pumping, injection, presence, deposit, abandonment, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, or into or out of any of the Collateral, including, without limitation, the movement or any Hazardous Substance or other substance through or in the air, soil, surface water, groundwater, or property which is not in compliance with applicable Environmental Laws.

"Environmental Law" means any Applicable Law, including any applicable guidelines and standards, relating in any way to the Environment, Environmental protection or occupational health and safety.

"Environmental Loss" shall mean any loss, cost, damage, liability, deficiency, fine, penalty or expense (including, without limitation, reasonable attorneys' fees, engineering and other professional or expert fees), investigation, removal, cleanup and remedial costs (voluntarily or involuntarily incurred) and damages to, loss of the use of or decrease in value of the Collateral arising out of or related to any Adverse Environmental Condition.

"Equipment" has the meaning assigned to it in Section 3 of this Agreement.

"ERISA" means the Employee Retirement Income Security Act of 1974 (or any successor legislation thereto), as amended from time to time, and any regulations promulgated thereunder.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with Borrower, is treated as a single employer under Section 414(b), (c), (m) or (o) of the IRC, or, solely for the purposes of Section 302 of ERISA and Section 412 of the IRC, is treated as a single employer under Section 414 of the IRC.

"ERISA Event" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the IRC or Section 302 of whether or not waived); (c) the filing pursuant to Section 412(b) of the IRC or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan; (f) the incurrence by Borrower or any ERISA Affiliate of any liability with respect to any withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Event" has the meaning assigned to it in Section 70) of this Agreement.

"Event of Loss" has the meaning assigned to it in Section 6(e) of this Agreement.

"Financing statements" has the meaning assigned to it in Section 3 of this Agreement.

"GAAP" means, generally accepted accounting principles in the Canada as in effect from time to time, consistently applied, including, if applicable to Borrower, IFRS or ASPE.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Hazardous Substances" means any pollutants, contaminants, hydrocarbon contaminants, asbestos materials, hazardous, corrosive or toxic substances or underground or aboveground tanks, urea formaldehyde, deleterious substances, special waste or waste of any kind, including any substance the storage, manufacture, disposal, handling, treatment, generation, use, transport, remediation or release into the Environment which is prohibited, controlled, regulated or licensed under Environmental Laws.

"Interest Period" has the meaning assigned to it in the applicable Promissory Note.

"IRC" means the Internal Revenue Code of 1986, as now or hereafter amended.

"Lender" has the meaning assigned to it in the preamble of this Agreement and, if at any time Lender shall decide to assign, participate or syndicate all or any of the Obligations, such term shall include each such assignee, Participant or such other members of the syndicate; together with its or their successors and assigns.

"Lien" means any mortgage, security deed or deed of trust, pledge, hypothecation, assignment, deposit arrangement, Lien, charge, claim, security interest, security title, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the PPSA, any comparable law of any jurisdiction or any other statute governed by Applicable Law).

"Loan" means the loan in the amount of the aggregate principal amount of all advances and evidenced by the Promissory Notes, and made to Borrower under the terms of this Agreement, and any renewals, extensions, revisions, modifications or replacements therefor or thereof.

"Loan Documents" means this Agreement, any Promissory Note, any guaranty and the other documents and instruments executed pursuant hereto, the financial statements, and all other documents, instruments, certificates and notices at any time delivered by Borrower, any of its Affiliates or any other Person (other than Lender) in connection with the Obligations or in connection with any of the foregoing.

"Loan Rate" has the meaning assigned to it in the applicable Promissory Note.

"Material Adverse Effect" means: a material adverse effect on (a) the business, assets, operations, prospects or financial or other condition of Borrower or the industry within which Borrower operates, (b) Borrower's ability to pay or -perform the Obligations under the Loan Documents in accordance with the terms thereof, (c) the Collateral or the Lien of tender on the Collateral or the priority of any such Lien, or (d) Lender's rights and remedies under this Agreement and the other Loan Documents.

"Maximum Amount" means \$18,000.

"Minimum Actionable Amount" means \$18,000.

"Multiemployer Plan" means a "multiemployer plan," as defined in Section 4001 (a) (3) of ERISA, to which Borrower or any ERISA Affiliate is making, is obligated to make, has made or been obligated to make, contributions on behalf of participants who are or were employed by any of them.

"Obligations" means all loans, interest, advances, debts, expense reimbursement, fees (including if applicable, the Prepayment Fee), liabilities, and obligations for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or amounts are liquidated or determinable) owing by Borrower to Lender or any of Lender's Affiliates, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, whether arising under any of the Loan Documents or under any other agreement between Borrower and Lender or any of Lender's Affiliates, and all covenants and duties regarding such amounts. This term includes all principal, interest (including interest accruing at the then applicable rate provided in this Agreement after the maturity of the Loan and interest accruing at the then applicable rate provided in this Agreement after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), fees, charges, expenses, attorneys' fees and any other sum chargeable to Borrower under any of the Loan Documents, and all principal and interest due in respect of the Loan.

"OFAC" has the meaning assigned to it in Section 6(k) of this Agreement.

"Other Currency" has the meaning assigned to it in Section 1(f) of this Agreement.

"Participant" has the meaning assigned to it in Section 11 of this Agreement.

"Payment Date" has the meaning assigned to it in the applicable Promissory Note.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor thereto. **"Permitted Liens"** has the meaning assigned to it in Section 6(c) of this Agreement.

"Person" means any individual, sole proprietorship, entity, limited liability entity, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation or government (whether Federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof), and shall include such Person's successors and assigns.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the IRC or Section 302 of ERISA, and in respect of which Borrower or any ERISA Affiliate is (or, if such plan were terminated, could under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PPSA" means the *Personal Property Security Act* (Alberta) and the regulations thereunder, as in effect from time to time.

"Premises" has the meaning assigned to it in Section 6(f) of this Agreement.

"Prepayment Fee" has the meaning assigned to it in the applicable Promissory

Note.

"Proceeds" means **"proceeds,"** as such term is defined in the PPSA and, in any event, shall include: (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Borrower from time to time with respect to any Collateral; (ii) any and all payments (in any form whatsoever) made or due and payable to Borrower from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of any Collateral by any governmental body, authority, bureau or agency (or any Person acting under color of governmental authority); (iii) any recoveries by borrower against third parties with respect to any litigation or dispute concerning any Collateral, including claims arising at of the loss or nonconformity of, interference with the use of, defects in, or infringement of rights in, or damage to, Collateral; and (iv) any and all other amounts, rights to payment or other property acquired upon the sale, lease, licence exchange or other disposition of Collateral and all rights arising out of Collateral.

"Promissory Note" has the meaning assigned to it in Section 1(b) of this Agreement.

"Regulatory Authority" has the meaning assigned to it in Section 6U) of this agreement.

"Specified Rate" has the meaning assigned to it in Section 1(f) of this Agreement.

"Stated Maturity Date" has the meaning assigned to it in the applicable Promissory Note.

"Stock" means all certificated and uncertificated shares, options, warrants, membership interests, general or limited partnership interests, participation or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934).

"Taxes" means taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto; excluding taxes imposed on or measured by the net income of Lender.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Any accounting term used in this Agreement or the other Loan Documents shall have, unless otherwise specifically provided therein, the meaning customarily given such term in accordance with GAAP, and all financial computations thereunder shall be computed, unless otherwise specifically provided therein, in accordance with GAAP consistently applied; provided, that all financial covenants and calculations in the Loan Documents shall be made in accordance with GAAP as in effect on the Closing Date unless Borrower and Lender shall otherwise specifically agree in writing. That certain items or computations are explicitly modified by the phrase "in accordance with GAAP" shall in no way be construed to limit the foregoing. All other undefined terms contained in this Agreement or the other Loan Documents all, unless the context indicates otherwise, have the meanings provided for by the UCC. The words "herein," "hereof" and "hereunder" or other words of similar import refer to this Agreement as a whole, including the exhibits and schedules thereto, as the same may from time to time be amended, modified or supplemented, and not to any particular section, subsection or clause contained in this Agreement.

For purposes of this Agreement and the other Loan Documents, the following additional rules of construction shall apply, unless specifically indicated to the contrary: (a) wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural; (b) the term "or" is not exclusive; (c) the term "including" (or any form thereof) shall not be limiting or exclusive; (d) all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations; and (e) all references to any instruments or agreements, including references to any of the Loan Documents, shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof.

ORIGINAL

NATIONS FUND I, LLC

PROMISSORY NOTE NO. BEAR-0004

CAD\$229,587.75

December 1, 2017

For value received, the receipt and sufficiency of which are hereby acknowledged, BearStone Environmental Solutions Inc. (together with its successors and permitted assigns, "Borrower"), hereby promises to pay to the order of NATIONS FUND I, LLC (together with its successors and assigns, "Lender"), **TWO HUNDRED TWENTY NINE THOUSAND, FIVE HUNDRED EIGHTY SEVEN DOLLARS AND 75 CENTS (\$229,587.75)** (the "Principal Sum") in lawful money of Canada, as the Principal Sum may become payable in accordance with this Promissory Note and the Agreement (as defined below), together with interest on the unpaid balance of such amount from the date of this Promissory Note at the Loan Rate or, under the circumstances contemplated by the Agreement, at the Default Rate until paid in full.

The Borrower hereby acknowledges receipt of the Principal Sum in accordance with the terms of the Agreement. Interest shall begin to accrue on the unpaid principal amount of the Loan as of the date of advance by Lender and shall be computed on the basis of a thirty day month/360 day year.

"Loan Rate" shall mean nine (9) percent per annum, subject to an increase in the Loan Rate of two (2) percent per annum in accordance with Section 2(d) of the Agreement.

This Promissory Note is the Promissory Note issued under the Loan and Security Agreement dated as of December 1, 2017, between Borrower and Lender (said agreement, as the same shall be amended, restated or supplemented from time to time, being herein called the "Agreement"), to which reference is made for a statement of all of the terms and conditions of the Loan evidenced hereby. Capitalized terms not defined in this Promissory Note shall have the respective meanings assigned to them in the Agreement. This Promissory Note is secured by the Agreement, the other Loan Documents and the Collateral, and is entitled to the benefit of the rights and security provided thereby.

Principal and interest due hereunder shall be payable as follows:

- (a) SIXTY (60) monthly installments of principal and interest in the amount of \$4,765.86 shall be payable, in arrears, on the first day of each calendar month during the term hereof, commencing January 1, 2018 ("Payment Date"), as set forth in the payment schedule attached hereto as Schedule "A", subject to adjustment pursuant to terms hereof.
- (b) Borrower shall repay the Loan in full on the earlier of December 31, 2022 (the "Stated Maturity Date") and any date of acceleration or prepayment of the Loan, at which time Borrower shall repay in full, if any, the aggregate of then outstanding principal amount of the Loan plus all accrued and unpaid interest thereon, any Prepayment Fee applicable to the Loan and all other fees, expenses or other amounts owed hereunder and under each Loan Document related to the Loan.
- (c) If any payment due hereunder is not received within five (5) days of its due date, Borrower shall pay a late charge equal to five (5) percent of the amount in arrears.

Interest Act (Canada). Solely for purposes of the *Interest Act (Canada)*: (1) whenever the interest is to be computed or expressed at any rate (the "Specified Rate") on the basis of a year of less than 365 days or any other period of time less than a calendar year hereunder, the annual rate of interest to which each such Specified Rate is equal is such Specified Rate multiplied by a fraction, the numerator of which is the actual number of days in the relevant year and the denominator of which is 360 or such

other period of time, respectively; (2) the principle of deemed reinvestment of interest shall not apply to any interest calculation hereunder; and (3) the rates of interest stipulated herein are intended to be nominal rates and not effective rates or yields.

To the fullest extent permitted by Applicable Law, Borrower waives: (a) presentment, demand and protest, and notice of presentment, dishonor, intent to accelerate, acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all of the Obligations, this Promissory Note or the other Loan Documents; (b) all rights to notice and a hearing prior to Lender's taking possession or control of, or to Lender's replevy, attachment or levy upon, the Collateral or any bond or security that might be required by any court prior to allowing Lender to exercise any of its remedies; and (c) the benefit of all valuation, appraisal and exemption laws.

Borrower acknowledges that this Promissory Note is executed as part of a commercial transaction and that the proceeds of this Promissory Note will not be used for any personal or consumer purpose.

In the event of the declaration by Lender of a Default under the Agreement, then this Promissory Note shall be in default and the balance of the principal sum then due hereunder, together with all accrued interest thereon, immediately shall accelerate and become due and payable without further notice, such further notice being expressly waived, and Borrower shall be liable to the holder hereof for reasonable attorneys' fees and costs of suit and enforcement.

The remedies of Lender as provided herein and in the Agreement shall be cumulative and concurrent and may be pursued singly, successively or together, at the sole discretion of Lender, and may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

It is the intention of the parties hereto to comply with the applicable usury laws. Accordingly, it is agreed that, notwithstanding any provisions to the contrary in this Promissory Note or the Agreement, in no event shall this Promissory Note or the Agreement require the payment or permit the collection of interest in excess of the maximum amount permitted by Applicable Law. If any such excess interest is contracted for, charged or received under this Promissory Note or the Agreement, or in the event that all of the principal balance shall be prepaid, so that under any of such circumstances the amount of interest contracted for, charged or received under this Promissory Note or the Agreement on the principal balance shall exceed the maximum amount of interest permitted by Applicable Law, then in such event: (a) the provisions of this paragraph shall govern and control, (b) neither Borrower nor any other person or entity now or hereafter liable for the payment hereof shall be obligated to pay the amount of such interest to the extent that it is in excess of the maximum amount of interest permitted by Applicable Law, (c) any such excess which may have been collected shall either be applied as a credit against the then unpaid principal balance or refunded to Borrower, at the option of Lender, and (d) the effective rate of interest shall be automatically reduced to the maximum lawful contract rate allowed under Applicable Law as now or hereafter construed by the courts having jurisdiction thereof. It is further agreed that, without limitation of the foregoing, all calculations of the rate of interest contracted for, charged or received under this Promissory Note or the Agreement which are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by Applicable Law, by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of

the indebtedness evidenced hereby, all interest at any time contracted for, charged or received from Borrower or otherwise by Lender in connection with such Obligations; provided, however, that if any applicable provincial or state law is amended or the law of the United States of America or Canada pre-empts any applicable provincial or state law, so that it becomes lawful for Lender to receive a greater interest per annum rate than is presently allowed by law, Borrower agrees that, on the effective date of such amendment or pre-emption, as the case may be, the lawful maximum hereunder shall be increased to the maximum interest rate per annum allowed by the amended provincial law, state law or the law of Canada or the United States of America (but not in excess of the Loan Rate (or, if applicable, the Default Rate) provided for herein).

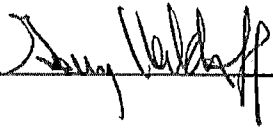
BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH BORROWER AND LENDER MAY BE PARTIES ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS PROMISSORY NOTE. BORROWER AUTHORIZES LENDER TO FILE THIS PROVISION WITH THE CLERK OR JUDGE OF ANY COURT HEARING SUCH CLAIM. THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWER AND BORROWER HEREBY ACKNOWLEDGES THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR IN ANY WAY TO MODIFY OR NULLIFY ITS EFFECT. BORROWER FURTHER ACKNOWLEDGES THAT IT HAS BEEN REPRESENTED IN THE SIGNING OF THIS PROMISSORY NOTE AND IN THE MAKING OF THIS WAIVER BY LEGAL COUNSEL, SELECTED OF ITS OWN FREE WILL, AND THAT IT HAS HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

BORROWER AGREES THAT THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL IN ALL RESPECTS, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE PROVINCE OF ALBERTA (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF SUCH PROVINCE) AND THE FEDERAL LAWS OF CANADA APPLICABLE THEREIN INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. Actions for any action hereunder or related hereto shall be subject to the non-exclusive jurisdiction of the Courts of the Province of Alberta, and Borrower irrevocably submits to the non-exclusive jurisdiction of such courts. Nothing herein shall affect the right to serve process in any manner permitted by Applicable Law or limit the right of the Lender to bring proceedings against the Borrower in the courts of any other jurisdiction.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, this Promissory Note has been duly executed as of the date first written above.

BEARSTONE ENVIRONMENTAL SOLUTIONS INC.

Per:  _____

[Signature Page to Promissory Note BEAR-0004]

SCHEDULE "A" TO PROMISSORY NOTE BEAR-0004

<u>Date</u>	<u>Funding</u>	<u>Payment</u>	<u>Interest</u>	<u>Princpal</u>	<u>Balance</u>
12/1/2017	229,587.75				229,587.75
1/1/2018		4,765.86	1,721.91	3,043.96	226,543.79
2/1/2018		4,765.86	1,699.08	3,066.79	223,477.01
3/1/2018		4,765.86	1,676.08	3,089.79	220,387.22
4/1/2018		4,765.86	1,652.90	3,112.96	217,274.26
5/1/2018		4,765.86	1,629.56	3,136.31	214,137.95
6/1/2018		4,765.86	1,606.03	3,159.83	210,978.13
7/1/2018		4,765.86	1,582.34	3,183.53	207,794.60
8/1/2018		4,765.86	1,558.46	3,207.40	204,587.19
9/1/2018		4,765.86	1,534.40	3,231.46	201,355.73
10/1/2018		4,765.86	1,510.17	3,255.70	198,100.04
11/1/2018		4,765.86	1,485.75	3,280.11	194,819.92
12/1/2018		4,765.86	1,461.15	3,304.71	191,515.21
1/1/2019		4,765.86	1,436.36	3,329.50	188,185.71
2/1/2019		4,765.86	1,411.39	3,354.47	184,831.24
3/1/2019		4,765.86	1,386.23	3,379.63	181,451.61
4/1/2019		4,765.86	1,360.89	3,404.98	178,046.63
5/1/2019		4,765.86	1,335.35	3,430.51	174,616.12
6/1/2019		4,765.86	1,309.62	3,456.24	171,159.87
7/1/2019		4,765.86	1,283.70	3,482.17	167,677.71
8/1/2019		4,765.86	1,257.58	3,508.28	164,169.43
9/1/2019		4,765.86	1,231.27	3,534.59	160,634.83
10/1/2019		4,765.86	1,204.76	3,561.10	157,073.73
11/1/2019		4,765.86	1,178.05	3,587.81	153,485.92
12/1/2019		4,765.86	1,151.14	3,614.72	149,871.20
1/1/2020		4,765.86	1,124.03	3,641.83	146,229.37
2/1/2020		4,765.86	1,096.72	3,669.14	142,560.23
3/1/2020		4,765.86	1,069.20	3,696.66	138,863.56
4/1/2020		4,765.86	1,041.48	3,724.39	135,139.18
5/1/2020		4,765.86	1,013.54	3,752.32	131,386.86
6/1/2020		4,765.86	985.40	3,780.46	127,606.39
7/1/2020		4,765.86	957.05	3,808.82	123,797.58
8/1/2020		4,765.86	928.48	3,837.38	119,960.19
9/1/2020		4,765.86	899.70	3,866.16	116,094.03
10/1/2020		4,765.86	870.71	3,895.16	112,198.87
11/1/2020		4,765.86	841.49	3,924.37	108,274.50
12/1/2020		4,765.86	812.06	3,953.81	104,320.70
1/1/2021		4,765.86	782.41	3,983.46	100,337.24
2/1/2021		4,765.86	752.53	4,013.33	96,323.90
3/1/2021		4,765.86	722.43	4,043.43	92,280.47
4/1/2021		4,765.86	692.10	4,073.76	88,206.71
5/1/2021		4,765.86	661.55	4,104.31	84,102.39

6/1/2021		4,765.86	630.77	4,135.10	79,967.30
7/1/2021		4,765.86	599.75	4,166.11	75,801.19
8/1/2021		4,765.86	568.51	4,197.36	71,603.83
9/1/2021		4,765.86	537.03	4,228.84	67,375.00
10/1/2021		4,765.86	505.31	4,260.55	63,114.44
11/1/2021		4,765.86	473.36	4,292.51	58,821.94
12/1/2021		4,765.86	441.16	4,324.70	54,497.24
1/1/2022		4,765.86	408.73	4,357.13	50,140.10
2/1/2022		4,765.86	376.05	4,389.81	45,750.29
3/1/2022		4,765.86	343.13	4,422.74	41,327.55
4/1/2022		4,765.86	309.96	4,455.91	36,871.65
5/1/2022		4,765.86	276.54	4,489.33	32,382.32
6/1/2022		4,765.86	242.87	4,523.00	27,859.32
7/1/2022		4,765.86	208.94	4,556.92	23,302.40
8/1/2022		4,765.86	174.77	4,591.10	18,711.31
9/1/2022		4,765.86	140.33	4,625.53	14,085.78
10/1/2022		4,765.86	105.64	4,660.22	9,425.56
11/1/2022		4,765.86	70.69	4,695.17	4,730.39
12/1/2022		4,765.86	35.48	4,730.39	0.00