
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or Section 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **March 1, 2019**

GULFSLOPE ENERGY, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-51638
(Commission
File Number)

16-1689008
(IRS Employer
Identification No.)

**1331 Lamar St., Suite 1665
Houston, Texas 77010**

(Address of principal executive offices and zip code)

Registrant's telephone number, including area code: **(281) 918 4100**

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

Term Loan Agreement

As previously reported in our quarterly report on Form 10-Q for the quarter ended December 31, 2018, on February 11, 2019 GulfSlope Energy, Inc. (the “Company”) executed a letter agreement (the “Letter Agreement” whereby the Company agreed to a new term loan facility (the “Term Loan Facility”) to be provided by Delek GOM Investments LLC (“Delek GOM”), a wholly owned subsidiary of Delek Group Ltd., as lender.

Pursuant to the Letter Agreement, on March 1, 2019, the Company entered into the Term Loan Agreement by and among the Company, as borrower, and Delek GOM, as lender. In the Term Loan Agreement, Delek GOM agreed to provide the Company with multiple draw term loans in an aggregate stated principal amount of up to \$11.0 million (the “Term Loan Facility” and the loans thereunder, the “Loans”). As of March 6, 2019, the Company had borrowed a total of \$10.0 million under the Term Loan Facility.

The maturity date of the Term Loan Facility is six months following the closing date of the Term Loan Agreement. Until such maturity date, the Loans under the Term Loan Agreement shall bear interest at a rate per annum equal to 5.0%, payable in arrears on the maturity date. If an event of default occurs, all Loans under the Term Loan Agreement shall bear interest at a rate equal to 7.0%, payable on demand.

In connection with the Term Loan Agreement, the Company entered into: (i) a Subordination Agreement (the “Subordination Agreement”) by and among the Company, as borrower, John N. Seitz, as subordinated lender (the “Subordinated Lender”), and Delek GOM, as senior lender; (ii) a Security Agreement (the “Security Agreement”) among the Company, as debtor, and Delek GOM, as lender; and (iii) warrants to purchase 238,095,238 shares of the Company’s common stock, par value \$0.001 (the “Common Stock”) of the Company at an exercise price of \$0.042 per share issued to Delek GOM (the “Warrants”).

The Company may elect, at its option, to prepay borrowings outstanding under the Term Loan Agreement in multiples of \$100,000 and not less than \$500,000 without premium or penalty. The Company is required to prepay the Loans with any net cash proceeds resulting from an asset sale, receipt of insurance proceeds from certain casualty events, proceeds from equity issuances or incurrence of indebtedness other than the Loans (subject to a \$500,000 carve-out to be applied toward the Company’s general corporate purposes) or receipt of any cash proceeds from any payments, refunds, rebates or other similar payments and amounts under the Company’s operative documents.

Amounts outstanding under the Term Loan Agreement are secured by a security interest in substantially all of the properties and assets of the Company.

The Term Loan Agreement contains certain customary representations and warranties, including organization; powers; authority; enforceability; approvals; no conflicts; litigation, no indebtedness for borrowed money or off-balance sheet liabilities; environmental matters; compliance with laws and agreements; no defaults; Investment Company Act; taxes; ERISA; employees; disclosure; no material misstatements; insurance; restriction on liens under security documents; equity interests; subsidiaries; location of business and offices; properties and titles; solvency; use of proceeds; and federal reserve regulations.

The Term Loan Agreement also contains certain affirmative and negative covenants, including delivery of financial reports; notices of certain material events; existence; conduct of business; payment of taxes and obligations; enforcement of the Company’s rights under the Joint Operating Agreement; maintenance of books and records; inspection rights; compliance with laws; maintenance of liens; further assurances; tax partnership; indebtedness; liens; distributions and redemptions; restricted payments; investments, loans and advances; nature of business; no subsidiaries or joint ventures; sale and leaseback transactions; use of proceeds; federal reserve regulations; sale or discount of receivables; mergers; sale of properties; transactions with affiliates; equity interests; limitation on accounts; hedging agreements; junior payments; and negative pledge agreements.

The Term Loan Agreement also contains certain events of default, including non-payment; breaches of representations and warranties; non-compliance with covenants or other agreements; default under or cessation of any document in connection with the Loans; voluntary and involuntary bankruptcy; material breach of or assignment or transfer of rights under an operative document; change of control; judgments; or certain ERISA events.

Warrants

In connection with the Term Loan Facility, the Company issued to Delek GOM Warrants to purchase 238,095,238 shares of Common Stock at an exercise price of \$0.042 per share, with an expiration date of March 1, 2020. In lieu of paying the aggregate exercise price in cash, Delek GOM may, at its option, exercise the Warrants in whole through an extinguishment of the then outstanding obligations of the Company in accordance with Section 2.10(b) of the Term Loan Agreement (a “Loan Reduction Exercise”).

As of March 6, 2019, the Company had borrowed a total of \$10.0 million under the Term Loan Facility and issued to Delek GOM Warrants to purchase 238,095,238 shares of Common Stock; and Delek GOM fully exercised the Warrants through a Loan Reduction Exercise, thereby extinguishing the Company’s outstanding obligations to Delek GOM as of that date.

The foregoing description of the Term Loan Agreement and the Warrants do not purport to be complete and are qualified in their entirety by the terms and conditions of the Term Loan Agreement and the Form of Warrant Agreement, copies of which are filed as Exhibits 10.1 and 10.2 hereto and are incorporated herein by reference.

Subordination Agreement

As a condition to the incurrence and continued availability of the loans provided under the Term Loan Agreement, on March 1, 2019, the Company entered into the Subordination Agreement by and among the Company, as borrower, the Subordinated Lender and Delek GOM, as senior lender.

Under the Subordination Agreement, the Subordinated Lender expressly agrees to subordinate the payment of principal and interest on all amounts owed him to the prior indefeasible and unconditional payment in full of obligations due under the Term Loan Agreement.

The foregoing description of the Subordination Agreement does not purport to be complete and is qualified in its entirety by the terms and conditions of the Subordination Agreement, a copy of which is filed as Exhibit 10.3 hereto and is incorporated herein by reference.

Security Agreement

As a condition to the incurrence and continued availability of the loans provided under the Term Loan Agreement, on March 1, 2019, the Company entered into the Security Agreement by and among the Company, as debtor and Delek GOM, as lender.

The Security Agreement creates a senior security interest substantially all of the properties and assets of the Company to secure the amounts outstanding under the Term Loan Agreement.

The foregoing description of the Security Agreement does not purport to be complete and is qualified in its entirety by the terms and conditions of the Security Agreement, a copy of which is filed as Exhibit 10.4 hereto and is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

To the extent applicable, the information set forth under Item 1.01 is incorporated into this Item 2.03 by reference.

Item 3.02 Unregistered Sale of Equity Securities.

To the extent applicable, the information set forth under Item 1.01 in relation to the Warrants and the shares of Common Stock issuable and issued upon the exercise thereof is incorporated into this Item 3.02 by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
10.1	Term Loan Agreement, dated as of March 1, 2019, between the Company and Delek GOM
10.2	Form of Warrant Agreement, dated as of March 1, 2019
10.3	Subordination Agreement, dated as of March 1, 2019, by and among the Company, as borrower, John N. Seitz, as subordinated lender and Delek GOM, as senior lender
10.4	Security Agreement, dated as of March 1, 2019, by and among the Company and Delek GOM

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GULFSLOPE ENERGY, INC.

March 7, 2019

By: /s/ John N. Seitz

Name: John N. Seitz

Title: Chief Executive Officer

EXHIBIT INDEX

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<u>10.4</u>	<u>Security Agreement, dated as of March 1, 2019, by and among the Company and Delek GOM</u>

TERM LOAN AGREEMENT

dated as of March 1, 2019

among

GULFSLOPE ENERGY, INC.,

as the Borrower,

and

DELEK GOM INVESTMENTS, LLC,

as Lender

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ANNEXES, EXHIBITS AND SCHEDULES

Exhibit A	[Intentionally Omitted]
Exhibit B	[Intentionally Omitted]
Exhibit C	Form of Warrant
Exhibit D	Form of Borrowing Request
Exhibit E	Form of Subordination Agreement

Schedule 4.05	Scheduled Unsecured Debt
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THIS TERM LOAN AGREEMENT (this “*Agreement*,” as it may be amended or modified from time to time as provided below) dated as of March 1, 2019, is among GulfSlope Energy, Inc., a Delaware corporation, with its principal place of business at 1331 Lamar Street, Suite 1665, Houston Texas, 77010 (the “*Borrower*”), and Delek GOM Investments, LLC, a Delaware limited liability company, with a registered office address c/o Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801 (the “*Lender*”).

RECITALS

WHEREAS, the Borrower, the Lender, and Texas South Energy, Inc., a Nevada corporation, with its principal place of business at 4550 Post Oak Place Dr., Suite 300, Houston, Texas 77027 (“*Texas South*”) have entered into that certain (a) Joint Operating Agreement dated January 1, 2018 (the “*JOA*” or “*Joint Operating Agreement*”), and (b) Participation Agreement dated and effective as of January 1, 2018 (the “*Participation Agreement*”), pursuant to which, among other things, the Lender agrees to bear its share of costs and expenses of each Phase I ITW in respect of the Phase I Prospects;

WHEREAS, immediately prior to the Closing, the Borrower owes certain amounts to the Joint Account (as defined in Exhibit C to the Joint Operating Agreement);

WHEREAS, the Borrower has requested that the Lender provide multiple draw term loans in an aggregate stated principal amount of up to \$11,000,000 to the Borrower, secured by the Properties and substantially all of the other properties and assets of the Borrower (other than Excluded Assets);

WHEREAS, the Lender has agreed to make these loans subject to the terms and conditions of this Agreement; and

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements herein contained, the Borrower and the Lender, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING MATTERS

Section 1.01 Certain Defined Terms. In addition to the terms defined above, as used in this Agreement, the following terms have the meanings specified below:

“*Additional Loans*” is defined in Section 2.03(b).

“*Affiliate*” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified, where “*Control*” means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and “*controlling*” and “*controlled*” have correlative meanings.

“*Agreement*” is defined in the introduction to this Agreement.

“*Applicable Law*” means, for any Person, property or circumstance, any Law applicable to that Person, property or circumstance.

“*Asset Sale*” means any conveyance, sale, lease, sublease, assignment, transfer or other disposition (including by way of merger or consolidation and including any sale and leaseback) of any Property or any other property by the Borrower.

“*Availability Period*” means the period commencing on the Closing Date and ending on the date that is five Business Days prior to the Maturity Date.

“Bankruptcy Event” shall be deemed to occur, with respect to any Person, if: (a) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of such Person or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for such Person or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered; (b) such Person shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar Law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (a) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing; (c) any holder (other than the Lender or any Affiliate thereof) of Equity Interests of such Person shall make any request or take any action for the purpose of calling a meeting of the holders of Equity Interests of such Person to consider a resolution to dissolve and wind-up the Borrower’s affairs; or (d) such Person shall become unable, admit in writing its inability or fail generally to pay its debts as they become due.

“Board” means the Board of Governors of the Federal Reserve System of the United States of America or any successor Governmental Authority.

“BOEM” means the Bureau of Ocean Energy Management of the United States Department of the Interior or any Governmental Authority succeeding to its authority. References to “BOEM” include, as applicable, reference to the Minerals Management Service as BOEM’s predecessor or any other entity which succeeds to any functions or duties of either the Mineral Management Service or BOEM.

“Borrower” is defined in the introduction to this Agreement.

“Borrowing Request” means a request by the Borrower for Additional Loans in accordance with Section 2.03(b).

“BSEE” means the Bureau of Safety and Environmental Enforcement of the United States Department of the Interior or any Governmental Authority succeeding to its authority.

“Business Day” means any day that is not a Saturday, Sunday or other day on which national banks or banks in the State of Israel or Houston, Texas are authorized or required by Law to remain closed.

“Capital Leases” means, in respect of any Person, all leases that shall have been, or should have been, in accordance with GAAP, recorded as capital leases on the balance sheet of the Person liable (whether contingent or otherwise) for the payment of rent thereunder.

“Casualty Event” means any loss, casualty or other insured damage to, or any nationalization, taking under power of eminent domain or by condemnation or similar proceeding of, any of the Properties.

“Change in Control” means (a) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than the Initial Subordinated Lender and the Lender (i) is or shall become the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of 35% or more on a fully diluted basis of the economic or voting interests in the Borrower’s Equity Interests or (ii) acquires direct or indirect Control (as defined in the defined term

Affiliate) of the Borrower; (b) a “change of control” or similar event, howsoever described, shall occur as provided in (i) any document governing any Subordinated Debt, or (ii) any preferred stock (or the documentation governing the same); or (c) the Initial Subordinated Lender ceases to own directly at least 10% of the Equity Interests of the Borrower.

“**Closing**” means the occurrence of the advance of the Initial Loans under this Agreement.

“**Closing Date**” means the date on which the Closing occurs under this Agreement.

“**Code**” means the Internal Revenue Code of 1986, as amended.

“**Commitment**” means, as to the Lender, \$11,000,000.

“**Common Stock**” is defined in the Warrant.

“**Control Agreement**” means one or more account control agreements to be executed and delivered among the Borrower, the Lender, and each bank at which such Borrower maintains any deposit account or securities account, as may be reasonably acceptable to the Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Default**” means any event or condition that constitutes an Event of Default or that upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

“**dollars**” or “**\$**” refers to lawful money of the United States of America.

“**Environmental Laws**” means any and all Laws pertaining in any way to pollution, health, safety, the environment, natural resources, or Hazardous Materials, including the Oil Pollution Act of 1990, the Clean Air Act, the Comprehensive Environmental, Response, Compensation, and Liability Act of 1980, the Federal Water Pollution Control Act, the Occupational Safety and Health Act of 1970, the Resource Conservation and Recovery Act of 1976, the Safe Drinking Water Act, the Toxic Substances Control Act, the Superfund Amendments and Reauthorization Act of 1986, the Hazardous Materials Transportation Law and other environmental conservation or protection Laws.

“**Environmental Permit**” means any Permit required by or issued under any Environmental Law.

“**Equity Interests**” of any Person means any and all shares of capital stock (whether denominated as common stock or preferred stock), units, interests, rights to purchase, warrants, options, participation or other equivalents of or interests in (however designated) equity of such Person, including any preferred stock, but excluding any debt securities convertible into equity.

“**ERISA**” means the Employee Retirement Income Security Act of 1974.

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

“**ERISA Event**” means (a) any “reportable event,” as defined in Section 4043 of ERISA or the regulations issued under ERISA, with respect to a Plan (other than event for which the 30-day notice period is waived), (b) any failure by any Plan to satisfy the minimum funding standard (within the meaning of Section 412 of the Code or Section 302 of ERISA) applicable to that Plan, whether or not waived, (c) the failure to make a required contribution to any Plan that would result in the imposition of a lien or other encumbrance under Section 430 of the Code or Section 303 or 4068 of ERISA, or arising of such lien or encumbrance, (d) the filing pursuant to Section 412 of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, (e) a

determination that any Plan is, or is expected to be, in “at-risk” status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code), (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan, (g) the receipt by the Borrower or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan, (h) the receipt by the Borrower or any of its ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from the Borrower or any of its ERISA Affiliates 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 or in endangered or critical status, within the meaning of Section 305 of ERISA, (i) the failure by the Borrower, or any ERISA Affiliate to make any required contribution to a Multiemployer Plan, (j) the occurrence of a non-exempt “prohibited transaction” with respect to a Plan with respect to which the Borrower is a “disqualified person” (within the meaning of Section 4975 of the Code) or with respect to which the Borrower would otherwise be liable, or (k) the Borrower, or an ERISA Affiliate incurring any liability to the PBGC under Title IV of ERISA with respect to any Plan (other than premiums due and not delinquent under Section 4007 of ERISA).

“*Event of Default*” is defined in Section 7.01.

“*Excepted Liens*” means: (a) Liens for Taxes, assessments or other governmental charges or levies that are not delinquent or that are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP; (b) landlord’s liens, operators’, vendors’, carriers’, warehousemen’s, repairmen’s, mechanics’, suppliers’, workers’, materialmen’s, customs authorities’ or other like Liens arising by operation of Law in the ordinary course of business, each of which is in respect of obligations that are not delinquent or that are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP; (c) judgment and attachment Liens not giving rise to an Event of Default, *provided that* any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceeding may be initiated shall not have expired, (d) Liens arising solely by virtue of any statutory or common-law provision relating to banker’s liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a creditor depository institution, *provided that* no such deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the Board and no such deposit account is intended by the Borrower to provide collateral to the depository institution; (e) the Liens granted in favor of the Lender securing the Obligations; (f) Liens incurred or pledges or deposits made in connection with workers’ compensation, unemployment insurance and other types of social security, old age pension, public liability obligations or similar legislation, and deposits securing liabilities to insurance carriers under insurance or self-insurance arrangements in respect of such obligations, or to secure (or secure the Liens securing) liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to the Borrower; (g) deposits and other Liens securing (or securing the bonds or similar instruments securing) the performance of tenders, statutory obligations, plugging and abandonment obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, trade contracts, performance and return-of-money bonds and other similar obligations (including cash, cash equivalents and letters of credit issued in lieu of such bonds or to support the issuance thereof) incurred in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business, to secure any surety and bonding requirements; (h) ground leases, subleases, licenses or sublicenses entered into by the Borrower in the ordinary course of business in respect of real property on which facilities owned or leased by the Borrower are located; (i) (1) any interest or title of a lessor,

sublessor, licensor or sublicensor under any lease, liens reserved in oil, gas or other Hydrocarbons, minerals, leases for bonus, royalty or rental payments and for compliance with the terms of such lease and (2) any interest or title of a lessor, sublessor, licensor or sublicensor or secured by a lessor's, sublessor's, licensor's or sublicensor's interest under any lease, sublease, license or sublicense entered into by the Borrower in the ordinary course of business or otherwise permitted by this Agreement; (j) Liens which arise in the ordinary course of business under operating agreements, joint venture agreements (in the case of joint ventures, solely with respect to Liens that arise out of contractual restrictions), participation agreements, oil and gas partnership agreements, oil and gas leases, farm-out agreements, farm-in agreements, division orders, contracts for the sale, transportation or exchange of oil and natural gas, unitization and pooling declarations and agreements, area of mutual interest agreements, overriding royalty agreements, marketing agreements, processing agreements, net profits agreements, development agreements, gas balancing or deferred production agreements, injection, repressuring and recycling agreements, salt water or other disposal agreements, seismic or other geophysical permits or agreements, and other agreements that are usual or customary in the oil and gas business (including the Operative Documents) and are for claims that are not delinquent or that are being contested in good faith and by appropriate proceedings for which appropriate reserves have been established to the extent required by and in accordance with GAAP, *provided that* any such Lien referred to in this clause does not materially impair the use of the property covered by such Lien for the purposes for which such property is held by the Borrower; (k) Liens on pipelines and pipeline facilities that arise by operation of law or other like Liens arising by operation of law in the ordinary course of business and incident to the exploration, development, operation and maintenance of Oil and Gas Properties, each of which is in respect of obligations that do not constitute Indebtedness for borrowed money and are not yet overdue for a period of more than 30 days or which are being contested in good faith by appropriate action and for which adequate reserves have been maintained in accordance with GAAP; (l) easements, rights-of-way, licenses, restrictions (including zoning restrictions), title defects, exceptions, deficiencies or irregularities in title, encroachments, protrusions, servitudes, permits, conditions and covenants and other similar charges or encumbrances (including in any rights-of-way or other property of the Borrower for the purpose of pipelines, transmission lines, transportation lines, distribution lines for the removal of gas, oil or other minerals, and other like purposes, or for joint or common use of real estate, rights of way, facilities and equipment) not interfering in any material respect with the business of the Borrower, taken as a whole; and (m) any right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Borrower; provided, however, that a Lien described in clauses (a), (b), (c), (d), (g), (j) and (k) is not an "*Excepted Lien*" from and after the time (if any) that foreclosure or execution on the Lien occurs, a court authorizes such a foreclosure or execution, or formal steps are taken under nonjudicial or executory process to foreclose or execute on the Lien or other action is taken that, in either case, materially interferes with the ownership, possession, use or operation of the property subject to the Lien; provided, further, that no intention to subordinate the first-priority Lien granted in favor of the Lender is to be hereby implied or expressed by the permitted existence of any other such Excepted Liens.

"*Excluded Assets*" shall mean the following:

(a) any assets (including Excepted Liens) over which the granting of Liens under the Security Documents in such assets would be prohibited by contract or agreement (to the extent existing (x) on the Closing Date or (y) at the time such assets are acquired and not entered into in contemplation of such acquisition), Applicable Law or regulation (other than to the extent that such prohibition would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other Applicable Law) or would require the consent of any Person (other than the Borrower or any of its Affiliates) that has not been obtained (to the extent such consent right (x) existed on the Closing Date or (y) at the time such assets are acquired and not in contemplation thereof) or would require the consent of any Governmental Authority or regulatory body unless such consent has been

obtained (in each case, other than to the extent that such consent requirement would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other Applicable Law); *provided that* any such asset or, to the extent severable, any portion thereof, will be an Excluded Asset only to the extent and for so long as such prohibition or consent requirement is effective and will cease to be an Excluded Asset and will become subject to the Lien granted under the Security Documents, immediately and automatically, at such time as such prohibition or consent requirement is no longer effective;

(b) any lease, license, contract, property right, general intangible, agreement, asset or property to which the Borrower is a party or has rights, or which is otherwise subject to a purchase money security interest or similar arrangement, or any of its rights or interests thereunder, if and only for so long as the grant of a Lien under the Security Documents would constitute or result in a breach, termination or default under, or would invalidate, any such lease, license, contract, property right, general intangible, agreement, asset or property or purchase money arrangement or create a right of termination in favor of any party thereto (other than the Borrower) (other than to the extent that any term of such lease, license, contract, property right, general intangible, agreement, asset or property or purchase money arrangement would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other Applicable Law); *provided that* such lease, license, contract, property right or agreement or purchase money arrangement or, to the extent severable, any portion thereof, will be an Excluded Asset only to the extent and for so long as the consequences specified above will result and will cease to be an Excluded Asset and will become subject to the Lien granted under the Security Documents, immediately and automatically, at such time as such consequences will no longer result;

(c) any intent-to-use application trademark application prior to the filing of a “Statement of Use” or “Amendment to Allege Use” with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal Law;

(d) any governmental permits, franchises, approvals, charters, authorizations or licenses or state or local permits, franchises, approvals, charters, authorizations or licenses, to the extent a grant of a Lien under the Security Documents in any such permit, franchise, approval, charter, authorization or license is prohibited or restricted thereby (other than to the extent that any such prohibition or restriction would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other Applicable Law); *provided that* any such permit, franchise, approval, charter, authorization or license or, to the extent severable, any portion thereof, will be an Excluded Asset only to the extent and for so long as such prohibition or restriction is effective and will cease to be an Excluded Asset and will become subject to the Lien granted under the Security Documents, immediately and automatically, at such time as such prohibition is no longer effective;

(e) that certain Oil and Gas Lease of Submerged Lands under the Outer Continental Shelf Lands Act bearing Serial Number OCS-G 36357, dated effective as of December 1, 2018, by and between the United States of America, as Lessor, and GulfSlope Energy, Inc., as Lessee, covering all of Block 376, Vermilion Area, South Addition, OCS Leasing Map, Louisiana Map No. 3B, containing approximately 5,000.00 acres; and

(f) that certain Oil and Gas Lease of Submerged Lands under the Outer Continental Shelf Lands Act bearing Serial Number OCS-G 36361, dated effective as of November 1, 2018, by and between the United States of America, as Lessor, and GulfSlope Energy, Inc., as Lessee, covering all of Block 371, Eugene Island Area, South Addition, OCS Leasing Map, Louisiana Map No. 4A, containing approximately 5,000.00 acres.

“*Exercise Notice Date*” is defined in the Warrant.

“**Exercise Price**” is defined in the Warrant.

“**Excluded Taxes**” means any of the following Taxes required to be withheld or deducted from a payment to Lender: (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of Lender pursuant to a law in effect on the date (i) Lender acquires an interest in the Loan, or (ii) Lender changes its lending office, except in each case to the extent that, pursuant to Section 2.11, amounts with respect to such Taxes were payable either to Lender’s assignor immediately before Lender became a party hereto or to Lender immediately before it changed its lending office, (c) Taxes attributable to Lender’s failure to comply with Section 2.11(e) or Section 8.04(b)(iii), as applicable, and (d) any withholding Taxes imposed under FATCA.

“**Excluded Accounts**” means (i) segregated deposit accounts constituting (and the balance of which consists solely of funds set aside in connection with) payroll accounts and accounts dedicated to the payment of accrued employee benefits, medical, dental and employee benefits claims to employees of the Borrower, (ii) cash collateral accounts subject to Liens permitted by this Agreement, and (iii) other deposit accounts that the Borrower and the Lender mutually agree in writing to designate as an Excluded Account.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

“**Funding Date**” means the date on which any advance of the Loans pursuant to Section 2.02 occurs.

“**GAAP**” means generally accepted accounting principles in the United States of America as in effect from time to time subject to the terms and conditions set forth in Section 1.03.

“**Governmental Authority**” means the government of the United States of America, any other nation, or any political subdivision of either, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“**Hazardous Material**” means any substance regulated or as to which liability might arise under any Environmental Law including: (a) any chemical, compound, material, product, byproduct, substance or waste designated, classified, regulated, defined as or included in the definition or meaning of “hazardous substance,” “hazardous material,” “hazardous waste,” “solid waste,” “toxic waste,” “extremely hazardous substance,” “toxic substance,” “contaminant,” “pollutant,” “waste,” or words of similar meaning or import in any Environmental Law; (b) Hydrocarbons, petroleum products, petroleum substances, natural gas, oil, oil and gas waste, crude oil, and any components, fractions, byproducts, breakdown products, or derivatives thereof; and (c) radioactive materials, explosives, asbestos or asbestos containing materials, polychlorinated biphenyls, radon, infectious or medical wastes.

“**Hydrocarbon Interests**” shall mean all rights, titles, interests and estates now or hereafter acquired in and to oil and gas leases, oil, gas and mineral leases, or other liquid or gaseous hydrocarbon leases, mineral fee interests, overriding royalty and royalty interests, net profit interests and production payment interests, including any reserved or residual interests of whatever nature.

“**Hydrocarbons**” shall mean oil, gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons, other mineral products and all products refined or separated therefrom.

“**Indebtedness**” means, for any Person, any of the following or, if applicable, the sum of the following (without duplication): (a) all obligations for borrowed money or evidenced by bonds, bankers’ acceptances, debentures, notes or other similar instruments; (b) all obligations (whether contingent or otherwise) in respect of letters of credit, surety or other bonds and similar instruments; (c) all accounts payable and accrued expenses, liabilities or other obligations of such Person to pay the deferred purchase price of property or services; (d) all obligations under Capital Leases; (e) all obligations under Synthetic Leases; (f) all Indebtedness (as defined in the other clauses of this definition) of others secured by (or for which the holder of that Indebtedness has an existing right, contingent or otherwise, to be secured by) a Lien on any property of that Person, whether or not that Indebtedness is assumed by that Person, to the extent of the lesser of the amount of that Indebtedness and the fair market value of the property encumbered by such Lien; (g) all Indebtedness (as defined in the other clauses of this definition) of others guaranteed by that Person or in which that Person otherwise assures a creditor against loss of the Indebtedness (howsoever that assurance shall be made) to the extent of the lesser of the amount of that Indebtedness and the maximum stated amount of that guarantee or assurance against loss; (h) all obligations or undertakings of that Person to maintain or cause to be maintained the financial position or covenants of others or to purchase the Indebtedness or property of others; (i) obligations to deliver commodities, goods or services, including, without limitation, Hydrocarbons, in consideration of one or more advance payments; (j) obligations to pay for goods or services even if those goods or services are not actually received or utilized by that Person; (k) any Indebtedness (as defined in the other clauses of this definition) of a partnership for which that Person is liable either by agreement, by operation of Law or by a Law but only to the extent of that liability; and (l) the undischarged balance of any production payment created by that Person or for the creation of which that Person directly or indirectly received payment. The Indebtedness of any Person shall include all obligations of that Person of the character described above to the extent that Person remains legally liable in respect of that obligation notwithstanding that any such obligation is not included as a liability of that Person under GAAP.

“**Initial Loan**” is defined in [Section 2.03\(a\)](#).

“**Initial Subordinated Debt**” means Indebtedness of the Borrower due and owing to the Initial Subordinated Lender on or about the date hereof that is subordinated pursuant to the Subordination Agreement.

“**Initial Subordinated Lender**” means John N. Seitz.

“**Investment**” means, for any Person: (a) the acquisition (whether for cash, property, services or securities or otherwise) of Equity Interests of any other Person or any agreement to make any such acquisition (including any “short sale” or any sale of any securities at a time when such securities are not owned by the Person entering into such short sale); (b) the making of any deposit with, or advance, loan or capital contribution to, assumption of Indebtedness of, purchase or other acquisition of any other Indebtedness or equity participation or interest in, or other extension of credit to, any other Person (including the purchase of property from another Person subject to an understanding or agreement, contingent or otherwise, to resell that property to that Person, but excluding any such advance, loan or extension of credit having a term not exceeding 30 days representing the purchase price of inventory or supplies sold by that Person in the ordinary course of business); (c) the purchase or acquisition (in one or a series of transactions) of property of another Person that constitutes a business unit, or (d) the entering into of any guarantee of, or other contingent obligation (including the deposit of any Equity Interests to be sold) with respect to, Indebtedness or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to that Person.

“**JOA**” or “**Joint Operating Agreement**” is defined in the recitals to this Agreement.

“**Law**” means any statute, law, treaty, rule, code, ordinance, requirement, rule, regulation, Permit, franchise, rule of common law, authorization, directive, certificate, or other requirement of any Governmental Authority, any interpretation of any of the foregoing by any Governmental Authority, or any binding judgment, decision, decree, injunction, writ, order or like action of any court, arbitrator or other Governmental Authority, and includes any and all Environmental Laws.

“**Lease**” is defined under the Participation Agreement.

“**Lender**” is defined in the introduction to this Agreement and any of its assignees as permitted under Section 8.04.

“**Lien**” means any interest in property securing an obligation owed to, or a claim by, a Person other than the owner of the property, whether that interest is based on the common law, statute or contract, and whether that obligation or claim is fixed or contingent, and including the lien or security interest arising from a mortgage, deed of trust, lien, charge, encumbrance, pledge, security agreement, security interest, hypothecation, assignment, deposit arrangement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes, the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing), and in the case of Equity Interests and securities, any purchase option, call or similar right or preferential arrangement of a third party with respect to such Equity Interests and securities. The term “Lien” includes easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations.

“**Loan**” means any of the loans made by the Lender to the Borrower pursuant to this Agreement.

“**Loan Documents**” means this Agreement, the Notes, the Warrant, the Registration Rights Agreement, each Borrowing Request, the Subordination Agreement, the Security Documents, and each other agreement or document executed by the Borrower or its Affiliates in connection with the Loans and designated a Loan Document by the Lender.

“**Material Adverse Effect**” means a material adverse change in, or a material adverse effect on, (a) the business, operations, properties, condition (financial or otherwise) or of the Borrower, (b) the ability of the Borrower to perform any of its obligations under any Transaction Document, (c) the validity or enforceability of any Loan Document or (d) the rights and remedies of or benefits available to the Lender under any Loan Document.

“**Maturity Date**” means the date that is six months after the Closing Date.

“**Mortgage**” means collectively, the deeds of trust, trust deeds, deeds to secure debt, hypothecations, security agreements, financing statements, fixture filings, and mortgages made by the Borrower in favor or for the benefit of the Lender creating and evidencing a Lien on any Property as required under, and executed and delivered pursuant to Section 5.14(c), in form and substance reasonably satisfactory to the Lender with such terms and provisions as may be required by the Applicable Laws of the relevant jurisdiction, as the same may from time to time be amended, restated, supplemented or otherwise modified.

“**Mortgage Amendment**” is defined in Section 5.14(c).

“**Mortgaged Property**” is defined in Section 5.14(c).

“**Multiemployer Plan**” means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

“**Net Cash Proceeds**” relating to any Asset Sale means the cash proceeds received by the Borrower (including cash proceeds subsequently received (as and when received by the Borrower) in respect of non-cash consideration initially received) net of (a) all reasonable and documented attorneys’ fees, accountants’ fees, investment banking fees and other customary expenses, fees and commissions actually incurred by the Borrower in respect thereof, (b) Taxes paid as of the date of receipt of such Net Cash Proceeds as a result of such Asset Sale by any of the Borrower and (c) other selling expenses approved by the Lender.

“**Note**” means any of the promissory notes of the Borrower described in Section 2.04(b), together with all amendments, modifications, replacements, extensions and rearrangements.

“**Obligations**” means any and all amounts owing or to be owing by the Borrower (whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising) to the Lender under any Loan Document; and all renewals, extensions and/or rearrangements of any of the above.

“**Oil and Gas Properties**” shall mean (a) Hydrocarbon Interests; (b) the properties now or hereafter pooled or unitized with Hydrocarbon Interests; (c) all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created thereby (including, without limitation, all units created under orders, regulations and rules of any Governmental Authority) which may affect all or any portion of the Hydrocarbon Interests; (d) all operating agreements, contracts and other agreements, including production sharing contracts and agreements, which relate to any of the Hydrocarbon Interests or the production, sale, purchase, exchange or processing of Hydrocarbons from or attributable to such Hydrocarbon Interests; (e) all Hydrocarbons in and under and which may be produced and saved or attributable to the Hydrocarbon Interests, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests; (f) all tenements, hereditaments, appurtenances and properties in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests; (g) all Leases, and (h) all properties, rights, titles, interests and estates described or referred to above, including any and all property, real or personal, now owned or hereinafter acquired and situated upon, used, held for use or useful in connection with the operating, working or development of any of such Hydrocarbon Interests or properties and including any and all oil wells, gas wells, injection wells or other wells, buildings, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements and servitudes together with all additions, substitutions, replacements, accessions and attachments to any and all of the foregoing.

“**Operative Documents**” means the Joint Operating Agreement and the Participation Agreement, but excludes any Loan Documents.

“**Organizational Documents**” means any certificate of formation, certificate of incorporation, articles of incorporation, limited liability company agreement, partnership agreement, bylaws or other organizational documents or any agreement entered into by any Person with respect to its Equity Interests.

“**Other Taxes**” means any and all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes or any other excise or property Taxes, charges or similar levies arising from any payment made under, or from the execution, delivery, performance, registration or enforcement of, from the receipt or perfection of a security interest under, or otherwise with respect to, this Agreement and any other Loan Document.

“**Participation Agreement**” is defined in the recitals to this Agreement.

“**Patriot Act**” means the USA Patriot Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001).

“**PBGC**” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“**Permit**” means any permit, identification number, bond, registration, license, notice, approval, consent, exemption, variance, franchise, lease, approval, notification, certification, registration, qualification, easement, right of way, Lien and other right, privilege, approval or authorization required or issued by any Governmental Authority (including BOEM and/or BSSM) or otherwise under any Law (including Environmental Law).

“**Permitted Unsecured Debt**” is defined in Section 6.01(g).

“**Person**” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“**Phase I ITW**” has the meaning given to that term in the Participation Agreement.

“**Phase I Prospects**” has the meaning given to that term in the Participation Agreement.

“**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 Code or Section 302 of ERISA, and in respect of which the Borrower or any of its respective ERISA Affiliates is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“**Properties**” means all Leases, “Prospects” (as defined in the Participation Agreement), “Development Systems” (as defined in Exhibit F to the Joint Operating Agreement), platforms, wells, facilities, fixtures, other corporeal property, whether movable or immovable, whether now or hereafter placed on the property covered by the Leases or the Contract Area (as defined in the Joint Operating Agreement) or maintained or used in connection with the ownership, use or exploitation of the Leases or the Contract Area, and other surface and sub-surface equipment of any kind or character located on or attributable to the Leases or the Contract Area and the cash or other proceeds realized from any sale, transfer, disposition or conversion thereof.

“**Prospect Payment Default**” is defined in Section 8.17.

“**Registration Rights Agreement**” means that the registration rights agreement with respect to the shares of Common Stock that are issuable under the Warrant that will be entered into by the Borrower and the Lender pursuant to Section 5.15(b) hereof.

“**Regulations T, U or X**” means Regulations T, U and/or X of the Board, as the same may be amended, supplemented or replaced from time to time.

“**Related Parties**” means, with respect to any specified Person, its Affiliates and the respective directors, officers, employees, agents and advisors (including attorneys, accountants and experts) of it and its Affiliates.

“**Release**” means any depositing, spilling, leaking, pumping, pouring, placing, emitting, discarding, abandoning, emptying, discharging, migrating, injecting, escaping, leaching, dumping, or disposing.

“**Responsible Officer**” means, as to any Person, the Chief Executive Officer, the President, the Chief Financial Officer or any Vice President of that Person. Unless otherwise specified, all references to a Responsible Officer shall mean a Responsible Officer of the Borrower.

“Restricted Payment” means any dividend or other distribution (whether in cash, securities or other property, but excluding dividends or other distributions paid solely in equity securities that do not result in a Change in Control) with respect to any Equity Interests in the Borrower, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in the Borrower or any option, warrant or other right to acquire any such Equity Interests in the Borrower.

“Scheduled Unsecured Debt” is defined in Section 4.05.

“SEC” means the Securities and Exchange Commission or any successor Governmental Authority.

“Security Agreement” means a Security Agreement in a form reasonably satisfactory to the Borrower and Lender.

“Security Documents” means the Mortgages, the Security Agreement, any Control Agreements, and any and all other agreements, financing statements, instruments, consents or certificates now or hereafter executed and delivered by the Borrower or any other Person in connection with, or as security for the payment or performance of the Obligations, the Notes, this Agreement and the other Loan Documents.

“Subordinated Debt” means the Initial Subordinated Debt and any Indebtedness incurred by the Borrower which is unsecured and subordinated in right of payment in full to the Obligations.

“Subordination Agreement” means a Subordination Agreement substantially in the form of Exhibit E entered into by the Initial Subordinated Lender in favor of the Lender, dated on or about the date hereof.

“Subsidiary” of any Person means any other Person of which (a) more than 50% of the total ordinary voting power of Equity Interests entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of that Person (or Persons performing similar functions) or (b) more than 50% of the capital accounts, distribution rights or general or limited partner interests, as applicable, is, in the case of clauses (a) and (b), at the time owned or controlled, directly or indirectly, by (i) such Person, (ii) such Person and one or more Subsidiaries of such Person or (iii) one or more Subsidiaries of such Person.

“Synthetic Leases” means, in respect of any Person, all leases which shall have been, or should have been, in accordance with GAAP, treated as operating leases on the financial statements of the Person liable (whether contingently or otherwise) for the payment of rent thereunder and which were properly treated as indebtedness for borrowed money for purposes of U.S. federal income Taxes, if the lessee in respect thereof is obligated to either purchase for an amount in excess of, or pay upon early termination an amount in excess of, 80% of the residual value of the property subject to such operating lease upon expiration or early termination of such lease.

“Tax Partnership Agreement” is defined in Section 5.17.

“Taxes” means any and all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“Texas South” is defined in the recitals to this Agreement.

“Transaction Documents” means the Loan Documents and the Operative Documents.

“**Transactions**” means the execution, delivery and performance of this Agreement and each other Transaction Document by each party to such documents, the borrowing of Loans, the use of the proceeds thereof, the grant of Liens by the Borrower on the Properties pursuant to the Security Documents, the subordination of Indebtedness due and owing to the Initial Subordinated Lender pursuant to the Subordination Agreement, and any other transaction related to or entered into in connection with any of the foregoing.

“**Warrant**” means the Warrant to Purchase Common Stock, dated as of the date hereof, in the form attached hereto as Exhibit C.

“**Warrant Distribution**” is defined in Section 4.14.

“**Warrant Shares**” is defined in Section 4.14.

“**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.

“**Withholding Taxes**” is defined in Section 2.11.

Section 1.02 Terms Generally; Rules of Construction. The definitions of terms in this Agreement shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” as used in this Agreement shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to that agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on amendments, supplements or modifications set forth in the Loan Documents), (b) any reference to any Law shall be construed as referring to that Law as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time, (c) any reference to any Person shall be construed to include that Person’s successors and assigns (without limiting the restrictions contained in the Loan Documents), (d) with respect to the determination of any time period, the word “from” means “from and including” and the word “to” means “to and including” (e) any reference herein to Articles, Sections, Annexes, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement and (f) the terms “knowledge,” “to the knowledge of,” or similar terms mean matters within the actual knowledge of a Responsible Officer or any other individual with a title or position similar or corresponding to the foregoing of the Borrower or its Affiliates. No provision of this Agreement or any other Loan Document shall be interpreted or construed against any Person solely because that Person or its legal representative drafted that provision.

Section 1.03 Accounting Terms and Determinations; GAAP. Unless otherwise specified in this Agreement, all accounting terms used in the Loan Documents shall be interpreted, all determinations with respect to accounting matters under the Loan Documents shall be made, and all financial statements and certificates and reports as to financial matters required to be furnished to the Lender under the Loan Documents shall be prepared, in accordance with GAAP, except for changes in which the Borrower’s independent certified public accountants concur and that are disclosed to Lender; provided, however, for the purposes of determining the outstanding amount of any Indebtedness (including, for the avoidance of doubt, the Obligations), any original issue discount with respect to that Indebtedness shall not be deducted in determining the outstanding amount of that Indebtedness.

Section 1.04 Divisions. For all purposes under the Loan Documents, nothing in this Agreement shall permit the Borrower to (a) divide into two or more Persons pursuant to a “plan of division” or similar method, or (b) create, or reorganize into, one or more series, in each case, as contemplated under the Laws of any jurisdiction.

ARTICLE II

THE LOANS

Section 2.01 Commitments. Subject to the terms and conditions and relying upon the representations and warranties set forth in this Agreement, the Lender agrees to make Loans to the Borrower in the stated principal amount up to the aggregate amount equal to its Commitment, subject to the provisions of Section 2.03.

Section 2.02 Funding. The Lender shall make its Loans available to the Borrower on each applicable Funding Date by wire transfer of an amount equal to the Initial Loan provided for in Section 2.03(a) or equal to any Additional Loan requested pursuant to the applicable Borrowing Request under Section 2.03(b), in each case, in immediately available funds by 11:00 a.m., New York City time on such Funding Date, to an account of the Borrower designated by the Borrower. Amounts paid or prepaid in respect of the Loans may not be reborrowed.

Section 2.03 Advances.

(a) Initial Advance. At the Closing, the Lender shall make Loans in an amount equal to \$5,800,000 (the “*Initial Loans*”) to the Borrower.

(b) Subsequent Advances.

(i) The Borrower may request additional Loans from the Lender (each, an “*Additional Loan*”), *provided that* the proposed Funding Date for such Additional Loan shall occur during the Availability Period.

(ii) To request an Additional Loan, the Borrower shall deliver a duly completed and executed Borrowing Request to the Lender not later than 9:00 a.m., New York City time, on the fifth day prior to the proposed Funding Date for that Additional Loan. The Borrowing Request may not be delivered until the conditions set forth in Section 3.02 have been satisfied or waived in accordance with Section 8.02. The Borrowing Request shall be substantially in the form of Exhibit D, shall be dated as of the proposed Funding Date, which date shall be a Business Day during the Availability Period, shall be certified by a Responsible Officer and shall be irrevocable and binding on the Borrower. The Borrower shall not issue more than two Borrowing Requests in any calendar month.

(iii) Upon receipt of a Borrowing Request for the applicable Additional Loan and fulfillment or waiver of the applicable conditions set forth in Section 3.02, the Lender shall make its Loan on the applicable Funding Date in accordance with Section 2.02.

Section 2.04 Repayment of Loans.

(a) Promise to Repay. The Borrower unconditionally promises to pay to the Lender the stated principal amount of each Loan as provided for in Section 2.07.

(b) Notes. If requested by the Lender, the Loans made by the Lender shall be evidenced by a single promissory note of the Borrower in a principal amount equal to its Commitment

dated as of the date of this Agreement, duly completed and in form and substance reasonably satisfactory to the Lender (“*Note*”).

Section 2.05 Interest.

(a) Pre-Default Rate. Subject to the provisions of Section 2.05(b), the Loans shall bear interest at a rate per annum equal to five percent (5.0%) per annum.

(b) Post-Default Rate. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, then all the Loans outstanding shall bear interest, after as well as before judgment, at a rate per annum equal to 2.0% plus the rate provided for in Section 2.05(a), from the date of the event or circumstance (disregarding any provisions regarding notice or passage of time) until, in each case, such event or condition has been cured.

(c) Interest Payment. Accrued interest on each Loan shall be payable in arrears on the Maturity Date; provided, however, that (i) interest accrued pursuant to Section 2.05(b) shall be payable on demand, and (ii) in the event of any repayment or prepayment of any Loan, accrued interest on the principal amount repaid or prepaid shall be payable on the date of the repayment or prepayment.

(d) Interest Rate Computations. All interest hereunder shall be computed on the basis of a year of 365 days (or 366 days in a leap year).

Section 2.06 Termination of Commitments. If the Initial Loan has not been made, the Commitments shall automatically terminate at 6:00 p.m., New York City time, on March 4, 2019. Any unborrowed Commitments shall terminate on the expiration of the Availability Period.

Section 2.07 Maturity Date. The principal balance of the Loans shall be due and payable, together with accrued and unpaid interest, fees and expenses in respect of the Loans, on the Maturity Date.

Section 2.08 Prepayments.

(a) Optional Prepayment. The Borrower shall have the right at any time and from time to time (before or after the occurrence and continuance of an Event of Default) to prepay the Loan in whole or in part. Each such partial prepayment of principal shall be in an amount that is (i) an integral multiple of \$100,000 and not less than \$500,000 or (ii) equal to the total remaining principal, interest, fees and expenses outstanding. The Borrower shall notify the Lender of any prepayment under this Section 2.08 not later than 3:00 p.m., New York City time, on (x) the fifth Business Day before the date of prepayment in the case of prepayments made pursuant to this Section 2.08(a), and (y) the date of such prepayment in the case of prepayments made pursuant to Section 2.08(b). Each such notice shall be irrevocable unless the Borrower provides that the prepayment is conditioned upon the prior or concurrent consummation of new credit facilities or another transaction, the net cash proceeds of which will be used to make any such optional prepayment pursuant to this Section 2.08(a) (in which case, such notice shall be revocable). Each such notice shall specify the prepayment date, the principal amount of Loans to be repaid and, in the case of a mandatory prepayment made pursuant to Section 2.08(b), a reasonably detailed calculation of the amount of such prepayment.

(b) Mandatory Prepayments.

(i) Asset Sales. Within three Business Days after the receipt by the Borrower of any Net Cash Proceeds of any Asset Sale, the Borrower shall make prepayments in accordance with Section 2.08(c) in an aggregate amount equal to the lesser of (A) 100% of such Net Cash Proceeds and (B) the amount of the then-outstanding Obligations.

(ii) Receipt of Insurance Proceeds. Within three Business Days after the receipt by the Borrower or any of its Affiliates of any proceeds (including insurance proceeds) from a Casualty Event, the Borrower shall make prepayments in accordance with Section 2.08(c) in an aggregate amount equal to the lesser of (A) 100% of such proceeds and (B) the amount of the then-outstanding Obligations.

(iii) [Intentionally Omitted]

(iv) Indebtedness; Equity Issuances. Within three Business Days after each date upon which the Borrower receives any cash proceeds from any incurrence by the Borrower of Indebtedness other than the Loans (other than the Initial Subordinated Debt and Scheduled Unsecured Debt as of the date hereof) or issuance of Equity Interests (other than any sale of Equity Interests by the Borrower under the Warrant), the Borrower shall prepay the Loan in an amount equal to the net cash proceeds thereof (after paying or reserving for the costs and expenses (including legal fees and expenses) associated with any such incurrence of Indebtedness or issuance of Equity Interests, *provided that*, the Borrower may apply up to an aggregate amount of \$500,000 of such net cash proceeds received from any such incurrence (including any Permitted Unsecured Debt) or issuance towards the Borrower's general corporate purposes.

(v) Refunds, Rebates, etc. Within three Business Days after each date upon which the Borrower receives any cash proceeds from any payments, refunds, rebates or other similar payments and amounts under the Operative Documents, or from any of its suppliers, customers, or any other third party or other source, the Borrower shall prepay the Loan in an amount equal to such proceeds.

(c) Application of Prepayments. Each prepayment of Loans shall be applied ratably to the Loans. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.05.

Section 2.09 [Intentionally Omitted].

Section 2.10 Payments Generally.

(a) The Borrower shall make each payment required to be made by it under the Loan Documents prior to 12:00 noon, New York City time, on the date when due, in immediately available funds to an account of the Lender as designated by the Lender, without defense, deduction, recoupment, set-off or counterclaim. Fees, once paid, shall be fully earned and shall not be refundable under any circumstances. Any amounts received after that time may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest. If any payment under the Loan Documents shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of that extension. All payments hereunder shall be made in dollars.

(b) The Lender which is also the holder of the Warrant may, at the Lender's sole option, in accordance with Section 1(c) of the Warrant, exercise the Warrant in whole for the number of shares of Common Stock then issuable under the Warrant (as adjusted pursuant to the Warrant) and pay the Aggregate Exercise Price (as defined in the Warrant) for the exercise of the Warrant by extinguishing all Obligations of the Borrower then outstanding under this Agreement as of the Exercise Notice Date.

Section 2.11 Taxes.

(a) Payments Free of Taxes. Payments by or on behalf of the Borrower under any Loan Document shall be made free and clear of and without reduction for or on account of any Taxes; provided, however, that if any Taxes are required by Applicable Law to be withheld (“**Withholding Taxes**”) from any amount payable to the Lender, (i) the Borrower shall make such deductions of Withholding Taxes, (ii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with Applicable Law, and (iii) except in the case where such Withholding Tax is an Excluded Tax, the sum payable to the Lender shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.11(a)), the Lender receives an amount equal to the sum it would have received had no such deductions been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with Applicable Law.

(c) Indemnification by the Borrower. Except in the case of Excluded Taxes, the Borrower shall indemnify the Lender, on or before the fifth Business Day after notice so demanding, for the full amount of any Withholding Taxes and Other Taxes (including Withholding Taxes and Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.11) paid by the Lender, regardless of whether the Withholding Taxes and Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of the payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(d) Evidence of Payments. As soon as practicable after any payment of Withholding Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by the Governmental Authority evidencing the payment, a copy of the return reporting the payment or other evidence of such payment satisfactory to the Lender in its sole discretion.

(e) Tax Form. The Lender shall deliver to the Borrower on or prior to the Closing Date an executed copy of IRS Form W-9 or W-8, as applicable.

Section 2.12 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for the Lender to honor its obligation to make or maintain Loans, then the Lender promptly shall notify the Borrower and such Lender’s obligation to make its Loans shall be suspended until such time as such Lender may again make and maintain its Loans.

Section 2.13 Delivery of Warrant.

(a) On or about the date of this Agreement, the Borrower shall issue to the Lender a warrant to purchase 138,095,238 shares of Common Stock at an Exercise Price of \$0.042 per share (each as subject to any adjustments provided for therein), substantially in the form of Exhibit C attached hereto (the “**Warrant**”), with an expiration date of March 4, 2020.

(b) At any time the Lender exercises the Warrant, the number of Warrant Shares issuable upon exercise of the Warrant shall be equal to the Exercise Shares (as defined in the Warrant) as of the Exercise Notice Date.

(c) At any time the Lender makes an Additional Loan to the Borrower and the Lender does not hold an outstanding Warrant on the Funding Date of such Additional Loan, the Borrower shall issue to the Lender a warrant to purchase the number of shares of Common Stock equal to the quotient of the amount of such Additional Loan divided by \$0.042 at an Exercise Price of \$0.042 per

share (each as subject to any adjustments provided for therein), substantially in the form of Exhibit C attached hereto, with an expiration date of March 4, 2020.

ARTICLE III

CONDITIONS PRECEDENT

Section 3.01 Conditions to Funding. The obligations of the Lender to make the Initial Loan and any Additional Loans shall not become effective until the first date on which each of the following conditions is satisfied (or waived in accordance with Section 8.02):

(a) The Lender shall have received from each party to this Agreement counterparts (in such number as may be requested by the Lender) of this Agreement signed on behalf of that party.

(b) If requested by the Lender, the Lender shall have received a duly executed Note payable to the order of the Lender in a principal amount equal to its Commitment dated as of the date of this Agreement.

(c) The Lender shall have received from each party duly executed counterparts (in such number as may be requested by the Lender) of each of the Subordination Agreement, the Security Agreement, and the Warrant.

(d) [Intentionally Omitted.]

(e) The Lender shall have received a certificate of the Secretary of the Borrower setting forth (i) resolutions of its board of directors or similar organizational body with respect to the authorization of the Borrower to execute and deliver the Loan Documents to which it is a party and to enter into the transactions contemplated in those documents and to consummate the Transactions, (ii) the officers of the Borrower (A) who are authorized to sign the Loan Documents to which it is a party and (B) who will, until replaced by another officer or officers duly authorized for that purpose, act as its representative for the purposes of signing documents and giving notices and other communications in connection with this Agreement and the transactions contemplated hereby, and (iii) specimen signatures of those authorized officers, in each case, certified as being true and complete in form and substance reasonably acceptable to the Lender. The Lender may conclusively rely on this certificate.

(f) At the time of and immediately after giving effect to the advance of Loans, no Default or Event of Default shall have occurred and be continuing.

(g) The representations and warranties of each party to each Loan Document shall be true and correct in all material respects on and as of the Closing Date, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, such representations and warranties shall be true and correct in all material respects as of such specified earlier date.

Section 3.02 Conditions to Funding of Additional Loans. The obligations of the Lender to provide Additional Loans under Section 2.03(b) after the Closing Date is subject to the satisfaction (or waiver in accordance with Section 8.02) of the each of the following conditions:

(a) The Lender shall have received a Borrowing Request complying with the requirements of Section 2.03(b)(ii) for the applicable Additional Loan on or before the fifth day before the proposed Funding Date for that Additional Loan.

(b) At the time of and immediately after giving effect to the advance of the applicable Additional Loan, no Default or Event of Default shall have occurred and be continuing.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender that:

Section 4.01 Organization; Powers. On the Closing Date, the Borrower is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware and has all requisite power and authority to own its assets and to carry on its business as now conducted and as to be conducted after giving effect to the Closing. On the Closing Date, the Borrower has all governmental licenses, authorizations, consents and approvals necessary, and is qualified to do business in, and is in good standing in, every jurisdiction where qualification is required, in each case, except where the failure to have such licenses, authorization, consents or approvals or to be so qualified could not reasonably be expected to have a Material Adverse Effect.

Section 4.02 Authority; Enforceability. The execution, delivery and performance of each Loan Document, including the issuance of the Warrant and the reservation for issuance of the Warrant Shares to which the Borrower is a party, are within the Borrower's powers and have been duly authorized by all necessary limited liability company action. Each Loan Document to which the Borrower is a party has been duly executed and delivered by the Borrower and constitutes a legal, valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at Law.

Section 4.03 Approvals; No Conflicts. The execution and delivery of the Loan Documents on the Closing Date (i) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other third Person (including shareholders or any class of directors, whether interested or disinterested, of the Borrower), nor is any such consent, approval, registration, filing or other action necessary for the validity or enforceability of any such Loan Document or the consummation of the transactions contemplated thereby, including the issuance and exercise of the Warrant, except, in each case such as have been obtained or made and are in full force and effect, (ii) will not violate any Applicable Law or the Borrower's Organizational Documents or any order of any Governmental Authority, (iii) will not violate or result in a default under any material agreement or other material instrument binding upon the Borrower or the Properties, or give rise to a right thereunder to require any material payment to be made by the Borrower, and (iv) will not result in the creation or imposition of any Lien on any property of the Borrower (other than the Liens created by the Loan Documents).

Section 4.04 Litigation. On and as of the Closing Date, there are no actions, suits, investigations or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of the Borrower, threatened against or affecting the Borrower or the Properties (except as the same may relate to Texas South) that purport to affect or pertain to this Agreement or any other Transaction Document that could reasonably be expected to have a Material Adverse Effect.

Section 4.05 No Indebtedness for Borrowed Money or Off-Balance Sheet Liabilities. On and as of the Closing Date, the Borrower does not have any (i) Indebtedness for borrowed money (other than the Initial Subordinated Debt, the Loans and the Indebtedness for borrowed money described on Schedule 4.05 as of the date hereof (the “*Scheduled Unsecured Debt*”), (ii) any off-balance sheet liabilities or (iii) material contingent liabilities (other than such material contingent liabilities as described in the Borrower’s most-recently filed 10-K or 10-Q).

Section 4.06 Environmental Matters.

(a) The Borrower, its operations, and the Properties (and the operation thereof) are, and have been, in compliance with all applicable Environmental Laws and Environmental Permits in all material respects on and as of the Closing Date.

(b) On and as of the Closing Date, the Borrower has not received any notice or otherwise has knowledge that any existing Environmental Permit related to the existence, location, ownership, use, operation and maintenance of the Properties will be revoked or that any application for any new Environmental Permit or renewal of any existing Environmental Permit will be protested or denied, in each case, except as could not reasonably be expected to have a Material Adverse Effect.

(c) On and as of the Closing Date, there are no actions, claims, demands, demand letters, suits, orders, inquiries, proceedings, notices of non-compliance or violation, notices of liability or potential liability, investigations, consent orders or consent agreements concerning any violation of, or any liability (including as a potentially responsible party or any other contingent liability) under, any applicable Environmental Laws that is pending or, to the Borrower’s knowledge, threatened against the Borrower, its operations, or the Properties that would reasonably be expected to have a Material Adverse Effect.

(d) On and as of the Closing Date, there has not been any Release of any Hazardous Material at, to, on, under, about or from any of the Properties that would reasonably be expected to result in a Material Adverse Effect.

(e) On and as of the Closing Date, none of the Borrower, the Properties or the Borrower’s operations are subject to any order, decree or judgment pursuant to Environmental Law that, if violated, would reasonably be expected to have a Material Adverse Effect.

Section 4.07 Compliance with Laws and Agreements: No Defaults.

(a) On and as of the Closing Date, the Borrower is in compliance with all Laws applicable to it or the Properties and, after giving effect to this Agreement and the application of the Initial Loans, all agreements and other instruments binding upon it or the Properties, except in each case where the failure to comply would reasonably be expected to have a Material Adverse Effect.

(b) The Borrower is not in default on and as of the Closing Date under, nor to the Borrower’s knowledge has any event or circumstance occurred that, but for the expiration of any applicable grace period or the giving of notice, or both, would constitute a default under any indenture, note, credit agreement or instrument pursuant to which any Indebtedness for borrowed money is outstanding or by which the Borrower or any of the Properties is bound.

(c) No Default has occurred and is continuing on the Closing Date.

Section 4.08 Investment Company Act. The Borrower is not an “investment company” or a company “controlled” by an “investment company,” within the meaning of, or subject to regulation under, the Investment Company Act of 1940.

Section 4.09 Taxes. On and as of the Closing Date, the Borrower has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all material Taxes required to have been paid by it, except Taxes that are being contested in good faith by appropriate proceedings and for which the Borrower has set aside on its books adequate reserves in accordance with GAAP. On and as of the Closing Date, to the Borrower's knowledge, no Tax Lien has been filed.

Section 4.10 ERISA; Employees.

(a) Each Plan is established and maintained in substantial compliance with its terms, ERISA and, where applicable, the Code, except to the extent the failure to establish or maintain a Plan in substantial compliance would not reasonably be expected to have a Material Adverse Effect.

(b) No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events, could reasonably be expected to have a Material Adverse Effect.

(c) Full payment when due has been made of all amounts that the Borrower or any of their respective ERISA Affiliates is required under the terms of each Plan or Applicable Law to have paid as contributions to that Plan as of the date of this Agreement.

(d) Neither the Borrower nor any ERISA Affiliate sponsors, maintains or contributes to, or has at any time in the six-year period preceding the date hereof sponsored, maintained, contributed to or been obligated to contribute to, any Plan or Multiemployer Plan.

(e) There are no actions, suits or claims pending against or involving a Plan (other than routine claims for benefits) or, to the knowledge of the Borrower, or any ERISA Affiliate, threatened, which would reasonably be expected to be asserted successfully against any Plan and, if so asserted successfully, would reasonably be expected either singly or in the aggregate to have a Material Adverse Effect.

Section 4.11 Disclosure: No Material Misstatements. On and as of the Closing Date, none of the reports, financial statements, certificates or other information that has been furnished by the Borrower or its Affiliates (but limited to the Borrower's knowledge in the case of reports, financial statements, certificates or other information prepared by a third party and not by the Borrower) to the Lender or any of their Affiliates or consultants in connection with the negotiation of this Agreement or any other Loan Document or delivered under any Loan Document (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

Section 4.12 Insurance. On and as of the Closing Date, the Borrower has insurance coverages meeting or exceeding the requirements of Operative Documents.

Section 4.13 Restriction on Liens Under Security Documents. On and as of the Closing Date, the Borrower is not a party to any agreement or arrangement, or subject to any order, judgment, writ or decree, that either restricts or purports to restrict its ability to grant Liens to the Lender on or in respect of the Properties as provided in the Security Documents.

Section 4.14 Equity Interests; Subsidiaries. On or as of the Closing Date:

(a) except as set forth in the Borrower's most recently filed 10-K, 10-Q, Proxy Statement or as otherwise set forth in writing to the Lender, the Borrower does not have outstanding on the Closing Date any securities convertible into or exchangeable for any of its Equity Interests or any rights to subscribe for or to purchase, or any warrants or options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to such Equity Interests (other than as created pursuant to the Warrant and Participation Agreement). The Borrower has no Subsidiaries;

(b) all of the issued and outstanding Equity Interests of the Borrower are duly authorized and validly issued, fully paid and nonassessable, have been issued in compliance with all applicable federal and state and foreign securities laws, were not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities that have not been waived in writing. The Borrower has reserved for issuance a number of shares of Common Stock sufficient to cover all shares issuable upon the exercise of the Warrant (the "**Warrant Shares**") (computed without regard to any limitations on the number of shares that may be issued on exercise thereof). The Warrant, the Warrant Shares and any other distributions required to be made now or in the future pursuant to the Warrant (the "**Warrant Distributions**") have been duly authorized. Upon the issuance in accordance with the terms of this Agreement, the holder of the Warrant will be entitled to the rights set forth in the Warrant. Upon exercise in accordance with the Warrant, the Warrant Shares will be validly issued, fully paid and non-assessable and free from all taxes and Liens with respect to the issue thereof, with the holders thereof being entitled to all rights accorded to a holder of Common Stock. The issuance by the Borrower of the Securities is exempt from registration under the Securities Act (pursuant to Section 4(a)(2) thereof and Rule 506 of Regulation D thereunder) and applicable state securities laws; and

(c) the issuance and delivery of the Warrant does not and, assuming full exercise of the Warrant, the exercise of the Warrant, will not: (i) require approval from any Governmental Authority; (ii) obligate the Borrower to issue shares of Common Stock or other securities to any Person (other than the Lender); and (iii) will not result in a right of any holder of the Borrower's securities to adjust the exercise, conversion, exchange or reset price under and will not result in any other adjustments (automatic or otherwise) under, any securities of the Borrower.

Section 4.15 Location of Business and Offices. On and as of the Closing Date, the Borrower's jurisdiction of organization is Delaware, the name of the Borrower as listed in the public records of its jurisdiction of organization is GulfSlope Energy, Inc., and the Borrower's principal place of business and chief executive offices are located at the address specified in Section 8.01.

Section 4.16 Properties; Titles, Etc.

(a) On and as of the Closing Date, all leases and agreements necessary for the conduct of the business of the Borrower are valid and subsisting, in full force and effect, and there exists no default or event or circumstance which with the giving of notice or the passage of time or both would give rise to a default under any such lease or agreement, except in each case as could not reasonably be expected to have a Material Adverse Effect.

(b) On and as of the Closing Date, the Borrower is qualified under Applicable Law (including with BOEM and/or BSEE) to own the Properties.

(c) On and as of the Closing Date, the Borrower (i) owns or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Borrower will not infringe upon the rights of any other Person, and (ii) owns or has valid licenses or other rights to use all databases, geological data, geophysical data, engineering data, seismic data, maps, interpretations and other technical information used in its business, subject to the

limitations contained in the agreements governing the use of the same, in each case, except as could not reasonably be expected to have a Material Adverse Effect.

(d) On and as of the Closing Date, the Borrower has good and marketable title to the Properties, free and clear of all Liens, other than Excepted Liens. As used in this Agreement, “good and marketable title” means title that is reasonably free from risk of litigation over possible defects, such that a court of law or equity would require a buyer to accept.

(e) On and as of the Closing Date, the Borrower is not obligated under any right of first refusal, option or other contractual right to sell, assign or otherwise dispose of any of its Property or any interest therein.

(f) On and as of the Closing Date, the Borrower has not received any notice of, or has any knowledge of, any pending or contemplated condemnation proceeding affecting the Properties or any sale or disposition thereof in lieu of condemnation.

Section 4.17 [Intentionally Omitted].

Section 4.18 Solvency. Immediately after giving effect to the Closing, the aggregate assets (after giving effect to amounts that could reasonably be received by reason of indemnity, offset, insurance or any similar arrangement), at a fair valuation, of the Borrower will exceed the aggregate Indebtedness of the Borrower, as the Indebtedness becomes absolute and matures.

Section 4.19 Use of Proceeds; Federal Reserve Regulations. The proceeds of the Loans will be applied in accordance with Section 6.09. The Borrower is not engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying margin stock (within the meaning of Regulations T, U or X of the Board). No part of the proceeds of any Loan will be used for any purpose which violates the provisions of Regulations T, U or X of the Board.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees and expenses payable hereunder and all other amounts payable under the Loan Documents shall have been paid in full, the Borrower covenants and agrees with the Lender that:

Section 5.01 Information. The Borrower will furnish to the Lender:

(a) Financial Reports. Promptly (without giving effect to any extensions pursuant to Rule 12b-25 of the Exchange Act) all reports required to be filed with the SEC pursuant to the Exchange Act, and the Borrower shall not terminate the registration of the Equity Interests under the Exchange Act or otherwise terminate its status as an issuer required to file reports under the Exchange Act, even if the securities laws would otherwise permit any such termination. Each of such reports above will comply in all material respects with the applicable requirements of the Exchange Act. The consolidated financial statements included in such reports will comply in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. The Borrower hereby agrees that the Borrower shall send to the Lender copies of any notices and other information made available or given to the holders of the Equity Interests of the Borrower generally, contemporaneously with the Borrower’s making available or giving such notices and other information to such holders of Equity Interests (it being understood and agreed that delivery shall be deemed to have occurred if such notices or other information is posted to EDGAR).

(b) Notice of Casualty Events. Promptly, and in any event on or before the fifth Business Day after the occurrence of a Casualty Event in an amount reasonably expected to be exceed \$750,000, notice of that occurrence, or the commencement of any action or proceeding that could reasonably be expected to result in a Casualty Event in an amount greater than \$750,000, together with a certificate of a Responsible Officer setting forth the details of the Casualty Event and, in the case of a Casualty Event, the actions to be taken by the Borrower with respect to the Casualty Event.

(c) ERISA. Promptly, and in any event within 15 days after the Borrower knows or has reason to know of the occurrence, or forthcoming occurrence, of any ERISA Event, a certificate of the chief financial officer of the Borrower describing such ERISA Event, what action the Borrower, or any ERISA Affiliate has taken, is taking or proposes to take with respect to such ERISA Event and if applicable, a copy of any notice filed with the PBGC or the IRS pertaining to such ERISA Event and any notices received by such Borrower, or ERISA Affiliate from the PBGC or any other governmental agency with respect thereto.

(d) Certain Accounts: On and after the Closing Date, the Borrower shall use all reasonable efforts to have Zions Bancorporation, NA, doing business as Amegy Bank, NA grant the Lender ongoing electronic access (in respect of funds and balances credited thereto and for informational purposes only, but excluding any other rights, including, without limitation, to withdraw or direct any application of such funds and balances) with regards to any account opened in connection with the Operative Documents, including, without limitation, each account notified in writing by the Lender to the Borrower, *provided that* until such electronic access is granted, upon request of the Lender, the Borrower shall provide copies of bank statements.

(e) Other Requested Information. Promptly, and in any event on or before the third Business Day following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower, or compliance with the terms of this Agreement or any other Loan Document, as the Lender may reasonably request.

Section 5.02 [Intentionally Omitted].

Section 5.03 Notices of Material Events. The Borrower shall promptly, but in no event later than the fifth Business Day after gaining knowledge, notify the Lender of the occurrence of any Default. Each notice delivered under this Section 5.03 shall be accompanied by a statement of a Responsible Officer setting forth the details of the Default event and any action taken or proposed to be taken with respect thereto.

Section 5.04 Existence; Conduct of Business. The Borrower will do or cause to be done all things necessary to (a) preserve, renew and keep in full force and effect its legal existence as a Delaware corporation and (b) maintain its qualification to do business in each other jurisdiction in which the Properties are located or the ownership of the Properties requires such qualification, except where the failure to maintain such qualification could not be reasonably expected to have a Material Adverse Effect.

Section 5.05 Payment of Taxes and Obligations. The Borrower shall (or shall cause the following to be done on its behalf) (i) timely file all material Tax returns (unless the failure timely to file any such Tax return could not reasonably be expected to result in a Material Adverse Effect), (ii) timely pay all material Taxes, assessments and other governmental charges or levies imposed upon it or upon its income, profits or property, and (iii) pay and discharge when due all material liabilities owed by it on ordinary trade terms to vendors, suppliers and other Persons providing goods and services used by it in the ordinary course of its business; provided, however, that the Borrower may delay discharging any of the foregoing so long as it is in good faith contesting the validity thereof by appropriate proceedings and has set aside on its books adequate reserves therefor.

Section 5.06 Enforcement of Rights. The Borrower will take commercially reasonable steps to enforce its rights under the Joint Operating Agreement.

Section 5.07 [Intentionally Omitted].

Section 5.08 [Intentionally Omitted].

Section 5.09 Books and Records; Inspection Rights. The Borrower will keep proper books, records and accounts in which full, true and correct entries are made of all dealings and transactions in relation to its business and activities. The Borrower will permit any representatives designated by the Lender to visit and inspect the Properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested following prior notice of three Business Days.

Section 5.10 Compliance with Laws. The Borrower will comply in all respects with all Laws (including Environmental Laws) applicable to it or the Properties and will maintain all bonds, Permits and approvals required by or posted in favor of any Governmental Authority (including BOEM and/or BSEE), in each case, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.11 [Intentionally Omitted].

Section 5.12 [Intentionally Omitted].

Section 5.13 Maintenance of Liens. The Borrower will take or cause to be taken all action required or desirable to maintain the Liens of the Security Documents and the first priority thereof (subject to Excepted Liens). The Borrower will from time to time execute or cause to be executed any and all further instruments (including financing statements, continuation statements and similar statements with respect to any Security Documents) and register and record those documents and instruments in such offices requested by the Lender for those purposes.

Section 5.14 Further Assurances.

(a) The Borrower will promptly execute and deliver to the Lender all such other documents, agreements and instruments reasonably requested by the Lender to comply with, cure any defects or accomplish the conditions precedent, covenants and agreements of the Borrower in the Loan Documents, including the Notes, or to further evidence and more fully describe the collateral intended as security for the Obligations, or to correct any omissions in this Agreement or the Security Documents, or to state more fully the obligations secured therein, or to perfect, protect or preserve any Liens created pursuant to this Agreement or any of the Security Documents or the first priority thereof, or to make any recordings, file any notices or obtain any consents, all as may be necessary or appropriate, as reasonably determined by the Lender, in connection therewith.

(b) The Borrower hereby authorizes the Lender to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Properties without the signature of the Borrower where permitted by Law. A carbon, photographic or other reproduction of the Security Documents or any financing statement covering the Properties or any part thereof shall be sufficient as a financing statement where permitted by Law.

(c) On or prior to March 8, 2019 the Borrower will cause the Properties to be subject to a Lien and Mortgage (each, a "**Mortgaged Property**") in favor of the Lender and deliver or cause to be delivered to the Lender the following either or both, as required by the Lender (A) counterparts of a Mortgage with respect to such Mortgaged Property duly executed and delivered by the Borrower, or (B) an amendment to any existing Mortgage adding such Mortgaged Property to the existing Mortgage (a "**Mortgage Amendment**") duly executed and delivered by the Borrower, in either case, in form suitable for filing or recording in all filing or recording offices (including any required and/or non-required filings in respect of the BOEM filing or recording office) as necessary in order to create a valid and subsisting perfected Lien on such Mortgaged Property and/or rights described therein in favor of the Lender.

Section 5.15 Post Closing Deliveries. Deliver or cause to be delivered to Lender, in form and substance reasonably satisfactory to the Lender, the following, in each case, on or prior to the date that is 21 days after the Closing Date:

- (a) Control Agreements relating to any deposit account of the Borrower other than Excluded Accounts; and
- (b) the Registration Rights Agreement with the Lender.

Section 5.16 Senior Indebtedness. The Borrower shall ensure that the Obligations constitute senior indebtedness of the Borrower.

Section 5.17 Tax Partnership. The Borrower shall use commercially reasonable efforts to deliver a tax partnership agreement with the Lender (in a form and substance reasonably satisfactory to the Lender) setting forth the parties agreement to enter into a partnership solely for U.S. federal income and certain state income tax purposes with respect to the parties activities and operations pursuant to the JOA and the Participation Agreement (the "**Tax Partnership Agreement**") and any necessary conforming changes to the JOA (including Article 20 of the JOA) and the Participation Agreement as a result of such Tax Partnership Agreement.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees and expenses payable hereunder and all other amounts payable under the Loan Documents have been paid in full, the Borrower covenants and agrees with the Lender that:

Section 6.01 Indebtedness. The Borrower will not incur, create, assume or suffer to exist any Indebtedness, except:

- (a) the Obligations arising under the Loan Documents;
- (b) Indebtedness associated with bonds or surety obligations required by Governmental Authorities in connection with the ownership, operation and maintenance of the Properties and any other Oil and Gas Properties of the Borrower;

- (c) endorsements of negotiable instruments for collection in the ordinary course of business;
- (d) the Initial Subordinated Debt subordinated pursuant to the Subordination Agreement *provided that* the holder of such Initial Subordinated Debt is the Initial Subordinated Lender;
- (e) the Scheduled Unsecured Debt in an aggregate amount not to exceed the amount set forth on Schedule 4.05 as of the date hereof;
- (f) Indebtedness incurred in the ordinary course of business in respect of obligations of the Borrower to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; and
- (g) unsecured Indebtedness incurred by the Borrower in an aggregate amount not to exceed \$500,000 at any one time outstanding (“*Permitted Unsecured Debt*”) *provided that* such Permitted Unsecured Debt shall be applied in accordance with the proviso described in Section 2.08(b)(iv).

Section 6.02 Liens. The Borrower will not create, incur, assume or permit to exist any Lien on any of the Properties or other assets or properties of the Borrower, whether now owned or subsequently acquired, except Excepted Liens.

Section 6.03 Distributions and Redemptions; Restricted Payments. The Borrower will not declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, return any capital to its stockholders or make any distribution of its property to its Equity Interest holders.

Section 6.04 Investments, Loans and Advances. The Borrower will not make or permit to remain outstanding any Investments in or to any Person, except for accounts receivable arising in the ordinary course of business and as expressly permitted under the Security Documents.

Section 6.05 Nature of Business. The Borrower will not (a) change its name or any trade name used to identify it in the conduct of its business or in the ownership of the Properties, (b) change the location of its chief executive office or principal place of business, unless the Borrower has given the Lender written notice of such change at least ten Business Days prior to such change, (c) change its identity or corporate structure in the jurisdiction in which it is incorporated or formed, (d) change its jurisdiction of organization, (e) change its federal taxpayer identification number, (f) amend or otherwise modify its Organizational Documents if such amendment or modification could, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect or could have a material adverse effect on the Lender or (g) change its fiscal year, unless the Borrower has given the Lender written notice of such change at least ten Business Days prior to such change.

Section 6.06 No Subsidiaries or Joint Ventures. The Borrower will not create, form or acquire any Subsidiary or enter into any partnership or joint venture; *provided that* for the avoidance of doubt, neither the Operative Document nor any other operating agreements, participation agreements, farm-out agreements, farm-in agreements, division orders, unitization and pooling declarations and agreements, area of mutual interest agreements or similar agreements that are customary in the oil and gas industry shall constitute a partnership or joint venture for purposes of this Section 6.06.

Section 6.07 [Intentionally Omitted].

Section 6.08 Sale and Leaseback Transactions. Except for the transactions contemplated by the Operative Documents, the Borrower will not enter into any arrangement, directly or indirectly, with any person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property

which it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

Section 6.09 Use of Proceeds; Federal Reserve Regulations. The Borrower will not permit the proceeds of the Loans to be used for any purpose other than to pay (i) fees and expenses associated with the Transactions, (ii) the Borrower's share of its costs and expenses under the Operative Documents, (iii) amounts payable by the Borrower under any seismic licenses or software and (iv) such other costs and expenses under the Joint Operating Agreement as may be mutually agreed in writing between the Lender and the Borrower. Neither the Borrower nor any Person acting on behalf of the Borrower has taken or will take any action which might cause any of the Loan Documents to violate Regulations T, U or X or any other regulation of the Board or to violate Section 7 of the Securities Exchange Act of 1934 or any rule or regulation thereunder, in each case as now in effect or as the same may hereinafter be in effect. If requested by the Lender, the Borrower will furnish to the Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 or such other form referred to in Regulations T, U or X of the Board, as the case may be.

Section 6.10 Sale or Discount of Receivables. The Borrower will not discount or sell (with or without recourse) any of its notes receivable or accounts receivable.

Section 6.11 Mergers, Etc. The Borrower will not merge into or with or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of the Properties to any other Person, unless the Obligations are repaid in full concurrently with the consummation of such merger, consolidation, sale, transfer or other disposition.

Section 6.12 Sale of Properties. The Borrower will not sell, assign, convey, lease, allow the use of or otherwise transfer any Properties, other than (a) inventory and other goods held for sale, including Hydrocarbons, obsolete, worn out, used or surplus equipment, and other assets (other than accounts receivable) in the ordinary course of business (including equipment that is no longer necessary for the business of the Borrower or is replaced by equipment of at least comparable value and use), (b) the entry into any farm-out agreements, operating agreements, and other agreements in the ordinary course of business and customary in the oil and gas industry for the purpose of developing such Oil and Gas Properties and any assignments, transfers or other dispositions of Properties and any other assets or properties of the Borrower pursuant thereto, and (c) transfers of property that is subject to a Casualty Event or in connection with any condemnation proceeding, *provided that* the net cash proceeds of such Casualty Event, if any, received by the Borrower are applied in accordance with this Agreement.

Section 6.13 [Intentionally Omitted].

Section 6.14 [Intentionally Omitted].

Section 6.15 Transactions with Affiliates. The Borrower will not enter into any transaction, including any purchase, sale, lease or exchange of property or the rendering of any service, with any of its Affiliates, except for (a) transactions on terms that are substantially as favorable to the Borrower as it would obtain at the time in a comparable arm's-length transaction with a Person that is not an Affiliate, as determined by the board of directors or managers of the Borrower in good faith, (b) the Transaction Documents and the transactions they contemplate, (c) the Initial Subordinated Debt and the transactions thereunder, and (d) employment and severance arrangements and health, disability and similar insurance or benefit plans between the Borrower and its directors, officers or employees (including management and employee benefit plans or agreements or similar agreements pertaining to the repurchase of Equity Interests with current or former employees, officers or directors and equity option or incentive plans and other compensation arrangements) in the ordinary course of business or as otherwise approved by the board of directors of the Borrower.

Section 6.16 Equity Interests. The Borrower will not create or acquire any Subsidiary or acquire any Equity Interests in any other Person. Except as provided in the Warrant and Participation Agreement, the Borrower will not (a) not create, incur, assume or permit to exist any Lien on any of its Equity Interests, whether now owned or subsequently acquired, except Excepted Liens, or (b) issue (directly or indirectly through an increase in the liquidation value) (i) any preferred stock or (ii) any redeemable common stock or other redeemable common Equity Interests other than common stock or other redeemable common Equity Interests that is or are redeemable at the sole option of the Borrower.

Section 6.17 Limitation on Accounts. The Borrower shall not maintain any deposit, securities or commodities accounts other than Excluded Accounts or as permitted under the Security Agreement.

Section 6.18 Hedging Agreements. The Borrower will not enter into any swap agreements, option contracts, synthetic option contracts, futures contracts, options on futures contracts, spot or forward contracts, caps, floors, collars, or any other derivative transaction or hedging arrangement of any type or nature whatsoever, whether related to interest rates, commodity prices or other matters.

Section 6.19 [Intentionally Omitted].

Section 6.20 Junior Payments, etc. The Borrower will not directly or indirectly, prepay, repay, pay, redeem, purchase, defease or otherwise satisfy in any manner (whether of principal or interest and regardless of amount), any Subordinated Debt, Scheduled Unsecured Debt or Permitted Unsecured Debt.

Section 6.21 Negative Pledge Agreements. The Borrower will not create, incur, assume or suffer to exist any contract, agreement or understanding (other than the Loan Documents) that in any way prohibits or restricts the granting, conveying, creation or imposition of any Lien on any of the Properties or any other assets or properties in favor of the Lender or which requires the consent of or notice to other Persons in connection therewith.

ARTICLE VII

EVENTS OF DEFAULT; REMEDIES

Section 7.01 Events of Default. One or more of the following events shall constitute an “*Event of Default*”:

(a) the Borrower shall fail to pay any principal of or interest on any Loan or any fee or any other amount payable under any Loan Document, when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof, by acceleration or otherwise and such failure shall continue unremedied for a period of, with respect to any payment of principal, one day or more, and with respect to any interest, fee or other amount, five days or more;

(b) any representation or warranty made by Borrower in this Agreement, any other Loan Document or in any certificate or other document furnished pursuant to or in connection with this Agreement or other Loan Document, shall prove to have been incorrect in any material respect when made;

(c) [intentionally omitted];

(d) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.03, Section 5.04, or in Article VI;

(e) the Borrower shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those that would constitute an Event of Default under Section 7.01(a) or Section 7.01(d)), and such failure to perform shall continue unremedied for a

period of 15 days after the earlier to occur of (i) notice thereof from the Lender to the Borrower (which notice will be given at the request of the Lender) and (ii) a Responsible Officer of the Borrower otherwise becoming aware of the failure; provided, however, that, except in the case of a failure to perform under Section 5.13, this 15-day period shall be extended, but in no event to beyond 30 days, (A) if that failure could not reasonably have been cured within that 15-day period, (B) if before the expiration of that 15-day period, the Borrower delivers to the Lender a plan to remedy that failure, (C) as long as it is likely that the Borrower can remedy that failure within that period as extended and (D) as long as the Borrower is diligently pursuing that remedy;

(f) the Borrower shall become subject to a Bankruptcy Event;

(g) the Borrower:

(i) shall be in material breach of, or in default under, an Operative Document and such breach or default shall not be remediable or, if remediable, shall continue unremedied for a period of 30 days from the time the Borrower obtains knowledge thereof; *provided that*, a written assertion of material breach by Texas South in respect to the withholding of information required to be provided to Texas South by the Borrower under such Operative Document shall not constitute an Event of Default hereunder; or

(ii) assigns or transfers all or any part of its rights and obligations in, to or under any Operative Document other than as permitted hereunder and thereunder;

(h) a Change in Control shall have occurred;

(i) (i) the Borrower shall fail to pay one or more final judgments aggregating in excess of \$1,000,000 (to the extent not covered by a reputable and creditworthy insurer as to which the insurer has not disclaimed coverage), which judgments are not paid or discharged, and there shall be any period of 30 consecutive days following entry of each such final judgment or decree during which a stay of enforcement of such final judgment or decree, by reason of pending appeal or otherwise, shall not be in effect or (ii) any one or more non-monetary judgments shall be rendered against the Borrower and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Borrower to enforce any such judgment;

(j) any of the Loan Documents shall for any reason, except to the extent permitted by the terms thereof, cease to be in full force and effect and valid, binding and enforceable in accordance with their terms against any party to those agreements (or any party thereto shall so assert) or shall be repudiated by any party thereto, or cease to create a valid and perfected Lien of the priority required thereby on any portion of the collateral purported to be covered thereby, except to the extent permitted by the terms of this Agreement, or any party to a Loan Document shall so assert, or any Subordinated Debt shall cease (or any party thereto shall so assert) to be validly subordinated to the Obligations under the Subordination Agreement or any documentation evidencing such Subordinated Debt;

(k) [intentionally omitted]; or

(l) an ERISA Event shall have occurred that, when taken together with all other such ERISA Events, could reasonably be expected to result in liability of the Borrower in an aggregate amount exceeding \$750,000.

Section 7.02 Remedies.

(a) In the case of an Event of Default other than one described in Section 7.01(f) at any time thereafter during the continuance of such Event of Default, the Lender may, by notice to the Borrower, take either or both of the following actions (without limiting the Lender's rights under Section 7.02(b)), at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Notes and the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and expenses and other obligations of the Borrower hereunder and under the Notes and the other Loan Documents, shall become due and payable immediately, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other notice of any kind, all of which are hereby waived by the Borrower; and in case of an Event of Default described in Section 7.01(f), the Commitments shall automatically terminate and the Notes and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and expenses and other obligations of the Borrower accrued hereunder and under the Notes and the other Loan Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, any notice or cure period provided for in this Agreement or any other Loan Document shall run concurrently with any notice or cure period provided for under Applicable Law.

(b) In the case of the occurrence of an Event of Default, the Lender will have all other rights and remedies available at Law and equity subject to the applicable terms of the Security Documents.

(c) All proceeds realized from the liquidation or other disposition of collateral or otherwise received after maturity of the Loans, whether by acceleration or otherwise, shall be applied:

- (i) *first*, to payment or reimbursement of that portion of the Obligations constituting fees, expenses and indemnities payable to the Lender;
- (ii) *second*, to payment of accrued interest on the Loans;
- (iii) *third*, to payment of principal outstanding on the Loans; and
- (iv) *fourth*, any excess, after all of the Obligations shall have been indefeasibly paid in full in cash, shall be paid to the Borrower or as otherwise required by any Law.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to Section 8.01(b)), all notices and other communications provided for in the Loan Documents shall be in writing and shall be delivered by hand or overnight courier service or sent by facsimile transmission to it as follows:

(i) If to the Borrower, at:
1331 Lamar Street
Suite 1665
Houston, Texas 77010
John Malanga, Chief Financial Officer
Tel: (281) 918-4103
Email: john.malanga@gulfslope.com

with a copy to:

Mayer Brown LLP
Attention: Tristan Propst
Suite 3400
700 Louisiana Street
Tel: (713) 238-2657
Fax: (713) 238-4657
Email: tpropst@mayerbrown.com

(ii) If to the Lender, at:
c/o Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801

and a copy to:

Leora Pratt Levin
VP & General Counsel
Delek Group Ltd
19, Abba Eban blvd. P.O.B 2054
Herzliya 4612001, Israel
Tel: (+972 9) 8638492
Direct: (+972 9) 8638491
Fax: (+972 9) 8854955
E-mail: leorapl@delek-group.com

(b) Notices and other communications to the Lender under the Loan Documents may be delivered or furnished by electronic communications pursuant to procedures approved by the Lender.

(c) Any party to the Loan Documents may change its address or telecopy number for notices and other communications under by notice to the other parties to the Loan Documents. All notices and other communications given to any party to the Loan Documents in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

Section 8.02 Waivers; Amendments.

(a) No failure on the part of the Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege, or any abandonment or discontinuance of steps to enforce any such right, power or privilege, under any of the Loan Documents shall operate as a waiver of any such right, power or privilege, nor shall any single or partial exercise of any right, power or privilege under any of the Loan Documents preclude its subsequent or further exercise or the exercise of any other right, power or privilege. The rights and remedies of the Lender under the Loan Documents are cumulative and are not exclusive of any rights or remedies that it would otherwise have. No waiver of

any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower from their provisions shall in any event be effective unless the same shall be permitted by Section 8.02(b), and then the waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Lender may have had notice or knowledge of the Default at the time.

(b) Neither any Transaction Document nor any provision of any Transaction Document may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Lender.

Section 8.03 Expenses, Indemnity; Damage Waiver.

(a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Lender and its Affiliates prior to or in connection with Closing, including the fees, charges and disbursements of counsel and other outside consultants for the Lender, the travel, photocopy, mailing, courier, telephone and other similar expenses, the preparation, negotiation, execution and delivery of this Agreement and the other Loan Documents and any amendments, modifications or waivers of or consents related to their provisions (regardless of whether the transactions contemplated by the Transaction Documents shall be consummated), (ii) all reasonable costs, expenses, Taxes, assessments and other charges incurred by the Lender prior to or in connection with the Closing in connection with any filing, registration, recording or perfection of any security interest contemplated by this Agreement or any Security Document or any other document referred to in them, (iii) all reasonable out-of-pocket expenses incurred by the Lender and its Affiliates, including the fees, charges and disbursements of any counsel for the Lender, in connection with any amendment, waiver, consent or similar event in connection with this Agreement or any other Transaction Document and (iv) all reasonable out-of-pocket expenses incurred by the Lender and its Affiliates, including the fees, charges and disbursements of any counsel for the Lender, in connection with the enforcement or protection of its rights in connection with this Agreement or any other Transaction Document, including its rights under this Section 8.03, or in connection with the Loans made, including, all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Loans. All amounts due under this Section 8.03 shall be payable not later than five Business Days after written demand therefor.

(b) THE BORROWER SHALL INDEMNIFY THE LENDER, AND EACH RELATED PARTY OF THE LENDER (EACH SUCH PERSON BEING CALLED AN “INDEMNITEE”) AGAINST, AND DEFEND AND HOLD EACH INDEMNITEE HARMLESS FROM, ANY AND ALL LOSSES, CLAIMS, DAMAGES, PENALTIES, LIABILITIES AND RELATED EXPENSES, INCLUDING THE FEES, CHARGES AND DISBURSEMENTS OF ANY COUNSEL FOR ANY INDEMNITEE, INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF (i) THE EXECUTION, DELIVERY OR THE PERFORMANCE OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN DOCUMENTS, OR (ii) ANY ASSERTION THAT THE LENDER WAS NOT ENTITLED TO RECEIVE THE PROCEEDS RECEIVED PURSUANT TO THE SECURITY DOCUMENTS, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY AND REGARDLESS OF WHETHER ANY INDEMNITEE IS A PARTY TO THIS AGREEMENT. TO THE EXTENT THE INDEMNITY IN SECTION 8.03(b) CONFLICTS WITH ANY INDEMNITY CONTAINED IN ARTICLE 19 OF THE JOINT OPERATING AGREEMENT, THE PARTIES HERETO AGREE THAT THE APPLICABLE INDEMNITY CONTAINED IN ARTICLE 19 OF THE JOINT OPERATING AGREEMENT SHALL CONTROL TO THE EXTENT OF SUCH CONFLICTS.

Section 8.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted by this Agreement. Neither the Borrower nor the Lender may assign or otherwise transfer any of its rights or obligations under any of the Loan Documents without the prior written consent of the other party (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties to this Agreement, their respective successors and assigns permitted hereby) and, to the extent expressly contemplated hereby, the Related Parties of the Lender, any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Lender may assign to an assignee that is an Affiliate of a Lender that has elected to be treated as a corporation for United States Tax purposes, *provided that*:

(i) there shall be only one Lender under this Agreement at any time;

(ii) the assignee shall execute and deliver to the Lender a customary assignment and assumption agreement and all other customary documentation relating to such assignment, together with a processing and recordation fee of \$3,500; and

(iii) the assignee shall provide the Borrower on or prior to the date of such assignment, an executed copy of IRS Form W-9 or W-8, as applicable.

From and after the effective date specified in such assignment and assumption agreement, the assignee shall be a party to this Agreement and have the rights and obligations as the Lender under this Agreement, and the assigning Lender shall be released from its obligations under this Agreement and shall cease to be a party to this Agreement but shall continue to be entitled to the benefits of Section 2.11 and Section 8.03).

(c) Notwithstanding any other provisions of this Section 8.04, no transfer or assignment of the interests or obligations of the Lender shall be permitted if such transfer or assignment would require the Borrower to file a registration statement with the SEC or to qualify the Loans under the "Blue Sky" Laws of any state.

Section 8.05 Survival; Revival; Reinstatement.

(a) All covenants, agreements, representations and warranties made by the Borrower in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties to this Agreement and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any Loan is made, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Section 2.11, Section 7.02, and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated by the Loan Documents, the repayment of the Loans and the Commitments or the termination of this Agreement, any other Loan Document or any of their provisions.

(b) To the extent that any payments on the Obligations or proceeds of any collateral are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to

a trustee, debtor in possession, receiver or other Person under any bankruptcy Law, common law or equitable cause, then to that extent, the Obligations so satisfied shall be revived and continue as if the payment or proceeds had not been received and the Lender's Liens, security interests, rights, powers and remedies under this Agreement and each Loan Document shall continue in full force and effect. In such an event, each Loan Document shall be automatically reinstated and the Borrower shall take such action as may be requested by the Lender to effect the reinstatement.

(c) Notwithstanding anything to the contrary in the Loan Documents and for the avoidance of doubt, the holder of the Warrant and parties to the Registration Rights Agreement shall be entitled to exercise all rights and remedies available to them under law and at equity and under the Warrant and the Registration Rights Agreement for any breaches of provisions that survive the payment in full of the Obligations, if any.

Section 8.06 Counterparts; Integration; Effectiveness.

(a) This Agreement may be executed in counterparts (and by different parties to this Agreement on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

(b) This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter of the Loan Documents and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter of the Loan Documents. This Agreement and the other Loan Documents represent the final agreement among the parties to the Loan Documents and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

(c) Except as provided in Section 3.01, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts that, when taken together, bear the signatures of each of the other parties to this Agreement, and thereafter shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 8.07 Severability. Any provision of this Agreement or any other Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions of the Loan Documents; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate that provision in any other jurisdiction.

Section 8.08 Right of Setoff. If an Event of Default shall have occurred and be continuing, the Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations of whatsoever kind at any time owing by that Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower owed to that Lender now or subsequently existing under this Agreement or any other Loan Document, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although those obligations may be unmatured. The rights of the Lender under this Section 8.08 are in addition to other rights and remedies (including other rights of setoff) which such Lender or its Affiliates may have.

(a) EXCEPT TO THE EXTENT (IF ANY) PROVIDED OTHERWISE IN A PARTICULAR LOAN DOCUMENT, THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THE LOAN DOCUMENTS MAY BE BROUGHT, IF AT ALL, IN THE COURTS OF THE STATE OF NEW YORK AND OF ANY FEDERAL COURT LOCATED IN THE STATE OF NEW YORK (OR ANY APPELLATE COURT FROM ANY THEREOF), AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY TO THIS AGREEMENT HEREBY ACCEPTS FOR ITSELF AND (TO THE EXTENT PERMITTED BY LAW) IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THOSE COURTS. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, THAT IT NOW OR SUBSEQUENTLY MAY HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. IN THE CASE OF THE BORROWER ONLY, THIS SUBMISSION TO JURISDICTION IS NON-EXCLUSIVE AND DOES NOT PRECLUDE A PARTY FROM OBTAINING JURISDICTION OVER THE BORROWER IN ANY OTHER COURT OTHERWISE HAVING JURISDICTION.

(c) EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE COURTS SPECIFIED ABOVE IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO IT AT THE ADDRESS SPECIFIED IN SECTION 8.01 OR SUCH OTHER ADDRESS AS IS SPECIFIED PURSUANT TO SECTION 8.01, WHICH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER MAILING. THIS SECTION 8.09(c) SHALL NOT AFFECT THE RIGHT OF A PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANOTHER PARTY IN ANY APPROPRIATE JURISDICTION.

(d) EACH PARTY TO THIS AGREEMENT HEREBY (i) KNOWINGLY, VOLUNTARILY, INTENTIONALLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM IN ANY SUCH PROCEEDING; (ii) CERTIFIES THAT NO PARTY TO THIS AGREEMENT OR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY TO THIS AGREEMENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, (iii) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 8.09, AND (IV) ACKNOWLEDGES THAT THIS SECTION 8.09 WAS NEGOTIATED BY IT AND THAT ITS COUNSEL HAS HAD AN OPPORTUNITY TO REVIEW THIS AGREEMENT.

Section 8.10 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 8.11 Interest Rate Limitation. It is the intention of the parties to this Agreement that the Lender shall conform strictly to usury Laws applicable to it. Accordingly, if the transactions contemplated by the Transaction Documents would be usurious as to the Lender under Applicable Law (including the Laws of the United States of America and the State of New York or any other jurisdiction whose Laws may be mandatorily applicable that Lender notwithstanding the other provisions of this Agreement), then, in that event, notwithstanding anything to the contrary in any of the Transaction Documents or any agreement entered into in connection with or as security for the Loans, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under Law applicable to the Lender that is contracted for, taken, reserved, charged or received by that Lender under any of the Loan Documents or agreements or otherwise in connection with the Notes shall under no circumstances exceed the maximum amount allowed by that Applicable Law, and any excess shall be canceled automatically and if previously paid shall be credited by that Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by that Lender to the Borrower); and (ii) in the event that the maturity of the Notes is accelerated due to any Event of Default under this Agreement or otherwise, or in the event of any required or permitted prepayment, then any consideration that constitutes interest under Applicable Law may never include more than the maximum amount allowed by that Applicable Law, and excess interest, if any, provided for in this Agreement or otherwise shall be canceled automatically by a particular Lender as of the date of acceleration or prepayment and, if previously paid, shall be credited by that Lender on the principal amount of the Obligations (or, to the extent that the principal amount of the Obligations shall have been or would thereby be paid in full, refunded by that Lender to the Borrower). All sums paid or agreed to be paid to the Lender for the use, forbearance or detention of sums due under the Transaction Documents shall, to the extent permitted by Law applicable to that Lender, be amortized, prorated, allocated and spread throughout the stated term of the Loans evidenced by the Notes until payment in full so that the rate or amount of interest on account of any Loans does not exceed the maximum amount allowed by that Applicable Law.

Section 8.12 EXCULPATION PROVISIONS. EACH OF THE PARTIES TO THIS AGREEMENT SPECIFICALLY AGREES THAT IT HAS A DUTY TO READ THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS AND AGREES THAT IT IS CHARGED WITH NOTICE AND KNOWLEDGE OF THE TERMS OF THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS; THAT IT HAS IN FACT READ THIS AGREEMENT AND IS FULLY INFORMED AND HAS FULL NOTICE AND KNOWLEDGE OF THE TERMS, CONDITIONS AND EFFECTS OF THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS; THAT IT HAS BEEN REPRESENTED BY INDEPENDENT LEGAL COUNSEL OF ITS CHOICE THROUGHOUT THE NEGOTIATIONS PRECEDING ITS EXECUTION OF THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS; AND HAS RECEIVED THE ADVICE OF ITS ATTORNEY IN ENTERING INTO THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS; AND THAT IT RECOGNIZES THAT CERTAIN OF THE TERMS OF THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS RESULT IN ONE PARTY ASSUMING THE LIABILITY INHERENT IN SOME ASPECTS OF THE TRANSACTIONS AND RELIEVING THE OTHER PARTY OF ITS RESPONSIBILITY FOR SUCH THAT LIABILITY. EACH PARTY TO THIS AGREEMENT AGREES AND COVENANTS THAT IT WILL NOT CONTEST THE VALIDITY OR ENFORCEABILITY OF ANY EXCULPATORY PROVISION OF THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS ON THE BASIS THAT THE PARTY HAD NO NOTICE OR KNOWLEDGE OF SUCH PROVISION OR THAT THE PROVISION IS NOT “CONSPICUOUS.”

Section 8.13 No Third Party Beneficiaries. This Agreement, the other Loan Documents, and the agreement of the Lender to make Loans are solely for the benefit of the Borrower, and no other Person (including any obligor, contractor, subcontractor, supplier or materialsman) shall have any rights, claims, remedies or privileges under any Loan Document against the Lender for any reason whatsoever. Except for indemnities and waivers of the Borrower in this Article VIII, there are no third party beneficiaries.

Section 8.14 USA Patriot Act Notice. The Lender hereby notifies the Borrower that, pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow that Lender to identify the Borrower in accordance with such act.

Section 8.15 Relationship of Parties. The relationship of the Lender and the Borrower is solely one of lender and borrower and this Agreement does not constitute a partnership, tenancy-in-common, joint tenancy or joint venture between the Lender and the Borrower, nor does this Agreement create an agency or fiduciary relationship between the Lender and the Borrower. The Borrower is not the representative or agent of the Lender and the Lender is not a representative or agent of the Borrower. The parties hereto intend that the relationship among them shall be solely that of creditor and debtor. The Lender shall not in any way be responsible or liable for the debts, losses, obligations or duties of the Borrower.

Section 8.16 Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority or any self-regulatory authority, (c) to the extent required by Applicable Law or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement or any other Loan Document, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 8.16, to any assignee of or any prospective assignee of, any of its rights or obligations under this Agreement, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section 8.16 or (ii) becomes available to the Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section 8.16, "Information" means all information received from the Borrower or any Affiliate relating to the Borrower or any Affiliate and their businesses, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by the Borrower or any Affiliate; *provided that*, in the case of information received from the Borrower or any Affiliate after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section 8.16 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Section 8.17 Lender's Acknowledgement of Cure. The Lender hereby acknowledges and agrees that, upon the application of the Initial Loans, the breach by Borrower arising or resulting from Borrower's failure to timely pay its share of the payment obligations due prior to the Closing Date for the drilling, completion, plugging, and abandonment of the Phase I ITWs for the Phase I Prospects (the "**Prospect Payment Default**") shall be cured and no breach or default arising from such Prospect Payment Default shall thereafter be continuing.

[SIGNATURES BEGIN NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first set forth above.

DELEK GOM INVESTMENTS, LLC

By: /s/ Leora Pratt Levin

Name: Leora Pratt Levin

Title: Authorized Person

GULFSLOPE ENERGY, INC.

By: /s/ John N. Seitz

Name: John N. Seitz

Title: CEO

[Signature Page to Term Loan Agreement]

EXECUTION VERSION

NEITHER THIS WARRANT, NOR THE SECURITIES ISSUABLE UPON EXERCISE OF THIS WARRANT (COLLECTIVELY, THE "SECURITIES"), HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR BLUE SKY LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY TO THE EFFECT THAT ANY PROPOSED TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES OR BLUE SKY LAWS. THIS WARRANT IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH HEREIN

GULFSLOPE ENERGY, INC.

Form Of Warrant To Purchase Common Stock

Warrant No.:

Number of Shares of Common Stock:

Date of Issuance: ("Issuance Date")

GulfSlope Energy, Inc., a Delaware corporation (the "Company"), hereby certifies that, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, DELEK GOM INVESTMENTS, LLC, the registered holder hereof or its permitted assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company, at the Exercise Price (as defined below) then in effect, at any time or times on or after the Issuance Date, but not after 11:59 p.m., New York time, on the Expiration Date, (as defined below), up to [●] fully paid nonassessable shares of Common Stock (as defined below), subject to adjustment as provided herein (the "Warrant Shares"). Except as otherwise defined herein, capitalized terms in this Warrant to Purchase Common Stock (including any Warrants to Purchase Common Stock issued in exchange, transfer or replacement hereof, this "Warrant"), shall have the meanings set forth in Section 17.

This Warrant was issued pursuant to that certain Term Loan Agreement, dated as of March 1, 2019 (as may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Term Loan Agreement"), by and between the Company and Holder, and in conjunction with a registration rights agreement with respect to the Warrant Shares (as modified from time to time in accordance with the terms thereof, the "Registration Rights Agreement") to be entered into by the Company and the Holder within twenty-one (21) days of the Issuance Date.

1. EXERCISE OF WARRANT.

(a) Mechanics of Exercise. Subject to the terms and conditions hereof, this Warrant may be exercised by the Holder at any time on or after the Issuance Date, in whole, by (i) delivery (whether via facsimile, electronic mail or otherwise) of a written notice, in the form attached hereto as Exhibit A (the "Exercise Notice"), of the Holder's election to exercise this Warrant and (ii) (A) payment to the Company of an amount equal to the Exercise Price in effect on the date of such exercise multiplied by the number of Warrant Shares then issuable under this Warrant (the "Aggregate Exercise Price") in cash by wire transfer of immediately available funds (a "Cash Exercise") or (B) if the provisions of Section 1(c) are applicable, by notifying the Company that this Warrant is being exercised pursuant to a Loan Reduction Exercise (as defined in Section 1(c)). The Holder shall not be required to deliver the original Warrant in order to effect an exercise hereunder, nor shall any ink-original signature or medallion guarantee (or other type of guarantee or notarization) with respect to any Exercise Notice be required. On or before the first Trading Day following the date on which the Company has received the

applicable Exercise Notice, the Company shall transmit by facsimile or electronic mail an acknowledgment of confirmation of receipt of the Exercise Notice, in the form attached to the Exercise Notice, to the Holder and the Company's transfer agent (the "Transfer Agent"). (i) In the case of a Cash Exercise, (A) so long as the Holder delivers the Aggregate Exercise Price on or prior to the second Trading Day following the date on which the Exercise Notice has been delivered to the Company, then on or prior to the third Trading Day following the date on which the Exercise Notice has been delivered to the Company, or (B) if the Holder does not deliver the Aggregate Exercise Price on or prior to the second Trading Day following the date on which the Exercise Notice has been delivered to the Company, then on or prior to the second Trading Day following the date on which the Aggregate Exercise Price is delivered, or (ii) in the case of a Loan Reduction Exercise, on or prior to the third Trading Day following the date on which the Exercise Notice has been delivered to the Company, the Company shall cause the Transfer Agent to register by book entry, as described in Section 1(g) below, the transfer and delivery of the Warrant Shares issuable to the Holder upon such exercise and deliver to the Holder an Ownership Notice (as defined in Section 1(g)) relating to such Warrant Shares. Notwithstanding the preceding sentence, in the event the Holder exercises the Warrant in connection with a pending sale transaction of the Warrant Shares issuable to the Holder upon such exercise, the Company shall use commercially reasonable efforts to cause the Transfer Agent to register such transfer and effect delivery of the Warrant Shares no later than the Trading Day on which the Company has received the Exercise Notice and Aggregate Exercise Price (in the case of a Cash Exercise). Upon delivery of the Exercise Notice and Aggregate Exercise Price (in the case of a Cash Exercise) to the Company, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date registration of such Warrant Shares in the Holder's name or delivery of the Ownership Notice in respect thereof to Holder occurs. The Company shall pay any stamp, issuance and similar taxes, costs and expenses (including, without limitation, fees and expenses of the Transfer Agent) which may be payable with respect to the issuance and delivery of Warrant Shares upon exercise of this Warrant. The Company's obligations to issue and deliver Warrant Shares in accordance with the terms and subject to the conditions hereof are absolute and unconditional, irrespective of any action or inaction by the Holder to enforce the same, any waiver or consent with respect to any provision hereof, the recovery of any judgment against any Person or any action to enforce the same, or any setoff, counterclaim or recoupment; provided, however, that the Company shall not be required to deliver Warrant Shares with respect to a Cash Exercise prior to the Holder's delivery of the Aggregate Exercise Price. All Warrant Shares issued upon the exercise of this Warrant pursuant to the terms hereof shall be validly issued, fully paid and non-assessable, issued without violation of any preemptive or similar rights of any stockholders of the Company and free and clear of all liens imposed by or through the Company.

(b) Exercise Price. For purposes of this Warrant, "***Exercise Price***" means \$0.042, subject to adjustment as provided herein.

(c) Loan Reduction Exercise. In lieu of paying the Aggregate Exercise Price in cash, Holder, at its option, may exercise this Warrant in whole through an extinguishment of the then outstanding Obligations (as defined in the Term Loan Agreement) of the Company in accordance with Section 2.10(b) of the Term Loan Agreement (a "Loan Reduction Exercise").

The parties hereto intend that for all applicable income tax purposes, the Loan Reduction Exercise of this Warrant shall be treated by the parties as a deemed Cash Exercise of the Warrant by the Holder followed by a payment on the Loans (as defined in the Term Loan Agreement) by the Company in an amount equal to the Aggregate Exercise Price. Unless otherwise required by applicable tax law at the time this Warrant is exercised or by a "determination" as defined in Section 1313 of the Code, the Company and the Holder shall not take any actions or positions that are inconsistent with the preceding sentence.

(d) Disputes. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares, the Company shall promptly issue to the Holder

the number of Warrant Shares that are not disputed and resolve such dispute in accordance with Section 11.

(e) No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share that the Holder would otherwise be entitled to purchase upon such exercise, the Company shall pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price.

(f) Exchange Act Filings. The Holder agrees and acknowledges that it shall have sole responsibility for making any applicable filings with the U.S. Securities and Exchange Commission (the “SEC”) pursuant to Sections 13 and 16 of the Exchange Act as a result of its acquisition of any Warrant and the Warrant Shares and any future retention or transfer thereof.

(g) Book Entry; Ownership Notice. Any Warrant Shares issued hereunder shall be in uncertificated, book-entry form, as permitted by the Company’s Bylaws and the Delaware General Corporation Law. The Transfer Agent shall maintain the register for the Common Stock and such book-entry system. Upon any exercise of this Warrant, the Company shall deliver (or cause the Transfer Agent to deliver) to the Holder a screen shot of the Transfer Agent’s records or such other instrument as the Transfer Agent shall typically issue in such circumstance indicating the registration of transfer to the Holder by book entry of the number of shares of Common Stock issuable to the Holder upon such exercise of the Warrant (an “Ownership Notice”). The Transfer Agent’s records and any Ownership Notices shall contain the legend set forth in Section 18(d) (or an equivalent notation reflecting the transfer restrictions described in such legend) until such time as the legend may be removed in accordance with Section 18(d).

(h) Reservation of Warrant Shares. The Company covenants that it will at all times reserve and keep available out of the aggregate of its authorized but unissued and otherwise unreserved Common Stock, solely for the purpose of enabling it to issue Warrant Shares upon exercise of this Warrant as herein provided, the number of shares of Common Stock which are then issuable and deliverable upon the exercise of this entire Warrant. The Company covenants that all shares of Common Stock so issuable and deliverable shall, upon issuance and the payment of the applicable Exercise Price in accordance with the terms hereof, be duly and validly authorized, issued and fully paid and nonassessable. If, notwithstanding the foregoing, and not in limitation thereof, at any time while this Warrant remains outstanding the Company does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon exercise of this Warrant at least a number of shares of Common Stock (the “Required Reserve Amount”) equal to the maximum number of shares of Common Stock as shall from time to time be necessary to effect the exercise of all this Warrant (without regard to any limitations on exercise contained herein) (an “Authorized Share Failure”), then the Company shall promptly take all action necessary to increase the Company’s authorized shares of Common Stock to an amount sufficient to allow the Company to reserve the Required Reserve Amount for this entire Warrant. Without limiting the generality of the foregoing sentence, to the extent necessary to remedy the Authorized Share Failure, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than 75 days after the occurrence of such Authorized Share Failure, the Company shall hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Company shall provide each stockholder with a proxy statement and use its best efforts to solicit its stockholders’ approval of such increase in authorized shares of Common Stock and shall cause its board of directors to recommend to the stockholders that they approve such proposal. Notwithstanding the foregoing, if any such time of an Authorized Share Failure, the Company is able to obtain the written consent of a majority of the shares of its issued and outstanding shares of Common Stock to approve the increase in the number of authorized shares of Common Stock, the Company may satisfy this obligation by obtaining such

consent and submitting for filing with the SEC an Information Statement on Schedule 14C. The Company shall not effect any subdivision (by way of stock split, stock dividend, recapitalization or otherwise) of its outstanding Common Stock into a greater number of shares of Common Stock which would result, pursuant to Section 2(a), in a reduction of the Exercise Price below the par value of the shares of Common Stock then in effect unless on or prior to such subdivision or action the par value of such shares of Common Stock is reduced to the extent necessary (or another adjustment reasonably acceptable to the Required Holders and the Company is made) to permit the adjustments under Section 2(a) which would otherwise be made in connection therewith, but for the restriction of Section 2(b), and to permit the Warrants to be exercised into Warrant Shares that are fully paid after giving effect to such adjustments.

2. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF WARRANT SHARES.

(a) Adjustment Upon Subdivision or Combination of Shares of Common Stock. If the Company at any time on or after the Issuance Date subdivides (by any stock split, stock dividend, recapitalization or otherwise) its outstanding shares of Common Stock into a greater number of shares, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of Warrant Shares will be proportionately increased. If the Company at any time on or after the Issuance Date combines (by combination, reverse stock split or otherwise) its outstanding shares of Common Stock into a smaller number of shares, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of Warrant Shares will be proportionately decreased. Any adjustment under this Section 2(a) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(b) Par Value. Notwithstanding anything to the contrary in this Warrant, in no event shall the Exercise Price be reduced below the par value of the Company's Common Stock.

(c) Special Distributions. In case the Company shall declare a dividend or make any other distribution (excluding dividends payable in shares of its Common Stock and other dividends or distributions referred to in Section 2(a)), including, without limitation, in property or assets, to all holders of Common Stock (a "Non-Cash Distribution"), then the board of directors of the Company shall make provision so that upon the exercise of the Warrant, the Holder or the Holder's subsequent permitted transferee(s) shall be entitled to receive such dividend or distribution that the Holder would have received had the Warrant been exercised in whole immediately prior to the record date for such dividend or distribution. In case the Company shall declare a dividend or make any other distribution in cash or cash equivalents to all holders of Common Stock (a "Cash Distribution" and together with a Non-Cash Distribution, a "Special Distribution"), then the Exercise Price in effect immediately prior to such Cash Distribution will be reduced by the per share amount of any such Cash Distribution. When a Special Distribution is made, the Company shall promptly notify the Holder of such event in writing and the dividend or other distribution that the Holder is entitled to receive.

(d) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company.

(e) Adjustment for Outstanding Obligations at Exercise Notice Date. If at the time the Holder exercises this Warrant in whole and the number of Warrant Shares then issuable under the Warrant (prior to any adjustment pursuant to this Section 2(e)) is not equal to the quotient of the Obligations (as defined in the Term Loan Agreement) of the Company outstanding under the Term Loan Agreement at the date of the Exercise Notice (the "Exercise Notice Date") divided by \$0.042 (such quotient, the "Exercise Shares"), then the number of Warrant Shares issuable under this Warrant shall be

increased or decreased as necessary for the Warrant Shares issuable upon exercise of the Warrant as of the Exercise Notice Date to be equal to the Exercise Shares.

3 . FUNDAMENTAL TRANSACTIONS. Prior to the occurrence of any Fundamental Transaction, the Company shall make appropriate provision to ensure that the Successor Entity shall deliver upon exercise of this Warrant, in lieu of the shares of the Common Stock (or other securities, cash, assets or other property purchasable upon the exercise of the Warrant prior to such Fundamental Transaction), such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights), if any, that the Holder would have been entitled to receive upon the happening of such Fundamental Transaction had this Warrant been exercised immediately prior to the record date for such Fundamental Transaction, as adjusted in accordance with the provisions of this Warrant. Upon the occurrence of any Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant referring to the “Company” shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant with the same effect as if such Successor Entity had been named as the Company herein. Upon consummation of the Fundamental Transaction, the Successor Entity shall deliver to the Holder confirmation that there shall be issued upon exercise of this Warrant at any time after the consummation of the Fundamental Transaction, in lieu of the shares of the Common Stock (or other securities, cash, assets or other property purchasable upon the exercise of the Warrant prior to such Fundamental Transaction), such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights), if any, that the Holder would have been entitled to receive upon the happening of such Fundamental Transaction had this Warrant been exercised immediately prior to the record date for such Fundamental Transaction, as adjusted in accordance with the provisions of this Warrant. In addition to and not in substitution for any other rights hereunder, prior to the consummation of any Fundamental Transaction pursuant to which holders of shares of Common Stock are entitled to receive securities or other assets with respect to or in exchange for shares of Common Stock (a “Corporate Event”), the Company shall make appropriate provision to ensure that the Holder will thereafter have the right to receive upon an exercise of this Warrant in whole within 90 days after the consummation of the Fundamental Transaction but, in any event, prior to the Expiration Date, in lieu of the shares of the Common Stock (or other securities, cash, assets or other property) purchasable upon the exercise of the Warrant prior to such Fundamental Transaction, such shares of stock, securities, cash, assets or any other property whatsoever (including warrants or other purchase or subscription rights) which the Holder would have been entitled to receive upon the happening of such Fundamental Transaction had the Warrant been exercised in whole immediately prior to the record date for such Fundamental Transaction. The provisions of this Section 3 shall apply similarly and equally to successive Fundamental Transactions and Corporate Events and any adjustment under this Section 3 shall be without duplication for any adjustment or distribution made under Section 2.

4 . NO DUPLICATIVE ADJUSTMENT; LIMIT ON ADJUSTMENTS. Any adjustments or distribution rights under any provision of Sections 2 or 3 shall be made without duplication for any other adjustment under any other provision of Section 2 or 3. In addition, if the Holder or the Company reasonably believes, based on the written opinion of legal counsel, that any regulatory or stockholder approval, including under applicable antitrust laws or applicable rules and regulations of any national securities exchange or over-the-counter market on which the Common Stock is listed for trading, is required prior to the Holder acquiring any securities or other property to which it is entitled, the Holder or the Company may delay such issuance to the Holder until such approval has been obtained (or, in the case of applicable antitrust laws, the required filings have been completed and any applicable waiting period has expired). The Company shall use commercially reasonable efforts to comply promptly with all applicable regulatory requirements related to obtaining such approvals.

5 . NONCIRCUMVENTION. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation or Bylaws, or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issuance or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all of the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant, and (iii) shall, so long as any of the Warrants are outstanding, take all action necessary to reserve and keep available out of its authorized and unissued shares of Common Stock, solely for the purpose of effecting the exercise of the Warrants, the number of shares of Common Stock as shall from time to time be necessary to effect the exercise of the Warrants then outstanding (without regard to any limitations on exercise).

6. WARRANT HOLDER NOT DEEMED A STOCKHOLDER. Except as otherwise specifically provided herein, the Holder, solely in such Person's capacity as a holder of this Warrant, shall not be entitled to vote or receive dividends or be deemed the holder of capital stock of the Company for any purpose, nor shall anything contained in this Warrant be construed to confer upon the Holder, solely in such Person's capacity as the Holder of this Warrant, any of the rights of a stockholder of the Company or any right to vote, give or withhold consent to any corporate action (whether any reorganization, issue of stock, reclassification of stock, consolidation, merger, conveyance or otherwise), receive notice of meetings, receive dividends or subscription rights, or otherwise, prior to the issuance to the Holder of the Warrant Shares which such Person is then entitled to receive upon the due exercise of this Warrant. In addition, nothing contained in this Warrant shall be construed as imposing any liabilities on the Holder to purchase any securities (upon exercise of this Warrant or otherwise) or as a stockholder of the Company, whether such liabilities are asserted by the Company or by creditors of the Company. Notwithstanding this Section 6, the Company shall provide the Holder with copies of the same notices and other information given to the stockholders of the Company generally, contemporaneously with the giving thereof to the stockholders.

7. REGISTRATION AND REISSUANCE OF WARRANTS.

(a) Registration of Warrant. The Company shall register this Warrant, upon the records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary. The Company shall also register any transfer, exchange, reissuance or cancellation of any portion of this Warrant in the Warrant Register.

(b) Transfer of Warrant. Subject to the terms and conditions hereof, including the restrictions on transfer set forth in Section 7(c), this Warrant and all rights hereunder are transferable, in whole or in part, without charge to the Holder, upon surrender of this Warrant with a properly executed assignment (in the form attached hereto as Exhibit B) at the principal office of the Company. Any transfer or assignment of this Warrant (and the Warrant Shares issuable upon exercise of this Warrant) shall be made only in compliance with all applicable securities laws and, if requested by the Company, following delivery to the Company of a legal opinion reasonably satisfactory to the Company confirming such compliance. If this Warrant is to be transferred in accordance with the terms hereof, the Holder shall (i) surrender this Warrant to the Company together with all applicable transfer taxes, whereupon the Company will promptly issue and deliver upon the order of the Holder a new Warrant (in accordance with Section 7(f)), registered as the Holder may request, representing the right to purchase the

number of Warrant Shares being transferred by the Holder and, if less than the total number of Warrant Shares then underlying this Warrant is being transferred, a new Warrant (in accordance with Section 7(e)) to the Holder representing the right to purchase the number of Warrant Shares not being transferred and (ii) provide advance written notice to the Company of the Warrant being transferred, the name and notice details of the transferee and an instrument duly executed by the transferee whereby such transferee makes the representations set forth in Section 18 of this Warrant and agrees to be bound by all obligations of the Holder under this Warrant. Any transfer of the Warrant or Warrant Shares which is not made in accordance with the terms of this Section 7 shall be void.

(c) Restrictions on Transfer. The Warrant and the Warrant Shares issuable and deliverable upon exercise of this Warrant may be transferred or assigned to any Person without the consent of the Company; provided that any such transferee shall agree in writing to be bound by all obligations of the Holder under this Warrant.

(d) Lost, Stolen or Mutilated Warrant. Upon receipt by the Company of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant, and, in the case of loss, theft or destruction, of any indemnification undertaking by the Holder to the Company in customary form or the provision of reasonable security by the Holder to the Company and, in the case of mutilation, upon surrender and cancellation of this Warrant, the Company shall execute and deliver to the Holder a new Warrant (in accordance with Section 7(f)) representing the right to purchase the Warrant Shares then underlying this Warrant.

(e) Exchangeable for Multiple Warrants. This Warrant is exchangeable, upon the surrender hereof by the Holder at the principal office of the Company together with all applicable transfer taxes, for a new Warrant or Warrants (in accordance with Section 7(f)) representing in the aggregate the right to purchase the number of Warrant Shares then underlying this Warrant, and each such new Warrant will represent the right to purchase such portion of such Warrant Shares as is designated by the Holder at the time of such surrender; provided, however, that the Company shall not be required to issue Warrants for fractional shares of Common Stock hereunder.

(f) Issuance of New Warrants. Whenever the Company is required to issue a new Warrant pursuant to the terms of this Warrant, such new Warrant shall (i) be of like tenor with this Warrant, (ii) represent, as indicated on the face of such new Warrant, the right to purchase the Warrant Shares then underlying this Warrant (or in the case of a new Warrant being issued pursuant to Section 7(b) or Section 7(d), the Warrant Shares designated by the Holder which, when added to the number of shares of Common Stock underlying the other new Warrants issued in connection with such issuance, does not exceed the number of Warrant Shares then underlying this Warrant), (iii) have an issuance date, as indicated on the face of such new Warrant which is the same as the Issuance Date and (iv) have the same rights and conditions as this Warrant.

8. NOTICES. Whenever notice is required to be given under this Warrant, unless otherwise provided herein, such notice shall be given in accordance with the information set forth in the Warrant Register. The Company shall provide the Holder with prompt written notice of all actions taken pursuant to this Warrant, including, in reasonable detail, a description of such action and the reason or reasons therefore. Without limiting the generality of the foregoing, the Company will give written notice to the Holder following any adjustment of the Exercise Price or Warrant Shares issuable upon exercise hereof, setting forth in reasonable detail, and certifying, the calculation of such adjustment.

9. AMENDMENT AND WAIVER. Except as otherwise provided herein, the provisions of this Warrant may be amended or waived and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the written consent of the Required Holders. Any amendment or waiver approved by the

Required Holders and any other approval or consent granted by the Required Holders hereunder shall be effective and binding on all current and future holders of the Warrant.

10. GOVERNING LAW; JURISDICTION; JURY TRIAL. This Warrant shall be governed by and construed and enforced in accordance with, and all questions concerning the construction, validity, interpretation and performance of this Warrant shall be governed by, the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in The City of New York, Borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. The Company hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to the Company at the address set forth on the signature page for the Company below or such other address as the Company subsequently delivers to the Holder and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. Nothing contained herein shall be deemed or operate to preclude the Holder from bringing suit or taking other legal action against the Company in any other jurisdiction to collect on the Company's obligations to the Holder, to realize on any collateral or any other security for such obligations, or to enforce a judgment or other court ruling in favor of the Holder. **THE COMPANY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS WARRANT OR ANY TRANSACTION CONTEMPLATED HEREBY.**

11. DISPUTE RESOLUTION. Any dispute as to the determination of the Exercise Price or the arithmetic calculation of the Warrant Shares must be raised by the Required Holders or the Company. In the case of any such dispute, the Company shall submit the disputed determinations or arithmetic calculations, as the case may be, to the Holder, via facsimile within two Trading Days of receipt of the Exercise Notice giving rise to such dispute. If the Required Holders and the Company are unable to agree upon such determination or calculation of the Exercise Price or the Warrant Shares within five Trading Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company and the Holder shall, within two Trading Days submit via facsimile their respective disputed determinations of the Exercise Price to an independent, reputable investment bank selected by the Company and approved by the Required Holders. The Company shall cause the investment bank to perform the determinations or calculations and notify the Company and the Holder of the results no later than ten Trading Days from the time it receives the disputed determinations or calculations. Such investment bank's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error. The expenses of the investment bank will be borne equally by the Holder and the Company. Nothing in this Section 11 shall be deemed to modify or mitigate the terms of Section 1(d) hereof.

12. REMEDIES, OTHER OBLIGATIONS, BREACHES AND INJUNCTIVE RELIEF. The remedies provided in this Warrant shall be cumulative and in addition to all other remedies available under this Warrant, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such

breach or threatened breach, the holder of this Warrant shall be entitled, in addition to all other available remedies, to seek an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

1 3 . LIMITATION ON LIABILITY. No provisions hereof, in the absence of affirmative action by the Holder to purchase Warrant Shares hereunder, shall give rise to any liability of the Holder to pay the Exercise Price or as a stockholder of the Company (whether such liability is asserted by the Company or creditors of the Company).

1 4 . SUCCESSORS AND ASSIGNS. This Warrant shall bind and inure to the benefit of and be enforceable by the Company and the Holder and their respective successors and permitted assigns.

1 5 . SEVERABILITY; CONSTRUCTION; HEADINGS. If any provision of this Warrant is prohibited by law or otherwise determined to be invalid or unenforceable by a court of competent jurisdiction, the provision that would otherwise be prohibited, invalid or unenforceable shall be deemed amended to apply to the broadest extent that it would be valid and enforceable, and the invalidity or unenforceability of such provision shall not affect the validity of the remaining provisions of this Warrant so long as this Warrant as so modified continues to express, without material change, the original intentions of the parties as to the subject matter hereof and the prohibited nature, invalidity or unenforceability of the provisions(s) in question does not substantially impair the respective expectations or reciprocal obligations of the parties or the practical realization of the benefits that would otherwise be conferred upon the parties. The parties will endeavor in good faith negotiations to replace the prohibited, invalid or unenforceable provisions(s) with a valid provision(s), the effect of which comes as close as possible to that of the prohibited, invalid or unenforceable provisions(s). This Warrant shall be deemed to be jointly drafted by the Company and the Holder and shall not be construed against any person as the drafter hereof. The headings of this Warrant are for convenience of reference and shall not form part of, or affect the interpretation of, this Warrant.

16. [Reserved].

1 7 . CERTAIN DEFINITIONS. For purposes of this Warrant, the following terms shall have the following meanings:

(a) “*Affiliate*” means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term “control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. For the avoidance of doubt, for purposes of this Warrant, the Company, on the one hand, and the Holder, on the other, shall not be considered Affiliates.

(b) “*Business Day*” means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(c) “*Common Stock*” means (i) the Company’s common stock, \$0.001 par value per share, and (ii) any capital stock into which such Common Stock shall have been changed or any share capital resulting from a reclassification of such Common Stock.

(d) “*Eligible Market*” means the Principal Market, the OTC QX, the NYSE American, The Nasdaq Global Select Market, The Nasdaq Global Market, The Nasdaq Capital Market or The New York Stock Exchange, Inc.

(e) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations at the SEC promulgated thereunder.

(f) “**Expiration Date**” means the March 4, 2020 or, if such date falls on a day other than a Business Day or on which trading does not take place on the Principal Market (a “**Holiday**”), the next day that is not a Holiday.

(g) “**Fundamental Transaction**” means that, after the Issuance Date, the Company shall, directly or indirectly, in one or more related transactions, (i) consolidate or merge with or into another Person, (ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company to another Person, (iii) allow another Person to make a purchase, tender or exchange offer that is accepted by the holders of more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the Person or Persons making or party to, or associated or affiliated with the Persons making or party to, such purchase, tender or exchange offer), (iv) consummate a stock purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person whereby such other Person acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock purchase agreement or other business combination immediately prior to such stock purchase or business combination), (v) reorganize, recapitalize or reclassify its Common Stock or (vi) any “person” or “group” (as these terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act), other than the Company, the Holder or any Related Party thereof, is or shall become the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of 50% of the aggregate ordinary voting power represented by issued and outstanding Common Stock (excluding any debt securities convertible into equity) normally entitled to vote in the election of directors (“**Voting Stock**”) of the Company (or its successor by merger, consolidation or purchase of all or substantially all of its assets) (for purposes of this clause, such person or group shall be deemed to beneficially own any Voting Stock held by a Parent Entity, if such person or group “beneficially owns” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, more than 50% of the voting power of the Voting Stock of such Parent Entity) or 50% of the aggregate economic interests in the Company (or its successor by merger, consolidation or purchase of all or substantially all of its assets).

(h) “**Group**” means a “group” as that term is used in Section 13(d) of the 1934 Act and as defined in Rule 13d-5 thereunder.

(i) “**Parent Entity**” of a Person means an entity that, directly or indirectly, controls the applicable Person and whose common stock or equivalent equity security is quoted or listed on an Eligible Market, or, if there is more than one such Person or Parent Entity, the Person or Parent Entity with the largest public market capitalization as of the date of consummation of the Fundamental Transaction.

(j) “**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization, any other entity and a government or any department or agency thereof.

(k) “**Principal Market**” means OTC Markets (QB Marketplace Tier).

(l) “**Related Party**” means, with respect to any specified Person, such Person’s affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person’s affiliates.

(m) “**Required Holders**” means holders of the Warrants representing at least a majority of shares of Common Stock underlying the Warrants then outstanding.

(n) “**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations at the SEC promulgated thereunder.

(o) “**Successor Entity**” means one or more Person or Persons (or, if so elected by the Required Holders, the Parent Entity) formed by, resulting from or surviving any Fundamental Transaction or one or more Person or Persons (or, if so elected by the Required Holders, the Parent Entity) with which such Fundamental Transaction shall have been entered into.

(p) “**Trading Day**” means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded.

18. REPRESENTATIONS AND WARRANTIES. The Holder represents, warrants and covenants to the Company as follows:

(a) Accredited Investor Status; Sophisticated Purchaser. The Holder is an “accredited investor” within the meaning of Rule 501 under the Securities Act and is able to bear the risk of its investment in this Warrant and the Warrant Shares issuable and deliverable upon exercise of this Warrant. The Holder has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of the purchase of this Warrant and the Warrant Shares issuable and deliverable upon exercise of this Warrant.

(b) Information. The Holder has been afforded the opportunity to ask questions of, and obtain information from, the Company. The Holder understands that its acquisition of this Warrant and the Warrant Shares issuable and deliverable upon exercise of this Warrant involves a high degree of risk. The Holder has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to its acquisition of this Warrant and the Warrant Shares issuable and deliverable upon exercise of this Warrant.

(c) Filings. The Holder shall cooperate reasonably with the Company (at the Company’s sole cost and expense) to provide any information necessary for any applicable securities filings of the Company.

(d) Legends. The Holder understands that, until such time, if any, as the Warrant or the Warrant Shares issuable and deliverable upon exercise of this Warrant have been registered pursuant to the provisions of the Securities Act, or the Warrant or Warrant Shares issuable and deliverable upon exercise of this Warrant are eligible for resale pursuant to Rule 144 promulgated under the Securities Act without any restriction as to the number of securities as of a particular date that can then be immediately sold, or as provided in this Section 18(d), the Warrant (and any Warrant Shares) will bear the following restrictive legend (in addition to any legend required under applicable state securities laws):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER ANY STATE SECURITIES OR BLUE SKY LAWS. THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE OFFERED, SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE

SECURITIES OR BLUE SKY LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. THE COMPANY MAY REQUIRE AN OPINION OF COUNSEL IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE COMPANY TO THE EFFECT THAT ANY PROPOSED TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES OR BLUE SKY LAWS. TRANSFER OF THE SECURITIES IS ALSO IS SUBJECT TO THE TRANSFER RESTRICTIONS SET FORTH IN A WARRANT DATED MARCH 4, 2019, A COPY OF WHICH IS AVAILABLE WITH THE SECRETARY OF THE COMPANY.

and other legends set forth in or required by state securities laws applicable to the Holder.

The legend set forth in this Section 18(d) shall be removed by the Company from the book-entry position on the Company's register for such Warrant or Warrant Shares upon delivery to the Company of an opinion by counsel, reasonably satisfactory to the Company, that a registration statement under the Securities Act is at that time in effect with respect to the legended security or that such security can be freely transferred in a public sale without such a registration statement being in effect and that such transfer shall not jeopardize the exemption or exemptions from registration pursuant to which the Company issued the Warrant or Warrant Shares.

(e) Holder Representation. The Holder is acquiring the Warrant and the Warrant Shares issuable and deliverable upon exercise of this Warrant for its own account and not with a view to distribution in violation of any securities laws. The Holder has been advised and understands that none of the Warrants or shares of Common Stock issuable upon exercise of the Warrants have been registered under the Securities Act or under the "blue sky" laws of any jurisdiction and may be resold only if registered pursuant to the provisions of the Securities Act (or if eligible, pursuant to the provisions of Rule 144 promulgated under the Securities Act or pursuant to another available exemption from the registration requirements of the Securities Act). The Holder has been advised and understands that the Company, in issuing the Warrants and any Warrant Shares issuable and deliverable upon exercise of this Warrant, is relying upon, among other things, the representations and warranties of the Holder contained in this Section 18 in concluding that such issuance is a "private offering" and is exempt from the registration provisions of the Securities Act.

(f) Rule 144. The Holder understands that there is no public trading market for the Warrants, that none is expected to develop and that the Warrants must be held indefinitely unless and until the Warrants are registered under the Securities Act or an exemption from registration is available. The Holder has been advised of and is aware of the provisions of Rule 144 promulgated under the Securities Act.

(g) Reliance by the Company. The Holder understands that the Warrants are being offered and sold in reliance on a transactional exemption from the registration requirements of federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of the Holder set forth herein in order to determine the applicability of such exemptions and the suitability of the Holder to acquire the Warrants.

19. REGISTRATION RIGHTS AGREEMENT. This Warrant and the Warrant Shares issuable upon exercise hereof shall be subject to the terms and conditions of the Registration Rights Agreement to be entered into by the Company and Holder and the Holder shall be entitled to all of the rights and subject to all of the obligations under such Registration Rights Agreement. The Warrant Shares shall be deemed "Registrable Securities" as defined in such Registration Rights Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Company has caused this Warrant to Purchase Common Stock to be duly executed as of the Issuance Date set out above.

GULFSLOPE ENERGY, INC.

By: /s/ John N. Seitz

Name: John N. Seitz

Title: CEO

EXERCISE NOTICE

TO BE EXECUTED BY THE REGISTERED HOLDER TO EXERCISE THIS WARRANT TO PURCHASE COMMON STOCK
(THE "WARRANT")

GULFSLOPE ENERGY, INC.

The undersigned holder hereby exercises the right to purchase the number of shares of Common Stock issuable under the Warrant (as adjusted pursuant to the Warrant, the "Warrant Shares") of GulfSlope Energy, Inc., a Delaware corporation (the "Company"), evidenced by the attached Warrant. Capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Warrant.

1. Exercise Price. The Holder intends that payment of the Exercise Price shall be made as:

_____ a "Cash Exercise" with respect to all Warrant Shares issuable upon the exercise of the Warrant; and/or

_____ a "Loan Reduction Exercise" with respect to all Warrant Shares issuable upon exercise of the Warrant.

2. Payment of Exercise Price. In the event that the holder has elected a Cash Exercise with respect to all of the Warrant Shares to be issued pursuant hereto, the holder shall pay the Aggregate Exercise Price in the sum of \$_____ to the Company in accordance with the terms of the Warrant.

3. Delivery of Warrant Shares. The Company shall deliver (or cause to be delivered) to the holder _____ Warrant Shares by book entry in accordance with the terms of the Warrant.

4. Representations and Warranties. By its delivery of this Exercise Notice, the undersigned represents and warrants to the Company that the representations and warranties of the Holder set forth in Section 18 of the Warrant.

Date: _____, _____

Name of Registered Holder

By: _____

Name:

Title:

ACKNOWLEDGMENT

The Company hereby acknowledges this Exercise Notice.

GULFSLOPE ENERGY, INC.

By: _____
Name:
Title:

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers all of the rights of the undersigned under the attached Warrant (Warrant No. ____) with respect to the number of shares of the Common Stock covered thereby set forth below, unto:

<u>Names of Assignee</u>	<u>Address</u>	<u>No. of Shares</u>
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Dated: _____ Signature _____

Witness _____

SUBORDINATION AGREEMENT

in relation to the Loan Agreement

Dated as of March 1, 2019

among

GULFSLOPE ENERGY, INC.,

as Borrower

JOHN N. SEITZ

as Subordinated Lender

and

DELEK GOM INVESTMENTS, LLC

as Senior Lender

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THIS SUBORDINATION AGREEMENT (this “*Agreement*,” as it may be amended, restated, amended and restated, supplemented or otherwise modified from time to time as provided below), dated as of March 1 2019, is entered into by and among **GULFSLOPE ENERGY, INC.**, a Delaware corporation, with its principal place of business at 1331 Lamar St., Suite 1665, Houston, Texas 77010 (the “*Borrower*”), **JOHN N. SEITZ**, a citizen of the United States, (the “*Subordinated Lender*”), and **DELEK GOM INVESTMENTS, LLC**, a Delaware limited liability company, with a registered office address c/o Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, as Senior Lender (as defined below).

RECITALS

WHEREAS, the Borrower and the Senior Lender have entered into a Loan Agreement dated on or about the date hereof (as amended, amended and restated, supplemented or otherwise modified from time to time, the “*Loan Agreement*”), pursuant to which the Senior Lender (as defined below) shall extend credit and other financial accommodations (“*Loans*”) to the Borrower in an aggregate principal amount not exceeding \$11,000,000, on the terms and conditions as set forth therein;

WHEREAS, as a condition to the incurrence and continued availability of the Loans, the Borrower has entered into security documents and other ancillary financing documents for the benefit of the Senior Lender, pursuant to which the Borrower has pledged all or substantially all of its assets as collateral to secure its obligations under the Senior Loan Documents (as defined below);

WHEREAS, the Subordinated Lender will indirectly benefit from the financing accommodations made by the Senior Lender to the Borrower under the Senior Loan Documents;

WHEREAS, each of the Subordinated Lender and the Borrower desires to enter into this Agreement in order to induce the Senior Lender to enter into the Senior Loan Documents and in satisfaction of the related condition to the incurrence and continued availability of the Loans;

WHEREAS, the Subordinated Lender acknowledges that the Senior Lender would not enter into the Senior Loan Documents but for the execution of this Agreement;

WHEREAS, the Senior Lender and the Subordinated Lender wish to set forth in this Agreement their relative rights to seek repayment from the Borrower and to pursue claims against the Borrower and its assets;

WHEREAS, the Subordinated Lender has received a copy of each of the Senior Loan Documents and is aware of the terms thereof;

WHEREAS, the Subordinated Lender has taken independent legal advice with respect to the implications and legal effect of this Agreement;

NOW THEREFORE, in consideration of the foregoing, to induce the Senior Lender to enter into the Senior Loan Documents and to extend credit to the Borrower thereunder, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Article I

DEFINITIONS; RULES OF INTERPRETATION

Section 1.01 Incorporation of Terms; Rules of Interpretation

(a) Capitalized terms used but not defined herein (including, without limitation, in the introductory paragraph and recitals above) shall have the meanings given such terms in the Loan Agreement.

(b) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. The words “include”, “includes”, and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument, or other document herein shall be construed as referring to such agreement, instrument, or other document as from time to time amended, supplemented, or otherwise modified (subject to any restrictions on such amendments, supplements, or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s permitted successors and permitted assigns, (c) the words “herein”, “hereof”, and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections, Annexes, Exhibits, and Schedules shall be construed to refer to Sections of, Annexes, Exhibits, and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, supplemented, or otherwise modified from time to time, and (f) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts, and contract rights.

Section 1.02 Certain Defined Terms

As used in this Agreement, the following terms shall have the following meanings:

“**Agreement**” has the meaning set forth in the introduction hereto.

“**Bankruptcy Event**” has the meaning given to such term in the Loan Agreement.

“**Bankruptcy Proceeding**” means the occurrence or commencement of any proceeding specified in clause (a) or (b) in the definition of “**Bankruptcy Event**” as defined in the Loan Agreement.

“**Borrower**” has the meaning set forth in the introduction hereto.

“**Collateral**” means any and all property from time to time subject to Liens or other security interests to secure the payment or performance of the Senior Obligations.

“**Loan Agreement**” has the meaning set forth in the recitals to this Agreement.

“**Loans**” has the meaning set forth in the recitals to this Agreement.

“**Senior Lender**” means the “Lender” under the Loan Agreement and each other holder of a Senior Obligation and each of their respective successors and assigns.

“**Senior Loan Documents**” means, collectively, the Loan Agreement and other “*Loan Documents*” (as such term is defined in the Loan Agreement) and all other documents, instruments and agreements that from time to time evidence the Senior Obligations or secure or support payment or performance of such Senior Obligations, as the same may be amended, amended and restated, modified or

supplemented from time to time, including, without limitation, amendments, modifications, supplements and restatements thereof giving effect to increases, renewals, extensions, refundings, deferrals, restructurings, replacements or refinancings of, or additions to, the arrangements provided therein (whether provided by the Senior Lender under the Loan Agreement as of the date hereof or any successor Lender), *but excluding*, in any event, any documentation evidencing Subordinated Obligations.

“**Senior Obligations**” means collectively, the “*Obligations*” (as such term is defined in the Loan Agreement) including, without limitation, all principal, interest, fees, expenses, indemnities and reimbursement obligations (including, without limitation, attorney costs) at any time owed by the Borrower to the Senior Lender pursuant to the terms of the Senior Loan Documents, in each instance, whether before or after the commencement of a Bankruptcy Proceeding and without regard to whether or not any such obligation is an allowed claim, and all obligations and liabilities incurred with respect to any refinancing of such obligations, together with any amendments, amendment and restatements, modifications, renewals or extensions thereof.

“**Subordinated Debt**” has the meaning given to such term in the Loan Agreement.

“**Subordinated Lender**” is defined in the parties hereto.

“**Subordinated Obligations**” means, collectively, the unpaid principal of and interest on any Subordinated Debt and all other Indebtedness of the Borrower owing to the Subordinated Lender (including, without limitation, interest accruing at the then applicable rate set forth in the Subordinated Loan Documents after the maturity of the Subordinated Debt and interest accruing at the then applicable rate in respect of the Subordinated Debt after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, the Subordinated Debt, this Agreement, or any other Subordinated Loan Document, in each case whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including, without limitation, attorney costs incurred by the Subordinated Lender that are required to be paid by the Borrower pursuant to the terms of any other Subordinated Loan Document).

“**Subordinated Loan Documents**” means, collectively, any notes, documents, agreements or instruments that from time to time evidence or otherwise relate to Subordinated Obligations.

Article II

AGREEMENT TO SUBORDINATE

Section 2.01 No Collateral; Consent to Security. The Subordinated Lender is an unsecured creditor of the Borrower and has not taken and shall not take any Lien or other collateral security or any other credit support of any kind from the Borrower for any reason, including to secure the Borrower’s obligations with respect to the Subordinated Obligations. The Subordinated Lender acknowledges and consents to the pledge by the Borrower of all or substantially all of its assets as collateral to secure its obligations under the Senior Loan Documents.

Section 2.02 Subordination and Proceedings Against Borrower

(a) The Subordinated Lender agrees that (i) the payment of the principal of, interest on, and all other amounts in respect of, the Subordinated Obligations, and all rights of the Subordinated Lender against the Borrower, are expressly made subordinate and subject in right of payment to the prior indefeasible and unconditional payment in full of all Senior Obligations, (ii) that it will not, directly or

indirectly ask, demand, sue for, take, accept or receive from the Borrower, by set-off or in any other manner, or accept or retain payment (in whole or in part) of the Subordinated Obligations from the Borrower, unless and until all of the Senior Obligations have been paid in full and the commitments thereunder have expired or been terminated and (iii) no holder of the Subordinated Obligations shall have any claim to any assets of the Borrower on a parity with or prior to the claim of any holder of the Senior Obligations.

(b) In furtherance of the foregoing Section 2.02(a), and notwithstanding anything in the Senior Loan Documents to the contrary, the Subordinated Lender shall not, until all of the Senior Obligations have been paid in full and the commitments thereunder terminated:

(i) directly or indirectly, take, demand, accept or receive from the Borrower or any other Person, in cash or other property or by setoff or in any other manner, payment of all or any of the Subordinated Obligations; except that nothing herein shall prohibit the Subordinated Lender from converting any of the Subordinated Obligations into common stock of Borrower, nor prohibit the Borrower from permitting conversion of any Subordinated Obligations into common stock of Borrower;

(ii) take any action to collect all or any portion of the Subordinated Obligations, to accelerate or demand payment of all or any portion of the Subordinated Obligations or to enforce any of the rights and remedies of any holder of any of the Subordinated Obligations, either pursuant to the Subordinated Loan Documents, at Law, or in equity; except that nothing herein shall prohibit the Subordinated Lender from converting any of the Subordinated Obligations into common stock of Borrower, nor prohibit the Borrower from permitting conversion of any Subordinated Obligations into common stock of Borrower;

(iii) take, pursue, or commence or otherwise engage, undertake, or institute any judicial or other steps, action, or proceedings against the Borrower (whether by itself or joined with any other creditor), with a view to commencing any insolvency or other proceedings for the winding up or liquidation of the Borrower (including without limitation the appointing of, or procuring the appointment of, an administrator or administrative receiver, liquidator, receiver, trustee in bankruptcy, or other such enforcement officer in respect of the Borrower or any of its assets);

(iv) take any steps to enforce any judgment or order obtained by it in respect of any obligations or liabilities of the Borrower;

(v) commence any judicial action or proceeding to collect payment of principal of, interest on, and other amounts in respect of the Subordinated Obligations; or

(vi) take any Lien or other collateral security or any other credit support of any kind for the Subordinated Obligations.

The expressions "prior payment in full," "payment in full," "paid in full" and any other similar terms or phrases when used herein with respect to the Senior Obligations shall mean (i) the indefeasible payment in full, in immediately available funds, of all of the Senior Obligations and the performance in full of all of the Senior Obligations, (ii) the termination or expiration of all Senior Loan Documents, and (iii) termination of any and all commitments to lend under the Senior Loan Documents. Senior Obligations shall be considered to be outstanding whenever any loan commitment under any Senior Loan Document is outstanding.

(c) The Senior Lender and each holder of Senior Obligations, whether now outstanding or hereafter created, incurred, assumed or guaranteed, shall be deemed to have acquired Senior Obligations in reliance upon the provisions contained in this Agreement.

(d) Notwithstanding anything to the contrary in this Agreement, the Borrower shall not make, give or permit, directly or indirectly, by setoff, redemption, purchase or in any other manner, any payment of or with respect to, or any collateral or other security for, the whole or any part of the Subordinated Obligations, including, without limitation, any guarantee, letter of credit or similar credit support to support payment of any of the Subordinated Obligations, except that nothing herein shall prohibit the Subordinated Lender from converting any of the Subordinated Obligations into common stock of Borrower, nor prohibit the Borrower from permitting conversion of any Subordinated Obligations into common stock of Borrower.

(e) The Subordinated Lender and the Borrower hereby agree that all Senior Obligations shall be paid in full before any payment or distribution is made with respect to any of the Subordinated Obligations.

Section 2.03 Payment Upon Dissolution, Etc.

(a) Without in any way limiting the provisions of Section 2.02, upon the occurrence of any Bankruptcy Event in respect of the Borrower:

(i) the Subordinated Lender and Borrower agree that:

(A) the Senior Lender shall be entitled to receive payment in full of all amounts due or to become due on or in respect of all of the Senior Obligations before the Subordinated Lender shall be entitled to receive any payment on account of the Subordinated Obligations (whether in respect of principal, interest, premium, fees, indemnities, commissions, or otherwise); and

(B) any payment or distribution of assets of the Borrower of any kind or character, whether in cash, property or securities, to which Subordinated Lender would be entitled, shall be paid or delivered by the Borrower, or any receiver, trustee in bankruptcy, liquidating trustee, disbursing agent or other Person making such payment or distribution, directly to the Senior Lender for application against the Senior Obligations (in accordance with the terms of the Senior Loan Documents), to the extent necessary to pay in full all Senior Obligations, before any payment or distribution shall be made to Subordinated Lender, and (x) Subordinated Lender hereby unconditionally authorizes, empowers and directs all trustees, receivers, custodians, conservators, or any other Persons having authority over the property of the Borrower to effect delivery of all such payments and distributions to the Senior Lender and (y) Subordinated Lender agrees to execute and deliver to the Senior Lender such further instruments as may be requested by the Senior Lender to confirm the authorization referred to in the foregoing clause (x); and

(ii) the Subordinated Lender irrevocably authorizes and empowers the Senior Lender to:

(A) demand, sue for, collect and receive every payment or distribution on account of any of the Subordinated Obligations payable or deliverable in connection with such event or proceeding, until the Senior Obligations are paid in full, and give acquittance therefor; and

(B) file claims and proofs of claim in any such Bankruptcy Proceeding and take such other actions, in its own name, or in the name of the

Subordinated Lender or otherwise, as the Senior Lender may deem necessary or advisable for the enforcement of the provisions of this Agreement; and, in furtherance thereof, the Subordinated Lender shall execute and deliver such powers of attorney, assignments or proofs of claim or other instruments as the Senior Lender may request;

provided that, in each case, the foregoing authorization and empowerment imposes no obligation on the Senior Lender to take any such action.

(b) If any payment or distribution, whether consisting of money, property or securities, shall be collected or received by or come into the custody, control or possession of the Subordinated Lender in respect of the Subordinated Debt, the Subordinated Lender shall forthwith deliver the same to the Senior Lender for application against the Senior Obligations, in the exact form received, duly endorsed to the Senior Lender, if required, in each case to be applied to the payment or prepayment of the applicable Senior Obligations in accordance with the terms of the applicable Senior Loan Documents until such Senior Obligations are paid in full. Until so delivered, such payment or distribution shall be held in trust by the Subordinated Lender as the property of the Senior Lender, segregated from other funds and property held by the Subordinated Lender.

Section 2.04 Defenses Waived. The Subordinated Lender hereby absolutely, unconditionally, and irrevocably waives, to the fullest extent permitted by law, (a) any defense based on the adequacy of a remedy at law which might be asserted as a bar to the remedy of specific performance hereof in any action brought therefor by the Senior Lender and (b) any requirement that the Senior Lender protect, secure, perfect, or insure any collateral security or any property subject thereto or exhaust any right or take any action against the Borrower or any other Person or any collateral.

Section 2.05 Subrogation. The Subordinated Lender hereby agrees that until the indefeasible payment in full of all the Senior Obligations, the Subordinated Lender shall not exercise any right or remedy arising by way of subrogation, contribution, reimbursement, indemnity, security, guarantee, or otherwise against the Borrower (whether under Law or otherwise).

Section 2.06 Consents, Waivers and Covenants of Subordinated Lender

(a) The Subordinated Lender consents and agrees that, without the necessity of any reservation of rights against Subordinated Lender, and without notice to or further assent by the Subordinated Lender:

(i) any demand for payment of any Senior Obligations made by the Senior Lender may be rescinded in whole or in part by such Senior Lender, and any Senior Obligation may be continued, and the Senior Obligations, or the liability of the Borrower or any guarantor or any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, or any obligation or liability of the Borrower or any other party under any Senior Loan Document, or any other agreement, may, from time to time, in whole or in part, be amended, restated, renewed, extended, increased, modified, accelerated, compromised, restructured, waived, surrendered, or released by the Senior Lender;

(ii) the Senior Loan Documents and the Senior Obligations may be amended, restated, modified, extended, increased, renewed, restructured, supplemented or terminated, in whole or in part, as the Senior Lender may deem advisable from time to time, and any collateral security at any time held by the Senior Lender for the payment of any of the Senior Obligations may be sold, exchanged, restructured, waived, surrendered or released, in each case all without notice to or further assent by Subordinated Lender, which will remain bound under this Agreement, and the Senior Lender shall have the

right to grant waivers or consents to the Borrower with respect to any of the Senior Obligations or any Senior Loan Document in any manner whatsoever, all without impairing, abridging, releasing or affecting the subordination provided for herein; and

(iii) any refinancing of the Senior Obligations may be consummated by the Borrower.

(b) The Subordinated Lender waives any and all notice of the creation, renewal, extension, increase, or accrual of any of the Senior Obligations and notice of or proof of reliance by the Senior Lender upon this Agreement. The Senior Obligations shall be deemed conclusively to have been created, contracted or incurred in reliance upon this Agreement, and all dealings between the Borrower and Senior Lender shall be deemed to have been consummated in reliance upon this Agreement. The Subordinated Lender acknowledges and agrees that the Senior Lender has relied upon the subordination provided for herein in entering into the Senior Loan Documents and in making funds available to Borrower thereunder. Subordinated Lender waives notice of or proof of reliance on this Agreement and protest, demand for payment and notice of default.

(c) The Subordinated Lender hereby consents to the Liens on the Collateral created in favor of Senior Lender under the Senior Loan Documents, and agrees and acknowledges the grant, perfection, priority and existence of such Liens, which shall be senior in respect of priority, ranking and security to any Subordinated Loan Document.

(d) Notwithstanding anything in the Subordinated Loan Documents or any other agreement or instrument to the contrary, the Subordinated Lender and Borrower hereby acknowledge and agree that the maturity date of each of the Subordinated Obligations shall be no earlier than the date upon which the Senior Obligations are paid in full.

Section 2.07 Negative Covenants of the Subordinated Lender. Until the payment in full of the Senior Obligations, the Subordinated Lender shall not, without the prior written consent of the Senior Lender:

(a) sell, assign, or otherwise transfer, in whole or in part, the Subordinated Obligations or any interest therein to any other Person or create, incur or suffer to exist any security interest, Lien, charge or other encumbrance whatsoever upon any of the Subordinated Obligations or under any Subordinated Loan Document in favor of any other Person;

(b) permit any of the Subordinated Loan Documents or the Subordinated Obligations to be amended, restated, amended and restated, renewed, restructured, increased, extended, supplemented or otherwise modified in any respect, except that nothing herein shall prohibit the Subordinated Lender from converting any of the Subordinated Obligations into common stock of Borrower, nor prohibit the Borrower from permitting conversion of any Subordinated Obligations into common stock of Borrower;

(c) permit or require the Borrower to create any Lien on any of its assets or properties or provide any other collateral security or credit support of any kind, in any such case to secure the payment or performance of any of the Subordinated Obligations;

(d) commence, or join with any creditors (other than Senior Lender) in commencing, or otherwise cause, any Bankruptcy Proceeding;

(e) challenge the validity, enforceability, priority of, or any other term or provision of, any Senior Loan Document;

(f) challenge the extent, validity, creation, perfection or priority of, any Lien created or purported to be created pursuant to any Senior Loan Document or seek to avoid or subordinate any such Lien; or

(g) interfere in any respect with the exercise by the Senior Lender of any right or remedy under any Senior Loan Document or Applicable Law,

provided that a transfer by operation of Law to the estate of a deceased Subordinated Lender shall not be a default hereunder; provided, further, that it is the express intent of all parties hereto that such transfer shall be expressly subject to this Agreement, and that the transferee of the estate expressly acknowledges to the Senior Lender, by a written agreement in form and substance satisfactory to the Senior Lender or by delivery of an executed counterpart of this Agreement or a subordination agreement substantially identical to this Agreement, the subordination provided for herein and agrees to be bound by all of the terms and provisions hereof.

Section 2.08 Senior Obligations Unconditional. All obligations and agreements of the Subordinated Lender hereunder shall be irrevocable, unconditional, continuing and absolute. All rights and interests of the Senior Lender hereunder, and all agreements and obligations of the Subordinated Lender and the Borrower, shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of any Senior Loan Document or if all or any portion of the Senior Obligations and/or the Liens securing same are subordinated, set aside, avoided or disallowed, in each case pursuant to a Bankruptcy Event or otherwise (as a result of the fraudulent transfer provisions under the Bankruptcy Code, under any state fraudulent conveyance or fraudulent transfer statute, or otherwise);

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Senior Obligations, or any amendment or waiver or other modification, whether by course of conduct or otherwise, of the terms of any Senior Loan Document, including, without limitation, any increase in any of the Senior Obligations resulting from the extension of additional credit to the Borrower or otherwise;

(c) any exchange, release or nonperfection of any Lien upon any Collateral, or any release, amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the Senior Obligations or any guarantee thereof;

(d) the existence of any claim, set-off, defense, counterclaim or other right that the Subordinated Lender, the Borrower or any other Person may have against any Person, including, without limitation, the Senior Lender;

(e) any manner of application of Collateral or any other collateral or credit support, or proceeds thereof, to all or any of the Senior Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Senior Obligations or any obligations of the Borrower under the Senior Loan Documents or any other assets of the Borrower;

(f) any change, restructuring or termination of the corporate or other organizational structure or existence of the Borrower;

(g) any failure of the Senior Lender to disclose to the Subordinated Lender any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of Borrower or any of its Affiliates now or hereafter known to the Senior Lender (the Subordinated Lender hereby waiving any duty on the part of the Senior Lender to disclose such information); or

(h) any other event or circumstance which otherwise might constitute a defense or counterclaim available to, or a discharge of, the Borrower in respect of any of the Senior Obligations, or of the Subordinated Lender or the Borrower in respect of this Agreement.

Section 2.09 Representations and Warranties. The Subordinated Lender represents and warrants to the Senior Lender that:

(a) he is a natural person who is competent to execute and deliver this Agreement;

(b) he is a citizen solely of the United States of America and he has legal domicile in the United States of America;

(c) he has had due opportunity to (i) study the terms of this Agreement and understands this Agreement and (ii) take separate independent legal advice on the effect of this Agreement, and has taken such legal advice, and, in any case, understands and has received advice in respect of, without limitation: (A) the consequences of entering into this Subordination Agreement as regards the treatment of the Subordinated Obligations owed to the Subordinated Lender by the Borrower as compared to the Senior Obligations owed to the Senior Lender by the Borrower, and (B) the extent of his potential liabilities under this Agreement;

(d) the Subordinated Obligations: (i) have been issued to him for good and valuable consideration; (ii) are owned by him free and clear of any security interests, Liens, charges or encumbrances whatsoever, other than the interests of Senior Lender under this Agreement; (iii) are payable solely and exclusively to him and to no other Person and are payable without deduction for any defense, recoupment, offset or counterclaim, and (iv) constitute the only evidence of the obligations evidenced thereby;

(e) he has the power, authority and legal right to execute and deliver and to perform his obligations under this Agreement and has taken all necessary action to authorize his execution, delivery and performance of this Agreement;

(f) this Agreement has been duly executed and delivered by him and constitutes a legal, valid and binding obligation, enforceable against him in accordance with its terms;

(g) the execution, delivery and performance of this Agreement will not violate any provision of any requirement of Law applicable to him or any of his other contractual obligations and will not result in the creation or imposition of any Lien on any of his properties or revenues pursuant to any requirement of Law affecting him, or any of his contractual obligations, except the interest of the Senior Lender under this Agreement;

(h) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or Governmental Authority or any other Person (including, without limitation, any of his creditors), is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement;

(i) no pending or, to the best of its knowledge, threatened litigation, arbitration or other proceedings if adversely determined would in any way prevent the performance of the terms of this Agreement;

(j) as of the date hereof, the Borrower is indebted to him under the Subordinated Loan Documents in the aggregate amount of \$10,500,000;

(k) he has full knowledge of the commercial and legal implications of entering into the transactions contemplated by this Agreement and he is willingly entering into such transactions

without being unduly influenced by any other party to this Agreement or the Senior Loan Documents; and

(l) in entering into this Agreement, he is acting as principal and for his own account and not as agent or trustee or in any other capacity for a third party.

Section 2.10 No Representation by Senior Lender. The Senior Lender has not made, and the Senior Lender does not hereby nor otherwise make to the Subordinated Lender, any representations or warranties, express, or implied, nor does the Senior Lender assume any liability or obligation to or of the Subordinated Lender with respect to, without limitation:

(a) the financial or other condition of the Borrower or any other obligors under any instruments of guarantee with respect to the Senior Obligations;

(b) the enforceability, validity, value or collectability of any of the Senior Obligations or the Subordinated Obligations, any collateral therefor, or any guarantee or security which may have been granted in connection with any of the Senior Obligations or the Subordinated Obligations; or

(c) the title or right of the Borrower or any other Person to transfer any collateral or security.

Section 2.11 Notices; Disclosure

The Subordinated Lender agrees, promptly upon obtaining actual knowledge thereof, that he will give the Senior Lender notice of any default by the Borrower in respect of the Subordinated Obligations.

Section 2.12 No Waiver. No failure on the part of the Senior Lender, and no delay in exercising any right, remedy, or power hereunder or under any Senior Loan Document, shall operate as a waiver thereof by the Senior Lender, nor shall any single or partial exercise by the Senior Lender of any right, remedy, or power hereunder or under any Senior Loan Document preclude any other or future exercise of any other right, remedy or power. Each and every right, remedy, and power hereby granted to the Senior Lender or allowed to the Senior Lender by law or other agreement shall be cumulative and not exclusive of any other, and may be exercised by the Senior Lender from time to time. Without in any way limiting the generality of the foregoing, the Senior Lender may, at any time and from time to time, without the consent of or notice to the Subordinated Lender, without incurring responsibility to the Subordinated Lender, and without impairing or releasing the subordination provided herein or the obligations hereunder of the Subordinated Lender, do any one or more of the following: (a) change the manner, place, or terms of payment of, or extend the time of payment of, or renew or alter, the Senior Obligations under the Senior Loan Documents, or otherwise amend or supplement in any manner the Senior Loan Documents or any instruments evidencing the same or any agreement under which the obligations under the Senior Loan Documents are outstanding; (b) sell, exchange, release, or otherwise deal with any property pledged, mortgaged, or otherwise securing the obligations owed to the Senior Lender under the Senior Loan Documents; and (c) exercise or refrain from exercising any rights against the Borrower or any other Person.

Section 2.13 Waiver of Claims. To the maximum extent permitted by Law, the Subordinated Lender waives any claim it might have against the Senior Lender with respect to, or arising out of, any action or failure to act or any error of judgment, negligence, or mistake or oversight whatsoever on the part of the Senior Lender or its affiliates, directors, officers, employees, advisors, attorneys or agents with respect to any exercise of any rights or remedies under any of the Senior Loan Documents or any transaction relating to any of the Collateral or any guarantee. Neither the Senior Lender nor any of its affiliates, directors, officers, employees, advisors, attorneys or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or any guarantee or for any delay in doing so or shall be under

any obligation to sell or otherwise dispose of any Collateral or realize upon any guarantee upon the request of the Borrower or the Subordinated Lender or any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof or any guarantee.

Section 2.14 Additional Provisions Applicable After Bankruptcy Event or Bankruptcy Proceeding. Without limiting any other term or provision in this Agreement or any Senior Loan Document:

(a) The provisions of this Agreement shall continue in full force and effect notwithstanding the occurrence of any Bankruptcy Event or Bankruptcy Proceeding.

(b) The Subordinated Lender agrees that it will not, directly or indirectly (including, without limitation, as a member of any unsecured creditors' committee), take any action in or relating to any proceeding arising from, as a result of, in connection with or relating to any Bankruptcy Proceeding or Bankruptcy Event to challenge, contest or object in any manner to (i) the extent, validity, creation, enforceability, perfection or priority of any of the Senior Obligations or any Senior Loan Document or any Liens or security interests created under any Senior Loan Document, or any term or provision of this Agreement or the Subordinated Lender's obligations, undertakings, acknowledgments and agreements set forth in this Agreement; (ii) any pleading, motion, notice, objection or argument of or made by or on behalf of any holder of any of the Senior Obligations based on, under or in respect of Section 361, 362, 363 or 364 of the Bankruptcy Code, including, without limitation, in respect of permitting the use of any cash or other collateral by, or providing any financing to, the Borrower under either Section 363 or 364 of the Bankruptcy Code (including, without limitation, any request for adequate protection, or in respect of the sale or other disposition of any property by the Borrower under Section 363 of the Bankruptcy Code or pursuant to a plan of reorganization or any other arrangement (and Subordinated Lender shall be deemed to have consented to any such sale or disposition and all of the terms applicable thereto); or (iii) the payment of interest, fees, expenses or other amounts to the Senior Lender under Sections 506(b) or 506(c) of the Bankruptcy Code or otherwise. The Subordinated Lender agrees that it will not seek relief from the automatic stay or from any other stay in any Bankruptcy Proceeding or take any action in derogation thereof, without the prior written consent of Lender.

(c) The Subordinated Lender shall not support or vote in favor of any plan of reorganization (and they shall be deemed to have voted to reject any plan of reorganization) unless such plan (i) pays off in full, in cash, all Senior Obligations or (ii) is accepted by the Senior Lender, *provided that* this undertaking is not intended and shall not be construed to limit any fiduciary obligations of the Subordinated Lender in its capacity as the Chief Executive Officer of GulfSlope Energy, Inc. This Agreement, which the parties hereto expressly acknowledge is a "subordination agreement" under Section 510(a) of the Bankruptcy Code, shall be effective, during and after the commencement of a Bankruptcy Proceeding.

Section 2.15 Further Assurances. The Subordinated Lender and the Borrower, at their own sole cost and expense and at any time from time to time, upon the written request of Lender, will promptly and duly execute and deliver such further instruments and documents and take such further actions as the Senior Lender reasonably may request for the purposes of obtaining or preserving the full benefits of this Agreement and of the rights and powers herein granted. Without limiting the generality of the foregoing, in the event of an assignment pursuant to any Senior Loan Document or in the event of a refinancing of the Senior Obligations, the Subordinated Lender and the Borrower shall, upon the request of the Senior Lender, execute a new subordination agreement upon the same terms as this Agreement to further evidence and confirm that the Subordinated Debt are and shall remain junior and subordinate in right of payment to the Senior Obligations.

Section 2.16 Reinstatement. The terms and provisions of this Agreement shall continue to be effective or be reinstated, and the Senior Obligations shall not be deemed to be paid in full, as the case may be, if at any time any payment of any of the Senior Obligations is rescinded or avoided, or must otherwise be returned by the Senior Lender pursuant to any Bankruptcy Proceeding or otherwise, all as though such payment had not been made.

Section 2.17 Expenses. The Subordinated Lender shall pay or reimburse the Senior Lender, upon demand, for all of its reasonable and documented costs and expenses incurred in connection with the enforcement of any rights and remedies with respect to the Subordinated Lender under this Agreement, including, without limitation, attorney costs of the Senior Lender.

Section 2.18 Provisions Define Relative Rights. This Agreement is intended solely for the purpose of defining the relative rights of the Senior Lender, on the one hand, and the Subordinated Lender, on the other, and the obligations of Borrower in connection with the foregoing and no other Person shall have any right, benefit or other interest under this Agreement. The Borrower hereby agrees that it will not make any payment on or in respect of any of the Subordinated Obligations, or take any other actions, in contravention of the provisions of this Agreement.

Section 2.19 Legend. Prior to any assignment of any Subordinated Loan Document, the Subordinated Lender will cause each Subordinated Loan Document (and each other Subordinated Loan Document as Lender shall request) to bear upon its face the following legend:

“ALL INDEBTEDNESS EVIDENCED BY THIS AGREEMENT IS SUBORDINATED TO CERTAIN SENIOR RANKING INDEBTEDNESS PURSUANT TO, AND TO THE EXTENT PROVIDED IN, AND IS OTHERWISE SUBJECT TO THE TERMS OF, THE SUBORDINATION AGREEMENT, DATED AS OF MARCH 1, 2019 (THE “SUBORDINATION AGREEMENT”), AS THE SAME MAY BE AMENDED, AMENDED AND RESTATED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, BY AND AMONG GULFSLOPE ENERGY, INC., AS BORROWER, DELEK GOM INVESTMENTS, LLC, AS SENIOR LENDER, AND THE HOLDERS FROM TIME TO TIME OF THE OBLIGATIONS ARISING UNDER THE SUBORDINATED LOAN DOCUMENTS REFERRED TO IN SUCH SUBORDINATION AGREEMENT, INCLUDING, WITHOUT LIMITATION, THIS AGREEMENT, AND EACH HOLDER HEREOF, BY ITS ACCEPTANCE HEREOF, ACKNOWLEDGES AND AGREES TO BE BOUND BY THE PROVISIONS OF THE SUBORDINATION AGREEMENT.”

Section 2.20 Powers Coupled With An Interest. All powers, authorizations and agencies contained in this Agreement are coupled with an interest and are irrevocable until the Senior Obligations are paid in full.

Section 2.21 Authority of Senior Lender. Each of the Borrower and the Subordinated Lender acknowledges and agrees that the rights and responsibilities of the Senior Lender under this Agreement

with respect to any action taken by the Senior Lender or the exercise or non-exercise by the Senior Lender of any option, request, judgment or other right or remedy provided for herein or resulting or arising out of this Agreement shall be governed by the Senior Loan Documents and by such other agreements with respect thereto as may exist from time to time among, but, as between the Senior Lender, on the one hand, and the Borrower and the Subordinated Lender, on the other hand, the Senior Lender shall be conclusively presumed to be acting with full and valid authority so to act or refrain from acting, and neither the Borrower nor the Subordinated Lender shall be under any obligation, or entitlement, to make any inquiry respecting such authority.

Section 2.22 Notices

(a) All notices, demands, requests, consents, and other communications provided for in this Agreement shall be given in writing, or by any telecommunication device capable of creating a written record (including electronic mail), and addressed to the party to be notified as follows:

- (i) If to the Borrower, at:

1331 Lamar Street
Suite 1665
Houston, Texas 77010
John Malanga, Chief Financial Officer
Tel: (281) 918-4103
Email: john.malanga@gulfslope.com

with a copy to:

Mayer Brown LLP
Attention: Tristan Propst
Suite 3400
700 Louisiana Street
Tel: (713) 238-2657
Fax: (713) 238-4657
Email: tprobst@mayerbrown.com

- (ii) if to the Senior Lender:

c/o Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801

and a copy to:

Leora Pratt Levin
VP & General Counsel
Delek Group Ltd
19, Abba Eban blvd. P.O.B 2054
Herzliya 4612001, Israel
Tel: (+972 9) 8638492
Direct: (+972 9) 8638491
Fax: (+972 9) 8854955
E-mail: leorapl@delek-group.com

(iii) if to the Subordinated Lender:

John Seitz
5602 Orchard Valley Court
Kingwood TX 77345
Direct: 281-918-4101
Mobile: 713-203-3303
E-mail: jseitz@gulfslope.com

(b) Any such notice shall be deemed to have been given or made or to have become effective on the terms set forth in Section 8.01 of the Loan Agreement.

Section 2.23 Amendments

This Agreement may not be amended, modified or supplemented without the prior written consent of each of the parties hereto.

Section 2.24 Successors and Assigns

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 2.25 Captions

The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

Section 2.26 Counterparts; Integration; Effectiveness.

(a) This Agreement may be executed in counterparts (and by different parties to this Agreement on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

(b) This Agreement constitutes the entire contract among the parties relating to the subject matter herein and supersedes any and all previous agreements and understandings, oral or written, relating to such subject matter. This Agreement represents the final agreement among the parties hereto and may not be contradicted by evidence of prior, contemporaneous or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties.

(c) This Agreement shall become effective when it shall have been executed by the Senior Lender and when the Senior Lender shall have received counterparts that, when taken together, bear the signatures of each of the other parties to this Agreement, and thereafter shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or electronic mail shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 2.27 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of the invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions of this Agreement; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate that provision in any other jurisdiction.

Section 2.28 GOVERNING LAW; JURISDICTION; CONSENT TO SERVICE OF PROCESS.

(a) **EXCEPT TO THE EXTENT (IF ANY) PROVIDED OTHERWISE IN A PARTICULAR SENIOR LOAN DOCUMENT, THIS AGREEMENT AND THE OTHER SENIOR LOAN DOCUMENTS SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

(b) **ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THE SENIOR LOAN DOCUMENTS MAY BE BROUGHT, IF AT ALL, IN THE COURTS OF THE STATE OF NEW YORK AND OF ANY FEDERAL COURT LOCATED IN THE STATE OF NEW YORK (OR ANY APPELLATE COURT FROM ANY THEREOF), AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY TO THIS AGREEMENT HEREBY ACCEPTS FOR ITSELF AND (TO THE EXTENT PERMITTED BY LAW) IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THOSE COURTS. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS*, THAT IT NOW OR SUBSEQUENTLY MAY HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT. IN THE CASE OF THE BORROWER ONLY, THIS SUBMISSION TO JURISDICTION IS NON-EXCLUSIVE AND DOES NOT PRECLUDE A PARTY FROM OBTAINING JURISDICTION OVER THE BORROWER IN ANY OTHER COURT OTHERWISE HAVING JURISDICTION.**

(c) **EACH PARTY TO THIS AGREEMENT HEREBY (i) KNOWINGLY, VOLUNTARILY, INTENTIONALLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM IN ANY SUCH PROCEEDING; (ii) CERTIFIES THAT NO PARTY TO THIS AGREEMENT OR ANY REPRESENTATIVE OR AGENT OR COUNSEL FOR ANY PARTY TO THIS AGREEMENT HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS, (iii) ACKNOWLEDGES THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE LOAN DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 2.28(C), AND (IV) ACKNOWLEDGES THAT THIS SECTION 2.28(C) WAS NEGOTIATED BY IT AND THAT ITS COUNSEL HAS HAD AN OPPORTUNITY TO REVIEW THIS AGREEMENT.**

[SIGNATURE PAGES TO FOLLOW]

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

GULFSLOPE ENERGY, INC., as Borrower

By: /s/ John N. Seitz

Name: John N. Seitz

Title: CEO

JOHN N. SEITZ., as Subordinated Lender

By: /s/ John N. Seitz

Name: John N. Seitz

Title: CEO

Witnessed

}

/s/ Charles Kelley

Witness Name: Charles Kelley

Witness Occupation: Attorney

Witness Address: 700 Louisiana St., Suite 3400, Houston, TX
77002

DELEK GOM INVESTMENTS, LLC, as Senior Lender

By: /s/ Leora Pratt Levin

Name: Leora Pratt Levin

Title: Authorized Person

SECURITY AGREEMENT

dated as of

March 1, 2019

among

GULFSLOPE ENERGY, INC.,

as Debtor,

and

DELEK GOM INVESTMENTS, LLC,

as Lender

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This SECURITY AGREEMENT (this “*Agreement*”), dated as of March 1, 2019, by and between GulfSlope Energy, Inc., a Delaware corporation, with its principal place of business at 1331 Lamar Street, Suite 1665, Houston Texas, 77010, (the “*Debtor*”), and Delek GOM Investments, LLC, a Delaware limited liability company, with a registered office address c/o Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, as lender under the Term Loan Agreement described below (in such capacity, the “*Lender*”).

RECITALS

Reference is made to the Term Loan Agreement dated as of March 1, 2019 (as amended, supplemented or otherwise modified from time to time, the “*Term Loan Agreement*”), among the Debtor and the Lender.

The Lender has agreed to make loans to the Debtor pursuant to, and upon the terms and conditions specified in, the Term Loan Agreement. The obligations of the Lender to make loans to the Debtor are conditioned upon, among other things, the execution and delivery of this Agreement by the Debtor and Lender.

NOW, THEREFORE, in consideration of the foregoing, the Debtor and the Lender, intending to be legally bound, agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 **Term Loan Agreement.** (a) Capitalized terms used in this Agreement and not otherwise defined herein have the meanings assigned to those terms in the Term Loan Agreement. Unless defined herein or under the Term Loan Agreement, capitalized terms used in this Agreement have the meanings assigned to those terms in the Uniform Commercial Code.

(b) The rules of construction specified in Section 1.02 of the Term Loan Agreement also apply to this Agreement.

Section 1.02 **Other Defined Terms.** As used in this Agreement, the following terms have the meanings specified below:

“*Assigned Contracts*” means, collectively, all of the Debtor’s rights and remedies under, and all moneys and claims for money due or to become due to the Debtor under, the Operative Documents and any other contracts, and any and all amendments, supplements, extensions and renewals thereof, including all rights and claims of the Debtor now or hereafter existing: (a) under any insurance, indemnities, warranties and guarantees provided for or arising out of or in connection with any of the foregoing agreements; (b) for any damages arising out of or for breach or default under or in connection with any of the foregoing contracts; (c) to all other amounts from time to time paid or payable under or in connection with any of the foregoing agreements; or (d) to exercise or enforce any and all covenants, remedies, powers and privileges thereunder.

“*Collateral*” is defined in Section 2.01(a).

“*Debtor*” is defined in the introduction to this Agreement.

“*Excluded Assets*” shall mean the following:

(a) any assets (including Excepted Liens) over which the granting of Liens under the Security Documents in such assets would be prohibited by contract or agreement (to the extent existing (x) on the Closing Date or (y) at the time such assets are acquired and not entered into in contemplation of such acquisition), Applicable Law or regulation (other than to the extent that such prohibition would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other Applicable Law) or would require the consent of any Person (other than the Debtor or any of its Affiliates) that has not been obtained (to the extent such consent right (x) existed on the Closing Date or (y) at the time such assets are acquired and not in contemplation thereof) or would require the consent of any Governmental Authority or regulatory body unless such consent has been obtained (in each case, other than to the extent that such consent requirement would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other Applicable Law); *provided that* any such asset or, to the extent severable, any portion thereof, will be an Excluded Asset only to the extent and for so long as such prohibition or consent requirement is effective and will cease to be an Excluded Asset and will become subject to the Lien granted under the Security Documents, immediately and automatically, at such time as such prohibition or consent requirement is no longer effective;

(b) any lease, license, contract, property right, general intangible, agreement, asset or property to which the Debtor is a party or has rights, or which is otherwise subject to a purchase money security interest or similar arrangement, or any of its rights or interests thereunder, if and only for so long as the grant of a Lien under the Security Documents would constitute or result in a breach, termination or default under, or would invalidate, any such lease, license, contract, property right, general intangible, agreement, asset or property or purchase money arrangement or create a right of termination in favor of any party thereto (other than the Debtor) (other than to the extent that any term of such lease, license, contract, property right, general intangible, agreement, asset or property or purchase money arrangement would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other Applicable Law); *provided that* such lease, license, contract, property right or agreement or purchase money arrangement or, to the extent severable, any portion thereof, will be an Excluded Asset only to the extent and for so long as the consequences specified above will result and will cease to be an Excluded Asset and will become subject to the Lien granted under the Security Documents, immediately and automatically, at such time as such consequences will no longer result;

(c) any intent-to-use application trademark application prior to the filing of a “Statement of Use” or “Amendment to Allege Use” with respect thereto, to the extent, if any, that, and solely during the period, if any, in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application under applicable federal Law;

(d) any governmental permits, franchises, approvals, charters, authorizations or licenses or state or local permits, franchises, approvals, charters, authorizations or licenses, to the extent a grant of a Lien under the Security Documents in any such permit, franchise, approval, charter, authorization or license is prohibited or restricted thereby (other than to the extent that any such prohibition or restriction would be rendered ineffective pursuant to Section 9-406, 9-407, 9-408 or 9-409 of the UCC of any relevant jurisdiction or any other Applicable Law); *provided that* any such permit, franchise, approval, charter, authorization or license or, to the extent severable, any portion thereof, will be an Excluded Asset only to

the extent and for so long as such prohibition or restriction is effective and will cease to be an Excluded Asset and will become subject to the Lien granted under the Security Documents, immediately and automatically, at such time as such prohibition is no longer effective;

(e) that certain Oil and Gas Lease of Submerged Lands under the Outer Continental Shelf Lands Act bearing Serial Number OCS-G 36357, dated effective as of December 1, 2018, by and between the United States of America, as Lessor, and GulfSlope Energy, Inc., as Lessee, covering all of Block 376, Vermilion Area, South Addition, OCS Leasing Map, Louisiana Map No. 3B, containing approximately 5,000.00 acres; and

(f) that certain Oil and Gas Lease of Submerged Lands under the Outer Continental Shelf Lands Act bearing Serial Number OCS-G 36361, dated effective as of November 1, 2018, by and between the United States of America, as Lessor, and GulfSlope Energy, Inc., as Lessee, covering all of Block 371, Eugene Island Area, South Addition, OCS Leasing Map, Louisiana Map No. 4A, containing approximately 5,000.00 acres.

“Lender” is defined in the recitals to this Agreement.

“Lender Parties” means the Lender, its Indemnitees, and successors and assigns of each of the foregoing.

“Proceeds” shall mean: (i) all “proceeds” as defined in the Uniform Commercial Code, payments or distributions made with respect to any Investment Property and (ii) whatever is receivable or received when Collateral or proceeds are sold, exchanged, collected or otherwise disposed of, whether such disposition is voluntary or involuntary.

“Security Interest” is defined in Section 2.01.

“Term Loan Agreement” is defined in the recitals to this Agreement.

“Uniform Commercial Code” means the Uniform Commercial Code of the State of New York or of any other state the laws of which are required as a result thereof to be applied in connection with the perfection or priority of, or remedies with respect to, the Lender’s Security Interest on any Collateral, in each case as amended, modified, codified or reenacted, in whole or in part, and in effect from time to time.

ARTICLE II

SECURITY INTERESTS IN PERSONAL PROPERTY

Section 2.01 **Security Interest.** (a) As security for the payment or performance, as the case may be, in full of the Obligations, the Debtor hereby assigns and pledges to the Lender and its successors and assigns, and hereby grants to the Lender and its successors and assigns, a security interest (the **“Security Interest”**), in all right, title or interest in or to any and all of the following assets and properties now owned or at any time hereafter acquired by the Debtor or in which the Debtor now has or at any time in the future may acquire any right, title or interest (collectively, the **“Collateral”**), including without limitation, all: (i) oil, gas, and other minerals before extraction and As-extracted Collateral; (ii) Accounts; (iii) Chattel Paper; (iv) Money and Deposit Accounts; (v) Documents; (vi) all General Intangibles; (vii) Goods; (viii) Assigned

Contracts; (ix) Permits; (x) Instruments; (xi) Investment Property; (xii) Letter-of-Credit Rights and letters of credit; (xiii) Commercial Tort Claims; and (xiv) to the extent not otherwise included, all Supporting Obligations and all Proceeds and products of any and all of the foregoing and all collateral security and guarantees given by any person with respect to any of the foregoing, *provided that*, notwithstanding anything to the contrary, (x) in no event shall the Collateral include, nor shall the security interest or Lien granted under Section 2.01 constitute (or be deemed to constitute) a grant of a security interest in or Lien on, any Excluded Assets, and (y) the Debtor shall not be required to take any action intended to cause any Excluded Asset to constitute Collateral.

(b) The Debtor hereby irrevocably authorizes the Lender at any time and from time to time to file in any relevant jurisdiction any initial financing statements (including fixture filings and as-extracted collateral filings) with respect to the Collateral or any part thereof and amendments thereto that (i) indicate the Collateral as “all assets of the Debtor, whether now owned or hereafter acquired” or words of similar effect, and (ii) contain the information required by Article 9 of the Uniform Commercial Code of each applicable jurisdiction for the filing of any financing statement or amendment. The Debtor agrees to provide such information to the Lender promptly upon request. The Debtor also ratifies its authorization for the Lender to file in any relevant jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(c) The Security Interest is granted as security only and shall not subject the Lender or any other Lender Party to, or in any way alter or modify, any obligation or liability of the Debtor with respect to or arising out of the Collateral.

Section 2.02 **Representations and Warranties**. The Debtor represents and warrants to the Lender Parties that on and as of the Closing Date:

(a) Each of the representations and warranties of the Debtor in the Term Loan Agreement is true and correct.

(b) The Debtor has good and valid rights in and title to the Collateral with respect to which it has purported to grant a Security Interest hereunder and has full power and authority to grant to the Lender the Security Interest in such Collateral pursuant hereto, subject to Excepted Liens.

(c) Except with respect to the Excluded Assets, all actions and consents of Debtor for the exercise by the Lender Parties of the rights provided for in this Agreement or the exercise of remedies in respect of the Collateral have been made or obtained.

(d) Upon the filing of Uniform Commercial Code financing statements (including fixture filings and as-extracted collateral filings, as applicable) or other appropriate filings, recordings or registrations containing a description of the Collateral, based upon the information provided to the Lender Parties, then all the filings, recordings and registrations shall have been made that are necessary to publish notice of and protect the validity of and to establish a legal, valid and perfected security interest in favor of the Lender in respect of all Collateral in which the Security Interest may be perfected by filing, recording or registration in the United States (or any political subdivision thereof) and its territories and possessions, and no further or subsequent filing, re-filing, recording, rerecording, registration or reregistration is necessary in any such jurisdiction, except as provided under applicable law with respect to the filing of continuation statements.

(e) The Security Interest constitutes (i) a legal and valid security interest in all the Collateral securing the payment and performance of the Obligations and (ii) subject to the filings described above, a perfected security interest in all Collateral in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in the United States (or any political subdivision thereof) and its territories and possessions pursuant to the Uniform Commercial Code or other applicable law in such jurisdictions. The Security Interest is and shall be prior to any other Lien on any of the Collateral, other than Excepted Liens.

(f) The Collateral is owned by the Debtor free and clear of any Lien, except for Excepted Liens. The Debtor has not filed or consented to the filing of (i) any financing statement or analogous document under the Uniform Commercial Code or any other applicable laws covering any Collateral, or (ii) any assignment in which the Debtor assigns any Collateral or any security agreement or similar instrument covering any Collateral with any foreign governmental, municipal or other office, which financing statement or analogous document, assignment, security agreement or similar instrument is still in effect, except, in each case, for Excepted Liens.

Section 2.03 **Covenants.** The Debtor shall, at its own expense, take any and all actions necessary to defend Debtor's title to the Collateral against all persons and to defend the Security Interest of the Lender in the Collateral and the priority thereof against any Lien not expressly permitted pursuant to Section 6.02 of the Term Loan Agreement.

Section 2.04 **Other Actions.** To further ensure the attachment, perfection and priority of, and the ability of the Lender to enforce, the Security Interest in the Collateral, and without limiting the covenants of the Debtor in the Term Loan Agreement regarding investments, the nature of its business or otherwise, the Debtor agrees, in each case at the Debtor's own expense, to take the following actions with respect to the following Collateral:

(a) *Deposit Accounts.* Debtor shall not (i) establish any Deposit Accounts (other than any Excluded Account) unless the Debtor has given the Lender at least five Business Days prior written notice of such new Deposit Account and (ii) deposit any amount into an such new Deposit Account (other than any Excluded Account) in excess of \$5,000 until the Debtor, the depository bank and Lender enter into an agreement providing for the Lender's "control" (as described in Section 9-104 of the applicable Uniform Commercial Code) over each Deposit Account in form and substance satisfactory to Lender.

(b) *Investment Property.* If the Debtor shall at any time hold or acquire any certificated securities having an aggregate fair market value equal to or exceeding \$50,000, the Debtor shall forthwith endorse, assign and deliver the same to the Lender, accompanied by such undated instruments of transfer or assignment duly executed in blank as the Lender may from time to time specify. If any securities having an aggregate fair market value equal to or exceeding \$50,000 now or hereafter acquired by the Debtor are uncertificated and are issued to the Debtor or its nominee directly by the issuer thereof, the Debtor shall promptly notify the Lender thereof and, at the Lender's request and option, pursuant to an agreement in form and substance satisfactory to the Lender, either (i) cause the issuer to agree to comply with instructions from the Lender as to such securities, without further consent of the Debtor or such nominee, or (ii) arrange for the Lender to become the registered owner of the securities. If any securities having an aggregate fair market value equal to or exceeding \$50,000, whether certificated or uncertificated, or other Investment Property now or hereafter acquired by the Debtor are held by the Debtor or its nominee through a Securities Intermediary or Commodity Intermediary, the Debtor shall promptly notify the Lender

thereof and, at the Lender's request and option, pursuant to an agreement in form and substance satisfactory to the Lender, either (i) cause such Securities Intermediary or Commodity Intermediary, as the case may be, to agree to comply with entitlement orders or other instructions from the Lender to such Securities Intermediary as to such securities or other Investment Property, or (as the case may be) to apply any value distributed on account of any commodity contract as directed by the Lender to such Commodity Intermediary, in each case without further consent of the Debtor or such nominee, or (ii) in the case of Financial Assets (as governed by Article 8 of the Uniform Commercial Code) or other Investment Property held through a Securities Intermediary, arrange for the Lender to become the Entitlement Holder with respect to such Investment Property, with the Debtor being permitted, only with the consent of the Lender, to exercise rights to withdraw or otherwise deal with such Investment Property.

(c) *Commercial Tort Claims.* If the Debtor shall at any time hold or acquire a Commercial Tort Claim that could reasonably be expected to have a claim value exceeding \$50,000, the Debtor shall promptly notify the Lender thereof in a writing signed by the Debtor including a summary description of such claim and grant to the Lender, in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance satisfactory to the Lender.

(d) *Assigned Contracts.* All such obligations of the Debtor shall be and remain enforceable only against the Debtor and shall not be enforceable against the Lender Parties.

ARTICLE III

REMEDIES

Section 3.01 **Remedies upon Default.** Upon the occurrence and during the continuance of an Event of Default, the Debtor agrees to assemble and deliver each item of Collateral to the Lender on demand at a place to be designated by Lender, and it is agreed that the Lender shall have the right to, with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral and without liability for trespass to enter any premises where the Collateral may be located for the purpose of taking possession of or removing the Collateral and, generally, to exercise any and all rights afforded to a secured party under the Uniform Commercial Code or other applicable law, at the same or different times. Notwithstanding anything to the contrary in this Agreement or any other Loan Document, any notice or cure period provided for in this Agreement shall run concurrently with any notice or cure period provided for under Applicable Law. Without limiting the generality of the foregoing, the Debtor agrees that the Lender shall have the right, subject to the mandatory requirements of applicable law, to sell or otherwise dispose of all or any part of the Collateral at a public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery as the Lender shall deem appropriate. The Lender shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, and upon consummation of any such sale the Lender shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold. Each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of the Debtor, and the Debtor hereby waives (to the extent

permitted by law) all rights of redemption, stay and appraisal which the Debtor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

TO THE EXTENT APPLICABLE, FOR THE PURPOSES OF LOUISIANA EXECUTORY PROCESS PROCEDURES, DEBTOR DOES HEREBY ACKNOWLEDGE THE OBLIGATIONS AND CONFESS JUDGMENT IN FAVOR OF LENDER FOR THE FULL AMOUNT OF THE OBLIGATIONS. Debtor does by these presents consent and agree that upon the occurrence of any Event of Default it shall be lawful for Lender to cause the Collateral and Proceeds to be seized and sold under executory or ordinary process, at Lender's sole option, without appraisal, appraisal being hereby expressly waived, in one lot as an entirety or in separate parcels or portions as Lender may determine, to the highest bidder, and otherwise exercise the rights, powers and remedies afforded herein and under applicable Louisiana law. Any and all declarations of fact made by authentic act before a Notary Public in the presence of two witnesses by a person declaring that such facts lie within his knowledge shall constitute authentic evidence of such facts for the purpose of executory process. Debtor hereby waives in favor of Lender: (a) the benefit of appraisal as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2723 and 2724, and all other laws conferring the same; (b) the demand and three days delay accorded by Louisiana Code of Civil Procedure Article 2721; (c) the notice of seizure required by Louisiana Code of Civil Procedure Articles 2293 and 2721; (d) the three days delay provided by Louisiana Code of Civil Procedure Articles 2331 and 2722; and (e) the benefit of the other provisions of Louisiana Code of Civil Procedure Articles 2331, 2722 and 2723, not specifically mentioned above. In the event the Collateral (or Proceeds) or any part thereof is seized as an incident to an action for the recognition or enforcement of this Agreement by executory process, ordinary process, sequestration, writ of fieri facias, or otherwise, the court issuing any such order shall, if petitioned for by Lender, direct the applicable sheriff to appoint as a keeper of the Collateral and Proceeds, Lender or any Lender designated by Lender at the time such seizure is effected. This designation is pursuant to La. R.S. 9:5131-9:5135, and 9:5136-9:5140.2 (inclusive) and Lender shall be entitled to all the rights and benefits afforded thereunder as the same may be amended. The keeper shall be entitled to receive its reasonable costs and expenses incurred in the administration or preservation of the Collateral and Proceeds and compensation in an amount equal to five per cent. Of the gross revenues of the Collateral as approved by the court. The designation of keeper made herein shall not be deemed to require Lender to seek the appointment of such a keeper.

The Lender shall give the Debtor five days' written notice of the Lender's intention to make any sale of Collateral, which the Debtor agrees is reasonable notice within the meaning of Section 9-611 of the Uniform Commercial Code or its equivalent in other jurisdictions. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Lender may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Lender may (in its sole and absolute discretion) determine. The Lender shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Lender may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale

of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Lender until the sale price is paid by the purchaser or purchasers thereof, but the Lender shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. At any public sale made pursuant to this Section 3.01, any Lender Party may bid for or purchase, free (to the extent permitted by law) from any right of redemption, stay, valuation or appraisal on the part of the Debtor (all such rights being also hereby waived and released to the extent permitted by law), the Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim secured by the Collateral then due and payable to such Lender Party from the Debtor as a credit against the purchase price, and such Lender Party may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to the Debtor therefor. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Lender shall be free to carry out such sale pursuant to such agreement and the Debtor shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Lender shall have entered into such an agreement all Events of Default shall have been remedied and such obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Lender may proceed by a suit or suits at law or in equity to foreclose this Agreement and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. Any sale pursuant to the provisions of this Section 3.01 shall be deemed to conform to the commercially reasonable standards as provided in Section 9-610(b) of the Uniform Commercial Code or its equivalent in other jurisdictions.

Section 3.02 **Application of Proceeds.** The Lender shall apply the proceeds of any collection, sale, foreclosure or other realization upon any Collateral, including any Collateral consisting of cash, in accordance with the provisions of the Term Loan Agreement. The Lender shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Agreement and the Term Loan Agreement. Upon any sale of Collateral by the Lender (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Lender or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Lender or such officer or be answerable in any way for the misapplication thereof.

ARTICLE IV

MISCELLANEOUS

Section 4.01 **Notices.** All communications and notices under this Agreement shall (except as otherwise expressly permitted in this Agreement) be in writing and given as provided in Section 8.01 of the Term Loan Agreement.

Section 4.02 **Security Interest Absolute.** All rights of the Lender hereunder, the Security Interest and all obligations of the Debtor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of the Term Loan Agreement, any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Term

Loan Agreement, any other Loan Document or any other agreement or instrument, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Debtor in respect of the Obligations or this Agreement.

Section 4.03 **Survival of Agreement.** (a) All covenants, agreements, representations and warranties made by the Debtor in the Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the execution and delivery of the Loan Documents and the making of any Loans, regardless of any investigation made by the Lender or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any Loan is made under the Term Loan Agreement, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under any Loan Document is outstanding and unpaid.

(b) To the extent that any payments on the Obligations or proceeds of any Collateral are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, debtor in possession, receiver or other Person under any bankruptcy Law, common law or equitable cause, then to that extent, the Obligations so satisfied shall be revived and continue as if the payment or proceeds had not been received and the Lenders' Liens, security interests, rights, powers and remedies under this Agreement and each Loan Document shall continue in full force and effect. In such an event, each Loan Document shall be automatically reinstated and the Debtor shall take such action as may be requested by the Lender to effect the reinstatement.

Section 4.04 **Binding Effect.** This Agreement shall become effective as to the Debtor when a counterpart hereof executed on behalf of the Debtor shall have been delivered to the Lender and a counterpart hereof shall have been executed on behalf of the Lender, and thereafter shall be binding upon the Debtor and the Lender and their respective permitted successors and assigns, and shall inure to the benefit of the Debtor, the Lender and the other Lender Parties and their respective successors and assigns, except that the Debtor shall not have the right to assign or transfer its rights or obligations hereunder or any interest herein or in the Collateral (and any such assignment or transfer shall be void) except as expressly contemplated by this Agreement or the Term Loan Agreement.

Section 4.05 **Successors and Assigns.** Whenever in this Agreement any of the parties hereto is referenced, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Debtor or the Lender that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

Section 4.06 **Lender's Fees and Expenses; Indemnification.**

(a) The Lender Parties shall be entitled to reimbursement of its expenses and to indemnification as provided in the Term Loan Agreement.

(b) Any amounts payable under this Agreement shall be additional Obligations secured hereby and by the other Security Documents. The provisions of this Section 4.06 shall remain operative and in full force and effect regardless of the termination of this Agreement or any other Loan

Document, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Lender or any other Lender Party. All amounts due under this Section 4.06 shall be payable on written demand therefor and shall bear interest at the rate specified in Section 2.05 of the Term Loan Agreement.

Section 4.07 **Lender Appointed Attorney-in-Fact**. The Debtor hereby appoints the Lender as the attorney-in-fact of the Debtor for the purpose of carrying out the provisions of this Agreement and taking any action and executing any instrument that the Lender may deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest. The Lender Parties shall be accountable only for amounts actually received as a result of the exercise of the powers granted to them herein, and neither they nor their officers, directors, employees or agents shall be responsible to the Debtor for any act or failure to act hereunder, except for their own gross negligence, willful misconduct or bad faith.

Section 4.08 **GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

Section 4.09 **Termination or Release**. This Agreement, the Security Interest and all other security interests granted hereby shall terminate when all the obligations under the Loan Documents (other than wholly contingent indemnification obligations) then due and owing have been paid in full and the Lender has no further commitment to lend under the Term Loan Agreement. In addition to the foregoing, the Lender hereby agrees that the Lien granted to the Lender on any Collateral shall be released (i) upon the disposition of such Collateral permitted under the Term Loan Agreement (in which case, the Lender agrees to deliver an appropriate release instrument if reasonably requested by the Debtor), (ii) to the extent such Collateral is comprised of property leased to the Debtor, upon termination or expiration of such lease, and (iii) if the release of such Lien is approved, authorized or ratified in writing by the Lender; provided that any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released), all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Loan Documents.

Section 4.10 **Miscellaneous**. The provisions of Sections 1.02, 1.03, 8.01, 8.02, 8.05, 8.06, 8.07, 8.08, 8.09 (other than Section 8.09(a)), 8.10, 8.11, 8.12, and 8.13 of the Term Loan Agreement apply to this Agreement, *mutatis mutandis*.

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

DELEK GOM INVESTMENTS, LLC

By: /s/ Leora Pratt Levin

Name: Leora Pratt Levin

Title: Authorized Person

GULFSLOPE ENERGY INC.

By: /s/ John N. Seitz

Name: John N. Seitz

Title: CEO

[Signature Page to Security Agreement]
