

ALBERTA SURFACE LEASE
(SOLAR POWER PROJECT)

THIS INDENTURE OF LEASE made effective the xx day of xx, A.D. 202x. (the "Effective Date")

BETWEEN:

xx, a body corporate,
having its head office in the St. Albert, in the Province of Alberta
(hereinafter called the "Lessor")

- and -

2079816 Alberta Ltd. in its capacity as General Partner of PACE Canada LP, a body corporate,
having its head office in the City of Calgary, in the Province of Alberta
(hereinafter called the "Lessee")

WHEREAS the Lessor is the registered and beneficial owner of an estate in fee simple, subject, however, to the exceptions, conditions, encumbrances, liens and interests contained in or noted upon the existing Certificate of Title of and in that certain parcel or tract of land situate, lying and being in the Province of Alberta and described as follows:

LEGAL DESCRIPTION

**EXCEPTING THEREOUT FIRSTLY THOSE PORTIONS ON THE FOLLOWING PLANS
CONTAINING xx MORE OR LESS
EXCEPTING THEREOUT ALL MINES AND MINERALS
ESTATE: FEE SIMPLE
MUNICIPALITY: xx**

REFERENCE NUMBER: as more particularly described and set forth as more particularly described and set forth in Certificate of Title No. xx (hereinafter called the "Said Lands"); and

WHEREAS the Lessor has agreed to lease and grant a certain portion of the Said Lands to the Lessee, for the purposes and upon the terms and conditions hereinafter set forth:

NOW THEREFORE THIS INDENTURE WITNESSETH THAT:

1. THE LESSOR,

(a) in consideration of one dollar (the receipt and sufficiency of which are hereby acknowledged) and at the rental hereinafter set forth, **HEREBY:**

(i) Leased Lands: leases and demises to Lessee, those parts or portions of the Said Lands shown outlined in **red** on the sketch or plan identified as Exhibit "A" hereto attached (hereinafter called the "**Leased Lands**"), to be held exclusively by the Lessee as tenant for the term of thirty (30) years from the Effective Date hereof and for so long thereafter as it may be renewed in accordance with the provisions hereof, for any and all purposes and uses as may be necessary or useful in connection with all operations related to the generation, measurement and transmission of solar electricity for use or sale, and for no other purposes. Without restricting the generality of the foregoing, these purposes and uses include the right, license, liberty and privilege to enter upon, use and occupy the Leased Lands in order to conduct surveys, construct, operate, maintain, inspect, control, alter, improve, remove, reconstruct, replace and repair the "**System**" (which includes but is not restricted to solar panels, foundations, concrete pads, footings, inverters, transformers, battery or other electrical storage, junction boxes, substations, support fixtures, anchors, fences, all overhead and underground electrical cables, and all overhead and underground telecommunications cables), all of which, notwithstanding any rule of law or equity, shall at all times remain chattels of and the property of the Lessee even though attached to the Leased Lands. The Leased Lands may or may not initially include a permanent access road; and

(ii) Temporary Workspace: grants to Lessee:

- (A) the ongoing, non-exclusive right, license and permission to enter upon, use, occupy and access additional portions of the Said Lands surrounding the Leased Lands as a temporary workspace from time to time when reasonably necessary and with reasonable advance written notice (such areas hereinafter collectively called the “**Temporary Workspace**”), being those parts or portions of the Said Lands shown outlined in green on the sketch or plan identified as Exhibit “B” hereto attached, for the purposes of construction, repair, maintenance or decommissioning of the System and any of the aforesaid appurtenances thereto, and including temporary access for any equipment associated with or required for those purposes. The Lessee’s use of the Temporary Workspace on the Said Lands shall be subject to all of the provisions of this Lease, and consideration for such use by the Lessee throughout the term of this Lease is included in the calculation of the consideration payable to the Lessor under sub clause 2(c) below; and
- (B) all rights of ingress and egress to, on and over the Said Lands reasonably necessary to access the Temporary Workspace for purposes of exercising the right, license and permission granted in paragraph (A) above.

(b) Intentionally Deleted

(c) Intentionally Deleted

2. **Yielding and Paying unto the Lessor**

- (a) First Year Consideration for Leased Lands: For the first year of the term, the sum of **XX Hundred (XX) Dollars per acre** for the Leased Lands (which without restricting the provisions of clause 1 above, may contain associated electrical cables, telecommunications cables, and all permanent developed and undeveloped access roads, and ingress and egress, associated with the System), which sum includes initial consideration and fixed annual rental and compensation in full for adverse effect, market value of land granted, entry fee, capital damage, loss of use, severance, nuisance, noise, inconvenience done or caused to the Leased Lands, and weed control to the extent provided in clause 7; and
- (b) Annual Rental for Leased Lands: For each subsequent year after the first year of the term, and thereafter during the term of this Lease, a fixed annual rental of **xx (xx) Dollars per acre** for the Leased Lands, which sum includes rental and compensation in full for adverse effect, loss of use, severance, nuisance, noise and inconvenience, and weed control to the extent provided in clause 7, for the Leased Lands. This sum is payable annually, in advance, on or before the anniversary of the Effective Date hereof. This annual rental will be revised as provided in clause 21, for each succeeding five (5) year period of the term.
- (c) Consideration for Temporary Workspace: For the grant of the right of temporary use of the Temporary Workspace, the sum of **XX (\$) Dollars per acre per annum** to be paid as consideration for each separate grant of the Temporary Workspace.
- (d) Intentionally Deleted

THE LESSOR HEREBY COVENANTS AND AGREES TO AND WITH THE LESSEE:

3. **Taxes Paid by Lessor**

The Lessor will promptly pay and satisfy all taxes, rates and assessments that may be assessed or levied against the Said Lands during the continuance of this Lease except where the Lessee activities or improvements directly impact an increase in taxes

4. **Quiet Enjoyment**

The Lessor has good title to the Said Lands as hereinbefore set forth, has good right and full power to grant and lease the Said Lands, rights and privileges in manner aforesaid, and the Lessee, upon observing and performing the covenants and conditions on the Lessee's part herein contained, shall and may peaceably possess and enjoy the Leased Lands and Temporary Workspace and the rights and privileges hereby granted during the said term and any extension thereof without any interruption or disturbance from or by the Lessor or any other person claiming by, through or under the Lessor. Lessor further warrants that there are no deeds or agreements to secure debt, mortgages, liens or judgments or which

otherwise encumber the Said Lands except as set forth in the Certificate of Title to the Said Lands effective as of the Effective Date hereof.

5. Covenant Regarding Obstructions

The Lessor hereby grants (on behalf of itself and its successors and permitted assigns) a covenant in favor of the Lessee, not to construct or erect, or cause, suffer or permit to be constructed or erected, during the term of this Lease and all renewals thereof, on any of the Said Lands which were owned or controlled by the Lessor as of the Effective Date, in any direction surrounding the Leased Lands, any above ground structure causing shade to installed solar array and having a height greater than twenty (20) meters within one hundred (100) meters of the Leased Lands. This covenant is for the benefit of the Leased Lands (being the dominant tenement) and shall run with and burden every portion of the Said Lands (as the servient tenement). The parties agree that damages will be an insufficient remedy for breach of this covenant by the Lessor, and that the Lessee may seek an equitable remedy of specific performance or an injunction or both in respect of such covenant, in addition to any other remedies available to it in equity or at law.

6. Intentionally Deleted

7. Weed Control

During the term of this Lease the Lessee shall be responsible for and take all necessary precautions to keep down and destroy all noxious weeds on the Leased Lands, including any portion of the Leased Lands located inside Lessee's fenced perimeter surrounding the pad transformer and solar panels, and will ensure compliance with all applicable laws and regulations in respect of weeds on the Leased Lands.

8. Renewal

If the Lessee is not in default in respect of any of the covenants and conditions contained in this Lease at the date of expiration of the term of twenty-five (25) years initially hereinbefore mentioned or any subsequent five (5) year renewals if any, and the Lessee has provided to Lessor at least 60 days prior to and no earlier than 120 days prior to the date of expiration of the term with written request of renewal, then this Lease shall be renewed and the term extended for a further period of five (5) years, with the provisions of clause 21 hereof applying for the purposes of calculating the next ensuing fixed annual rental payment. Any such extended terms shall be subject to all the provisions hereof including this provision for renewal.

THE LESSEE HEREBY COVENANTS AND AGREES TO AND WITH THE LESSOR:

9. Rental

The Lessee shall pay the rental hereinbefore reserved in each and every year during the continuance of this Lease.

9A. Compliance with Laws

The Lessee covenants that the use made of the Said Lands shall be in conformity with all of the requirements of applicable legislation, zoning by-laws and any other municipal or governmental regulations which may affect the Said Lands. The Lessee shall comply with all policy, fire and sanitary regulations imposed by any municipal or provincial or federal authorities or recommendations or requirements made by fire insurance underwriters, and observe and obey all governmental regulations with respect to the use of the Said Lands.

10. Permanent Access Roads

The Lessee shall, if reasonably required by either party, ensure that any permanent access road on the Leased Lands is constructed to a low profile unless topography of the land dictates otherwise. Lessor requires complete access to lands not encumbered by equipment. Lessee will provide two access points to the property with gates in any fencing erected that are a minimum thirty feet (30') wide (See Exhibit "A").

11. Culverts

The Lessee shall construct and maintain such culverts and other structures on the Leased Lands as reasonably required to ensure the unimpeded flow of water through natural drainage courses. If a dispute should develop then Lessor has the right to seek a third-party engineering review to inform the Lessee as to possible remediation. All stormwater management will be designed to the 100-year storm event level. Any culverts or other structures on the Leased Lands related to water flow must be pre-approved in writing by the Lessor, such approval not to be unreasonably withheld or delayed.

12. Fencing

During the continuance of this Lease, the Lessee shall erect and maintain at its expense, around the boundaries of the System, on the Leased Lands, a good substantial boundary security fence as required by the Lessor for site security and insurance obligations, and replace all fences which the Lessee may have removed for its purposes, and repair all remaining fences which it may have damaged, and if and when reasonably required by the Lessor, provide a proper livestock guard at every point of entry upon the Said Lands used by the Lessee.

13. Taxes Payable by Lessee

The Lessee shall pay all taxes, rates and assessments that may be assessed or levied in respect of any and all machinery, equipment, structure and works placed by the Lessee, in, on, over or under the Leased Lands.

14. Compensation for Damages

If, at any time during the term of this Lease, the Leased Lands are materially damaged or destroyed as a result of the Lessee's construction and operation of the solar project, the Lessee shall pay to the Lessor compensation for damage done by it or its servants and agents as deemed reasonable by both Parties by way of a one-time lump-sum amount equal to the greater of: (a) the actual out-of-pocket costs incurred by the Lessor in remedying such damage; (b) the fair market value of **\$xx/acre**, as agreed between the Parties, each acting reasonably, at the time of such damage, destruction or removal; or (c) the contract price for **\$xx/acre** pursuant to a future contract to which the Lessor is a party at the time of such damage, destruction or removal and relating to such damage. This section shall be subject to the provisions of the *Surface Rights Act* (Alberta) R.S.A. 2000 c.S-24 in determining such compensation where applicable.

15. Indemnity

The Lessee agrees to be liable for and protect, indemnify, save and hold harmless the Lessor and its parents, affiliates, directors, officers, employees, agents, representatives, invitees and subcontractors, and at the Lessor's request, defend such entities, from and against any and all losses, expenses (including but not limited to legal fees on a solicitor and his own client full indemnity basis), damages, claims, suits, demands, judgments and causes of action, of any nature, including third party claims, including damage to the Said Lands, arising out of or connected with the use, occupancy or operations of the Lessee on the Said Lands, Leased Lands and Temporary Workspace, unless such damage is the result of any act, omission, wilful misconduct or negligence by the Lessor or those whom the Lessor is at law responsible for.

16. Insurance

- (a) General Liability Insurance: The Lessee shall obtain and keep in force, during the Term and during any time Lessee is performing Lessee's Decommissioning Obligation, insurance protecting both the Lessor and the Lessee against claims for personal injury, death, property damage or third party or public liability claims arising from any accident or occurrence upon the demised premises and/or easements, rights-of-way, and option or leased lands granted by the Lessor to The Lessee in respect of the Lessor's Lands, with policy limits of such amounts as are consistent with good industry practice per occurrence. Such insurance shall contain a cross-liability endorsement, an endorsement requiring thirty (30) days written notice to the Lessor prior to any change or cancellation of the policy and shall name the Lessor as an additional insured with respect to the operations of the Lessee.
- (b) Construction Insurance: Upon commencement of construction The Lessee shall obtain and hold liability insurance in a sum not less than Two Million Dollars Canadian (\$2,000,000.00 Canadian) per occurrence, which shall name the Lessor as an additional insured. The Lessee shall further obtain a Construction Completion Bond in favor of the Lessor for the work undertaken at any one time, in an amount sufficient to restore the Lessor's lands in the event that the construction is commenced, and a subsequent failure of all or part of the project ensues before that portion of the project is Commissioned.
- (c) Lessor's Right to Insure: If the Lessee defaults in any of its obligations under this Lease regarding insurance, the Lessor may, but is not obligated to, on fifteen (15) days' notice to Lessee, place any insurance at the cost and expense of the Lessee or pay any arrears of premiums, and any expense incurred by the Lessor in so doing, shall be reimbursed to it by the Lessee on demand.

17. Reclamation

The Lessee shall, prior to the surrender of the Leased Lands and Temporary Workspace, and within one hundred eighty (180) days after the termination or expiration of the Term, promptly restore the surface of the applicable Leased Lands and Temporary Workspace as nearly as possible to its original condition in accordance with the laws and regulations of the Province of Alberta. Forthwith following expiry of the term of this Lease or earlier termination, Lessee shall at its expense discharge any encumbrances registered by the Lessee against title to the Leased Lands in respect of this Lease.

18. Topsoil

The Lessee agrees to strip, conserve and preserve the subsoil and topsoil from those portions of the Leased Lands to be excavated by the Lessee, having regard to good soil conservation practices and as soon as reasonably possible having regard to the nature of the Lessee's operations, shall restore the subsoil and topsoil in their original order onto the Leased Lands within one hundred eighty (180) days after the termination or expiration of the Term.

19. Electrical Cables and Telecommunication Cables

The Lessee shall, where practical or required by law, bury all electrical cables and telecommunication cables under the permanent access road (if any) comprising part of the Leased Lands. Where the Lessee does not acquire a permanent access road as part of the Leased Lands, or where the Lessee's permanent access road and buried cable are not in common, or where it is impractical in the Lessee's opinion to include the right-of-way for the buried cable in the Leased Lands, the Parties will use reasonable efforts to determine satisfactory locations for a right of entry and rights-of-way or easements for buried cables. In the event that the Lessor and Lessee are unable to agree upon any additional locations or compensation which may be appropriate for such further right of entry and right-of-ways or easements, the compensation shall be determined in accordance with the dispute resolution provisions hereof.

THE LESSOR AND THE LESSEE DO HEREBY MUTUALLY COVENANT AND AGREE EACH WITH THE OTHER AS FOLLOWS:

20. Easements and Rights-of-Way

The Lessor acknowledges that in conjunction with the use and enjoyment of the Leased Lands by the Lessee, further grants of easements and right-of ways within the Said Lands as may be reasonably necessary to permit the installation and connection of power lines and related apparatus and communication facilities to the facilities and equipment of the Lessee on the Leased Lands. The Lessor shall grant such easements and rights-of way so as to permit the installation of any and all such power lines and related apparatus and communication facilities and to permit the required connections to be made to enable the Lessee to conduct its operations on the Leased Lands in furtherance of the Lessee's use and enjoyment of such Leased Lands, such easements and rights-of-way being subject to the approval of Lessor, which approval shall not be unreasonably or arbitrarily withheld.

21. Calculation of Rental Increases

The annual Leased Land rental payable under subclause 2(b) shall be increased annually as follows:

- (a) For years 2 to 10 the annual increase will be 2%,
- (b) Starting in year 11 and continuing to year 20, the annual percentage increase will equal the annualized rate of Canadian inflation calculated by Statistics Canada for the previous 10 years,
- (c) The percentage increase for the next 10 years, and for any subsequent extension period will be calculated using the same methodology as described under (b)

22. Perpetuities

Notwithstanding any of the provisions of this Lease, the rights of the Lessee pursuant to this Lease to acquire any further rights of entry, rights-of-way and Temporary Workspace in or in respect of the Said Lands or to otherwise acquire any interest in the Said Lands, shall not extend beyond 80 years as provided in section 18 of the *Perpetuities Act* (Alberta), R.S.A. 2000 c. P-5.

23. Surrender

The Lessee shall have the right at any time to surrender this Lease upon no less than one hundred eighty (180) days written notice to the Lessor, provided however that there shall be no refund to the Lessee of any rental which may have been paid in advance, and provided that the Lessee shall have complied with all provisions for abandonment and reclamation in accordance with applicable laws.

24. **Intentionally Deleted**

25. **Removal of Equipment**

The Lessee may at all times during the continuance of this Lease remove or cause to be removed from the Leased Lands all improvements, facilities, structures, material and equipment of any kind which it may have placed on or affixed to the Leased Lands or in any area to be surrendered; however, any such removal shall be executed in accordance with clauses 17 and 29. Notwithstanding the foregoing or anything to the contrary in this Lease, the Lessee shall not remove any equipment from the Said Lands for so long as a monetary default on the part of the Lessee under this Lease notice of which has been given to the Lessee in writing is in existence.

26. **Intentionally Deleted**

27. **Assignment by Lessee and Lessor**

- (a) The intention of the Parties with respect to the covenant contained in clause 5 is to ensure that all portions of the original Said Lands which were subject to this Lease as of the Effective Date remain subject to the covenant as if no sale or assignment of the Sold Lands (as hereinafter defined) had occurred. Accordingly, should the Lessor propose to sell, assign, transfer, convey or otherwise alienate or dispose of title to all or any portion of the Said Lands (the "**Sold Lands**") which are burdened by the covenant in clause 5, the Lessor (as vendor or transferor) shall make it a condition of any such sale or transfer that the purchaser or transferee agrees with the Lessee in writing under seal to assume the burden of that covenant in full against the Sold Lands as servient tenement, such that benefit of such covenant accrues to all or any portion of the Leased Lands (whether located on the Sold Lands or the retained Said Lands), as dominant tenement as if the purchaser or transferee of the Sold Lands were an original party to this Lease. All assignment provisions of this Lease shall apply to any successor or permitted assign of the Lessor or of the above-referenced purchaser or transferee. Similarly, the covenant granted by the Lessor shall continue to burden the retained Said Lands and shall continue to accrue to the benefit of any portion of the Sold Lands to the extent same are comprised, or will be comprised at a future date, of the Leased Lands, as of the date of such sale or transfer.
- (b) If the estate and interest of a party in this Lease or the Said Lands or both or any portion thereof or interest therein is sold, assigned, transferred, conveyed or disposed of in any manner (which sale, assignment, transfer, conveyance or disposition by the Lessor shall not require the consent of the Lessee subject to compliance with the applicable provisions of this clause 27; which sale, assignment, transfer, conveyance or disposition by the Lessee shall require the prior written consent of the Lessor, such consent not to be unreasonably or arbitrarily withheld, delayed or conditioned, and be in compliance with the applicable provisions of this clause 27) the provisions of this Lease shall inure to the benefit of and be binding upon the Parties hereto and each of them, their respective heirs, executors, administrators, successors and permitted assigns, and shall constitute a grant, interest and covenant in and running with the Said Lands. Notwithstanding the foregoing, the party effecting such sale, assignment, transfer, conveyance or disposition shall cause any person to which such sale, assignment, transfer, conveyance or disposition is made to enter into an agreement pursuant to which such person agrees to assume all of the obligations and covenants of such party contained in this Agreement, which agreement shall be in form and substance satisfactory to the other party, acting reasonably, whereupon such party shall be released from any obligations and liabilities arising under or in connection with this Lease from and after the effective date of such sale, assignment, transfer, conveyance or disposition.
- (c) No sale, assignment, transfer, conveyance or disposition shall be effective or binding on the non-assigning party: until that non assigning party has received notice thereof, which notice shall include the name and address of the assignee; with respect to the devolution of all or part of the estate in the Said Lands to the heir, administrator or executor of a party, until written notice of such devolution and copies of pertinent documents evidencing such devolution is provided to the non-assigning party.
- (d) For avoidance of doubt, the provisions of this clause 27 are subject to the provisions of clauses 31 and 32.

28. Default

Notwithstanding anything herein contained to the contrary, the Lessee shall not be in default in the performance of any of its covenants or obligations under this Lease, including the payment of consideration under any of clauses 2, 3, or 8 hereof, unless and until the Lessor has notified the Lessee of such default in writing and (i) the Lessee has failed to remedy such default within thirty (30) days (or such shorter period as may be provided in this Lease), or (ii) if such default cannot reasonably be remedied within thirty (30) days, the Lessee has failed to commence action to remedy the same within thirty (30) days of receipt of such notice and fails thereafter to diligently continue to complete such remedial action. Rental payment must be brought current within the thirty (30) days specifically to cure that default. In the event of any default as aforesaid, the Lessor may exercise all rights and remedies available to the Lessor at law or in equity, including the right to terminate this Lease by notice in writing to the Lessee, subject always to the provisions of clauses 31 and 32 hereof and any agreements entered into by the Lessor with or for the benefit of a Leasehold Mortgagee.

29. Surrender and Decommissioning of the Site

(a) Lessee's Decommissioning Obligations

Upon the termination or expiration of the Term, Lessee shall surrender the Leased Lands and any areas of easements or right-of ways granted pursuant to clause 20 (the "**Easement Areas**"). Within one hundred eighty (180) days after the termination or expiration of the Term, Lessee shall decommission, dismantle and remove the System and all other property of Lessee located on the Leased Lands and the Easement Areas and shall repair any damage caused by such removal, and shall complete the reclamation and topsoil obligations pursuant to clauses 17 and 18, all in accordance with the laws and regulations of the Province of Alberta and any permits, licences, or any other authorizations related to the Lessee's operations on the Said Lands (collectively, "**Lessee's Decommissioning Obligation**"); provided, Lessee's Decommissioning Obligation shall not include the requirement to dismantle, abandon or remove any underground utilities buried greater than 1.22 m or four feet (4'). Provided Lessee complies with all relevant laws, reasonable safety requirements of Lessor, and clause 16, Lessor hereby grants to Lessee permission to enter upon the Leased Lands and the Easement Areas to perform Lessee's Decommissioning Obligation which permission shall be effective commencing upon the date of the termination or expiration of the Term and shall terminate on the earlier of the date Lessee has completed the performance of Lessee's Decommissioning Obligation and one hundred eighty (180) days after the termination or expiration of the Term.

(b) Security for Lessee's Decommissioning Obligation

- (i) Within sixty (60) days following the substantial completion of the construction and installation of the System, the Lessee shall deliver to the Lessor one or more letters of credit (collectively, the "**Letter of Credit**") to be held and dealt with by the Lessor in accordance with this clause 29(b) as continuing collateral security for the performance by the Lessee of the Lessee's Decommissioning Obligation.
- (ii) The Letter of Credit shall be an irrevocable standby letter of credit which shall:
 - (A) be in the initial amount of \$10,000 (the "**Initial Letter of Credit**"), subject to the increases provided for in clause 29(b)(iii);
 - (B) name the Lessor as beneficiary;
 - (C) have an initial expiry date of not earlier than one (1) year from the date of its issue;
 - (D) provide that the issuer thereof shall automatically renew and extend the Letter of Credit for further successive periods of one (1) year unless, at least thirty (30) days prior to any expiration thereof, the Lessor shall have been given notice in writing that such Letter of Credit shall not be extended and specifying the date on which it shall expire. If a substitute Letter of Credit has not been provided to the Lessor at least ten (10) days prior to such expiration, the Lessor may draw upon the Letter of Credit and shall hold the proceeds as security for the payment and performance of the Lessee's Decommissioning Obligations;

- (E) be issued by a Canadian Schedule I Chartered Bank, ATB Financial or another lender satisfactory to Lessor, acting reasonably;
- (F) permit drawings thereunder (including partial drawings) on the presentation of sight drafts by the Lessor to the issuing bank at a branch located in Calgary, Alberta accompanied by a certificate of the Lessor stating that it is a drawing under the Letter of Credit in accordance with the provisions of this Lease; and
- (G) be otherwise on terms and conditions satisfactory to the Lessor, acting reasonably.

Any further letter of credit or replacement letter of credit provided by the Lessor from time to time shall be deemed to be a Letter of Credit for the purposes of this clause and shall be held and dealt with by the Lessor as such.

- (iii) The Lessee shall provide a further letter of credit or a letter of credit in replacement of a letter of credit held by the Lessor or an amendment to any such letter of credit such that the aggregate amount of the Letter of Credit held by the Lessor is as follows:
 - (A) within sixty (60) days following the substantial completion of the construction and installation of the System, the aggregate amount of \$25,000;
 - (B) on the fifth anniversary of the Initial Letter of Credit being issued, the aggregate amount of \$50,000;
 - (C) on the tenth anniversary of the Initial Letter of Credit being issued the aggregate amount of \$75,000;
 - (D) on the fifteenth anniversary of the Initial Letter of Credit being issued the aggregate amount of \$100,000; and
 - (E) on the twentieth anniversary of the Initial Letter of Credit being issued the aggregate amount of \$250,000.
- (iv) If Lessee fails to perform Lessee's Decommissioning Obligation as required pursuant to sub clause 29(a) above, upon no less than thirty (30) days prior written notice from Lessor to Lessee and Lessee's failure to provide reasonable assurance to Lessor within such thirty (30) day period that Lessee will perform and complete Lessee's Decommissioning Obligations within a reasonable time thereafter, Lessor may undertake the performance of Lessee's Decommissioning Obligation. Lessee shall pay to Lessor the costs and expenses incurred by Lessor in performing the Lessee's Decommissioning Obligations within ten (10) days following receipt from the Lessor of an invoice and such supporting documentation which confirms the completion of the Lessee's Decommissioning Obligations and the costs and expenses incurred by the Lessor as Lessee may reasonably request. Lessor may make drawings under the Letter of Credit and apply the proceeds thereof to or towards any amounts then due and payable by Lessee to Lessor as aforesaid and unpaid.
- (v) Upon the completion of the Lessee's Decommissioning Obligations and the payment of any amounts owing to Lessor by Lessee pursuant to this clause 29, Lessor shall return the Letter of Credit to Lessee together with a direction to the issuer of the Letter of Credit that the Letter of Credit is to be cancelled.

30. **Dispute Resolutions**

- (a) Any matter or issue arising under or by virtue of this Lease which cannot be agreed upon by the Lessor and the Lessee shall be determined by arbitration, pursuant to the provisions of the *Arbitration Act*, (Alberta), c. A-43, RSA 2000. For any arbitration, three disinterested arbitrators shall be appointed, one by the Lessor, one by the Lessee, and the third to be appointed by the two arbitrators previously appointed. The arbitrators appointed shall be competent and have expertise with respect to the matter in dispute and shall render their decision in writing within ten (10) days of the conclusion of the submissions. The responsibility for the arbitration costs shall be determined by the appointed arbitrators whose decision shall be final and binding on the Parties hereto.

31. **Grant of Leasehold Mortgages**

- (a) The Lessee may from time to time, without the prior written consent of the Lessor, encumber the Lessee's interest in this Lease by charge, mortgage, deed of trust, general security agreement or other real or personal property security instrument (a "**Leasehold Mortgage**") and the holder thereof being a "**Leasehold Mortgagee**") and extend, modify, renew or replace each such Leasehold Mortgage, provided that any Leasehold Mortgage and all rights acquired under it shall be subject to each and all of the covenants, conditions and restrictions stated in this Lease and to all rights and interests of the Lessor and further provided, that the Leasehold Mortgagee shall deliver a true copy of any Leasehold Mortgage to the Lessor along with an address for Notices. Nothing contained in such Leasehold Mortgage(s) shall release or be deemed to relieve the Lessee from full and faithful observance and performance of the terms, covenants and conditions herein contained to be observed and performed by the Lessee or from any liability for the non-observance or non-performance of any of the terms and conditions hereof, nor be deemed to constitute a waiver of any rights of the Lessor hereunder, except as expressly provided for herein.
- (b) At the request of the Lessee or Leasehold Mortgagee, the Lessor shall: (i) execute, acknowledge and deliver to such Lessee or Leasehold Mortgagee, a written statement certifying: (A) that the Lease is unmodified and in full force and effect; (B) the dates to which the Lessee's monetary obligations hereunder have been paid in advance; (C) whether, to the knowledge of the Lessor, the Lessee is in default under this Lease; and (D) as to such other matters in respect of the Lessee or this Lease as the Leasehold Mortgagee may reasonably request; and (ii) enter into any estoppel and consent agreement recognizing the rights and protections of the Leasehold Mortgagee outlined in this Lease, which agreement shall be acceptable to the Lessor and the Leasehold Mortgagee, each acting reasonably, provided however that the Lessee or Leasehold Mortgagee shall pay Lessor for Lessor's reasonable administration costs related its time responding to any such requests.

32. **Provisions for the Protection of Leasehold Mortgagees**

- (a) No notice, demand, election or other communication required or permitted to be given under this Lease (each of the foregoing being hereinafter referred to as a "**Notice**") which is given by Lessor to Lessee shall be considered to have been delivered to Lessee unless and until a copy thereof shall have been given to the Leasehold Mortgagee. All copies of Notices to be given to any Leasehold Mortgagee as provided by this provision shall be given in the same manner as is provided in this Lease in respect of Notices given by Lessor to Lessee.
- (b) Unless and until a Leasehold Mortgagee succeeds to the interest of the Lessee under this Lease, such Leasehold Mortgagee shall not be liable for any of Lessee's covenants in this Lease, provided that a Leasehold Mortgagee shall be liable to perform Lessee's covenants in this Lease only during the time such Leasehold Mortgagee has ownership or possession of the Leased Lands and provided further that upon the assignment of this Lease by such Leasehold Mortgagee to an assignee who has agreed in writing with Lessor to be bound by Lessee's covenants contained in this Lease, the liability (if any) of such Leasehold Mortgagee for any of Lessee's covenants contained in this Lease shall cease.
- (c) Lessor agrees for the benefit of the Leasehold Mortgagee that it will not, without thirty (30) days prior written notice to the Leasehold Mortgagee: (a) amend or modify, or take any action causing, consenting to or accepting the amendment or modification of this Lease. The Lessor and the Lessee further agree with the Leasehold Mortgagee that the exercise of any right of surrender on the part of Lessee contained in this Lease shall require the prior written consent of the Leasehold Mortgagee.
- (d) If at any time during the term of the Lease and so long as the Leasehold Mortgagee shall retain any interest or charge upon Lessee's interest in the Lease and the Leased Lands, Lessee shall default in the performance of any of the covenants, conditions or agreements in this Lease, then:
 - (i) Lessor, before becoming entitled as against Lessee or the Leasehold Mortgagee to exercise any of rights and remedies in respect of such default, shall give notice in writing to the Leasehold Mortgagee of the default and the particulars thereof at the same time as Lessor gives notice of same to Lessee under the provisions of

this Lease or any applicable law, and upon receipt of such notice, the Leasehold Mortgagee shall:

- (A) in the case of a default requiring the payment of money, have a period of thirty (30) days after the expiry of the applicable cure period provided in the Lease, within which to remedy such default; or
- (B) subject to the next following paragraph (ii), in the case of a default other than a default requiring the payment of money, have thirty (30) days after the expiry of the applicable cure period provided in this Lease, within which to remedy such default, or if such default cannot be cured within such period of thirty (30) days, the Leasehold Mortgagee shall have such further period of time as may reasonably be required to remedy such default, considering the nature of such default, so long as the Leasehold Mortgagee takes steps or reasonable action to commence to remedy the same within thirty (30) days and thereafter proceeds to remedy the same with diligence and provides to Lessor evidence as to the steps being taken by it in respect of the foregoing, if and when requested by Lessor;

and during any such time period, Lessor shall not cancel, forfeit or terminate this Lease or exercise any of the other rights and remedies of Lessor in respect of such default; and

- (ii) if the event giving rise to a default by Lessee under this Lease is the bankruptcy or insolvency of Lessee or any other event which cannot be remedied by Lessee or the Leasehold Mortgagee (an "**Incurable Default**"), Lessor agrees with Lessee and the Leasehold Mortgagee not to exercise any right to cancel, forfeit or terminate this Lease or exercise any of the other rights and remedies of Lessor in respect of such default, if the Leasehold Mortgagee, within a period of thirty (30) days after delivery of notice in writing from Lessor to the Leasehold Mortgagee advising the Leasehold Mortgagee of such Incurable Default, or such further period of time as may reasonably be required by the Leasehold Mortgagee:
 - (A) shall have cured all defaults, other than the Incurable Default, of which the Leasehold Mortgagee shall have been given notice by Lessor pursuant to the preceding paragraph (i); and
 - (B) shall have commenced Protecting its Security;

provided, however, that nothing herein shall restrict Lessor from exercising its rights and remedies under this Lease with respect to all further defaults under this Lease occurring after the Leasehold Mortgagee shall have commenced Protecting its Security, subject to the provisions of this Lease and any agreement between Lessor and the Leasehold Mortgagee dealing with notice required to be given to the Leasehold Mortgagee of any such further default. For purposes of this Lease, "**Protecting Its Security**" shall mean that:

- (a) the Leasehold Mortgage shall have taken action of any kind whatsoever to enforce its security under the Leasehold Mortgage.
 - (b) the Leasehold Mortgagee, or any person for or on behalf of the Leasehold Mortgagee or any receiver, receiver-manager or monitor appointed by the Leasehold Mortgagee, whether or not such person is categorized as the agent of Lessee, taking possession of the Leased Lands or any portion thereof pursuant to the Leasehold Mortgage; or
 - (c) paying any amount or performing any act to remedy any default of Lessee under the Lease which would constitute the Leasehold Mortgagee a mortgagee in possession of the Leased Lands.
- (e) If:
 - (i) any default (other than an Incurable Default) of which notice shall have been given to the Leasehold Mortgagee is not remedied by the Leasehold Mortgagee as set forth in paragraph (d)(i) above; or
 - (ii) in the case of an Incurable Default, the Leasehold Mortgagee shall not have complied with paragraph (d)(ii) above.

then, subject always to the provisions of paragraph (h) below, the Lessor shall be at liberty to exercise any of its rights or remedies to which it may be entitled under this Lease without any further limitation on such rights and remedies.

- (f) A Leasehold Mortgagee may enforce its Leasehold Mortgage in any lawful way and may, without limitation to the foregoing, transfer Lessee's interest under this Lease to the Leasehold Mortgagee and/or to one or more purchasers: (a) at a foreclosure sale by judicial or non-judicial foreclosure and sale; (b) by a conveyance by Lessee in lieu of foreclosure; or (c) by any other assignment or conveyance, including by the Mortgagee following foreclosure and sale, or as a result of any other legal proceeding, shall not require the consent of Lessor save and except where the assignee or purchaser is engaged in a business which is competitive to that of the Lessor in which event the consent of Lessor to such assignment or sale shall be required and may be withheld by the Lessor in its sole and absolute discretion. Lessor agrees that upon such foreclosure, sale, conveyance, assignment or other proceeding in accordance with the foregoing, it will recognize the Leasehold Mortgagee or such other purchaser(s) as the successor to Lessee under this Lease, subject to the consent of the Lessor being obtained as aforesaid if applicable.
- (g) If the security constituted by the Leasehold Mortgage shall become enforceable and the Leasehold Mortgagee shall commence Protecting its Security (as defined above) whether directly or through its agents, Leasehold Mortgagee shall provide written notice of same to Lessor, and then so long thereafter as the terms and conditions of this Lease are observed and performed, the Leasehold Mortgagee shall be entitled to enforce its rights under the Leasehold Mortgage as against the interest of Lessee in and to this Lease and the Leased Lands and Lessor shall not exercise any of its remedies pursuant to this Lease except as in accordance with this clause 32.
- (h) If this Lease is cancelled, rejected, repudiated, disclaimed and/or terminated by Lessor as a result of a default by Lessee or by operation of law (a "**Termination Event**"), Lessor agrees to promptly deliver to the Leasehold Mortgagee written notice of such Termination Event, together with a statement of all sums which would, at the time, be due under this Lease were it not for the Termination Event and all other curable defaults, if any. At the option of a Leasehold Mortgagee, Lessor shall enter into a new lease (the "**New Lease**") of the Leased Lands with the Leasehold Mortgagee or with such other third party as the Leasehold Mortgagee directs in writing and is approved by Lessor, acting reasonably (the "**New Tenant**"), effective as of the date of the Termination Event for the remainder of the Term (as if it had not been cancelled, rejected, repudiated, disclaimed and/or terminated) upon the same terms, covenants and conditions of this Lease, subject to the following qualifications:
 - (i) the Leasehold Mortgagee shall make written request to Lessor for the New Lease within thirty (30) days after the date on which the Leasehold Mortgagee received notice from the Lessor of the Termination Event;
 - (ii) the Leasehold Mortgagee or the New Tenant pays to Lessor at the time of execution and delivery of the New Lease all amounts of rent which would, at the time of execution and delivery of the New Lease, be due under this Lease were it not for the termination; and
 - (iii) the Leasehold Mortgagee or the New Tenant shall remedy all of Lessee's defaults under this Lease, which are reasonably capable of being cured by the Leasehold Mortgagee or the New Tenant, existing as of the date of the execution of the New Lease as if this Lease had not been terminated. Despite the foregoing, nothing in this Lease requires any Leasehold Mortgagee or the New Tenant as a condition to its exercise of any of its rights under this section to cure any default of Lessee that is not capable of being cured by the Leasehold Mortgagee or the New Tenant, including without limitation a default consisting of the bankruptcy or insolvency of Lessee, in order to comply with the provisions of this section or as a condition of entering into the New Lease.
- (i) The parties shall cooperate in including herein, by suitable amendment from time to time, any provision which a Leasehold Mortgagee reasonably requests for the purpose of implementing or amending the provisions of this clause 32 or affording such Leasehold Mortgagee reasonable protection of its Leasehold Mortgage in the event of a default by Lessee; provided, however, that Lessor shall not be required to include herein any additional term or provision that materially limits, reduces or impairs the rights of Lessor under this Lease and provided, further, that all costs associated with such amendment

shall be borne by Lessee or Mortgagee. The parties agree to execute and deliver (and to acknowledge, if necessary for recording purposes) any document or instrument reasonably necessary to give effect to any such provision.

- (j) Lessor hereby agrees that it will not exercise any rights of distress upon any personal property of Lessee, a portion of which is, or may from time to time become, located upon, removed from or owned or used in connection with the Leased Lands (the “**Collateral**”) without the prior written consent of the Leasehold Mortgagee. Following the occurrence of an event of default under the security held by the Leasehold Mortgagee, the Leasehold Mortgagee (or a duly appointed receiver) may, by written notice to Lessor, request that Lessor deliver up any Collateral in its possession to the Leasehold Mortgagee (or the receiver) and Lessor agrees to do so as soon as reasonably practicable following receipt of such notice.

33. Postponement / Non-Disturbance

- (A) The Lessor shall cooperate with the Lessee to obtain whatever postponements or non-disturbance agreements which may be requested by the Lessee from any party or parties holding prior encumbrances registered against the title to the Said Lands.
- (B) In the event of default by the Lessor of any financial or other encumbrance capable of constituting a valid charge against the Leased Lands, the Lessee may at its option pay or discharge all or part of any balance owing under any agreement for sale or mortgage, or of any withholding or other tax, charge, lien or encumbrance of any kind or nature whatsoever which may now or hereafter exist on or against or in any way affect the Said Lands or the Leased Lands, in which event the Lessee shall be subrogated to the rights of the holder or holders thereof, and may in addition thereto, at its option, reimburse itself by applying on account of repayment of the amount so paid by it the rentals or other sums accrued or accruing to the Lessee under the terms of this Agreement. Any sums so applied shall, for all purposes of this Agreement, be deemed to have been paid to and received by the Lessee in payment of such rentals or other sums accrued or accruing to the Lessee under the terms of this Agreement.

34. Notices

All notices, communications, payments and deliveries (collectively called the “**Notices**”) to be given hereunder shall be given in writing. All such Notices and all payments to be tendered hereunder may be given personally or by mail addressed to the party to whom the Notice is to be given. When delivered personally, such Notice shall be deemed received on the day of delivery, and when mailed, such Notice shall be deemed to be given to, and received by, the addressee four (4) days after the mailing thereof, postage prepaid, provided however that if a Notice is mailed and a disruption of postal services occurs before the date of deemed receipt of such Notice, such Notice shall not be deemed to be received until the expiration of four (4) days following the resumption of postal service.

Unless changed by written notice the addresses of the Parties hereto shall be:

Lessee: **PACE Canada LP,
by its general partner 2079816 Alberta Ltd.,
700-602 12 Avenue SW
Calgary Alberta T2R 1J3**

Attention: Alex Ross, Director

Lessor: **xx**

Registration

The Lessee may file a caveat against title to the Said Lands in respect of its interests under this Lease, provided that the Lessee shall discharge any such caveat within sixty (60) days following the expiration termination or surrender of this Lease.

35. Severability

If, and to the extent that, any court of competent jurisdiction determines that it is impossible to construe any provision of this Lease and as a consequence holds that provision to be invalid, such holding shall not affect the validity of the other provisions of this Lease, which shall remain in full force and effect.

36. Inurement

This Lease and everything herein contained shall insure to the benefit of and be binding upon the Lessor, his/her heirs, executors, administrators, successors and assigns and upon the Lessee, its successors and assigns.

37. Governing Law

This Lease shall for all purposes be construed according to the laws of the Province of Alberta and the laws of Canada applicable therein. Any references herein to specific legislation shall be deemed a reference to amending or successor legislation thereto once same is enacted and in force.

38. Limitation Act

The Parties confirm the two-year period for seeking a remedial order under section 3(1)(a) if the *Limitations Act*, S.A. 2000 c. L-12 for any claim (as defined in that Act) arising in connection with this Lease.

39. Effect of Waiver or Forbearance

No waiver by any party of any breach by any other party of any of its covenants, agreements or obligations contained in this Lease shall be or be deemed to be a waiver of any subsequent breach thereof or the breach of any other covenants, agreements or obligations; nor shall any forbearance by any party to seek a remedy for any breach by any other party be a waiver by the party so forbearing of its rights and remedies with respect to such breach or any subsequent breach. The subsequent acceptance of rent by the Lessor shall not be deemed a waiver of any preceding breach by the Lessee of any term, covenant or condition, regardless of the Lessor's knowledge of such preceding breach at the time of the acceptance of such rent. All rent and other charges payable by the Lessee to the Lessor hereunder shall be paid without any deduction, set-off or abatement whatsoever, and the Lessee waives the benefit of any statutory or other right in respect of abatement or set-off in its favour at the time hereof or at any future time.

40. Time of Essence

Time is of the essence of this Lease and every part hereof.

IN WITNESS WHEREOF the Lessor has hereunto set his/her hand and seal and the Lessee has affixed its corporate seal duly attested by the hands of its proper officers, all as of the day and year first above written.

SIGNED, SEALED AND DELIVERED in the presence of:	Lessor:
	XX
	Per: _____
	Per: _____

Lessee:
2079816 Alberta Ltd. in its capacity as General Partner of PACE CANADA LP
Per: _____
Per: _____

EXHIBIT "A"

Map of Leased Lands as described by Certificate of Title No. xx

Insert map

**AFFIDAVIT OF
EXECUTION**

C A N A D A)
PROVINCE OF ALBERTA)
T O W I T:)

I, _____, of the City of _____, in the Province of Alberta, Land Agent MAKE OATH AND SAY AS FOLLOWS:

1. THAT I was personally present and did see _____ on behalf of _____, of _____, in the Province of Alberta, named in the attached Option for Alberta Surface Leases, who is/are personally known to me to be the person(s) named therein, duly sign, seal and execute the same for the purposes named therein;

0. THAT the said Option for Alberta Surface Leases was executed at the area of _____, in the Province of Alberta and that I am the subscribing witness thereto;

0. THAT I know the said _____ on behalf of _____, of **City of St Albert**, in the Province of Alberta, and he/she/each is/are in my belief eighteen years of age or more.

SWORN before me at the City of _____)
St Albert, in the Province of Alberta,)
this ___ day of __, 202x.)

A Commissioner for Oaths in and for the Province
of Alberta

AFFIDAVIT VERIFYING CORPORATE SIGNING AUTHORITY

C A N A D A)
PROVINCE OF ALBERTA)
T O W I T:)

I, Candace Renee Stein, of the County of Newell, in the Province of Alberta, Land Agent MAKE OATH AND SAY AS FOLLOWS:

1. I am an officer or a director of **2023438 ALBERTA LTD.**, named in the within or annexed instrument.
2. I am authorized by the corporation to execute the instrument without affixing a corporate seal.

SWORN before me at the City of _____)
Calgary, in the Province of Alberta,)
this ___ day of __, 2018.)

A Commissioner for Oaths in and for the Province of Alberta

