
ASSET SALE AGREEMENT

- among -

HERITAGE RESOURCE LIMITED PARTNERSHIP

- and -

HERITAGE ROYALTY RESOURCE CORP.

- and -

HERITAGE MANITOBA HOLDINGS INC.

collectively, as Vendors

- and -

PRAIRIESKY ROYALTY LTD.

as Purchaser

DATE: November 29th, 2021

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ASSET SALE AGREEMENT

THIS AGREEMENT is made as of the 29th day of November, 2021,

AMONG:

HERITAGE RESOURCE LIMITED PARTNERSHIP, a limited partnership registered to carry on business in the Province of Alberta and having an office in the City of Calgary, in the Province of Alberta ("**HRLP**")

– and –

HERITAGE ROYALTY RESOURCE CORP., a corporation registered to carry on business in the Provinces of Alberta and Saskatchewan and having an office in the City of Calgary, in the Province of Alberta ("**HRRC**")

– and –

HERITAGE MANITOBA HOLDINGS INC., a corporation registered to carry on business in the Province of Manitoba and having an office in the City of Calgary, in the Province of Alberta ("**Heritage Manitoba**")

(each of HRLP, HRRC and Heritage Manitoba are referred to herein as a "**Vendor**" and collectively, as "**Vendors**")

– and –

PRAIRIESKY ROYALTY LTD., a corporation registered to carry on business in the Province of Alberta and having an office in the City of Calgary, in the Province of Alberta ("**Purchaser**")

WHEREAS:

- A. HRLP is the owner of the Proprietary Seismic Data;
- B. HRRC is the owner of the Fee Simple Lands and Acquired Royalty Interests located in the Provinces of Alberta and Saskatchewan;
- C. Heritage Manitoba holds legal title to the Fee Simple Lands located in the Province of Manitoba beneficially for HRRC;
- D. Purchaser desires to purchase and Vendors desire to sell the Assets pursuant to and in accordance with the terms and conditions of this Agreement; and
- E. Purchaser has conducted an independent investigation of the nature and extent of the Assets and desires to purchase the Assets.

NOW THEREFORE consideration of the premises, the mutual covenants set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, including the recitals and the Schedules, the following terms have the following meanings:

"**Accounting Firm**" shall mean the Calgary office of Ernst & Young LLP or if such accounting firm is unwilling or unable to act, then a nationally recognized firm of Chartered Accountants that is not the principal accounting firm of either of the Parties and is mutually acceptable to the Parties.

"**Acquired Royalty Interests**" means the entire right, title, estate and interest of Vendors as payee or recipient of the gross overriding royalty interests, net profit interests, net carried interests, net royalty interests, synthetic royalty interests or net profit royalty interests or similar right to receive payment in respect of, or a share of, production of Petroleum Substances, as set out and described in Schedule B.

"**ADRIC Rules**" has the meaning set forth in Subsection 7.1(d)(i).

"**Affiliate**" means with respect to a Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control of such Person where, for the purposes of this definition only, "control", "controlling" or "controlled" means the possession, direct or indirect, of the power to direct the management and policies of such other Person, whether through the ownership of voting securities or by contract, partnership agreement, trust arrangement or other means.

"**Agreement**" shall mean and refer to this agreement entitled "Asset Sale Agreement", including the recitals hereto and all Schedules, all as amended, supplemented or modified from time to time in accordance with the provisions hereof.

"**Applicable Laws**" shall mean, in relation to any Person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives, published guidelines, standards, codes of practice and orders of, and the terms of all judgments, orders, awards and decrees issued by, any Governmental Authority by which such Person is bound or having application to the transaction or event in question.

"**Arbitration Chair**" has the meaning set forth in Subsection 7.1(d)(vi).

"**Arbitration Panel**" has the meaning set forth in Subsection 7.1(d)(vi).

"**Arbitrator**" has the meaning set forth in Subsection 10.1(h).

"**Assets**" shall mean the entire interests of Vendors in:

- (a) the Fee Simple Lands;
- (b) the Lessor Interests;

- (c) the Acquired Royalty Interests;
- (d) the Miscellaneous Interests; and
- (e) Proprietary Seismic Data;

but excluding the Excluded Assets.

"Bulk Sales Certificate Indemnity Agreement" means an indemnity agreement in the form attached as Schedule E.

"Business Day" shall mean a calendar day other than a Saturday, a Sunday or a statutory holiday in Calgary, Alberta.

"Claim" shall mean, in relation to any Person, any and all claims, actions, causes of action, accounts, Liens, demands, lawsuits, suits, judgments, awards, decrees, determinations, adjudications, writs, orders, pronouncements, audits, proceedings, arbitrations, mediations, hearings, investigations or actions by any Governmental Authority, of every kind, nature or description brought against or suffered, sustained or incurred by such Person, in each case whether fixed or contingent or foreseen or unforeseen, and whether based on contract, tort, statute or other legal or equitable theory of recovery.

"Claimant" has the meaning set forth in Subsection 7.1(d)(ii).

"Closing" shall mean the completion of the Transaction contemplated to be completed on the Closing Date in accordance with the provisions hereof.

"Closing Date" means the 2nd Business Day following the date on which the conditions in Sections 6.1 and 6.2 have been satisfied or waived, or such other date as mutually agreed between the Parties, but in any event shall be no later than the Outside Date.

"Closing Time" shall mean 9 a.m. (Calgary time) on the Closing Date.

"Commissioner" means the Commissioner of Competition appointed pursuant to subsection 7(1) of the Competition Act or his designee.

"Competition Act" means the *Competition Act* (Canada).

"Competition Act Clearance" means, in respect of the Transaction:

- (a) the Commissioner shall have issued to Purchaser an advance ruling certificate pursuant to section 102 of the Competition Act (an "**ARC**");
- (b) both:
 - (i) the relevant waiting period under section 123 of the Competition Act shall have expired or been terminated or the obligation to notify and supply information in accordance with Part IX of the Competition Act shall have been waived by the Commissioner under subsection 113 (c) of the Competition Act; and

- (ii) unless such requirement is waived in writing by Purchaser and Vendor, the Commissioner shall have issued to Purchaser a "no action letter" indicating that he does not, at that time, intend to make an application under section 92 of the Competition Act (the "**No Action Letter**").

"**Compliance Recoveries**" has the meaning set forth in Subsection 11.3(a).

"**Compliance Recoveries Acknowledgement**" means the acknowledgement and direction in respect of Compliance Recoveries, in the form attached as Schedule I.

"**Confidentiality Agreement**" shall mean the confidentiality agreement dated September 23, 2021 between HRLP and Purchaser.

"**Consequential Damages**" means any Claims, Losses or Liabilities howsoever arising or occurring that are in the nature of consequential, special, indirect, punitive or exemplary damages, including compensation for business interruption, loss of profit, including business loss and economic loss, loss of revenue, loss of value, loss of opportunity, opportunity costs, and similar types of Losses and damages.

"**Counterclaim**" has the meaning set forth in Subsection 7.1(d)(iii).

"**Data Room**" means collectively: (i) the virtual data room set up by or on behalf of Vendors by BMO Capital Markets in respect of the Transaction as of October 2nd, 2021; and (ii) the virtual data room set up on behalf of the Vendors by tab Fusion RMS in respect of land records relating to the Fee Simple Lands, the Lessor Interests and the Acquired Royalty Interest on November 22, 2021.

"**Data Room Materials**" means the documents, files, data and information uploaded to the Data Room established by or on behalf of Vendors in respect of the Transaction, which is contained on memory sticks delivered to Purchaser on the day immediately prior to the execution hereof, together with information provided electronically in response to questions and requests for information.

"**Deemed Interest Amount**" has the meaning set forth in Subsection 2.4(a).

"**Deposit**" has the meaning set forth in the Section 2.4.

"**Disclosure Schedule**" means Schedule A.

"**Dispute**" shall mean any dispute or controversy arising out of this Agreement or the performance of any activities under this Agreement, and any dispute or controversy regarding the existence, construction, validity, interpretation, enforceability or breach of this Agreement.

"**Effective Date**" means December 31, 2021.

"**Environment**" shall mean the components of the earth and includes ambient air, land, surface and sub-surface strata, groundwater, surface water, all layers of the atmosphere, all organic and inorganic matter and living organisms, and the interacting natural systems that include such components, and "**Environmental**" has a corresponding meaning.

"**Environmental Law**" means all Applicable Laws relating to the protection and preservation of the Environment, and health and safety matters, and without restricting the generality of the foregoing, includes

those laws relating to the discovery, development, production, gathering, handling, use, storage, transmission, transportation, treatment and disposal of Petroleum Substances, the emission, discharge, release or threatened release of hazardous substances into or onto the Environment, and the decommissioning, abandonment, remediation or reclamation of contaminated sites.

"Environmental Liability" shall mean all present and future Losses and Liabilities pertaining to the Fee Simple Lands in respect of the Environment, whether or not caused by a breach of contract, the common law or Applicable Laws and whether or not resulting from operations conducted with respect to the Assets (if any), including Losses and Liabilities related to:

- (a) the past, present or future use, storage, holding, handling, transportation, release, spill, emission, leaching, off-site disposal, escape or migration of any substance or waste including any hazardous substance;
- (b) past, present or future pollution or contamination of, or damage or injury to, the Environment;
- (c) obligations to test, monitor, remediate, protect or clean up the Environment;
- (d) any obligations imposed by Environmental Laws;
- (e) the removal or failure to abandon or remove, as required, any foundations, wells, structures, pipelines, roads, substances or equipment, including any obligations or costs incurred to close, clean-up, decommission, abandon, decontaminate, restore, remediate and reclaim the surface and subsurface of the Fee Simple Lands, lands pooled therewith, lands used to gain access thereto or any other lands from the effects of the foregoing; and
- (f) Losses and Liabilities suffered by Third Parties as a result of the occurrences in Subsections (a), (b), (c), (d) and (e) of this definition.

"Excluded Assets" means:

- (a) the Weyburn Royalty Agreement and the gross overriding royalty created thereunder;
- (b) the Pelican Lake Royalty Agreement and the gross overriding royalty created thereunder;
- (c) the Husky Block; and
- (d) the Palliser Block,

as further set forth and described in Schedule D.

"Fee Simple Lands" shall mean means all subsurface fee simple rights, fee simple titles, fee simple estates and fee simple interests, whether absolute or contingent, legal or beneficial, present or future, vested or not, held by Vendors and (i) set forth and described in Schedule C; or (ii) located in the White Map Area; including in each case any lands pooled or unitized therewith, including those subject to Lessor Interests but excluding any subsurface fee simple rights, fee simple titles, fee simple estates and fee simple interests forming part of the Excluded Assets.

"Final Statement of Adjustments" has the meaning set forth in Subsection 10.1(e).

"GAAP" shall mean accounting principles generally accepted in Canada (including the International Financial Reporting Standards), as described and promulgated by the Canadian Institute of Chartered Accountants that are applicable on the relevant date.

"General Conveyance" means the general conveyance to be executed by the Parties at Closing in the form attached as Schedule D.

"Governmental Authority" shall mean, in relation to any Person, transaction or event, any: (i) federal, provincial, state, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (ii) agency, authority, commission, 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, (iii) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (iv) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event.

"GST/HST" shall mean the goods and services tax imposed under Part IX of the *Excise Tax Act* (Canada) or under any provincial legislation.

"Heritage Manitoba" has the meaning set forth in the Recitals.

"HRLP" has the meaning set forth in the Recitals.

"HRRC" has the meaning set forth in the Recitals.

"Husky Block" means the subsurface fee simple rights, fee simple titles, fee simple estates and fee simple interests described under the heading "Husky Block" in Schedule D and forming part of the Excluded Assets.

"IBA Rules" has the meaning set forth in Subsection 7.1(d)(xi).

"Interim Period" shall mean the period from the date hereof to, but not including, the Closing Date.

"Leases" means any lease, licence, permit or other documents of title, by virtue of which the lessee thereunder or holder thereof is entitled to explore for, drill for, win, take, recover, produce, own, remove or dispose of Petroleum Substances within, upon or under the Fee Simple Lands, or lands with which the Fee Simple Lands are validly pooled or validly unitized, by virtue of which the lessee thereunder is deemed to be entitled to a share of Petroleum Substances removed from the Fee Simple Lands, or lands with which the Fee Simple Lands are validly pooled or validly unitized, and the lessor thereunder is entitled to certain payments which may include some or all of: bonus consideration, annual rentals or shut-in payments, royalties on produced substances and/or compensatory royalties and includes, if applicable, all renewals and extensions of such documents and all documents issued in substitution therefor.

"Lessor Interests" means the interest of Vendors in their capacity as lessor in and to any Leases, including by way of assignment and including any and all Leases that may be inactive or expired that were issued

prior to the date hereof in respect of the Fee Simple Lands to any predecessor of Vendors in title to the Fee Simple Lands.

"Liabilities" shall mean any and all liabilities and obligations, whether under common law, in equity, under the Applicable Laws or otherwise, whether tortious, contractual, vicarious, statutory or otherwise, whether absolute or contingent, and whether based on fault, strict liability or otherwise.

"Lien" shall mean any lien, mortgage, Security Interest, pledge, hypothecation, garnishment, deposit, restriction, burden, encumbrance, right of conversion or reduction of interest, rights of a vendor under any title retention or conditional sale agreement, or lease or other arrangement substantially equivalent thereto.

"Lien Discharge" shall mean, with respect to a Security Interest affecting all or a portion of the Assets, (a) one or more registrable discharges executed by the holder of such Security Interest which results in a discharge of such Security Interest, or (b) where such Security Interest is not specifically registered against or in respect of any such Assets, a letter of no interest executed by the holder of the Security Interest wherein the holder acknowledges it has no interest in such Assets.

"Losses" shall mean, in respect of a Person, any and all losses, damages, costs, out-of-pocket expenses, charges, indebtedness, obligations, assessments, fines, penalties, fees and expenses of every kind, nature or description which such Person suffers, sustains, pays or incurs in connection with such matter and includes Taxes (other than income taxes), as applicable, court costs and costs which such Person suffers, sustains, pays or incurs in connection with any Claims (including Professional Fees and reasonable costs of investigating and defending such Claims) arising from such Claims, regardless of whether such Claims are sustained, together with any interest which may be imposed in connection therewith.

"Material Adverse Effect" means any change, circumstance, development, state of facts, condition or effect that has been, or would be reasonably likely to be, individually or in the aggregate with other changes, circumstances, developments, state of facts, conditions or effects, materially adverse to the value of the Assets taken as whole (excluding in each case effects reasonably attributable to the general oil and gas industry or general economic conditions in Canada, any changes in the market price of crude oil or natural gas, or any change, circumstance or effect resulting from changes in Applicable Laws, natural disaster, act of war, armed hostilities or terrorism or actions in response thereto).

"Miscellaneous Interests" shall mean, subject to any and all limitations and exclusions provided for in this definition, the entire right, title, estate and interest of Vendors in all property, assets and rights to the extent they pertain directly to the Assets to which Vendors are entitled as at the date hereof, including the Title Documents, however, unless otherwise agreed in writing by the Parties, the Miscellaneous Interests shall not include any of the foregoing to the extent that:

- (a) they pertain to Vendors' proprietary technology, interpretations or economic evaluations or to Vendors' tax and financial records;
- (b) they are owned or licenced by a Third Party with restrictions on their deliverability, assignability or disclosure by Vendors to any assignee which is not an Affiliate of Vendors or which require the payment of any fees to transfer or disclose same unless:
 - (i) the disclosure or sale or licensing has been consented to by any Third Parties having such right; and

- (ii) Purchaser has paid any applicable fees payable to Third Parties, as required to effect assignment of Vendors' interest to Purchaser;
- (c) they are referred to specifically as exclusions in any Schedule;
- (d) they are legal opinions, or documents prepared by or on behalf of Vendors in contemplation of litigation; or
- (e) they are original records or documents that are required to be maintained by Vendors pursuant to the Applicable Laws, in which case copies thereof shall be delivered to Purchaser.

"**Month**" shall mean a calendar month beginning at 8:00 a.m. Mountain Standard Time the first Day of such month and ending at 8:00 a.m. Calgary time the first Day of the following month.

"**Notice of Dispute**" has the meaning set forth in the Subsection 7.1(b)(i).

"**Notice of Request to Arbitrate**" has the meaning set forth in the Subsection 7.1(d)(ii).

"**Objection Date**" has the meaning set forth in Subsection 10.1(f).

"**Outside Date**" shall mean 11:59 p.m. (Calgary time) on January 31, 2022, or such later date as the Parties may agree to in writing, or as prescribed by Subsection 6.6(c).

"**Palliser Block**" means the subsurface fee simple rights, fee simple titles, fee simple estates and fee simple interests described under the heading "Palliser Block" in Schedule D and forming part of the Excluded Assets.

"**Parties**" shall mean Vendors and Purchaser and "**Party**" shall mean either of them.

"**Pelican Lake Royalty Agreement**" means the Second Amended and Restated Gross Overriding Royalty Agreement (Pelican Lake Area) dated October 2nd, 2017 between Cenovus Energy Inc. and HRRC.

"**Permitted Encumbrances**" shall mean:

- (a) Liens for Taxes, assessments and governmental charges which are not due or delinquent as at the date hereof, or the validity of which is being contested in good faith by Vendors or their Affiliates, and which will be adjusted in accordance with Article 10;
- (b) the rights reserved to or vested in any Governmental Authority by the terms of any lease, licence, franchise, grant, permit or authorization or by any Applicable Law, to terminate any such lease, licence, franchise, grant, permit or authorization or to require annual or other periodic payments as a condition of the continuance thereof;
- (c) the rights of general application reserved to or vested in any Governmental Authority to levy Taxes on any of the Assets or the income therefrom, or to limit, control or regulate any of the Assets or operations (if any) in respect thereof in any manner;

- (d) Liens (including processors', operators' and similar liens) incurred or created in the ordinary course of business as security in favour of the Person conducting the development or operation (if any) of the Assets for Vendors' proportionate share of the costs and expenses of such development or operation (if any) for which payment is not then due, or the validity of which is being contested in good faith by any Vendor, and will be adjusted in accordance with Article 10;
- (e) mechanics', builders', materialmen's or similar Liens for services rendered or goods supplied for which payment is not then due, or the validity of which is being contested in good faith by any Vendor, and which will be adjusted in accordance with Article 10;
- (f) easements, rights of way, servitudes and other similar rights in lands, including rights of way and servitudes for highways and other roads, railways, sewers, drains, gas and oil pipelines, gas and water mains and electric light, power, telephone, telegraph and cable television conduits, poles, wires and cables; provided in each case to the extent that such rights do not materially impair the use of, access to, or operation (if any) of the Assets;
- (g) any Security Interests held by a Person encumbering Vendors' interest in the Assets or any part or portion thereof, in respect of which any Vendor delivers a Lien Discharge to Purchaser at or prior to Closing;
- (h) all royalty burdens, liens, adverse claims, penalties, reductions in interests and other encumbrances set out in the Disclosure Schedule or included in the Acquired Royalty Interests;
- (i) the terms and conditions of:
 - (i) the Title Documents; and
 - (ii) the royalties, burdens, reduction or conversion or alteration of interests and adverse claims and other Liens set forth in the Disclosure Schedule.

"**Person**" shall mean any natural person, corporation, company, partnership (general or limited), limited liability company, business trust, Governmental Authority, joint venture or other entity or association.

"**Personal Information**" shall mean information about an identifiable individual, excluding business contact information, where such information is used or disclosed for the purpose of contacting such individual in their capacity as an employee or official of an organization and for no other purpose.

"**Petroleum Substances**" shall mean any and all of crude oil, crude bitumen and products derived therefrom, synthetic crude oil, petroleum, natural gas, oilsands and all related hydrocarbons (including liquid hydrocarbons and coalbed methane) and all other substances relating to any of the foregoing, whether liquid, gaseous or solid, and whether hydrocarbons or not (except coal but including sulphur).

"**Preliminary Notice**" has the meaning set forth in Subsection 6.6(b).

"**Prime Rate**" shall mean the annual rate of interest quoted from time to time by the Bank of Canada as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans made in Canada to customers of varying degrees of creditworthiness.

"**Professional Fees**" shall mean reasonable (a) fees and disbursements of legal counsel on a solicitor and his own client basis, and (b) fees and disbursements of any other professional advisors and consultants, including expert witnesses, and such other reasonable out-of-pocket expenses as are incurred in connection with such professional advisors and consultants.

"**Proprietary Seismic Data**" means the seismic data described in Schedule F.

"**PST**" means any provincial sales tax that may be applicable pursuant to the laws of the Province of Saskatchewan or the Province of Manitoba, as applicable.

"**Purchase Price**" has the meaning set forth in Subsection 2.2(a).

"**Purchaser**" has the meaning set forth in the Recitals.

"**Purchaser Termination Notice**" has the meaning set forth in Subsection 6.4(d).

"**Purchaser's Losses**" has the meaning set forth in Section 8.1.

"**Representatives**" shall mean, in respect of a Party:

- (a) its Affiliates; and
- (b) the respective directors, officers, employees, agents and representatives of such Party and its Affiliates.

"**Respondent**" has the meaning set forth in the Subsection 7.1(d)(ii).

"**Retention Period**" shall have the meaning set forth in Section 11.2.

"**Rights of First Refusal**" or "**ROFR**" shall mean a right of first refusal, pre-emptive right of purchase or similar right whereby a Third Party has the right to acquire or purchase a portion of the Assets as a consequence of Vendors having agreed to sell the Assets to Purchaser in accordance with the terms of this Agreement.

"**Security Interests**" shall mean security interests in the Assets or any portion thereof granted by Vendors, their Affiliates or predecessors in title to any Third Party, whether by way of mortgage, deed of trust, assignment under the Bank Act (Canada), debenture, general security agreement or land charge under personal property security legislation or otherwise, including any amendments thereto.

"**Senior Management Representative**" shall have the meaning set forth in Subsection 7.1(c)(i).

"**Specific Conveyances**" shall mean all conveyances, assignments, transfers, novations, and other documents or instruments that are reasonably required or desirable, in accordance with normal oil and gas industry practices, to convey, assign and transfer Vendors' title to the Assets to Purchaser and to novate

Purchaser into the Miscellaneous Interests that are contracts in the place and stead of Vendors to the extent they relate to the Assets.

"Successor Taxes" means any liability for Taxes required by law to be paid as an assessed liability by any Vendor which, as a result of the transfers herein, become a liability for Taxes of Purchaser.

"Survival Period" shall mean:

- (a) in respect of the representations and warranties of a Party set forth in Article 4 (other than the representations and warranties referenced in (b) of this definition), a period of twelve (12) Months following the Closing Date;
- (b) in respect of the representations and warranties of Vendors in Subsections 4.1(e) and 4.1(y), a period of 90 days after the expiry of the period of time during which an assessment, reassessment or other formal claim for, or in respect of, Taxes may be made by a Governmental Authority in respect of the applicable taxation period, as applicable.

"Tax Returns" includes all returns, reports, notices, forms, declarations, elections, filings, information returns and statements (including any amendments, schedules, attachments, supplements, appendices and exhibits thereto) required to be filed with any Governmental Authority in respect of Taxes, whether intangible, electronic or other form.

"Taxes" shall mean any taxes, duties, fees, premiums assessments, imposts, levies and other similar charges imposed by any Governmental Authority under Applicable Laws, including for greater certainty any applicable GST/HST or PST, all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, or including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, property, development, occupancy, all surtaxes, and all customs duties and import and export taxes.

"Third Party" shall mean a Person other than: (a) Vendors or Purchaser, or (b) any of their respective Affiliates.

"Title Documents" shall mean:

- (a) all certificates of title for the Fee Simple Lands; and
- (b) all agreements whereby Vendors derives any interest in, or affecting Vendors' interests in the Assets, including, documents or agreements granting, reserving or otherwise conferring rights to (A) the Lessor Interests, (B) the Acquired Royalty Interests, and (C) rights to acquire any of the rights described in this definition;
- (c) any and all agreements, documents and instruments pertaining to the Proprietary Seismic Data.

"Transaction" shall mean the transactions contemplated by this Agreement.

"Transfer Taxes" has the meaning set forth in Subsection 2.5(b)(i).

"**Unscheduled Assets**" has the meaning set forth in Subsection 1.3(a).

"**Vendor Identified Amounts**" has the meaning set forth in Subsection 11.3(b).

"**Vendors**" has the meaning set forth in the Recitals.

"**Vendors' Solicitors**" means Bennett Jones LLP.

"**Well Information**" means all information, data, files and records that (i) relate to the Wells; (ii) to which the owner of the Acquired Royalty Interests, Fee Simple Lands or the Lessor Interests is entitled pursuant to the Title Documents, and (iii) are in the possession or control of Vendor.

"**Wells**" means all wells which have been, are or may be used in connection with the production of Petroleum Substances from the Assets.

"**Weyburn Royalty Agreement**" means the Second Amended and Restated Gross Overriding Royalty Agreement (Weyburn Area) dated October 2nd, 2017 between Cenovus Energy Inc. and HRRC.

"**White Map Area**" means the area outlined by the solid blue line on the map attached hereto as Schedule C and includes the surface and subsurface of such area and the Petroleum Substances in all zones within such areas.

1.2 Schedules

The following are the Schedules attached to and forming part of this Agreement:

- (a) Schedule A – Disclosure Schedule
- (b) Schedule B – Fee Simple Lands and Acquired Royalty Interests
- (c) Schedule C – White Map Area and Excluded Assets
- (d) Schedule D – Form of General Conveyance
- (e) Schedule E – Form of Bulk Sales Indemnity Agreement
- (f) Schedule F – Proprietary Seismic Data
- (g) Schedule G – Form of Vendor Bring-Down Certificate
- (h) Schedule H – Form of Purchaser Bring-Down Certificate
- (i) Schedule I – Form of Compliance Recoveries Acknowledgment
- (j) Schedule J - Form of Final Statement of Adjustments

1.3 Whitemap Area and Schedules

- (a) The Parties acknowledge that although Vendors have prepared, and Purchaser has reviewed, the Schedules attached hereto diligently and with good faith, they recognize that

there may be unintended omissions or misdescriptions. As such, the Parties acknowledge and agree that it is their intention that, in addition to those Assets included and specified in the Schedules hereto, the Assets shall include the entire interest which Vendors or any of their Affiliates owns in and to all Fee Simple Lands, and the Miscellaneous Interests relating thereto (as those terms are defined herein), which fall within the White Map Area, and such additional unscheduled Assets, if any, being the "**Unscheduled Assets**", and that the Purchase Price includes consideration for such Unscheduled Assets;

- (b) To the extent that any Unscheduled Assets are identified by either Party after the Closing Time, the Parties shall use all reasonable efforts to replace the affected Schedules attached hereto with corrected Schedules, which corrected Schedules shall be deemed to be the applicable Schedules as of the date hereof, and to take such additional steps as are necessary to specifically convey Vendors' Interest in such Unscheduled Assets to Purchaser.

1.4 Extended Meanings

In this Agreement, unless the context requires otherwise:

- (a) words importing the singular number include the plural and vice versa;
- (b) words importing the masculine gender include the feminine and neuter genders;
- (c) if a word is defined in this Agreement, a derivative of that word shall have a corresponding meaning;
- (d) the terms "herein", "hereby", "hereof", "hereunder", "hereto" and similar expressions mean or refer to this Agreement and not to any particular provision of this Agreement;
- (e) examples shall not be construed to limit, expressly or by implication, the matter they illustrate;
- (f) the use of the word "include" or "including" shall be deemed to mean "include, without limitation", or "including, without limitation", as applicable;
- (g) references to any Person (including any Governmental Authority) include such Person's permitted successors and assigns;
- (h) any reference to a Person in a particular capacity is and is deemed to be a reference to that Person in that capacity and not in any other capacity;
- (i) reference to any agreement, document or instrument means such agreement, document or instrument as amended, replaced, restated or modified and in effect from time to time in accordance with the terms thereof;
- (j) references to any Applicable Law (including any statute referenced in this Agreement) means such Applicable Law as amended, modified, codified, replaced or re-enacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and references to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and

constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision;

- (k) references to Articles, Sections, Subsections or Schedules refer to article, sections or subsections of this Agreement;
- (l) headings and the table of contents are not to be considered part of this Agreement and are included solely for convenience of reference and are not intended to be full or accurate descriptions of the contents hereof;
- (m) the rule of contractual interpretation known as "contra proferentem" shall not apply to the interpretation or construction of this Agreement, such that in interpreting this Agreement, it shall be irrelevant which Party drafted any particular provision hereof;
- (n) all dollar amounts referred to in this Agreement are in Canadian dollars, unless otherwise indicated herein;
- (o) unless otherwise indicated, payments are to be made in Canadian funds, in immediately available funds;
- (p) unless otherwise indicated, references to the time of day or date mean the local time or date in Calgary, Alberta;
- (q) unless otherwise specified herein, or as the context may require, computation of any period of time referred to in this Agreement shall exclude the first Day and include the last Day of such period; and
- (r) where any payment is to be made, or any other action is to be taken, on or as of a Day that is not a Business Day, then unless otherwise provided herein, such payment is to be made, or the other action is to be taken, as applicable, on or as of the next following Business Day, unless such next following Business Day falls in the next calendar Month, in which event the payment is to be made, or the other action is to be taken, as applicable, on or as of the immediately preceding Business Day.

1.5 Interpretation If Closing Does Not Occur

In the event that Closing does not occur, each provision of this Agreement which presumes that Purchaser has acquired the Assets shall be construed as having been contingent upon Closing having occurred.

1.6 Conflicts

If there is any conflict, whether express or implied, or inconsistency between a provision of the body of this Agreement and that of a Schedule or a conveyance document (including any Specific Conveyance), the provision of the body of this Agreement shall prevail.

1.7 Vendors' Knowledge

The knowledge or awareness of Vendors herein consists of the actual knowledge or awareness of Vendors' current senior officers and employees who are primarily responsible for the matter in question in the course

of their normal duties, without any obligation on such officers or employees to make due inquiry and without any personal responsibility whatsoever. For these purposes, knowledge and awareness does not include the knowledge of any Third Party or constructive or imputed knowledge. Vendors nor any of such officers or employees has any obligation to make inquiry of any Third Party or of any files and records of any Third Party in connection with representations and warranties that are made to Vendors' knowledge or awareness.

ARTICLE 2
SALE OF PURCHASED ASSETS AND RELATED MATTERS

2.1 Sale of Assets

Upon the terms and subject to the conditions of this Agreement at the Closing Date, Vendors agree to sell, assign, transfer, convey and set over to Purchaser, and Purchaser agrees to purchase from Vendors, all of the right, title and interest of Vendors in and to the Assets at the Closing Time.

2.2 Purchase Price, Allocations and Purchase Price

- (a) The aggregate price to be paid by Purchaser to Vendors for the Assets shall be \$728,000,000.00, allocated as follows:

Proprietary Seismic Data	\$23,000,000.00
Miscellaneous Interests	\$1.00
Fee Simple Lands and Acquired Royalty Interests	\$704,999,999.00

plus or minus the adjustments determined in accordance with Article 10 (collectively, the "**Purchase Price**").

- (b) In the determination of the Purchase Price, the Parties confirm and agree that past, present and future Environmental Liabilities are a future cost embedded in, and inextricably linked to, the Assets that is so associated or physically connected with the Assets that, while having been taken into account in establishing the value of the Assets, cannot be separated from the ownership rights in the Assets and moreover, that such obligations are not capable of quantification as of the Closing Date. Accordingly, the Parties have not attributed a specific or agreed to value with regard to either: (i) such Environmental Liabilities; or (ii) any indemnities provided in respect thereof, nor shall there be any adjustments made to the Purchase Price in relation thereto. For greater certainty, neither the existence nor the amount of any accounting reserve for asset reclamation obligations or similar matters in the financial statements or accounting records the Parties has been of any relevance to either Party in determining the value of the Assets.
- (c) Vendors and Purchaser shall file their respective Tax Returns based upon and in accordance with such allocation and will not make any inconsistent statements or take any inconsistent

- (a) if Closing occurs, the Deposit plus a deemed interest amount (the "**Deemed Interest Amount**") equal to the Prime Rate from and including the date Vendors received the Deposit until but excluding the Closing Date shall be credited against the Purchase Price;
- (b) in the event Vendors are entitled to retain the Deposit pursuant to Subsection 6.5(b), the Deposit and the Deemed Interest Amount shall be forfeited to and retained by Vendors for their own account absolutely as the genuine pre-estimate by Vendors and Purchaser of Vendors' liquidated damages in such circumstances. Forfeiture of the Deposit and the interest earned thereon to Vendors shall be Vendors' sole and exclusive remedy at law or in equity in respect of Closing not occurring; and
- (c) if Closing does not occur under any circumstances other than as contemplated by Subsection 2.4(b), the Deposit and the Deemed Interest Amount from and including the date Vendors received the Deposit until but excluding the Closing Date shall be paid by Vendors to Purchaser. Purchaser's entitlement to the Deposit and the Deemed Interest Amount shall be its sole and exclusive remedy at law or in equity (including due to the default of Vendors) in respect of Closing not occurring.

In the event Closing does not occur, provided that the Deposit and the Deemed Interest Amount shall have been returned to Purchaser, in no event shall Vendors nor their Affiliates be subject to (nor shall Purchaser or any of its Affiliates seek to recover) monetary damages other than as contemplated by Subsection 6.5(c).

2.5 Transfer Taxes

- (a) The Purchase Price is exclusive of GST/HST, PST payable, and other transfer taxes which are payable in respect of the purchase and transfer of the Assets and Purchaser shall be solely responsible for the same.
- (b) Purchaser shall:
 - (i) be liable for and pay all applicable GST/HST and PST, and other similar Taxes ("**Transfer Taxes**"), fees, registration fees, duties, government filing or recording fees, or other like charges or assessments payable upon and in connection with the sale, assignment, conveyance and transfer of the Assets from Vendors to Purchaser;
 - (ii) pay to the applicable Vendor Taxes referred to in Subsection 2.5(b)(i) to the extent that such Vendor is required to collect and remit the Taxes pursuant to Applicable Laws
 - (iii) self-assess any GST/HST applicable to the acquisition of real property, in accordance with subsections 221(2) and 228(4) of the *Excise Tax Act* (Canada); and
 - (iv) promptly indemnify and hold Vendors harmless in respect of any Transfer Taxes and other amounts which may be assessed against Vendors as a result of the Transaction (excluding, for greater certainty, any Successor Taxes).

- (c) Vendors and Purchaser shall cooperate fully with each other and make available to each other in a timely fashion such data and other information as may reasonably be required for the preparation of any applicable Tax return for a period ending on, prior to or including the Closing Time and shall preserve such data and other information until the expiration of any applicable limitation period under any Applicable Laws with respect to Taxes.
- (d) The Parties shall cooperate to determine if any elections and/or exemptions are available to reduce any applicable GST/HST, PST or other transfer taxes, including any elections under subsection 167(1) of the *Excise Tax Act* (Canada).
- (e) Each Vendor and Purchaser represents to the other that it is registered for the purposes of GST/HST and PST. Purchaser's GST/HST registration number is 83514 8974 RT0001. HRLP's GST/HST registration number is 812929362 RT0001. HRRC's GST/HST registration number is 817939325 RT0001. Heritage Manitoba's GST/HST registration number is 80370 0723 RT0001.
- (f) Purchaser agrees and confirms that the Assets are being purchased by Purchaser as principal for its own account and are not being purchased by Purchaser as an agent, trustee, or otherwise on behalf of or for another Person.

2.6 Saskatchewan and Manitoba Sales Tax Clearance Certificate

Vendors shall have no obligation to obtain or provide to Purchaser any certificate pursuant to Section 51 of *The Revenue and Financial Services Act* (Saskatchewan), Section 45 of *The Tax Administration and Miscellaneous Taxes Act* (Manitoba) or pursuant to similar legislation in any other jurisdiction. Vendors agree to jointly and severally indemnify Purchaser for any Successor Taxes that result from the Transaction.

ARTICLE 3 **CLOSING**

3.1 Closing

Subject to and in accordance with the terms of this Agreement (including the satisfaction or waiver of all conditions of Closing contained in this Agreement), Closing will take place on the Closing Date at the Closing Time at the offices of Vendors' Solicitors in Calgary, Alberta or such other place as may be agreed upon in writing by the Parties.

3.2 Transfer of Possession

Provided Closing occurs: (a) possession of the Assets will pass from Vendors to Purchaser upon Closing, and (b) as between the Parties, the transfer of the Assets from Vendors to Purchaser and the assumptions of the benefits, obligations and risks associated with the Assets by Purchaser will be deemed to have passed from Vendors to Purchaser as of the Effective Date.

3.3 Deliveries at Closing

- (a) At Closing, Vendors shall deliver the following to Purchaser, against those deliveries required to be made by Purchaser at Closing:

- (i) the General Conveyance; duly executed by Vendors;
 - (ii) a Bulk Sales Clearance Certificate in respect of Purchaser and Vendor, and each of their respective current and prior Affiliates, duly endorsed by the applicable Governmental Authority, or a Bulk Sales Certificate Indemnity Agreement executed by Vendor;
 - (iii) an invoice for any applicable GST/HST and/or PST containing all prescribed information required by Purchaser to support its claims for input tax credits/refunds;
 - (iv) the certificate referred to in Subsections 6.2(a) and 6.2(b);
 - (v) subject to Section 3.4, those Specific Conveyances that are available to be delivered at Closing, duly executed by Vendors;
 - (vi) the Title Documents and other documents and information comprising the Miscellaneous Interests;
 - (vii) Security Interest discharges of any Security Interests held by:
 - (A) a no interest letter issued by the Bank of Montreal in relation to security interests registered against HRRC and Heritage Manitoba for all present and after acquired personal property; and
 - (B) any other Third Party materially encumbering Vendors' interest in and to the Assets and requested by Purchaser not less than five (5) Business Days prior to Closing;
 - (viii) the Compliance Recoveries Acknowledgment, duly executed by Vendors;
 - (ix) a receipt for the amounts payable by Purchaser as such amounts are referenced in Subsection 3.3(b)(i) duly executed by Vendor; and
 - (x) such other items as may be specifically required hereunder.
- (b) At Closing, Purchaser shall deliver the following to Vendors, against those deliveries required to be made by Vendors at Closing:
- (i) the General Conveyance; duly executed by Purchaser;
 - (ii) the Compliance Recoveries Acknowledgment, duly executed by Purchaser;
 - (iii) the amounts payable at Closing on account of the Purchase Price pursuant to Section 2.3, the GST/HST and/or PST, as applicable, and any other amounts payable in accordance with this Agreement by wire transfer to such bank account(s) as Vendors may direct in writing no later three (3) Business Day prior to the Closing Date;

- (iv) if applicable, the Bulk Sales Certificate Indemnity Agreement executed by Purchaser;
 - (v) the certificate referred to in Subsections 6.1(a) and 6.1(b); and
 - (vi) such other items as may be specifically required hereunder.
- (c) All deliveries of Vendors and Purchaser pursuant to this Section 3.3 shall, except as otherwise stated, be in a form acceptable to each Vendor and Purchaser and their respective solicitors, acting reasonably.

3.4 Delivery of Documents

- (a) On or before Closing, Vendors shall make all reasonable commercial efforts to provide to Purchaser the Lease abstracts to the extent available in its Lease files, land system data cuts with respect to the Assets, the Well Information and accounting data related to the Assets in electronic format.
- (b) To the extent that Vendors are not reasonably able to deliver the applicable Title Documents and other documents and information comprising the Miscellaneous Interests to Purchaser at Closing, due to the necessity for Vendors to have access to the Title Documents and other documents and information comprising the Miscellaneous Interests for the purpose of complying with its obligation to deliver and register Specific Conveyances on a post-Closing basis Vendors shall, as soon as reasonably practicable after Closing but in any event within forty five (45) days of the Closing Date: (a) deliver all Specific Conveyances, and (b) deliver to Purchaser the Title Documents and other documents and information comprising the Miscellaneous Interests which it has in its possession or control. As requested by Purchaser from time to time, Vendors shall deliver in a timely manner, if available, digital copies of all Title Documents and other documents and information comprising the Miscellaneous Interests, and if Vendors are required by law to retain an interest in any property to which any of the Title Documents relate, Vendors may retain the original copy of such Title Document and provide a digital and/or physical copy of it to Purchaser. Purchaser shall be responsible for Vendors' out of pocket and Third Party costs and expenses associated with the preparation of the Specific Conveyances and the Vendors and Purchaser shall split all out of pocket and Third Party costs and expenses 50/50 in connection with obtaining a court order to transfer the legal interest of the Fee Simple Lands from Vendors to Purchaser (if applicable).

3.5 Proprietary Seismic Data

Within ten (10) Business Days after Closing, Vendors shall provide a copy of the Proprietary Seismic Data to Purchaser, and all Purchaser pre-approved fees, costs and expenses associated with copying and delivering to Purchaser the Proprietary Seismic Data shall be for Purchaser's account. Purchaser shall reimburse Vendors for all such pre-approved fees, costs and expenses concurrently with the delivery of the Proprietary Seismic Data to Purchaser. Notwithstanding any other provision in this Agreement, in the event Purchaser does not approve any fee, cost or expense associated with such copying or delivery activities, Vendors shall have no obligation to make the applicable copies or deliveries.

3.6 Access to Records

- (a) Vendors may, at their sole expense, for a period of seven (7) years after Closing gain access to, during Purchaser's regular business hours, and upon reasonable notice, and obtain from Purchaser copies or digital copies of, any Title Documents which were delivered to Purchaser at Closing and which remain in the possession of Purchaser at the time of the request, or to which Purchaser has access, and which Vendors require for audits or Claims by Third Parties.
- (b) Purchaser may, at its sole expense, for a period of seven (7) years after Closing gain access to, during Vendors' regular business hours, and upon reasonable notice, and obtain from Vendors copies or digital copies of, any financial information which Purchaser requires for audits or Claims by Third Parties, or to comply with applicable securities law or stock exchange rules and relates to the Assets for the periods during which the Assets were owned by Vendors.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Vendors

Each Vendor makes the following representations and warranties to Purchaser, on a joint and several basis, subject in all cases to the following exceptions and qualifications: (i) all matters disclosed in the Data Room Materials and the Schedules to this Agreement and (ii) the Permitted Encumbrances:

Regarding Vendor

- (a) Standing. Vendor is, and on the Closing Date, shall continue to be, duly organized, valid and subsisting, registered to carry on business in the jurisdictions where the Assets it owns are located;
- (b) Requisite Authority. Vendor has the requisite capacity, power and authority to execute this Agreement and to perform the obligations to which it thereby becomes subject;
- (c) No Conflict. Provided the Competition Act Clearance is obtained, the execution and delivery of this Agreement and the completion of the sale of the Assets in accordance with the terms of this Agreement are not and will not be in violation or breach of, or be in conflict with:
 - (i) any term or provision of the articles, bylaws or other constating documents of Vendor,
 - (ii) any agreement, instrument, permit or other governmental authorization to which Vendor is a party or by which Vendor is bound, or
 - (iii) any Applicable Law applicable to Vendor or the Assets;
- (d) Execution and Enforceability. Vendor has taken all actions necessary to authorize the execution and delivery of this Agreement, and, as of the Closing Date, Vendor shall have

taken all actions necessary to authorize and complete the sale of the Assets in accordance with the provisions of this Agreement. This Agreement and any other agreement or document delivered in connection herewith, has been validly executed and delivered by Vendor, and this Agreement does and all other documents executed and delivered on behalf of Vendor hereunder shall constitute valid and binding obligations of Vendor enforceable in accordance with their respective terms and conditions subject to (i) bankruptcy, insolvency, fraudulent preference, reorganization or other laws affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or equity);

- (e) Residency. Each of HRRC and Heritage Manitoba is not a non-resident of Canada for purposes of the *Income Tax Act* (Canada) and HRLP is a "Canadian Partnership" as defined in subsection 102(1) of the *Income Tax Act* (Canada);
- (f) Finders' Fees. Vendor has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of the sale of the Assets for which Purchaser will have any obligation or liability;
- (g) No Approvals or Authorizations Required. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority exercising jurisdiction over the Assets is required for the due execution, delivery and performance by Vendor of this Agreement, other than the Competition Act Clearance and authorizations, approvals or exemptions from requirements previously obtained and currently in force or those ordinarily obtained after Closing;

Regarding the Assets

- (h) Title to Assets. Vendor does not warrant title to the Assets but, except for the Permitted Encumbrances, does warrant that Vendor has not alienated or encumbered or permitted the alienation or encumbrance of the Assets or any portion thereof; Vendor has not committed and is not aware of there having been committed any act or omission whereby the interest of Vendor in and to the Assets or any part or portion thereof may be cancelled or determined, and the Assets are now free and clear of all Liens, royalties, conversions, rights and other Claims of Third Parties created by through or under Vendor;
- (i) Disclosure. Except as would reasonably be expected to have a Material Adverse Effect, Vendor has made available to Purchaser or its Representatives all files and records (including lease files, contract files and correspondence and copies of leases and contracts but excluding title opinions) in its possession or control pertaining to Vendor's title to those Assets for which Purchaser requested Vendor to provide such documents for the purpose of Purchaser's due diligence review and Vendor has not knowingly withheld any information which would make anything contained in such records, documents and information erroneous or misleading;
- (j) Conversion to Working Interest. Vendor has not elected to convert any royalty interest forming part of the Assets to a working interest;

- (k) Outstanding Financial Commitments. to Vendor's Knowledge, Vendor has no material financial commitments respecting Vendor's interest in the Assets which remain outstanding or in effect;
- (l) Prices. Vendor is not obligated by virtue of a prepayment, gas balancing, or other arrangement under any contract to make any production payment or to deliver Petroleum Substances produced from the Assets to any Third Party at some future time without receiving in due course (and being entitled to retain) full payment therefore at current market prices or contract prices;
- (m) Prepaid Royalties. Vendor has not received any prepayment of royalties forming part of the Assets;
- (n) Lease Operating and Royalty Statements. The lease operating and royalty statements provided in the Data Room have been prepared in accordance with Vendor's standard accounting practices and they accurately reflect the royalty revenues received by Vendor in respect of the Assets for the periods addressed by them in all material respects;
- (o) Freehold Leasing. Other than as disclosed in the Disclosure Schedule, Vendor has not entered into any new mineral leases, as lessor, regarding the Fee Simple Lands since October 1, 2021;
- (p) Royalty Payors' Compliance with Title and Operating Documents. To Vendor's knowledge, none of the royalty payors in respect of the Assets are in default under, or otherwise have failed to comply with, perform, observe or satisfy any material term, condition, obligation or liability under the Title and Operating Documents to which such royalty payor is subject, which default or failure would reasonably be expected to have a Material Adverse Effect;
- (q) No Default Notices. Other than as disclosed in the Disclosure Schedule, Vendor has not received any notice of default under the Applicable Laws or the Title Documents or any notice alleging its default thereunder, which default remains outstanding or unsatisfied at Closing which default would reasonably be expected to have a Material Adverse Effect;
- (r) Compliance with Agreements. Other than as disclosed in the Disclosure Schedule, Vendor has not received notice of any, and to Vendor's knowledge, there has been no act or omission whereby Vendor is, or would be, in default under the Applicable Laws or any of the Title Documents;
- (s) No Adverse Claims. Vendor has not received notice from any Third Party claiming an interest in and to the Assets, which Claim remains outstanding;
- (t) Claims. Other than as disclosed in the Disclosure Schedule, no suit, action or other proceeding before any Governmental Authority has been commenced against Vendor, or to the knowledge of Vendor, has been threatened against Vendor;
- (u) Other Material Agreements. Except for the Lessor Interests and Acquired Royalty Interests or as otherwise disclosed in the Disclosure Schedule, all agreements relating to the Assets

and agreements between Vendor (and/or any of its Affiliates), on the one hand, and Purchaser, on the other, the Miscellaneous Interests do not include any contracts, leases, rights or other agreements that:

- (i) have a term which extends longer than one year from the Closing Date;
 - (ii) provide an option or any right or privilege to purchase or acquire the Assets from Vendor;
 - (iii) provide for a guarantee of any obligation of any Person; or
 - (iv) confer a benefit on, or provide a right or entitlement to, Vendor or an Affiliate of Vendor;
- (v) Rights of First Refusal. No Person has any Rights of First Refusal;
- (w) Proprietary Rights/Seismic Data:
- (i) HRLP has (A) good, valid and marketable title to the Proprietary Seismic Data; and (B) a valid right or licence to use or view all other Proprietary Seismic Data in accordance with and subject to the terms of the agreements pertaining thereto;
 - (ii) except as set out in the Disclosure Schedule, all revenue earned in respect of the Proprietary Seismic Data is for HRLP's sole account and not for the account of any other Person; and
 - (iii) no consent, authorization or approval or other action by any Third Party is required for the sale or transfer of the Proprietary Seismic Data to Purchaser;
- (x) Financial Commitments. In respect of the Assets, except as set out in the Disclosure Schedule, there are no financial commitments of Vendor which are due as of the date hereof or which may become due by virtue of matters occurring or arising prior to the date hereof, pursuant to which individual expenditures may be required to be paid or otherwise incurred by Purchaser, under the adjustments provided for in Article 10, or after the Closing Date;
- (y) Payment of Taxes. To the knowledge of Vendor, all rentals and all Taxes and assessments based on or measured by Vendor's ownership interests in the Assets, or the receipt of proceeds therefrom, that are due and payable by Vendor have been properly paid and discharged or will be paid when due;
- (z) Receipt of Revenues. To Vendor's knowledge, it has been receiving the share of the net proceeds of production from Vendor's ownership interests in the Assets, and other than as set forth in the Disclosure Schedule, no Person is currently claiming that it is not entitled to such amounts;
- (aa) Environmental Matters. Except as set out in the Disclosure Schedule, Vendor has not received, nor is it aware of:

- (i) any order or directive under any Applicable Law which relates to Environmental Liabilities and which requires any work, repairs, construction or capital expenditures with respect to the Assets which remains outstanding, where such orders or directives have not been complied with in all material respects; or
 - (ii) any demand or notice issued by any Governmental Authority with respect to the breach of any Applicable Law relating to the Environment, health or safety applicable to the Assets, including any Applicable Law respecting the use, storage, treatment, transportation or disposition of Environmental contaminants, which demand or notice remains outstanding; and
- (bb) Quiet Enjoyment. subject to Permitted Encumbrances, Purchaser may, for the residue of the term of the Title and Operating Documents, take possession of and use the Assets and Proprietary Seismic Data for its own use and benefit without any interruption by any Vendor or any Person claiming by, through or under any Vendor.

4.2 Representations and Warranties of Purchaser

Purchaser makes the following representations and warranties to Vendors:

- (a) Standing. Purchaser is, and at Closing shall continue to be, duly organized, valid and subsisting, registered to carry on business in the jurisdiction(s) where the Assets are located, as applicable;
- (b) Requisite Authority. Purchaser has the requisite capacity, power and authority to execute this Agreement and to perform the obligations to which it thereby becomes subject;
- (c) No Conflict. Provided the Competition Act Clearance is obtained, the execution and delivery of this Agreement and the completion of the sale of the Assets in accordance with the terms of this Agreement are not and will not be in violation or breach of, or be in conflict with:
 - (i) any term or provision of the organizational documents of Purchaser,
 - (ii) any agreement, instrument, permit or authority to which Purchaser is a party or by which Purchaser is bound, or
 - (iii) any Applicable Law applicable to Purchaser or its assets;
- (d) Execution and Enforceability. Purchaser has taken all actions necessary to authorize the execution and delivery of this Agreement, and, as of Closing, Purchaser shall have taken all actions necessary to authorize and complete the purchase of the Assets in accordance with the provisions of this Agreement. This Agreement has been validly executed and delivered by Purchaser, and this Agreement does and all other documents executed and delivered on behalf of Purchaser hereunder shall constitute valid and binding obligations of Purchaser enforceable in accordance with their respective terms and conditions subject to (A) bankruptcy, insolvency, fraudulent preference, reorganization or other laws affecting

creditors' rights generally, and (B) general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or equity);

- (e) Investigation of Title. Purchaser is relying upon its own investigation concerning the title to and fitness of the Assets and is not relying upon any representation, warranty or statement of Vendors except as contained in this Agreement;
- (f) Finders' Fee. Purchaser has not incurred any obligation or liability, contingent or otherwise, for brokers' or finders' fees in respect of its purchase hereunder for which Vendors will have any obligation or liability;
- (g) Investment Canada Act. Purchaser is a "Canadian" "trade agreement investor" that is not a "state-owned enterprise" within the meaning of the Investment Canada Act;
- (h) No Lawsuits or Claims. There are no material unsatisfied Claims in existence or to Purchaser's knowledge, threatened in writing by, on behalf of, or against Purchaser, or imposed by any Governmental Authority, whether or not insured and which may adversely affect Purchaser or the condition (financial or otherwise) of Purchaser to complete the Transaction;
- (i) Regulatory Approvals. Other than the Competition Act Clearance, there are no regulatory approvals or rulings required to be obtained by Purchaser in respect of the Transaction;
- (j) Acquiring as Principal. Purchaser is acquiring the Assets as principal and not on behalf of any Third Party; and
- (k) Financial Ability. Purchaser has, or will as at the Closing Time have, the financial ability to consummate the transactions contemplated by this Agreement, including the payment of the Purchase Price and all fees and expenses of Purchaser related to the Transaction. Purchaser acknowledges that its obligations hereunder are not in any way contingent or otherwise subject to Purchaser's consummation of any financing arrangements, obtaining any financing or the availability of any financing to Purchaser.

ARTICLE 5

SURVIVAL AND LIMITATIONS OF REPRESENTATIONS AND WARRANTIES

5.1 Survival of Representations and Warranties

- (a) Except where a time is specified therein, the representations and warranties in Article 4 shall be true at the date hereof and at Closing and, such representations and warranties shall continue in full force and effect and shall survive Closing for the applicable Survival Period for the benefit of the Party for which such representations and warranties were made; provided that no Claim shall be commenced or enforceable by either Party with respect to a breach of any such representation or warranty except as expressly permitted in and in accordance with Article 8 . Nothing in this Agreement will preclude a Party that made such a representation or warranty from offering as a possible defence that the other Party did not, in fact, rely to its detriment on the representation or warranty alleged by it to have been breached.

- (b) The Parties acknowledge and agree that an obligation under this Agreement to provide written notice of a Claim within the Survival Period and in a manner specified in this Agreement is intended by the Parties as a limitation of liability that represents a fair and equitable allocation of the risks and Liabilities that each Party has agreed to assume in connection with the subject matter hereof and is not an agreement within the provisions of subsection 7(2) of the *Limitations Act* (Alberta).

5.2 No Merger

The representations and warranties in Article 4 shall be deemed to apply to all assignments, conveyances, transfers and other documents conveying any of the Assets from Vendors to Purchaser. There shall not be any merger of any such representations or warranties in such assignments, conveyances, transfers or other documents, notwithstanding any rule of law, equity or statute to the contrary, and all such rules are hereby waived.

5.3 Limitation of Representations or Warranties by Vendors

- (a) Purchaser acknowledges to and agrees with Vendors that each of the representations and warranties of Vendors in this Agreement shall be qualified by, and Vendors will not be liable for, and Purchaser will not make or advance any Claim under this Agreement or in respect of the Transaction to the extent that:
 - (i) the Claim is based on any fact, matter, event or circumstance expressly disclosed in this Agreement, including in the Schedules, that in the absence of which disclosure would constitute or give rise to a breach of a representation or warranty set forth in Section 4.1;
 - (ii) adequate provision (including full financial recovery of any applicable Losses incurred by Purchaser in respect of same) has been made in the Final Statement of Adjustments for any fact, matter, event or circumstance on which the Claim is based; or
 - (iii) the Claim is as a result of, in respect of or arises from any act, omission, transaction, fact, matter or circumstance which would not have occurred but for any Applicable Law not in force at the date of this Agreement or any change in any Applicable Law or any administrative practice of any Governmental Authority which takes effect retrospectively.
- (b) Vendors make no representations or warranties to Purchaser in addition to those expressly enumerated in Section 4.1 and, in particular, and without limiting the generality of the foregoing, Vendors hereby expressly negate and disclaim, and shall not be liable for, any and all representations or warranties which may have been made or alleged to have been made in any other documents or instrument or in any statement or information made or communicated to Purchaser or its Representatives in any manner, except for those expressly set forth in Section 4.1.
- (c) Purchaser acknowledges that, in addition to Section 8.3, the Assets are being conveyed and will be held by Purchaser on an "as is, where is" basis, without representation and warranty

and without reliance on any information provided to or on behalf of Purchaser by Vendors or their Representatives except as expressly set forth in Section 4.1, and, except in each case as expressly set forth in Section 4.1, Vendors hereby expressly negate any representations and warranties, whether contained in any information, memorandum or otherwise with respect to:

- (i) any data or information provided or made available to Purchaser by Vendors or their Representatives in the Data Room Materials, on plant or site visits, in management presentations, in meetings with Vendors' management or employees or otherwise;
 - (ii) any estimates of the value of the Assets or the revenues applicable to future production therefrom;
 - (iii) any economic evaluations respecting the Assets;
 - (iv) the Environmental condition of any Assets or any Environmental Liability;
 - (v) title to the Assets;
 - (vi) any Liabilities or Claims related to the Assets; or
 - (vii) any Losses related to or associated with the Assets.
- (d) Purchaser acknowledges that it has completed its review of the Data Room Materials and there shall be no adjustments to the Purchase Price in respect thereof. Except as expressly set forth in Section 4.1, it is not relying on any information provided to or on behalf of Purchaser by Vendors and it is relying solely upon its own Representatives and due diligence respecting the Assets.

5.4 Interim Operations

During the Interim Period, having regard to the nature of Vendors' interests in the Assets, Vendors will maintain the Assets in a prudent manner in accordance with good industry practice; provided that Vendors shall inform Purchaser of all operations conducted (if any) and material expenditures incurred in respect of the Assets during the Interim Period, shall comply in all material respects with all of its obligations with respect to the Assets under the Title Documents, will pay when due all expenses and other amounts payable in respect of the Assets during the Interim Period and will maintain (and renew, as applicable) any insurance it holds respecting the Assets until Closing.

5.5 Administration of Assets

Vendors shall retain responsibility for administration of the Assets for all periods of time prior to Closing. For the purpose of this Section, the expression "administration" shall mean responsibility for securing rental and royalty payments and filing of applicable reports with appropriate Governmental Authorities and other similar administrative activities.

5.6 Material Commitments

During the Interim Period, except as permitted by Section 5.4, Vendors will not, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld or delayed:

- (a) sell, transfer, grant any Security Interest in, encumber or otherwise dispose of any Assets, excluding Permitted Encumbrances, except those where the rights of Vendors thereto have expired or terminated or otherwise in the ordinary course of business and are not material;
- (b) surrender or abandon any Assets, except those where the rights of Vendors thereto have expired or terminated or otherwise in the ordinary course of business and are not material;
or
- (c) amend any of the Title Documents, terminate any of the Title Documents (other than, in each case, in the ordinary course of business and not material) or
- (d) enter into any material agreement related to the Assets, including any Leases of the Fee Simple Lands and for certainty any individual lease of any portion of the Fee Simple Lands shall be deemed to be a "material agreement" under this Subsection 5.6(d).

5.7 Post-Closing Maintenance of Assets

- (a) Until such time as Purchaser is recognized by Third Parties under the applicable Title Documents or otherwise recognized as the owner of the applicable Assets, Vendors shall:
 - (i) receive and hold all proceeds, benefits and advantages accruing in respect of the Assets following the Effective Date for the benefit, use and ownership of Purchaser. Vendors shall cause the net amount of all proceeds received to be delivered to Purchaser within thirty (30) days of the end of the Month in which such proceeds were received;
 - (ii) promptly forward to Purchaser all notices, communications, specific information and other documents Vendors receive respecting such Assets;
 - (iii) to the extent that a Title Document contemplates or requires a response from Vendors, provide such response pursuant to the written instruction of Purchaser; provided that such instruction is provided by Purchaser to Vendors in a timely manner; and
 - (iv) do and perform all such acts and things and execute and deliver all such agreements, notices and other documents and instruments, as Purchaser may reasonably request in writing for purposes of facilitating the exercise of rights incidental to the ownership of such Assets or required by any Governmental Authority having jurisdiction.
- (b) During the period between the Closing Date and the Effective Date, Purchaser shall do and perform all such acts and things and execute and deliver all such agreements, notices and other documents and instruments, as Vendors may reasonably request in writing for

purposes of facilitating the exercise of rights incidental to the ownership of such Assets or required by any Governmental Authority having jurisdiction.

5.8 Vendors Deemed Agent

- (a) Insofar as Vendors takes actions on behalf of Purchaser in compliance with the obligations under Subsection 5.7(a):
 - (i) Vendors shall be deemed to be an agent of Purchaser hereunder and Purchaser ratifies and confirms all actions taken, or refrained from being taken, by such Vendor under Subsection 5.7(a) with the intention that all of those actions will be deemed to be those of Purchaser, except to the extent that such Vendor's actions constitute gross negligence or wilful misconduct; and
 - (ii) Purchaser shall be liable for and shall, in addition, as a separate and independent covenant indemnify Vendors and its Representatives from and against all Losses, Liabilities and Claims suffered, sustained, paid or incurred by such Vendor or its Representatives or made against them as a result of maintaining the Assets or exercising any other rights as Purchaser's agent hereunder, insofar as those Losses, Liabilities and Claims are not a direct result of the gross negligence or wilful misconduct of such Vendor or any of its Representatives. An act or omission will not be regarded as gross negligence or wilful misconduct under this Article to the extent that it was done or omitted to be done in accordance with Purchaser's written instructions or written concurrence.
- (b) Insofar as Purchaser takes actions on behalf of Vendor in compliance with the obligations under Subsection 5.7(b):
 - (i) Purchaser shall be deemed to be an agent of Vendors hereunder and Vendors ratify and confirm all actions taken, or refrained from being taken, by such Vendor under Subsection 5.7(b) with the intention that all of those actions will be deemed to be those of Vendors, except to the extent that Purchaser's actions constitute gross negligence or wilful misconduct; and
 - (ii) Vendors shall be liable for and shall, in addition, as a separate and independent covenant indemnify Purchaser and its Representatives from and against all Losses, Liabilities and Claims suffered, sustained, paid or incurred by Vendors or its Representatives or made against them as a result of maintaining the Assets or exercising any other rights as Vendor's agent hereunder, insofar as those Losses, Liabilities and Claims are not a direct result of the gross negligence or wilful misconduct of Purchaser or any of its Representatives. An act or omission will not be regarded as gross negligence or wilful misconduct under this Article to the extent that it was done or omitted to be done in accordance with Vendors' written instructions or written concurrence.

5.9 Costs

Vendors may require that Purchaser advance or otherwise secure any costs to be incurred by Vendors on behalf of Purchaser under Section 5.7 in such manner as may be reasonably appropriate in the circumstances.

ARTICLE 6 **CONDITIONS OF CLOSING**

6.1 Vendors' Conditions

The obligation of Vendors under this Agreement to consummate the Closing is subject to the following conditions, which are for the exclusive benefit of Vendors and may be waived in whole or in part by Vendors by written notice to Purchaser at or before Closing:

- (a) Accuracy of Representations and Warranties. Purchaser's representations and warranties herein contained shall have been true when made and shall have continued to be true (without giving effect to any "materiality" qualifiers contained therein) in all material respects from the date hereof to the Closing Date and are true (without giving effect to any "materiality" qualifiers contained therein) in all material respects as of the Closing Date and Purchaser has delivered to Vendors an officer's certificate in the form of Schedule H dated as of the Closing Date signed by Purchaser to that effect;
- (b) Performance of Agreements. Purchaser has performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions contained in this Agreement to be performed or complied with by it at or prior to Closing and Purchaser has delivered to Vendors an officer's certificate in the form of Schedule H dated as of the Closing Date signed by Purchaser to that effect;
- (c) Payment. Purchaser shall have tendered payment of the Purchase Price, the GST/HST and or PST, as applicable, and any other amounts as contemplated herein in the form stipulated in this Agreement;
- (d) Competition Act Clearance. The Competition Act Clearance shall have been obtained;
- (e) No Action or Proceeding. At Closing, no Claim shall be pending before any Governmental Authority seeking to restrain or prohibit the Transaction or to obtain material damages or other relief from Vendors in connection with the consummation of the Transaction excluding Claims in respect of a Right of First Refusal; and
- (f) Closing Deliveries. Purchaser shall have complied with Subsection 3.3(b).

6.2 Purchaser's Conditions

The obligation of Purchaser under this Agreement to consummate the Closing is subject to the following conditions, which are for the exclusive benefit of Purchaser and may be waived in whole or in part by Purchaser by written notice to Vendors at or before Closing:

- (a) Accuracy of Representations and Warranties. Vendors' representations and warranties herein contained:
- (i) shall have been true when made and shall have continued to be true (in each case, without giving effect to any "materiality" qualifiers contained therein) in all material respects from the date hereof to the Closing Date; and
 - (ii) shall be true (without giving effect to any "materiality" qualifiers contained therein) in all material respects as of the Closing Date;

and subject to Section 6.6, Vendors have each delivered to Purchaser an officer's certificate in the form of Schedule G dated as of Closing signed by each Vendor to that effect;

- (b) Performance of Agreements. Vendors have performed in all material respects all obligations and agreements and complied in all material respects with all covenants contained in this Agreement to be performed or complied with by it at or prior to Closing, and subject to Section 6.6, each Vendor has delivered to Purchaser an officer's certificate in the form of Schedule G dated as of Closing signed by each Vendor to that effect;
- (c) Competition Act Clearance. The Competition Act Clearance shall have been obtained;
- (d) Material Adverse Effect. During the Interim Period, there will have been no Material Adverse Effect in respect of the Assets or Vendors;
- (e) No Action or Proceedings. At Closing, no Claim shall be pending before any Governmental Authority which seeks to (i) refrain or prohibit the Transaction, or (ii) obtain material damages or other relief from Purchaser in connection with the consummation of the Transaction which could reasonably be expected to have a Material Adverse Effect; and
- (f) Closing Deliveries. Vendors shall have complied with Subsection 3.3(a).

6.3 Efforts to Fulfill Conditions

- (a) Purchaser and Vendors shall proceed diligently, honestly and in good faith and use all commercially reasonable efforts to satisfy and comply with and assist in the satisfaction of the compliance with the conditions set forth in Sections 6.1 and 6.2.
- (b) If a Party for whose benefit a condition has been included in Section 6.1 or 6.2 fails to notify the other Party at or prior to Closing as to whether or not the condition has been satisfied or complied with, the condition shall be conclusively deemed to have been waived by such Party.
- (c) Without limiting the generality of the foregoing and notwithstanding anything to the contrary in this Agreement:
- (i) within three Business Days of the date of this Agreement, and in any event by no later than November 30, 2021 (or such other period of time which Purchaser and Vendors mutually agree to in writing), Purchaser and Vendors shall file with the Commissioner their respective notifications pursuant to subsection 114(1) of the

Competition Act, and Purchaser also shall file a request for an ARC or, in the alternative, a No Action Letter;

- (ii) each of Purchaser and Vendors shall cooperate with one another and shall provide such assistance as any Party may reasonably request in connection with obtaining the Competition Act Clearance as soon as reasonably practicable from the date of this Agreement and in any event prior to the Closing Date. In particular: the Parties shall exchange drafts of all submissions, material correspondence, filings, notifications, presentations, and applications to be made or submitted to or filed with any Governmental Authority in respect of obtaining the Competition Act Clearance and to the extent not precluded by such Governmental Authority, give the other Party a reasonable opportunity to review and will consider in good faith any suggestions made by the other Party and its counsel and will provide the other Party and its counsel with final copies of all such submissions, material correspondence, filings, notifications, presentations, applications, plans and undertakings submitted to or filed with any Governmental Authority's in respect of the Transaction, provided that (i) submissions, material correspondence, filings, notifications, presentations, and applications to or with any Governmental Authority may be redacted as necessary before sharing with the other Party to address reasonable solicitor-client or other privilege or competitively sensitive information, provided that the Party must provide on, an external counsel-only and privileged and confidential basis, un-redacted versions of such written materials with any Governmental Authority in connection with obtaining the Competition Act Compliance, on the basis that the redacted information will not be shared with the other Party.
- (iii) each Party will keep the other Party and its respective counsel fully apprised of all written (including email) and oral communications and all meetings with any Governmental Authority respect of the Competition Act Clearance, and, unless participation by a Party is prohibited by Applicable Law or by such Governmental Authority, shall provide the other Party with a reasonable opportunity to participate in such meetings; and
- (iv) Purchaser and Vendor shall pay an equal share of all filing fees payable to any Governmental Entity in connection with obtaining the Competition Act Clearance.

6.4 Termination

This Agreement may be terminated at any time prior to Closing:

- (a) by mutual written consent of both Parties;
- (b) by either Party on notice to the other Party, if any Governmental Authority shall have issued an order or decision, or taken any other action permanently restraining, enjoining or otherwise prohibiting the Transaction and such order, decision or other action shall have become final and nonappealable;

- (c) by Vendors upon written notice to Purchaser prior to the Closing Date, if a condition in Section 6.1 has not been satisfied on or before the Closing Date and such condition has not been waived in writing by Vendors; or
- (d) subject to Subsection 6.6(b), by Purchaser upon written notice (a "**Purchaser Termination Notice**") to Vendors prior to the Closing Date, if a condition in Section 6.2 has not been satisfied on or before the Closing Date and such condition has not been waived in writing by Purchaser; or
- (e) by either Party if Closing has not occurred by the Outside Date.

6.5 Effect of Termination

If this Agreement is terminated pursuant to Section 6.4:

- (a) except as contemplated by this Section 6.5, such termination shall be without liability of a Party to the other Party, or to any of their Representatives, and the Parties shall be released from all of their obligations under this Agreement;
- (b) in the event of a termination pursuant to Subsection 6.4(c), if Purchaser did not have the right to terminate pursuant to Subsection 6.4(d) prior to the Closing Date, and such termination pursuant to Subsection 6.4(c) shall result from a failure of Purchaser to perform or observe in any material respect any of the covenants or agreements to be performed by it hereunder (including failure to pay the Purchase Price when due in accordance with the terms hereof or thereof), Vendors shall be entitled to retain the Deposit and the Deemed Interest Amount which shall be forfeited to and retained by Vendors for their own account absolutely as the genuine pre-estimate by Vendors and Purchaser of Vendors' liquidated damages in such circumstances. Forfeiture of the Deposit and the interest earned thereon to Vendors shall be Vendors' sole and exclusive remedy at law or in equity in respect of Closing not occurring;
- (c) in the event of a termination pursuant to Subsection 6.4(d) for any other reason than as described in Subsection 6.4(b), Vendors shall return the Deposit and the Deemed Interest Amount from and including the date Vendors received the Deposit until but excluding the Closing Date to Purchaser as the genuine pre-estimate by Vendors and Purchaser of Purchaser's liquidated damages in such circumstances. Return of the Deposit and the Deemed Interest Amount to Purchaser shall be Purchaser's sole and exclusive remedy at law or in equity in respect of Closing not occurring;
- (d) Sections 2.4, 9.1, 13.1, 13.2, 13.3 and Article 7 shall survive such termination and remain in effect and be binding and enforceable in accordance with their terms; and
- (e) the Confidentiality Agreement shall remain in full force and effect in accordance with its terms as if this Agreement had not been entered into by the Parties.

Following such termination, each Party shall be responsible for the costs and expenses incurred by it in connection with this Agreement and the Transaction.

6.6 Undertaking to Cure

- (a) With respect to Subsections 6.2(a) and 6.2(b) in determining materiality or the presence or absence of a Material Adverse Effect, regard shall be made to any undertakings made pursuant to Subsection 6.6(b).
- (b) Purchaser shall not provide a Purchaser Termination Notice to Vendors pursuant to a breach (or nonfulfillment) of one or more conditions set out in Subsections 6.2(a) and 6.2(b) unless, at least two clear Business Days prior thereto, Purchaser has provided a written notice (in this Section 6.6, a "**Preliminary Notice**") setting out, in reasonable detail, all occurrences, acts, omissions, or facts which Purchaser believes constitute such breach (or nonfulfillment). Vendors may, at any time prior to receipt of a Purchaser Termination Notice, provide to Purchaser a written undertaking to remedy, at its own cost, such occurrences, acts, omissions, or facts to the extent reasonably required to remedy or eliminate such breach (or nonfulfillment). Such undertaking shall be legally binding on Vendors and Vendors shall, provided that Closing has occurred, proceed diligently to carry out such undertaking.
- (c) In the event that a Preliminary Notice has been provided less than two clear Business Days prior to the Outside Date, the Outside Date shall be deemed to be extended to the earliest date on which Purchaser would be eligible to provide a Purchaser Termination Notice pursuant to Subsection 6.2(b).

ARTICLE 7 **DISPUTE RESOLUTION**

7.1 Dispute Resolution Procedure

- (a) Application of Dispute Resolution Procedure: Except as otherwise provided for herein, if a Dispute of whatever nature arising out of or relating to this Agreement which has not been resolved in the normal course of business arises between the Parties, the Parties agree to use and follow the dispute resolution procedure of this Section 7.1.
- (b) Commencement of Dispute Resolution Procedure
 - (i) A Party who desires to submit a Dispute for resolution shall commence the dispute resolution procedure by providing the other Party to the Dispute with a notice of the Dispute (the "**Notice of Dispute**"). The Notice of Dispute shall contain a brief statement of the nature of the Dispute and the relief requested.
 - (ii) Following the submission of a Notice of Dispute, the Parties agree to use a two-step process to resolve any Dispute without resort to litigation, which process shall be taken in the following order:
 - (A) first, by referring the Dispute to negotiations pursuant to the procedure set forth in Subsection 7.1(c); and

(B) second, by arbitration pursuant to the procedure set forth in Subsection 7.1(d) in the event negotiations are unsuccessful under Subsection 7.1(c).

(c) Negotiation

- (i) Upon the submission of a Notice of Dispute by either of the Parties, each Party shall refer the Dispute to a designated senior management representative who has the authority to negotiate a settlement of the Dispute for that Party ("**Senior Management Representative**").
- (ii) The Senior Management Representative of each Party shall discuss and attempt to resolve the Dispute within 30 Days after the date on which the Notice of Dispute was provided by a Party to the other Party (or such longer period as the Senior Management Representatives may otherwise agree).
- (iii) If the Senior Management Representatives agree upon a resolution of the Dispute, such resolution shall be binding upon the Parties and will be memorialized in a written settlement agreement mutually acceptable to the Parties.
- (iv) For the avoidance of doubt, any verbal agreements made by the Senior Management Representatives shall not constitute a binding settlement of a Dispute, and the Parties agree that any discussions among the Senior Management Representatives in accordance with this Subsection 7.1(c) are without prejudice and cannot be used as evidence in the prosecution of any Claim against a Party.

(d) Arbitration

Commencement of Arbitration

- (i) If the Senior Management Representatives have not resolved the Dispute to the satisfaction of both Parties within 30 Days of the Notice of Dispute (or such longer period as the Senior Management Representatives may otherwise agree), either Party may refer the Dispute to be finally resolved through binding arbitration in accordance with the National Arbitration rules of the ADR Institute of Canada, Inc. (the "**ADRIC Rules**"), except as such rules are inconsistent with or in conflict with any terms herein or are otherwise modified or amended by a subsequent written agreement between the Parties.
- (ii) A Dispute that becomes subject to arbitration under this Subsection 7.1(d) shall be commenced by a Party (the "**Claimant**") with the delivery of a notice of request for arbitration (the "**Notice of Request to Arbitrate**") to the other Party (the "**Respondent**") in accordance with the ADRIC Rules.
- (iii) Within 30 Days of receiving the Notice of Request to Arbitrate, the Respondent shall inform the Claimant of any counterclaims it wishes to advance against the Claimant in the arbitration (the "**Counterclaim**").

Legal Seat and Language of Arbitration

- (iv) The place, or legal seat, of the arbitration shall be Calgary, Alberta. The place of all hearings shall be Calgary, Alberta, unless otherwise agreed by the Parties.
- (v) The language to be used in the arbitration proceedings shall be English.

Arbitration Panel

- (vi) The number of arbitrators in any arbitration under this Subsection 7.1(d) shall be three (the "**Arbitration Panel**"). The Claimant shall appoint one arbitrator, with its Notice of Request to Arbitrate. The Respondent shall appoint a second arbitrator within 30 Days of the Notice of Request to Arbitrate. The two Party-appointed arbitrators shall together select the third arbitrator who shall act as chair of the Arbitration Panel ("**Arbitration Chair**"). If the two Party-appointed arbitrators cannot together agree on who shall act as Arbitration Chair within 30 Days of their appointment, the Parties shall jointly request that the ADR Institute of Canada Inc. appoint an Arbitration Chair.

Interim and Conservatory Measures

- (vii) The Arbitration Panel shall be authorized to issue interim or conservatory measures as set forth in the ADRIC Rules. However, any Party to the Dispute may apply to a court of competent jurisdiction for interim or conservatory measures (A) prior to the constitution of the Arbitration Panel, or (B) in the absence of jurisdiction of the Arbitration Panel to rule on interim or conservatory measures. The Parties agree that seeking and obtaining interim or conservatory measures from a court of competent jurisdiction under either of these circumstances shall not waive the right to arbitration.

Awards

- (viii) An arbitration under this Subsection 7.1(d) shall be resolved as quickly and efficiently as possible. The Parties shall request that the Arbitration Panel render its final award and provide reasons for that award within 90 Days following the conclusion of the hearing, or as soon as possible thereafter, provided that no award shall be invalid if it is not rendered within the time period herein specified.
- (ix) Any award, including partial, interim, and final awards, of the Arbitration Panel shall be final, non-appealable and binding on the Parties. The Parties expressly waive, to the maximum extent permitted by law, any right of appeal of any arbitration award.
- (x) Awards shall be made and payable in Canadian dollars, unless a matter in dispute was originally denominated in U.S. dollars in which event the award shall be made and payable in U.S. dollars.

Rules of Evidence

- (xi) The Arbitration Panel shall be guided by the International Bar Association's Rules on the Taking of Evidence in International Commercial Arbitration (the "**IBA Rules**"). In the event of any inconsistencies or conflicts between the IBA Rules and ADRIC Rules in matters relating to the taking of evidence, the IBA Rules should be preferred.

Continuing Performance

- (e) The Parties agree that performance under this Agreement shall continue during the resolution of a Dispute under this Section 7.1.

Tolling of Limitation Periods

- (f) The Parties agree that any limitation period imposed by agreement or by law shall be tolled upon the issuance of a Notice of Dispute until the conclusion of the Dispute resolution procedure under this Section 7.1.

ARTICLE 8
LIABILITIES AND INDEMNITIES

8.1 Indemnity by Vendors

Subject to Sections 5.1 and 8.6, and provided that Closing has occurred, Vendors shall on a joint and several basis:

- (a) be liable to Purchaser and its Representatives for all Losses and Liabilities they suffer, sustain, pay or incur; and
- (b) as a separate and independent covenant indemnify and save Purchaser and its Representatives harmless from and against all Claims made against them,

insofar as such Losses, Liabilities and Claims are a direct result of any matter or thing arising out of, resulting from, attributable to or connected with:

- (c) a breach of the representations and warranties of Vendors in Article 4, including in the certificate delivered pursuant to Subsection 6.2(a);
- (d) a breach of any covenant of Vendors herein made in respect of or applicable to the Transaction, including in the certificate delivered pursuant to Subsection 6.2(b); and
- (e) the Excluded Assets;

provided always that Vendors shall not be liable to or be required to indemnify and save harmless Purchaser nor its Representatives pursuant to this Section 8.1 in respect of any Losses, Liabilities and Claims: (i) that consist of Consequential Damages (provided that Purchaser and its Representatives shall not be precluded from entitlement to indemnification under this Section 8.1 for final, determined and non-appealable liability to a Third Party for consequential, indirect or punitive damages); (ii) to the extent that the same are

reimbursed by insurance maintained by Purchaser (in which case Vendors' indemnity obligation hereunder shall be reduced by the amount of insurance proceeds actually received by Purchaser, net of any deductible paid by Purchaser with respect to such Claim) ; (iii) are caused by the gross negligence or wilful misconduct of Purchaser or its Representatives; or (iv) are otherwise apportioned pursuant to Article 10 (collectively, "**Purchaser's Losses**").

8.2 Indemnity by Purchaser

Provided that Closing has occurred, Purchaser shall:

- (a) be liable to Vendors and their Representatives for all Losses and Liabilities they suffer, sustain, pay or incur; and
- (b) as a separate and independent covenant indemnify and save Vendors and their Representatives harmless from and against all Claims made against them,

insofar as such Losses, Liabilities and Claims are a direct result of any matter or thing arising out of, resulting from, attributable to or in any way connected with:

- (c) a breach of the representations and warranties of Purchaser in Article 4 made in respect of or applicable to the Transaction;
- (d) a breach of any covenant of Purchaser herein made in respect of or applicable to the Transaction; or
- (e) the Assets, to the extent such Losses, Liabilities and Claims occur or arise on or after the Effective Date;

provided always that Purchaser shall not be liable to or be required to indemnify and save harmless Vendors nor their Representatives pursuant to this Section 8.2 in respect of any Losses, Liabilities and Claims: (i) to the extent that the same are reimbursed by insurance maintained by Vendors; (ii) that are caused by the gross negligence or wilful misconduct of Vendors or their Representatives; (iii) that are otherwise apportioned pursuant to Article 10; (iv) that consist of Consequential Damages (provided that Vendors and their Representatives shall not be precluded from entitlement to indemnification under this Section 8.2 for final, determined and non-appealable liability to a Third Party for consequential, indirect or punitive damages); or (v) that are matters or things for which Purchaser is entitled to indemnification under Section 8.1.

8.3 Assets Acquired On "As Is" Basis

Purchaser acknowledges that it is acquiring the Assets on an "as is" basis, and that Purchaser is not entitled to rely upon any representation or warranty of Vendors as to the condition, Environmental or otherwise, of the Assets, except as is specifically made pursuant to Article 4. Subject to the foregoing, and provided that Closing has occurred, Purchaser further agrees that it shall:

- (a) be solely liable to Vendors and their Representatives for any and all Losses and Liabilities they suffer, sustain, pay or incur; and

- (b) as a separate and independent covenant indemnify and save Vendors and their Representatives harmless from any and all Claims made against them,

insofar as such Losses, Liabilities and Claims are a direct result of any matter or thing arising out of, resulting from, attributable to or connected with any Environmental Liabilities, whether occurring or accruing before, on or after Effective Date, except to the extent that any such Losses, Liabilities and Claims are matters or things for which Purchaser is entitled to indemnification under Section 8.1 by virtue of any breach by Vendors of Subsection 4.1(aa). Subject to the foregoing, once Closing has occurred, Purchaser shall be solely responsible for all Environmental Liabilities as between Vendors and Purchaser in respect of the Assets as of the Effective Date. In addition, Purchaser hereby releases Vendor from any Claims Purchaser may have against Vendors with respect to all Environmental Liabilities in respect of Assets under the Applicable Laws, at common law or otherwise, including the right to name Vendors as a third party under any action commenced or enforcement proceeding against Purchaser as of the Effective Date. In addition, Vendors will also retain those other rights and remedies available to it under the Applicable Laws, under the common law or otherwise with respect to any Claim it may have against Purchaser under this Article 8.

8.4 No Merger

The indemnities set forth in Sections 8.1, 8.2, and 8.3 will be deemed to apply to, and will not merge in, any assignment, transfer, conveyance, novation or other document conveying the Assets to Purchaser.

8.5 Carriage of Litigation

If a Claim is made under this Article 8 involving a Claim by a Third Party, the Party with greater exposure under this Agreement in respect of the Claim will have carriage of the Third Party litigation. It will consult with the other Party, which will be entitled to retain its own counsel and participate in the litigation at its own expense.

8.6 Limitations on Liability

- (a) Subject to the remainder of this Section 8.6, Vendors shall have no liability in connection with any Purchaser's Losses or Claims pursuant to Subsection 8.1(c) (without giving effect to any "materiality" qualifiers) until the aggregate of such Purchaser's Losses (including in connection with indemnified Claims) exceeds [Redacted]% of the Purchase Price and, upon the aggregate of such Purchaser's Losses exceeding [Redacted]% of the Purchase Price, Vendors shall be required to indemnify in respect of all such Purchaser's Losses or Claims; provided that this Subsection shall not apply to the extent that any matter or thing is the proper subject of an operating adjustment under Article 10.
- (b) Notwithstanding any other provision contained herein, the total amount of the Liabilities and indemnities of one Party to the other Party under this Agreement shall not exceed [Redacted] percent ([Redacted]%) of the Purchase Price; provided that this Subsection shall not apply to the extent that any matter or thing is the proper subject of an operating adjustment under Article 10.
- (c) No Claim may be commenced by a Party in respect of a breach of a representation or warranty given by any other Party in Article 4 unless, within the applicable Survival

Period, written notice of a Claim specifying the breach in reasonable detail, the amount of the Claim and the provisions of the Agreement applicable to such Claim has been provided to the Party which made such representation and warranty, and each Party hereby waives any rights it may have at law or otherwise to commence a Claim or action for breach of representation or warranty or indemnification under this Article 8 in respect thereof after such Survival Period.

- (d) Notwithstanding anything to the contrary herein, but excepting Vendors' rights pursuant to Subsection 6.4(c), in no event shall any Party be liable to the other for any Consequential Damages in connection with this Agreement. This limitation of liability shall apply regardless of whether the liability claim is based on a breach of contract, breach of representation or warranty, negligence, strict liability, tort or other legal or equitable theory or cause of action.

8.7 Assumption

Provided Closing occurs, subject to the terms and conditions herein, Purchaser will assume all obligations and Liabilities of Vendors in respect of the Assets, including Vendors' obligations under the Title Documents as of the Effective Date.

8.8 Sole Remedy

Provided that Closing has occurred, the sole and exclusive remedy of a Party in respect of all pre-Closing matters (including in respect of representations, warranties and covenants) of this Agreement shall be for indemnification pursuant to Sections 8.1 or 8.2, as the case may be, and in connection therewith, Vendors and Purchaser each hereby waive all other rights and remedies (whether now existing or hereafter arising and including all common law, tort, contractual, equitable and statutory rights and remedies) that it may have against the other Party and the other Party's Representatives in connection with such pre-Closing matters.

8.9 Tax Status of Indemnification Payments

Any payment made by any Vendor pursuant to this Article 8 shall constitute a reduction of the Purchase Price and any payment made by Purchaser pursuant to this Article 8 shall constitute an increase in the Purchase Price. Any such reduction of, or increase in, the Purchase Price shall only adjust the amount of the Purchase Price allocated to HRRC unless the indemnity relates to a specific asset, then to the Purchase Price allocated to that asset.

ARTICLE 9 **CONFIDENTIALITY**

9.1 Confidentiality

Notwithstanding Subsection 6.5(e) and any termination of this Agreement prior to Closing, the Parties agree to comply with the terms of the Confidentiality Agreement, including in respect of all information which Purchaser receives from Vendors pursuant to this Agreement, as if the Parties had entered into the Confidentiality Agreement directly. The Parties acknowledge that the Confidentiality Agreement shall remain in full force and effect in accordance with its terms until and shall terminate upon Closing.

ARTICLE 10
ADJUSTMENTS

10.1 Adjustments

- (a) Vendors are entitled to the revenues and benefits from the ownership the Assets incurred and or accrued prior to the Effective Date including, subject to Section 11.3, the benefit of audit queries for such time when resolved, and is responsible for and will pay for the expenditures pertaining to the ownership of the Assets incurred and or accrued prior to the Effective Date, including but not limited to all freehold mineral taxes, Saskatchewan acreage taxes and other taxes (excluding taxes based on income, net revenue or capital) paid, payable or levied on or in respect to the Assets, the ownership thereof or Petroleum Substances produced therefrom or allocated thereto.
- (b) Purchaser is entitled to the revenues and benefits from the ownership of the Assets incurred and or accrued from and after the Effective Date and is responsible for and will pay for the expenditures pertaining to the ownership of the Assets incurred and or accrued from and after the Effective Date.
- (c) Purchaser shall be entitled to a credit from Vendors for any pre-paid rentals or royalties in respect of the Assets pertaining to any period of time from and after the Effective Date.
- (d) All statements prepared under this Article 10 will be prepared as contemplated herein and in accordance with GAAP (using the accrual method), and Vendors shall in all cases provide all information to Purchaser that is reasonably necessary to verify the amounts and adjustments included in all statements.
- (e) Within 180 days following the Closing Date, Vendors shall prepare and deliver to Purchaser a final statement of all adjustments and payments to be made pursuant to this Agreement in respect of Closing in the format set out in Schedule J ("**Final Statement of Adjustments**"). Purchaser shall provide, or cause to be provided, to Vendors and their Representatives reasonable access to, and Vendors at its own expense shall be entitled to audit, the relevant records possessed by Purchaser to aid in the preparation of such statement. Vendors shall provide to Purchaser at its own expense the right to review the Final Statement of Adjustments and reasonable access to the working papers of Vendors to aid in such review. The net amount owing by one Party to the other Party as evidenced in the Final Statement of Adjustments will be remitted by such owing Party who in the net result is obliged to make payment within 15 Business Days of receipt by Purchaser of the Final Statement of Adjustments.
- (f) If Purchaser is of the opinion that any change is required to be made to the Final Statement of Adjustments as prepared by Vendors, it shall, on or before that date which is five Business Days after the delivery of the Final Statement of Adjustments by Vendors to Purchaser (the "**Objection Date**") pursuant to Subsection 10.1(e), give written notice to Vendors of any such proposed change, including the reason for such change. If Purchaser does not notify Vendors of any proposed change on or before the Objection Date, then Purchaser shall be deemed to have accepted the Final Statement of Adjustments.

- (g) If Purchaser gives written notice to Vendors of any proposed change to the Final Statement of Adjustments on or before the Objection Date, and if the proposed change is disputed by Vendors and the Parties fail to resolve the dispute within ten Business Days after the Objection Date, then the Accounting Firm shall immediately be engaged by the Parties to resolve forthwith the dispute and the Accounting Firm shall be requested to render its decision without qualifications, other than the usual qualifications relating to engagements of this nature, within 14 days after the dispute is referred to it. The decision of the Accounting Firm shall be final and binding upon Vendors and Purchaser and shall not be subject to appeal by either Party. The fees and expenses of the Accounting Firm shall be shared, one half to Vendors and one half to Purchaser.
- (h) If the Accounting Firm cannot or will not make a decision in the manner provided above, Purchaser and Vendors shall refer such matter to a mutually acceptable Third Party (the "**Arbitrator**") to arbitrate the dispute as a single arbitrator in accordance with the Arbitration Act (Alberta) within 60 days after the Objection Date. If agreement cannot be reached between Vendors and Purchaser as to the Arbitrator, a judge of the Court of Queen's Bench (Calgary) shall select either Purchaser's or Vendors' designate. The fees and expenses of the Arbitrator shall be shared, one half to Vendors and one half to Purchaser.
- (i) Upon agreement with respect to all matters in dispute, or upon a decision of the Accounting Firm or the Arbitrator with respect thereto, such amendments shall be made to the Final Statement of Adjustments as may be necessary to reflect such agreement or such decision, as the case may be. The net amount will then be remitted promptly by the Party who in the net result is obliged to make payment. In such event, references in this Agreement to the Final Statement of Adjustments shall refer to the Final Statement of Adjustments, as so amended.
- (j) Unless otherwise provided herein, all payments made after the Closing Date are to be paid within 30 days after the amount is determined and, if not paid within the 30 days, will thereafter bear interest until paid at a rate of interest equal to the Prime Rate plus one percent (1%) compounded annually.
- (k) Unless otherwise provided for in this Agreement, Vendors will be responsible for the payment of all Taxes payable by them to any relevant Governmental Authority and relating to the operation and/or the ownership of the Assets which arise on or before, or are related to a period of time on or before, the Effective Date.

ARTICLE 11

ACCESS TO BOOKS AND RECORDS

11.1 Access to Information

- (a) After Closing, Purchaser shall, upon request from Vendors, provide reasonable access at Purchaser's offices during its normal business hours to the agreements and documents to which the Assets are subject and the contracts, agreements, records, books, documents, licences and data included in the Miscellaneous Interests (including Title Documents) which are then in the possession of Purchaser and to make copies thereof, as Vendors may require for purposes relating to its ownership of the Assets prior to Closing (including

taxation matters and Liabilities and Claims that arise from or relate to acts, omissions, events, circumstances or operations (if any) prior to the Closing Date), provided that, Vendors may use and copy such documents and materials for such purposes after Closing and prior to delivery of same to Purchaser.

- (b) If Purchaser disposes of any of the Assets to a Third Party, Purchaser will take reasonable steps to enable Vendors to have continued reasonable access to those materials; provided that Purchaser will not be required to retain copies of those materials following any such disposition.

11.2 Maintenance of Information

All of the information, materials and other records delivered to Purchaser pursuant to the terms hereof shall be retained, maintained in good order and good condition and kept in a reasonably accessible location by or on behalf of Purchaser for a period of seven (7) years from the Closing Date or for any longer period as may be required under the Applicable Laws (the "**Retention Period**"). Vendors may, during the Retention Period, at its expense, make such copies of the information and materials described above as it may reasonably request; provided that, subject to Subsection 11.1(b), at any time prior to the expiration of the Retention Period, Purchaser may destroy or give up possession of any such information or materials if it first offers Vendors the opportunity (by delivery of at least 30 days prior written notice to Vendors) to obtain delivery of or a copy of so much of such information or materials as Vendors, in its sole discretion, desires.

11.3 Post-Closing Royalty Compliance Audits

- (a) Notwithstanding any other provision of this Agreement, but subject to Subsection 11.3(b), in the event that after the Closing Date Purchaser elects to undertake in accordance with this Agreement any audits, compliance reviews, forensic accounting exercises or other investigation into the correctness of royalty payments, compensatory royalty payments or a share of production of Petroleum Substances pertaining to the Assets to which Vendors are entitled, any amounts owed to Vendors that are identified by any such audits, reviews, exercises or investigations ("**Compliance Recoveries**") shall be allocated, after deducting Purchaser's reasonable out of pocket and Third Party costs and expenses, and Taxes payable by Purchaser on such Compliance Recoveries, [Redacted]% to Vendors and [Redacted]% to Purchaser, notwithstanding that such amounts may have first arisen or accrued prior to the Effective Date. Notwithstanding anything to the contrary herein, Compliance Recoveries shall not include any amounts in respect of the Assets that Vendors were not entitled to claim while Vendor owned the Assets nor any amounts owed by Vendor or any of its Affiliates. Any Compliance Recoveries received by Purchaser after two (2) years following the Closing Date shall be allocated [Redacted]% to Purchaser.
- (b) Notwithstanding Subsection 11.3(a), Vendors shall be entitled to receive and retain for its own account, as beneficial owner thereof, any and all amounts which may be owing by the royalty payors in respect of the Wells, royalty payments, compensatory royalty payments or a share of production of Petroleum Substances pertaining to the Assets and for the periods prior to the Effective Date to the extent Vendors accrued those amounts or initiated such audits prior to the date of this Agreement and can demonstrate the same through its written or electronic records as at the date hereof (the "**Vendor Identified Amounts**"). For

a period of two (2) years following the Closing Date, Purchaser shall provide reasonable cooperation as Vendors may request in connection therewith provided that Vendors shall reimburse Purchaser for any reasonable out of pocket expenses or costs actually incurred by Purchaser. In the event that following Closing, Purchaser receives any amounts on account of any of Vendor Identified Amounts, it shall pay such amounts to Vendor within thirty (30) days of receipt thereof.

- (c) The Parties acknowledge and agree that Purchaser shall be responsible for all Claims, Losses and Liabilities associated or arising in connection with the conduct of any investigation or audit by Purchaser following the Closing Date pursuant to Subsection 11.3(a). Without limiting the generality of the foregoing, in the event any such investigation or audit by Purchaser directly results, in a Claim by a Third Party that it has overpaid any amount to Vendors in connection with the Assets prior to the Effective Date, Purchaser shall be solely responsible for such Claim and all associated Losses and Liabilities, including any obligation of Vendors to repay the Third Party in connection with any such overpayment.

11.4 Compliance Recoveries Acknowledgment

Vendors and Purchaser shall, at Closing, execute and deliver the Compliance Recoveries Acknowledgment, acknowledging Purchaser's right, entitlement and claim to the Compliance Recoveries, assigning and directing Third Parties to pay any such amounts to Purchaser for further handling in accordance with this Agreement. Purchaser shall promptly provide notice to Vendors in connection with the delivery of an acknowledgement and direction to any Third Party and Purchaser shall use commercially reasonable efforts to cause such Third Parties to direct any Vendor Identified Amount directly to Vendors.

ARTICLE 12 **NOTICES**

12.1 Notice

Any notice, Claim or other communication provided for in this Agreement or any notice that either Party may desire to give to the other shall be in writing and shall be sent by: (i) email; (ii) delivered by hand; (iii) sent by Canada Post mail with all postage fully prepaid; or (iv) by courier with charges paid in accordance with the customary arrangements established by such courier, in each of the foregoing cases addressed to the Party at the following addresses:

To Vendors: c/o Heritage Royalty Resource Corp.

710, 215 – 2nd Street SW
Calgary, AB T2P 1M4

Attention: Glenn McNamara
Email: glenn.mcnamara@heritageroyalty.ca

To Purchaser: PrairieSky Royalty Ltd.

Suite 1700, 350 – 7th Avenue SW

Calgary, AB T2P 3N9

Attention: Cameron Proctor
Email: cameron.proctor@prairiesky.com

or at such other address as either Party may at any time designate by giving written notice to the other Party. Notices, invoices, allocation statements, Claims or other communications shall be deemed received as follows: (i) if delivered personally, upon delivery; (ii) if sent by Canada Post, whether by express mail, registered mail, certified mail or regular mail, the notice shall be deemed to have been received by the close of the third (3rd) Business Day after the day upon which it was postmarked and sent, or such earlier time as is confirmed orally or in writing by the receiving Party; (iii) if sent by a courier service, upon delivery; or (iv) if sent by email, the Business Day following the day on which it was transmitted and confirmed by confirmatory email or such earlier time as confirmed orally or in writing by the receiving Party.

ARTICLE 13 **MISCELLANEOUS**

13.1 Laws and Regulations

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

13.2 Jurisdiction and Venue

Subject to Article 7, Subsections 10.1(f), 10.1(g), and in the case of Subsections 13.2(a) and 13.2(b), Subsection 13.2(c):

- (a) the Parties hereby irrevocably consent to the exclusive jurisdiction of the courts of the Province of Alberta and any appeal courts;
- (b) the Parties hereby irrevocably and unconditionally waive, to the fullest extent they may legally and effectively do so, any objection which they may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the Transaction in the courts of the Province of Alberta;
- (c) in respect of any action, cause of action, Claim, cross-claim or third-party Claim described in paragraph (c) above, each Party hereby acknowledges and agrees that any controversy which may arise under this Agreement or any credit agreement is likely to involve complicated and difficult issues, and therefore each such Party hereby irrevocably and unconditionally waives any right such Party may have to a trial by jury in respect of any such Claim or cause of action.

13.3 Costs and Expenses

The prevailing Party in any litigation or arbitration pertaining to any Dispute hereunder shall be entitled to recover its reasonable legal fees on a (solicitor and his own client basis) in connection with such litigation.

13.4 Entire Agreement, Amendments and Waiver

This Agreement, including all Schedules hereto, integrates the entire understanding between the Parties with respect to the subject matter covered and supersedes all prior understandings, drafts, discussions, or statements, whether oral or in writing, expressed or implied, dealing with the same subject matter. This Agreement may not be amended or modified in any manner except by a written document signed by the Parties that expressly amends this Agreement. No waiver by either Party of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless expressly provided. No waiver shall be effective unless made in writing and signed by the Party to be charged with such waiver.

13.5 Waiver of The Land Contracts (Actions) Act

The *Land Contracts (Actions) Act* of the Province of Saskatchewan shall have no application to any action (as defined in *The Land Contracts (Actions) Act*) with respect to this Agreement.

13.6 Waiver of The Limitation of Civil Rights Act

The *Limitation of Civil Rights Act* of the Province of Saskatchewan shall have no application to this Agreement, or any mortgage, charge or other security for the payment of money made, given or created by this Agreement, or any agreement or instrument renewing or extending or collateral to this Agreement, or the rights, powers or remedies of Vendors under this Agreement.

13.7 Headings

The headings and captions in this Agreement have been inserted for convenience of reference only and shall not define or limit any of the terms and provisions hereof.

13.8 No Partnership

Nothing contained in this Agreement shall be construed to create an association, trust, partnership, or joint venture or impose a trust, fiduciary or partnership duty, obligation or liability on or with regard to Vendors and Purchaser.

13.9 No Third Party Beneficiaries

This Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns, and shall not inure to the benefit of any other Person or entity whomsoever or whatsoever, it being the intention of the Parties that no third Person shall be deemed a third party beneficiary of this Agreement, except (i) for Persons expressly indemnified hereunder, and (ii) Section 13.20 shall be for the benefit of and enforceable by the Persons set forth therein.

13.10 Further Assurances

Each Party shall take such acts and execute and deliver such documents as may be reasonably required to effectuate the purposes of this Agreement.

13.11 No Inducements

No director, employee, or agent of any Party shall give to the other Party or its Representatives or receive from the other Party or its Representatives any commission, fee, rebate, gift, or entertainment of significant cost or value in connection with this Agreement.

13.12 Severability

If any provision of this Agreement is determined by Applicable Law to be void or unenforceable, in whole or in part, then (a) such provision shall be deemed inoperative to the extent it is deemed void or unenforceable, (b) the Parties agree to enter into such amendments to this Agreement in order to give effect to the greatest extent legally possible to the provision that is determined to be void or unenforceable, and (c) the other provisions of this Agreement in all other respects shall remain in full force and effect and binding and enforceable to the maximum extent permitted by law.

13.13 Counterparts

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall be deemed one and the same Agreement. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

13.14 Survival

The obligations and Liabilities of the Parties accruing prior to termination of this Agreement shall survive such termination.

13.15 Expenses

All expenses incurred by Vendors in connection with or related to the authorization, preparation and execution of this Agreement and all other matters related to the Closing of the Transaction, including all fees and expenses of counsel, accountants and financial advisors employed by Vendors, will be borne solely and entirely by Vendors, and all such expenses incurred by Purchaser will be borne solely and entirely by Purchaser.

13.16 Assignment; Enurement

Neither Party shall assign this Agreement or any of its rights or obligations hereunder, in whole or in part to any Person without the advance written consent of the other Party, such consent not to be unreasonably withheld. Notwithstanding the foregoing, this Agreement shall enure to the benefit of the Parties and their respective successors and permitted assigns.

13.17 Publicity

Except as may be required by Applicable Law, neither Party will make any press release or other public disclosure of this Agreement or the Transaction without the prior consent of the other Party, not to be unreasonably withheld or delayed. The Parties will consult with each other on public disclosure with a view to joint disclosure where practicable.

13.18 Time is of Essence

Time shall be of the essence in this Agreement.

13.19 Remedies Cumulative

Unless otherwise specified herein:

- (a) no reference to or exercise of any specific right or remedy by a Party hereunder shall prejudice or preclude such Party from exercising or invoking any other remedy in respect thereof, whether allowed under Applicable Law or expressly provided for herein; and
- (b) no such remedy shall be exclusive or dependent upon any other such remedy but either Party may exercise any one or more of such remedies independently or in combination.

13.20 Nonrecourse

This Agreement may only be enforced against, and any Claims or causes of action that arise out of this Agreement, or the negotiation, execution or performance of this Agreement, may only be made against the entities that are expressly identified as parties hereto. Except to the extent a named party to this Agreement, no past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney or representative of any party hereto shall have any liability for any obligations or Liabilities of any party hereto under this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF this Agreement has been duly executed by each Party as of the date first above written.

**HERITAGE RESOURCE LIMITED
PARTNERSHIP, by its general partner,
2310730 ALBERTA LTD.**

Per: (Signed) "Glenn McNamara"
Name: Glenn McNamara
Title: President and CEO

HERITAGE ROYALTY RESOURCE CORP.

Per: (Signed) "Glenn McNamara"
Name: Glenn McNamara
Title: President and CEO

HERITAGE MANITOBA HOLDINGS INC.

Per: (Signed) "Glenn McNamara"
Name: Glenn McNamara
Title: Authorized Signatory

PRAIRIESKY ROYALTY LTD.

Per: (Signed) "Andrew Phillips"
Andrew Phillips
President & CEO

Per: (Signed) "Cameron Proctor"
Cameron Proctor
Chief Operating Officer

**Schedule A
Disclosure Schedule**

[Redacted]

Schedule B
Fee Simple Lands and Acquired Royalty Interests

[Redacted]

Schedule C
White Map Area and Excluded Assets

[Redacted]

Schedule D
Form of General Conveyance

[Redacted]

Schedule E
Form of Bulk Sales Indemnity Agreement

[Redacted]

Schedule F
Proprietary Seismic Data

[Redacted]

Schedule G
Form of Vendor Bring-Down Certificate

[Redacted]

Schedule H
Form of Purchaser Bring-Down Certificate

[Redacted]

Schedule I
Form of Compliance Recoveries Acknowledgment

[Redacted]

Schedule J
Form of Final Statement of Adjustments

[Redacted]