

## **ROYALTY AGREEMENT**

**THIS AGREEMENT** dated the 7<sup>th</sup> day of June, 2014.

**BETWEEN:**

**WALDRON ENERGY CORPORATION**, a corporation  
incorporated under the laws of the Province of Alberta (the  
"Grantor")

- and -

**MAPLE LEAF 2013 OIL & GAS INCOME LIMITED  
PARTNERSHIP**, a limited partnership formed under the law of  
the Province of British Columbia (the "Royalty Owner")

**WHEREAS** the Grantor and the Royalty Owner are parties to an Agreement of Purchase and Sale dated as of June 9, 2014 (the "**Royalty Purchase Agreement**"), pursuant to which, in consideration for the payment of the Purchase Price (as defined in the Royalty Purchase Agreement) the Grantor has agreed to grant to the Royalty Owner a gross overriding royalty in the Royalty Lands as more particularly set forth herein.

**NOW THEREFORE**, in consideration of the covenants and mutual agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Parties (as defined below), and subject to the terms and conditions contained herein, the Parties hereby agree as follows:

### **1. DEFINITIONS**

In this Royalty Agreement, including the recitals and this Clause, unless the context otherwise requires, the following terms shall have the meanings hereinafter assigned thereto, namely:

- (a) "**Affiliate**" of any Person shall mean any other Person directly or indirectly controlling, controlled by, or under common control with, such person; provided that, for purposes of this definition, "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise;
- (b) "**Crude Oil**" means a mixture mainly of pentanes and heavier hydrocarbons (whether or not contaminated with sulphur compounds) that is recovered or recoverable at a well from an underground reservoir and that is liquid at the conditions under which its volume is measured or estimated and includes all other hydrocarbon mixtures so recovered except Natural Gas and NGLs;

- (c) **“Current Market Value”** means the price received by the Grantor at the Point of Delivery for the Grantor’s Interest share of Petroleum Substances produced and marketed from, or pursuant to a scheme of pooling or unitization allocated to, the Royalty Lands, and includes the monetary equivalent of any non-monetary benefits received by the Grantor for said Petroleum Substances;
- (d) **“Effective Date”** means the hour of 8:00 a.m, Calgary time, June 10, 2014;
- (e) **“Falher 1 Well”** has the meaning given to that term in the Royalty Purchase Agreement;
- (f) **“Falher 2 Well”** has the meaning given to that term in the Royalty Purchase Agreement;
- (g) **“Falher 3 Well”** has the meaning given to that term in the Royalty Purchase Agreement;
- (h) **“Grantor’s Interest”** means the working interest of the Grantor in the Royalty Lands, the Title Documents and the Petroleum Substances as set out in Schedule “A” hereto;
- (i) **“Natural Gas”** means a mixture containing methane, other paraffinic hydrocarbons, nitrogen, carbon dioxide, hydrogen sulphide, helium and minor impurities, or some of them, which is recovered or is recoverable at a well from an underground reservoir and which is gaseous at the conditions under which its volume is measured or estimated;
- (j) **“NGLs”** means natural gas liquids including ethane, propane, butanes, pentanes and condensates that are recovered or recoverable at a well from an underground reservoir and sold in liquid form;
- (k) **“Notices”** has the meaning given thereto in Clause 15.01;
- (l) **“Overriding Royalty”** means the percentage gross overriding royalty as reserved in this Royalty Agreement in favour of the Royalty Owner, more particularly described in the Clause entitled “Overriding Royalty” in this Royalty Agreement;
- (m) **“Parties”** means both the Grantor and the Royalty Owner and **“Party”** means either of them;
- (n) **“Person”** includes any individual or corporation, partnership, firm, trust, incorporated or unincorporated association, governmental authority, joint venture, limited liability company, association, trust, unlimited liability company, joint stock company or other entity of any kind;
- (o) **“Petroleum Substances”** means all Crude Oil, Natural Gas, NGLs, related hydrocarbons, sulphur and every other substance an interest in which is granted under the Title Documents;

- (p) **"Point of Delivery"** means the point of custody transfer of Petroleum Substances to a purchaser thereof, which in the case of Natural Gas shall be deemed to be at a point immediately prior to entrance of Natural Gas that is in marketable condition into a third party pipeline system and in the case of Crude Oil and NGLs shall be deemed to be at a point immediately prior to entrance into the applicable sales terminal;
- (q) **"Prime Rate"** means an annual rate of interest announced from time to time by the main Calgary branch of National Bank of Canada as the reference rate then in effect for determining interest rates on Canadian dollar commercial loans in Canada;
- (r) **"Royalty Lands"** means the lands described in Schedule "A", and, except as otherwise expressly noted in that Schedule, includes the Petroleum Substances within, upon or under those lands, together with the right to explore for and recover the Petroleum Substances, to the extent those rights are granted by the Title Documents, and for clarity, includes all minerals interests in all lands of the Grantor as of the date hereof, provided that if the Grantor sells the following lands to a third party and such transaction closes prior to August 1, 2014 the following lands shall be excluded from the Royalty Lands: PNG Below Base Mannville for lands T 45 R 3 W5M: E/19, W/20, 30, 31, NW/32, which lands are subject to Crown Lease #0412070342;
- (s) **"Royalty Purchase Agreement"** has the meaning given thereto in the recitals;
- (t) **"Royalty Well"** means any well from which production is currently or at any time in the future obtained from the Royalty Lands or may be allocated to the Royalty Lands pursuant to a pooling, unit, production allocation or other arrangement; and
- (u) **"Title Documents"** means, collectively, the various leases, reservations, permits, licences, and other documents of title by virtue of which the holder is entitled to explore for, drill for, recover, remove or dispose of Petroleum Substances forming part of the Royalty Lands, including the leases, reservations, permits, licences and other documents of title described in Schedule "A".

## 2. SCHEDULES

The following Schedule is attached to and made a part of this Royalty Agreement:

Schedule "A"                      Royalty Lands and Title Documents.

## 3. OVERRIDING ROYALTY

### 3.01 Grant of Overriding Royalty

In consideration of the payment by the Royalty Owner to the Grantor of the Purchase Price (as defined in the Royalty Purchase Agreement), the Grantor hereby grants to the

Royalty Owner as of the Effective Date, an Overriding Royalty, which shall be comprised of:

- (a) a gross overriding royalty of 3% on all Crude Oil, Natural Gas and NGLs within, upon or under the Royalty Lands and produced from the Royalty Wells;
- (b) a gross overriding royalty of 7%, in addition to the above 3% royalty (for clarity, a total royalty of 10%) on all Crude Oil, Natural Gas and NGLs produced from the Falher 1 Well and the Falher 2 Well, each to be drilled in the Ferrybank area, or wells drilled in substitution therefor, as agreed between the Parties; and
- (c) if the Royalty Owner exercises its option in respect of the Falher 3 Well as contemplated in the Royalty Purchase Agreement, a gross overriding royalty of 7%, in addition to the above 3% royalty (for clarity, a total royalty of 10%) on all Crude Oil, Natural Gas and NGLs produced from the Falher 3 Well.

For purposes of the foregoing, the gross volume of the Petroleum Substances comprising the Overriding Royalty shall be the applicable percent of the quantity (if taken in kind) or the Current Market Value (if not taken in kind), of the Grantor's Interest in Petroleum Substances produced, saved and marketed from, or allocated to, the Royalty Wells each month and will not be subject to any operating cost contribution, facility fees, transportation costs or other costs and expenses associated with bringing the Petroleum Substances to the Point of Delivery, or any other deductions of any nature or kind whatsoever. The Grantor shall make its best commercial efforts to maximize its Current Market Value, taking into consideration what is available to a prudent operator of similar size, for the Petroleum Substances.

#### **4. OVERRIDING ROYALTY NOT TAKEN IN KIND**

##### **4.01 Payments Made to Royalty Owner Monthly**

When and to the extent that the Royalty Owner is not taking its share of Petroleum Substances in kind, every sale of Petroleum Substances produced from the Royalty Lands shall include the Royalty Owner's Overriding Royalty share thereof. The Grantor shall remit to the Royalty Owner all monies accruing to the Royalty Owner on account of the Overriding Royalty on or before the end of the second calendar month next following the production month in which such Petroleum Substances were sold. If the Grantor at any time fails to deliver in a timely manner a cash payment required to be paid to the Royalty Owner hereunder, the amount thereof shall bear interest at the Prime Rate plus two percent (2%), accruing from the date owing to the date upon which the payment is actually received by the Royalty Owner. Such interest shall be payable by the Grantor without demand therefor and be payable both before and after judgment.

##### **4.02 Statements Provided to Royalty Owner**

The Grantor shall enclose with each monthly payment to the Royalty Owner the following information:

- (a) a statement for each Royalty Well showing the quantity and kind of the Petroleum Substances (categorized as Crude Oil, Natural Gas and NGLs) produced, saved and sold or stored as inventory from such Royalty Well, and the Grantor's Interest share thereof, in the applicable production month and the Current Market Value of the Grantor's Interest share of such Petroleum Substances, together with a calculation of the amount to be paid in respect of the Overriding Royalty for such applicable production month; and
- (b) if requested, and within 7 days of such request, a copy of the Grantor's governmental production statement for the month for which the Overriding Royalty is calculated and, with respect to Crown leases, a copy of the Crown royalty statement. Any information contained in such governmental production statement or Crown royalty statement need not be repeated in the Grantor's statement to the Royalty Owner.

The Grantor shall also provide the Royalty Owner with monthly and annual operating reports in respect of the Royalty Lands as well as any other documents, statements or reports mutually agreed to be provided by the Grantor to the Royalty Owner.

## **5. OVERRIDING ROYALTY TAKEN IN KIND**

### **5.01 Right to Take In Kind**

- (a) The Royalty Owner shall have the right to take in kind the Royalty Owner's share of Petroleum Substances. Such right may be exercised separately with respect to Crude Oil, Natural Gas, NGLs or any individual component of Petroleum Substances. In the case of Crude Oil and NGLs, such right shall only be exercised on a minimum of forty-five (45) days notice to the Grantor. In the case of all other Petroleum Substances such right shall only be exercised on two (2) months notice to the Grantor. If the Royalty Owner, however, consents in writing to the sale of any of the Royalty Owner's share of Petroleum Substances under a contract made by the Grantor providing for a minimum term in excess of the said respective notice periods, the Royalty Owner's right to take in kind any Petroleum Substances subject to such contract shall be suspended during the term of such contract. The Royalty Owner may cease to take in kind any Petroleum Substances upon giving the Grantor forty-five (45) days notice. The right to take in kind or to cease to take in kind may be exercised from time to time subject only to the foregoing provisions of this Subclause.
- (b) The Royalty Owner will supply the Grantor with such information regarding the Royalty Owner's arrangements for disposition of those Petroleum Substances as the Grantor may reasonably require to coordinate custody transfer and shipping arrangement for those Petroleum Substances. Failure to provide the Grantor with that information will be deemed to be a failure by the Royalty Owner to take the Petroleum Substances in kind.

## **5.02 Grantor's Responsibilities**

When the Royalty Owner is taking in kind any of the Royalty Owner's share of Petroleum Substances, the Grantor shall deliver the same to the Royalty Owner, or its nominee, at the Point of Delivery in accordance with usual and customary transportation, pipeline and shipping practice, free and clear of all gathering, processing, treating, transportation and other charges whatsoever. In respect of Crude Oil, at no cost to the Royalty Owner, the Grantor shall remove basic sediment and water therefrom in accordance with good oilfield practice so that pipeline specifications in that regard will be met. The Grantor will not incur incremental gathering, processing, treating, transportation and other charges whatsoever, including the removal of basic sediment and water from Crude Oil production, as a result of the Royalty Owner electing to take in kind. The Royalty Owner shall also have the right to use free of charge a proportionate share of the Grantor's leased or owned tankage and storage facilities.

## **5.03 The Grantor as Trustee**

The Grantor shall hold the Royalty Owner's share of Petroleum Substances produced and severed from the Royalty Lands as trustee for and on behalf of the Royalty Owner until such time as they are delivered to the Royalty Owner at the Point of Delivery.

## **6. RIGHT TO AUDIT**

### **6.01 Examination of Records**

The Royalty Owner shall have the right to audit the records of the Grantor insofar as they relate to the production, disposition or sale of the Overriding Royalty. The books, records and accounts maintained by the Grantor in respect of the Overriding Royalty shall be open to inspection at all reasonable times during business hours by an officer, agent, employee or other person appointed or authorized by the Royalty Owner, in writing, to examine the same. The Grantor shall be obligated to maintain its books, records and accounts for at least twenty-six (26) months after the end of the fiscal year in which such books, records and accounts relate.

### **6.02 Discrepancies**

- (a) Any payment made or statement rendered by the Grantor hereunder in respect of the Overriding Royalty for any month in a calendar year which is not disputed by notice in writing by the Royalty Owner on or before the last day of the twenty-six (26th) month following the end of the calendar year, shall be deemed to be true and correct unless the Royalty Owner has requested in writing an adjustment to such payment prior to the end of such period and except audit queries from an audit pursuant to Clause 6.01 that remain unresolved.
- (b) In the event that a dispute notice is delivered by the Royalty Owner to the Grantor in accordance with Clause 6.02(a), the Grantor and the Royalty Owner shall thereupon diligently attempt to resolve the dispute in a timely manner.

**7. RATEABLE PRODUCTION**

**7.01 Grantor to Produce Rateably**

The Grantor shall make commercial best efforts to produce Petroleum Substances from the Royalty Lands rateably with any other similar substances produced from any lands within the same pool (as designated by the regulatory authority having jurisdiction) or the same zone in which the Grantor, or any Affiliate of the Grantor, has an interest and the Grantor covenants that it will not discontinue the production of Petroleum Substances from any Royalty Well due to marketing conditions, unless production is likewise discontinued from the other wells in the same pool or zone operated or controlled by the Grantor. Further, the Grantor covenants that it will not discriminate against producing Petroleum Substances from a Royalty Well subject to a higher Overriding Royalty hereunder in favour of producing Petroleum Substances from a Royalty Well with a lower Overriding Royalty hereunder.

**7.02 Grantor to Market Rateably**

The Grantor shall, subject to the Clause entitled "Overriding Royalty Taken In Kind", make commercial best efforts to market any of the Petroleum Substances produced or capable of being produced from the Royalty Lands rateably with any other similar substances produced from any lands within the same pool (as designated by the regulatory authority having jurisdiction) in which the Grantor, or any Affiliate of the Grantor, has an interest and further the Grantor covenants that it will not discriminate against the Petroleum Substances produced or capable of being produced from the Royalty Lands in the production, usage, sale and marketing of the same.

**8. RIGHT TO COMMINGLE**

**8.01 Grantor May Commingle Petroleum Substances**

The Grantor shall have the right to commingle Petroleum Substances produced from the Royalty Lands with Petroleum Substances produced from other lands, provided that commercially reasonable methods are used to determine the proper measurement of individual well production.

**9. POOLING AND UNITIZATION**

**9.01 Pooling**

The Grantor shall at any time and from time to time have the right to pool the Royalty Lands or any part or parts thereof with any other lands for the production of Petroleum Substances therefrom, including for the purpose of forming a Spacing Unit, without obtaining the consent of the Royalty Owner. Upon such pooling, the Royalty shall be quantified on the basis of production allocated to the Grantor's interest in the Royalty Lands under the plan of pooling and not on the basis of actual production from the Royalty Lands.

**9.02 Unitization**

The Grantor may, without the consent of the Royalty Owner, include the Royalty Lands or any part of parts thereof in a unit agreement or a unit operating agreement for the unitized development and/or operation thereof with other lands. Upon any such unitization, the Royalty shall be quantified on the basis of the production allocated to the Grantor's interest in each unit tract on the Royalty Lands as defined in the plan of unitization and not upon the basis of actual production from the Royalty Lands.

**9.03 Equitable Allocations**

The Grantor shall ensure that the allocation of production to Royalty Lands under a pooling or unitization arrangement is fair and equitable. The Grantor shall provide the Royalty Owner with a copy of any such pooling or unitization arrangement promptly after it is entered into.

**10. ASSIGNMENT**

**10.01 Assignment by the Grantor**

The Grantor may, from time to time, sell, transfer, assign, mortgage, charge, grant a right, title or interest in or to, grant or allow to exist any encumbrance in respect of or otherwise encumber, in whole or in part, any legal or equitable interest in this Agreement, the Overriding Royalty or any portion or portions thereof, provided that:

- (a) the Grantor shall provide the Royalty Owner with 30 days written notice of such proposed assignment;
- (b) the proposed assignee of the Grantor's interest must agree, in writing, to be bound by and subject to the terms and conditions of this Royalty Agreement; and
- (c) the Grantor shall remain liable for all obligations under this Agreement which accrued prior to assignment becoming effective.



## **10.02 Assignment by the Royalty Owner**

The Royalty Owner may, from time to time, charge, pledge or assign as security to a lender or otherwise assign any legal or equitable interest in this Agreement, the Overriding Royalty or any portion or portions thereof upon notice thereof to the Grantor; provided that if at any time the Overriding Royalty should become owned by more than one party, the Grantor shall have the right to require the assignees of the Overriding Royalty to appoint in writing an agent to represent all the assignees of the Overriding Royalty and to receive all statements and payments (if any) of the Overriding Royalty. If the assignees of the Overriding Royalty fail to appoint an agent hereunder within thirty (30) days of any request to do so by the Grantor, the Grantor may withhold the Overriding Royalty until such time as an agent is appointed.

## **11. LIEN**

### **11.01 Royalty Owner's Lien**

- (a) The Royalty Owner shall be entitled to and shall have a first and paramount lien upon the Grantor's share of all Petroleum Substances from time to time produced from the Royalty Lands to secure the payment of the Overriding Royalty. Such lien shall not operate to release the Grantor from liability for any amounts due to the Royalty Owner. Such lien shall not attach to the Grantor's share of Petroleum Substances sold or otherwise disposed of from the Royalty Lands, but immediately upon failure of the Grantor to pay the Royalty Owner any amounts due hereunder in accordance with the terms of this Agreement, such lien shall operate as an assignment to the Royalty Owner of the consideration thereafter payable to the Royalty Owner for the Petroleum Substances sold, up to the amount owed to the Royalty Owner and not so paid by the Grantor.
- (b) Service of a copy of this Agreement upon any purchaser of Petroleum Substances together with written notice from the Royalty Owner shall constitute written authorization on the part of the Grantor for such purchaser to pay the Royalty Owner the proceeds from any sale or sales of the Grantor's share of Petroleum Substances, up to the amount owed to the Royalty Owner by the Grantor, and such purchaser is authorized to rely solely upon the statement of the Royalty Owner as to the amount owed to the Royalty Owner by the Grantor.
- (c) The books and records kept by the Royalty Owner shall constitute written proof of the existence of such default, although no purchaser shall be obliged to examine the same before acting upon such notice of default.

## **12. CONFIDENTIAL INFORMATION**

### **12.01 Confidentiality Requirement**

Except as provided herein, all data and information of any nature supplied by one Party to the other pursuant hereto, shall be kept confidential unless (i) the Parties agree to the dissemination of such information, (ii) a Party is required by law to give such information

to any governmental department, body or agency, or (iii) a Party needs to disclose the information to its accountants, financial institutions or other third parties provided such third parties first agree with such Party to be bound by the terms of this Clause.

**12.02 Disclosure To Affiliates**

The provisions of this Clause shall not apply to disclosures to Affiliates provided that such Affiliates agree to be bound by the terms of this Clause.

**13. DEVELOPMENT AND OPERATIONS**

**13.01 Development of Royalty Lands**

The Grantor shall use its commercial best efforts to ensure that all Crude Oil, Natural Gas and NGLs produced from the Royalty Lands will be processed in a prompt and timely manner. In addition to the covenants in Clause 7.01, the Grantor shall not cease to process any production from the Royalty Lands or reduce the rate at which production from the Royalty Lands occurs, in favour of production from other sources.

**13.02 Operations**

- (a) The Grantor shall perform all operations and activities in respect of the Royalty Lands in a commercially prudent manner and in accordance with good oilfield practices.
- (b) Other than as contemplated in this Royalty Agreement, the Royalty Owner shall not have any contractual rights relating to the development or operation of any of the operations of the Grantor in respect of the Royalty Lands.
- (c) Other than as expressly contemplated in the Royalty Purchase Agreement, the Royalty Owner shall not be required to contribute any capital or pay for any expenses, including maintenance expenses, relating to the operations of the Grantor in respect of the Royalty Lands.

**13.03 Offsets**

The Grantor hereby agrees with the Royalty Owner that it shall not, without the prior written consent of Royalty Owner, drill a well and produce from the Falher zone at any time during the term of this Royalty Agreement within a radius of 400 meters from a producing horizontal leg of any of the Falher 1 Well, Falher 2 Well or the Falher 3 Well.

**13.04 Access to Properties and Reporting**

During the term of this Royalty Agreement, the Royalty Owner shall have, at all reasonable times and upon reasonable notice to the Grantor, at the Royalty Owner's sole risk and expense, a right of access by a representative(s) of the Royalty Owner to the Royalty Lands and any other facilities owned or operated by the Grantor, or its Affiliates, and to any technical information pertaining to the Royalty Lands, for the purpose of

allowing the Royalty Owner (i) to monitor compliance with the terms of this Royalty Agreement, (ii) to prepare required engineering reports in respect of the Royalty Lands and the Petroleum Substances produced therefrom in accordance with National Instrument 51-101, and (iii) to comply with the disclosure obligations of the Royalty Owner under applicable Canadian security laws and stock exchange rules and policies, as applicable.

#### **13.05 Processing and Transportation Agreements**

All processing or transportation agreements maintained or entered into by the Grantor in respect of Petroleum Substances produced from the Royalty Lands shall, during the term of this Royalty Agreement, be on arm's length commercial terms consistent with normal industry standards and practice in Alberta, Canada.

#### **13.06 Surrender of Royalty Lands**

- (a) At any time within ninety (90) days of the next anniversary date or other date on which an obligation must be fulfilled to maintain a Title Document in good standing, the Royalty Owner may notify the Grantor in writing that it wishes to take assignment of certain or all of the Royalty Lands set to expire.
- (b) Within ten (10) days after receipt of such notice from the Royalty Owner, the Grantor shall inform the Royalty Owner that it either (i) proposes operations in respect of said Royalty Lands or otherwise proposes to maintain the Title Document in good standing, by continuance or otherwise, or (ii) that it proposes to surrender said Royalty Lands. If the Grantor fails to respond to the notice from the Royalty Owner within said ten (10) day period, the Grantor shall be deemed to have elected (ii) above, proposing a surrender of said Royalty Lands.
- (c) If the Grantor elects, or is deemed to have elected, to surrender said Royalty Lands, the Grantor shall then forthwith make an assignment to the Royalty Owner of said Royalty Lands, free and clear of all liens, charges or other encumbrances of any nature or kind created by, through or under the Grantor. Such assignment shall be effective as of the date the notice is given by the Royalty Owner and all benefits and obligations in respect of said Royalty Lands shall be apportioned between the Royalty Owner and Grantor as of such effective time.
- (d) If the Grantor proposes operations in respect of the Royalty Lands or otherwise proposes to maintain the Title Document in good standing in accordance with Clause 13.06(b)(i) above, the Grantor shall use commercial best efforts to ensure such operations are commenced or such Title Document is otherwise continued and such Royalty Lands are not surrendered.

#### **13.07 Indemnification for Operations**

The Grantor shall be liable to the Royalty Owner for all losses, costs, damages and expenses the Royalty Owner sustains, pays or incurs, and shall indemnify and save the Royalty Owner harmless from and against all actions, claims, demands, losses, costs

(including legal costs on a solicitor and his own client basis), damages and expenses brought against or suffered by the Royalty owner or that the Royalty Owner sustains, pays or incurs in respect of or as a result of any operations or environmental liabilities, occurring in respect of the Royalty Lands and the Royalty Wells.

**14. TITLE**

**14.01 Title Discrepancy**

The Parties hereby acknowledge that there is a title discrepancy in respect of Section 29-37-8-W5M. Notwithstanding such title discrepancy, and any claim, action, dispute, discovery or confirmation of the Grantor's actual title in respect of Section 29-37-8-W5M, the Overriding Royalty granted pursuant hereto shall continue to apply to and be paid by the Grantor to the Royalty Owner on Petroleum Substances produced from said section as if the Grantor currently holds, and continues to hold for so long as the Overriding Royalty exists, a 100% interest in Section 29-37-8-W5M.

**15. NOTICES**

**15.01 Service of Notices**

Whether or not so stipulated herein all notices, communications and statements (herein called "Notices") required or permitted hereunder shall be in writing. Any notice to be given hereunder shall be deemed to be served properly if served in any of the following modes:

- (a) personally, by delivering the notice to the Party on whom it is to be served at that Party's address for service, which notice shall be deemed received by the addressee when actually delivered as aforesaid, if such delivery is during normal business hours; provided that if a notice is not delivered during the addressee's normal business hours, such notice shall be deemed to have been received by such Party at the commencement of the next ensuing business day following the date of delivery;
- (b) by facsimile (or by any other like method by which a written and recorded message may be sent) directed to the Party on whom it is to be served at that Party's address for service, which notice shall be deemed received by the respective addressees thereof: (i) when actually received by them, if received within normal business hours; or (ii) at the commencement of the next ensuing business day following transmission thereof, if such notice is not received during such normal business hours; or
- (c) by mailing it first class (air mail if to or from a location outside Canada) double registered post, postage prepaid, directed to the party on whom it is to be served at that Party's address for service, which notice shall be deemed to be received by the addressee at noon, local time, on the earlier of the actual date of receipt or the fourth (4th) day (excluding Saturdays, Sundays and statutory holidays) following the mailing thereof; provided that, if postal service is interrupted or operating with

unusual or imminent delay, notice shall not be served by such means during such interruption or period of delay.

For notice periods of forty-eight (48) hours or less, the applicable notice shall be given in accordance with paragraph (a) or (b) of this Subclause.

#### **15.02 Addresses For Notices**

The address for service of Notices hereunder of each of the Parties shall be as follows:

The Grantor:

Waldron Energy Corporation  
600, 510 – 5<sup>th</sup> Street SW  
Calgary, AB T2P 3S2

Attention: Chief Financial Officer  
Facsimile: (403) 532-3993

The Royalty Owner:

Maple Leaf 2013 Oil & Gas Income Limited Partnership  
Suite 808, 609 Granville Street  
Vancouver, BC V7Y 1G5

Attention: Chief Financial Officer  
Facsimile: (604) 684-5748

with a copy to:

Borden Ladner Gervais LLP  
1200 Waterfront Centre, 200 Burrard Street  
Vancouver, BC V7X 1T2

Attention: G. Eric Doherty  
Facsimile: (604) 622-5893

#### **15.03 Right To Change Address**

Any Party may change its address for service by notice to the other Parties.

**16. MISCELLANEOUS**

**16.01 Hedging**

The Royalty Owner shall not, in any way, participate in the hedging or risk management program of the Grantor.

**16.02 Tax Planning**

Following execution of this Royalty Agreement, in the event of any change in tax laws or other circumstances impacting one or both of the Parties, each of the Parties agrees to cooperate with each other Party in implementing any proposed amendments to this Agreement or the structure of the Overriding Royalty to facilitate tax planning of a Party, provided that such amendments shall have no material adverse effect on either Party.

**16.03 No Waiver Except In Writing**

No waiver by any Party of any breach of any of the covenants, conditions or provisions herein contained shall be effective or be binding upon another Party unless the same be expressed in writing, and any waiver so expressed shall not limit or affect its right with respect to any other or future breach.

**16.04 Time Of Essence**

Time is of the essence of this Royalty Agreement.

**16.05 Royalty Runs With Royalty Lands**

The Overriding Royalty shall be an interest in land and the obligation of the Grantor to pay the Overriding Royalty shall be a covenant running with the Royalty Lands. The Royalty Owner shall be entitled to register such caveats and other notices and charges in respect of and to evidence the Overriding Royalty as may be permitted by law.

**16.06 Headings**

The headings of the Clauses of this Royalty Agreement are inserted for convenience of reference only and shall not affect the construction or interpretation of this Royalty Agreement.

**16.07 Choice of Laws**

This Royalty Agreement shall be subject to and be interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta and the federal laws of Canada applicable therein. Each Party accepts and attorns to the jurisdiction of the said Province and all courts of appeal therefrom.

#### **16.08 Limitations**

The two-year period for seeking a remedial order under section 3(1)(a) of the *Limitations Act*, R.S.A. 2000 c. L-12, as amended, for any claim (as defined in that Act) arising in connection with this Royalty Agreement is extended to:

- (a) for claims disclosed by an audit, two (2) years after the time this Agreement permitted that audit to be performed; or
- (b) for all other claims, four (4) years.

#### **16.09 Enurement**

This Royalty Agreement shall enure to the benefit of and be binding upon the Parties and their respective receivers, receiver-managers, administrators, successors and permitted assigns.

#### **16.10 Counterpart Execution**

This Royalty Agreement may be executed in any number of separate counterparts with the same effect as if all Parties had signed the same document. All counterparts shall be construed together and shall constitute one agreement. No Party shall be bound hereby until all have executed either one document or a counterpart.

IN WITNESS WHEREOF, the Parties have executed this Royalty Agreement effective as of the date first set forth above.

**WALDRON ENERGY CORPORATION**

Per: \_\_\_\_\_

Name: *Ernie Sapieha*

Title: *Pres.*

**MAPLE LEAF 2013 OIL & GAS INCOME  
LIMITED PARTNERSHIP, by its general  
partner, ML 2013 OIL & GAS INCOME  
MANAGEMENT CORP.**

Per: \_\_\_\_\_

Name: *Adam Thomas*

Title: *President*

**This is the Execution Page for the Royalty Agreement between Waldron Energy Corporation and Maple Leaf 2013 Oil & Gas Income Limited Partnership.**



## **SCHEDULE "A"**

Attached to and forming part of that certain Royalty Agreement dated the 18 day of June, 2014 between Waldron Energy Corporation and Maple Leaf 2013 Oil & Gas Income Limited Partnership.

