LEASE INTEREST CLARIFICATION AGREEMENT

THIS AGREEMENT made as of the       day of      , 20      (the “Effective Date”)

Between:

**[Insert Appropriate Company name]** a body corporate, having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as “Clarified Lessee”)

- and –

**PRAIRIESKY ROYALTY LTD.**, a body corporate, having an office in the City of Calgary, in the Province of Alberta (hereinafter referred to as “Lessor”)

(all parties collectively referred to as the “Parties” or individually, a “Party”)

**RECITALS**

WHEREAS through various arrangements and agreements as described in the Devolution of Title, the Clarified Lessee is now entitled to hold a Lessee Interest in the Lease;

AND WHEREAS the Parties wish to recognize the Clarified Lessee as a current Lessee under the Lease in the place and stead of its Predecessor Company, and the Parties acknowledge and accept the Lessee Interest in the Devolution of Title;

NOW THEREFORE in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

1. **Definitions**
	1. “Agreement” means this Lease Interest Clarification Agreement including the attached Schedules;
	2. “Clarification Date” for each Party means the effective date(s) set out adjacent to such Party in the Devolution of Title in Schedule “B” as being the date(s) on which the Clarified Lessee acquired its Lessee Interest;
	3. “Clarified Lessee’s Address for Notice” means the Clarified Lessee’s address for all notices to be served under the Lease, as described in Schedule “A”;
	4. “Devolution of Title” means the various arrangements and agreements described in Schedule “B” whereby the Lessee Interest in the Lands passed from the original parties of the Lease to the Clarified Lessee;
	5. “Lands” means those lands described in Schedule “A” but only insofar as such rights are granted by the Lease;
	6. “Lease” means the lease agreement clarified and amended by this Agreement, including all renewals, extensions or continuations thereof or further documents of title issued pursuant thereto, to the extent that such document grants an interest in the Lands, a copy of which is attached hereto as Schedule “C”;
	7. “Lessee Interest” means the interest of the Clarified Lessee under the Lease, as described in Schedule “A”; and
	8. “Predecessor Company” means the predecessor(s) in interest to the Clarified Lessee listed in Schedule “B”.
2. **Interpretation**

In this Agreement, unless the context requires otherwise:

* 1. headings and captions are not to be considered part of this Agreement and are included solely for convenience and ease of reference and shall not be used to construe or interpret the provisions of this Agreement;
	2. the terms “in writing” or “written” include printing, email, typewriting or facsimile transmission;
	3. words importing the singular number include the plural and vice versa;
	4. words importing the masculine gender include the feminine and neuter genders;
	5. if a word is defined in this Agreement, a derivative of that word shall have a corresponding meaning;
	6. the terms “Agreement”, “this Agreement”, “herein”, “hereby”, “hereof”, “hereunder”, “hereto”, and similar expressions mean or refer to this Agreement and not to any particular provisions or part of this Agreement, unless a particular Schedule or any part thereof is specifically referenced;
	7. the use of the word “include” or “including” shall be deemed to mean “include, without limitation”, or “including, without limitation”, as applicable
	8. references to any person includes such person’s permitted successors and assigns;
	9. 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;
	10. 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;

* 1. references to any applicable laws (including any statute referenced in this Agreement) means such applicable laws 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 laws means that provision of such applicable laws from time to time in effect and constituting the substantive amendment, modification, codification, replacement or re-enactment of such section or other provision; and
	2. if the Clarified Lessee comprises more than one Party, the rights and obligations of such persons or entities shall be joint and several as among such parties.
1. **Schedules**

The following schedules (the “**Schedules**”) are attached hereto and form part of this Agreement:

Schedule “A” Lease, Lands, Lessee Interest, and Clarified Lessee’s Address for Notice

Schedule “B” Devolution of Title

Schedule “C” Copy of the Lease

1. **Representations and Warranties of Clarified Lessee**

The Clarified Lessee makes the following representations and warranties to Lessor as of the Clarification Date:

* 1. it is duly organized, valid and subsisting and registered to carry on business in the Province of Alberta; and
	2. it has the requisite capacity, power and authority to execute and deliver this Agreement and to perform the obligations that it becomes subject to under this Agreement and the Lease according to the true intent and meaning of the Devolution of Title; and
	3. this Agreement and any other agreement delivered in connection herewith, to which the Clarified Lessee is party, constitute valid and binding obligations of the Clarified Lessee and will be enforceable against the Clarified Lessee in accordance with their terms.
1. **Assumption of Rights, Duties, Liabilities and Obligations**

As of the Clarification Date:

* 1. The Lessor hereby acknowledges the effect of the Devolution of Title in assigning the Lessee Interest in the Lands, with respect the Lease, to the Clarified Lessee.
	2. The Clarified Lessee hereby accepts the assignment and novation produced by the Devolution of Title and shall and will be bound by, observe and perform the duties, liabilities and obligations on the part of the Predecessor Company, and assume the rights and obligations related thereto, as if and with the intent that the Clarified Lessee had been originally named as a lessee party in place of and instead of the Predecessor Company.
	3. This Agreement shall not be construed as a release or a waiver of any duty, obligation or liability of any of the Clarified Lessee’s predecessors in title, from any duty, obligation or liability under the Lease which has accrued or occurred prior to the Clarification Date.
1. **Liability and Indemnity**

The Clarified Lessee, in addition to any liabilities and indemnities assumed and required by it under the Lease, shall:

* 1. be liable to Lessor, its affiliates, directors, officers, agents and employees against all actions, losses, liabilities, costs, damages and expenses whatsoever (whether contractual or otherwise) that it or they may suffer, sustain, pay or incur; and
	2. indemnify and hold harmless Lessor, its affiliates, directors, officers, agents and employees against all actions, causes of action, proceedings, claims, demands, losses, liabilities, costs, damages and expenses, including without limitation reasonable costs of legal counsel (on a solicitor and client basis) and other professional advisors and consultants and all reasonable costs of investigating and defending claims arising from the matter whatsoever that may be brought against or suffered by Lessor, its affiliates and their respective directors, officers, agents and employees, or that they may sustain, pay or incur;

as a direct result of any matter arising out of, resulting from, attributable to, or connected with this Agreement, including but not limited to (i) any breach of the representations, warranties or obligations contained herein, or (ii) ownership of the Lessee Interest, whether arising or accruing before, on or after the date hereof.

1. **Ratification**

The Lease is amended to the extent necessary to give force and effect to this Agreement and is ratified and confirmed as so amended.

1. **Acknowledgment**

Notwithstanding any other provision of this Agreement, the Parties acknowledge and agree that the execution of this Agreement shall not be construed as confirmation of the validity of the Lease and/or compliance with its terms. This Agreement does not operate to validate, re-grant or otherwise render the Lease in effect where, as of the date of this Agreement the Lease has already terminated either by its own terms or through an uncured default.

1. **Miscellaneous**
	1. The Parties will execute and deliver such further instruments, papers and documents, and shall do such further acts and things as may reasonably be necessary or as may reasonably be requested for the purpose of carrying out the provisions of this Agreement, or as may be reasonably necessary or reasonably requested for the purpose of carrying out the commercial arrangements reflected in this Agreement.
	2. This Agreement shall be construed to benefit the Parties and their respective successors and permitted assigns only and shall not be construed to create third party beneficiary rights in any other person.
	3. This Agreement and the Lease constitute the entire agreement of the Parties relating to the subject matter of this Agreement, and except for the Lease there are no collateral or other statements, understandings, covenants, agreements, representations or warranties, written or oral, relating to, the subject matter of this Agreement.
	4. If any provision of this Agreement is determined to be invalid or unenforceable under the laws of the Province of Alberta, or the laws of Canada applicable therein, or under any applicable laws or the terms and conditions of any authorizations, the remainder of this Agreement, or the application of the provisions of this Agreement to persons or circumstances other than those to which it is held invalid or unenforceable, will not be affected thereby.
	5. This Agreement may not be varied or amended in its terms and conditions otherwise than by an instrument in writing dated subsequent to the date hereof, executed by duly authorized representatives of the Parties.
	6. Time shall be of the essence hereof.
	7. This Agreement and any disputes arising under this Agreement will be governed by and construed in accordance with the laws in force in the Province of Alberta and the laws of Canada applicable therein, and the Parties submit and exclusively attorn to the jurisdiction of the Courts of the Province of Alberta and courts of appeal therefrom in respect of any of such.
	8. This Agreement shall enure to the benefit of and be binding upon the Parties and, to the extent permitted hereunder, their successors and assigns.
2. **Execution in Counterpart**

This Agreement may be executed in counterpart. All executed pages taken together will constitute one and the same agreement provided that a complete set of original execution pages shall be subsequently provided to the other Party by any Party using counterparts within a reasonable amount of time thereafter.

*(Intentionally left blank)*

Clarified Lessee and Lessor have executed this Agreement effective as of the Effective Date.

|  |  |
| --- | --- |
| **CLARIFIED LESSEE**:  |       |
|  | Company: |
|  |       |
|  | Per |
|  |       |
|  | Print Name / Print Title |
|  |  |
| **LESSOR** consents to this Agreement this \_\_\_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 20\_\_\_\_\_. |
|  | **PRAIRIESKY ROYALTY LTD.**  |
|  | Company: |
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This is the execution page to the Lease Interest Clarification Agreement, dated the       day of      , 20      between       as Clarified Lessee and **PrairieSky Royalty Ltd**. as Lessor.

**SCHEDULE “A”**

Attached to and made part of the Lease Interest Clarification Agreement, dated the       day of      , 20      between       as Clarified Lessee and **PrairieSky Royalty Ltd**. as Lessor.

|  |  |  |
| --- | --- | --- |
| **Lease***(Title of Lease Document, date and PrairieSky file number)* | **Lands***(Describe legal description and rights)* | **Lessee Interest***(%)* |
|  |  |  |

**CLARIFIED LESSEE’S ADDRESS FOR NOTICE**

|  |  |
| --- | --- |
| **Company Name** | **Address** |
|  |  |

**SCHEDULE “B”**

Attached to and made part of the Lease Interest Clarification Agreement, dated the       day of      , 20      between       as Clarified Lessee and **PrairieSky Royalty Ltd**. as Lessor.

**DEVOLUTION OF TITLE**

|  |  |  |  |
| --- | --- | --- | --- |
| **Predecessor Company** | **Arrangement/Agreement***(Describe type of agreement that transferred interest)* | **Date***(Date of Arrangement/Agreement)* | **Lessee/Clarified Lessee***(List corporate name in full and % interest assigned)* |
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**SCHEDULE “C”**

Attached to and made part of the Lease Interest Clarification Agreement, dated the       day of      , 20      between       as Clarified Lessee and **PrairieSky Royalty Ltd**. as Lessor.

**COPY OF THE LEASE**