

**PRAIRIESKY ROYALTY LTD.**

**SHARE UNIT INCENTIVE PLAN**

**Effective May 29, 2014, as amended and restated effective April 28, 2015  
further amended and restated effective February 27, 2017**

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**1. Purposes**

The principal purposes of the Plan are as follows:

- (a) to promote a proprietary interest in the Company and greater alignment of interests between Eligible Persons and the shareholders of the Company;
- (b) to provide a compensation system for Eligible Persons that is reflective of the responsibility and commitment accompanying their role in conducting the business and operations of the Company in respect of future services to be rendered by Eligible Persons; and
- (c) to assist the Company to attract and retain individuals with experience and ability to act as officers and employees of the Company.

**2. Definitions and Interpretation**

As used in the Plan, including the foregoing provisions hereof, the following words and phrases shall have the meanings indicated:

- (a) "**Adjustment Ratio**" means, with respect to any Share Unit Award, the ratio used to adjust the number of Common Shares underlying such Share Unit Award and issuable on the applicable Payment Date, subject to and in accordance with the terms of the Plan; and, in respect of each Share Unit Award, the Adjustment Ratio shall initially be equal to one, and shall be cumulatively adjusted on a compounding basis thereafter by increasing the Adjustment Ratio on each Dividend Payment Date, effective on the day following the corresponding Dividend Record Date, by an amount, rounded to the nearest six decimal places, equal to a fraction having as its numerator the Dividend, expressed as an amount per Common Share, paid on that Dividend Payment Date, and having as its denominator the Fair Market Value of the Common Shares on that Dividend Payment Date;
- (b) "**affiliate**" and "**associate**" have the meanings set forth in the *Securities Act* (Alberta);
- (c) "**Blackout Period**" means the period during which the relevant Grantee is subject to trading restrictions imposed by the Company in accordance with its trading policies affecting trades by an Eligible Person;
- (d) "**Board**" means the board of directors of the Company as it may be constituted from time to time;
- (e) "**Business Day**" means any day which is not a Saturday, Sunday or statutory holiday, on which the TSX is open for trading;
- (f) "**Committee**" means the Governance and Compensation Committee of the Board or such other committee as the Board considers appropriate;

- (g) "**Common Shares**" means common shares of the Company or, in the event of an adjustment contemplated by Section 6(h), such other securities resulting from such adjustment, and following any Transaction, includes any Replacement Securities for which the Common Shares have been exchanged as a result thereof;
- (h) "**Company**" means PrairieSky Royalty Ltd. and any successor corporation, whether by amalgamation, merger or otherwise, and unless the context requires otherwise, includes the Company and its subsidiaries or any one of them;
- (i) "**Continuing Entity**" has the meaning set forth in Section 6(e) hereof;
- (j) "**Disability**" has such meaning as the Company shall determine in its internal policies relating to long-term disability from time to time (provided however that, where applicable, if an Eligible Person's Employment Agreement contains a definition of "Disability", "Permanent Disability" or a similar term, that definition shall be deemed to be the definition of "Disability" for the purposes of the Plan);
- (k) "**Dividend**" means a dividend declared and paid by the Company in respect of the Common Shares, whether payable in cash, Common Shares or other securities or other property, expressed as an amount per Common Share;
- (l) "**Dividend Payment Date**" means any date that a Dividend is paid to Shareholders;
- (m) "**Dividend Record Date**" means the applicable record date in respect of any Dividend used to determine the Shareholders entitled to receive such Dividend;
- (n) "**Eligible Person**" means any officer or employee of the Company (including, for greater certainty, any subsidiary of the Company);
- (o) "**Employment Agreement**" means, where applicable, a written employment agreement, change in control agreement or similar written agreement between the Company and the applicable Eligible Person;
- (p) "**Exchange**" means the TSX and, where the context permits, any other stock exchange(s) on which the Common Shares are or may be listed from time to time;
- (q) "**Fair Market Value**" with respect to a Common Share, as at any date means the volume weighted average (rounded to two decimal places) of the prices at which the Common Shares traded on the TSX for the five (5) trading day period ending one Business Day prior to such date (or, if the Common Shares are not then listed and posted for trading on the TSX or are then listed and posted for trading on more than one Exchange, on such Exchange on which the Common Shares are then listed and posted for trading as may be selected for such purpose by the Board acting reasonably and in good faith). In the event that the Common Shares are not listed and posted for trading on any Exchange, the Fair Market Value shall be the fair market value of the Common Shares as determined by the Board in its sole discretion, acting reasonably and in good faith;
- (r) "**Grantee**" means an Eligible Person to whom a Share Unit Award has been granted;
- (s) "**Insider**" means an insider of the Company, as defined in the *Securities Act* (Alberta), and any associate or affiliate of any such insider;

- (t) **"Just Cause"** means a determination by the Company that the Eligible Person has:
  - (i) wilfully and continuously failed to substantially perform the duties assigned by the Company (other than a failure resulting from the Eligible Person's Disability); (ii) wilfully, recklessly or negligently engaged in conduct which is, or likely to be, materially injurious to the Company monetarily or otherwise, including conduct that, in the reasonable judgment of the Board, does not conform to the standard of the Company's executives or employees, as applicable; (iii) engaged in any act of dishonesty, the commission of a criminal offence, or a significant violation of any statutory or common law duty of loyalty to the Company; (iv) any material breach by the Eligible Person of any one or more employment or non-competition, non-solicitation, confidentiality or other restrictive covenants to which the Eligible Person is subject; or (v) engaged in other acts or omissions which would constitute just cause for termination of employment without notice or pay in lieu, as determined by the laws applicable to the Eligible Person's employment relationship with the Company;
- (u) **"Outside Date"** has the meaning set forth in Section 6(b)(iii) hereof;
- (v) **"Payment Date"** means, (i) with respect to an RSU Award, the RSU Payment Date, and (ii) with respect to a PSU Award, the PSU Payment Date;
- (w) **"Payout Multiplier"** means a number ranging from a minimum of zero (0) to a maximum of two (2);
- (x) **"Performance Period"** means a period of no more than three financial years as designated by the Board applicable to a PSU Award made hereunder, subject to adjustment or modification pursuant to the terms and conditions of the Plan;
- (y) **"Plan"** means this Share Unit Incentive Plan, as may be amended, supplemented or restated from time to time;
- (z) **"PSU Award"** means an award under the Plan designated as a "PSU Award", pursuant to which a payment shall be made or Common Shares shall be issued to the Grantee on the applicable PSU Payment Date, determined subject to and in accordance with the terms and conditions of the Plan and which shall, unless otherwise determined by the Board, initially represent one notional Common Share;
- (aa) **"PSU Payment Date"** means the date on which payment is to be made or Common Shares are to be issued to a Grantee in respect of a PSU Award following completion of the applicable Performance Period, which date shall be, except as otherwise contemplated in Section 6 of the Plan, as soon as practicable following completion of such Performance Period and in any event within sixty (60) days of the completion thereof;
- (bb) **"Replacement Securities"** has the meaning set forth in Section 6(e) hereof;
- (cc) **"Retirement"** means the retirement of an Eligible Person from employment with the Company in accordance with the normal retirement policy of the Company;
- (dd) **"RSU Award"** means an award under the Plan designated as a "RSU Award", pursuant to which a payment shall be made or Common Shares shall be issued to the Grantee on the applicable RSU Payment Date(s), determined subject to and in

accordance with the terms and conditions of the Plan and which shall, unless otherwise determined by the Board, initially represent one notional Common Share;

- (ee) **"RSU Payment Date"** means the date on which payment is to be made or Common Shares are to be issued to a Grantee in respect of an RSU Award following the applicable RSU Vesting Date, which date shall be, except as otherwise contemplated in Section 6 of the Plan, as soon as practicable following such RSU Vesting Date and in any event within sixty (60) days following such RSU Vesting Date;
- (ff) **"RSU Vesting Date"** means the date on which an RSU Award, or portion thereof, vests and becomes payable to a Grantee pursuant to the terms of the Plan as set forth in Section 6(b)(i) hereof, except as otherwise contemplated in the Plan;
- (gg) **"Security Based Compensation Arrangement"** means any incentive plan, option, option plan, employee share purchase plan where the Company provides any financial assistance or matching mechanism, stock appreciation right or any other compensation or incentive mechanism, which in each case involves the issuance or potential issuance of securities from the Company's treasury, including a share purchase from treasury which is financially assisted by the Company by way of a loan guarantee or otherwise, but for greater certainty does not involve compensation arrangements which do not involve the issuance or potential issuance of securities from the Company's treasury;
- (hh) **"Settlement Amount"** has the meaning set forth in Section 6(c) hereof;
- (ii) **"Share Unit Award"** means an RSU Award or PSU Award, as applicable, made pursuant to the Plan;
- (jj) **"Share Unit Award Agreement"** means a written agreement between the Company and the Grantee evidencing a grant of RSU Awards and/or PSU Awards made pursuant to the Plan;
- (kk) **"Shareholder"** means a holder of Common Shares;
- (ll) **"Subsidiary"** has the meaning set forth in the *Securities Act* (Alberta);
- (mm) **"Termination Date"** means the later of: (i) the date that the Eligible Person ceases to actively perform the usual and customary day-to-day duties of the Eligible Person's position or job with the Company; and (ii) the end of any working notice period applicable to the termination of such Eligible Person's employment with the Company, whether statutory, at common law or pursuant to any agreement (including any Employment Agreement) between the Company and such Eligible Person;
- (nn) **"Transaction"** has the meaning set forth in Section 6(e) hereof; and
- (oo) **"TSX"** means the Toronto Stock Exchange.

### 3. Administration of the Plan

The Plan shall be administered by the Board, which shall have the authority in its sole and absolute discretion to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, all acting

reasonably and in good faith and subject to and not inconsistent with the express provisions of the Plan (including the discretionary authority of the Board set forth in Section 6(g) hereof) and including, without limitation:

- (a) the authority to grant Share Unit Awards;
- (b) to determine the Fair Market Value of the Common Shares on any date;
- (c) to determine the Eligible Persons to whom, and the time or times at which, Share Unit Awards shall be granted;
- (d) to determine the number of Common Shares to be referenced by each Share Unit Award including the calculations in respect of notional Dividends accrued and payable thereon;
- (e) to determine the Payment Date with respect to any Share Unit Award;
- (f) to determine all matters relating to the determination of the Payout Multiplier to be applied to any grant of PSU Awards from time to time;
- (g) to establish policies and to adopt rules and regulations for carrying out the purposes, provisions and administration of the Plan;
- (h) to interpret and construe the Plan and to determine all questions arising out of the Plan and any Share Unit Award granted pursuant to the Plan (and any such interpretation, construction or determination made by the Board shall be final, binding and conclusive for all purposes on the Company and the Grantee);
- (i) to determine and prescribe the terms and provisions of Share Unit Award Agreements (which need not be identical) entered into in connection with Share Unit Awards and the form of documents or processes in respect of the payment of Share Unit Awards; and
- (j) to make all other determinations deemed necessary or advisable for the administration of the Plan.

The Board may delegate to the Committee such administrative duties relating to the Plan as the Board may deem advisable, and where so delegated, any reference to the Board in the Plan shall be deemed to be a reference to the Committee.

For greater certainty and without limiting the discretion conferred on the Board pursuant to this Section 3, the Board's decision to approve the grant of a Share Unit Award to an Eligible Person in any period shall not require the Board to approve the grant of a Share Unit Award to any Eligible Person in any other period; nor shall the Board's decision with respect to the size or terms and conditions of a Share Unit Award in any period require it to approve the grant of a Share Unit Award of the same or similar size or with the same or similar terms and conditions to any Eligible Person in any other period. The Board shall not be precluded from approving the grant of a Share Unit Award to any Eligible Person solely because such Eligible Person may previously have been granted a Share Unit Award under the Plan or any other similar compensation arrangement of the Company.

#### 4. Eligibility and Award Determination

- (a) Share Unit Awards may be granted only to Eligible Persons as the Board may determine, provided that no Eligible Person has any claim or right to be granted a Share Unit Award. In determining the Eligible Persons to whom Share Unit Awards may be granted and the number of Share Unit Awards granted to any Eligible Person, the Board may take into account such factors as it shall determine in its sole and absolute discretion. Participation in the Plan by Eligible Persons is voluntary.
- (b) The maximum number of Common Shares that may be issued to any Grantee under the Plan shall be 5% of the number of issued and outstanding Common Shares (on a non-diluted basis) at the date of grant of the Share Unit Award, less the aggregate number of Common Shares reserved for issuance to such Grantee under any other Security Based Compensation Arrangement (the "**Individual Limit**").
- (c) The maximum number of Common Shares that may be issued to Insiders as a whole under the Plan shall be 5% of the number of issued and outstanding Common Shares (on a non-diluted basis) at the date of grant of the Share Unit Award, less the aggregate number of Common Shares reserved for issuance to Insiders as a whole under any other Security Based Compensation Arrangement (the "**Aggregate Insider Limit**").
- (d) The maximum number of Common Shares that may be issued to Insiders as a whole under the Plan within a one year period shall be the Aggregate Insider Limit, excluding Common Shares issued to Insiders as a whole under the Plan or any other Security Based Compensation Arrangement over the preceding one year period. The maximum number of Common Shares that may be issued to any one Insider under the Plan and any other Security Based Compensation Arrangement within a one year period shall be the Individual Limit, excluding Common Shares issued to such Insider under the Plan or any other Security Based Compensation Arrangement over the preceding one year period.

#### 5. Common Shares Subject to the Plan

Share Unit Awards may be granted in respect of authorized and unissued Common Shares, provided that the aggregate number of Common Shares reserved for issuance under the Plan, subject to adjustment or increase of such number pursuant to the provisions of Section 6(e), shall not exceed 5% of the number of issued and outstanding Common Shares (on a non diluted basis) at the relevant time, less the aggregate number of Common Shares reserved for issuance under any other Security Based Compensation Arrangement. Provided that such maximum number of Common Shares is not exceeded, following the exercise, expiration, cancellation or other termination of any Share Unit Awards under the Plan, a number of Common Shares equal to the number of Share Unit Awards or rights so exercised, expired, cancelled or terminated shall automatically become available for issuance in respect of Share Unit Awards that may subsequently be granted under the Plan. No fractional Common Shares may be issued under the Plan.

#### 6. Terms and Conditions of Share Unit Awards

Each Share Unit Award granted under the Plan shall be subject to the terms and conditions of the Plan and evidenced by a Share Unit Award Agreement and the following terms and conditions (and such other terms and conditions as the Board, in its discretion, shall establish):

- (a) **Number and Type of Share Unit Awards** - The Board shall determine the number of Share Unit Awards to be awarded to a Grantee and shall designate such award as either an "RSU Award" or a "PSU Award", as applicable, in the Share Unit Award Agreement relating thereto.
- (b) **Vesting and Payment Dates and Adjustment of Share Unit Awards**
- (i) RSU Awards - Subject to the remainder of this Section 6 and unless otherwise determined by the Board, the RSU Vesting Date for a particular RSU Award shall be the third anniversary of the date of grant of such RSU Award. Immediately prior to the RSU Vesting Date for a particular RSU Award, the number of Common Shares notionally represented by such RSU Award shall be adjusted by multiplying such number by the Adjustment Ratio applicable to such RSU Award. Payment for a vested RSU Award shall be made by the Company to the Grantee on the corresponding RSU Payment Date in accordance with Section 6(c) hereof.
- (ii) PSU Awards - Subject to the remainder of this Section 6 and unless otherwise determined by the Board, a particular PSU Award shall be deemed to be vested immediately following completion of the Performance Period applicable to such PSU Award. Additionally, following the completion of the applicable Performance Period, the number of Common Shares notionally represented by such PSU Award shall be adjusted by multiplying such number by (A) the Adjustment Ratio applicable in respect of such PSU Award, and (B) the Payout Multiplier determined by the Board, in its sole and absolute discretion, to be applicable to such PSU Award. Payment for a vested PSU Award shall be made by the Company to the Grantee on the corresponding PSU Payment Date in accordance with Section 6(c) hereof.
- (iii) Final Payment Date – Notwithstanding any other provisions of the Plan, for greater certainty, no term or condition of a grant of Share Unit Awards hereunder or any Share Unit Award Agreement may have the effect of causing the payment or issuance of Common Shares pursuant to any RSU Award or PSU Award under the Plan to a Grantee in satisfaction of such Grantee's RSU Awards or PSU Awards under the Plan (or any portion thereof) to occur after December 31 in the third (3rd) calendar year following the calendar year in respect of which such Share Unit Awards were granted (the "**Outside Date**").
- (c) **Payment for Vested Share Unit Awards** – Subject to Section 4, the Company shall satisfy all amounts owing or payable to a Grantee in respect a Share Unit Award that has vested and become payable pursuant to the Plan by, at the option of the Committee, in its sole discretion, paying to the Grantee, on the applicable Payment Date, an amount in cash equal to the Fair Market Value of the Common Shares underlying such Share Unit Awards or issuing to the Grantee the number of fully paid and non-assessable Common Shares underlying such Share Unit Awards, in each case as adjusted in accordance with the relevant provisions set forth in Section 6(b) (the "**Settlement Amount**"), in consideration for the surrender by the Grantee to the Company of such vested Share Unit Awards. On the applicable Payment Date, the Company shall cause a cash payment to be made to the Grantee (or as the Grantee may direct) or a certificate representing the Common Shares issued in the name of the Grantee (or as the Grantee may direct) in the Settlement Amount and such Share



Unit Awards in respect of which such payment or issuance has been made shall be cancelled.

If the Committee determines to issue Common Shares as payment for the Settlement Amount, the Common Shares shall be issued from treasury or, at the option of the Committee, acquired on the Exchange, or a combination thereof.

The Company shall be entitled to withhold from the Settlement Amount (whether the Grantee receives cash or Common Shares as payment of the Settlement Amount) all amounts as may be required by law and in the manner contemplated by Section 7.

Notwithstanding any of the foregoing, if the RSU Vesting Date, the date of completion of the Performance Period applicable to a PSU Award, or the resulting Payment Date occurs during a Blackout Period applicable to the relevant Grantee, or within 10 Business Days after the expiry of a Blackout Period applicable to the relevant Grantee, then the Payment Date shall not occur until the date that is the tenth Business Day after the expiry of the Blackout Period, provided that such Payment Date may not be later than the Outside Date. If the Outside Date occurs and as a result of this provision the Payment Date will occur while a Blackout Period is still in effect then the Company shall pay the Grantee the Settlement Amount in cash on such Payment Date.

- (d) ***Termination of Employment of an Eligible Person*** - Unless otherwise determined by the Board, or unless otherwise provided in a Share Unit Award Agreement pertaining to a particular Share Unit Award or any Employment Agreement governing a Grantee's role as an Eligible Person, the following provisions shall apply in the event that a Grantee ceases to be an Eligible Person:
- (i) Termination Without Just Cause - If a Grantee ceases to be an Eligible Person as a result of such Grantee's employment with the Company being terminated by the Company without Just Cause, the Grantee shall only be entitled to payments in respect of Share Unit Awards for which the RSU Vesting Date or completion of the particular Performance Period, as applicable, occurs on or prior to the Termination Date of such Grantee's employment with the Company, and payment for such Share Unit Awards shall be made in accordance with Section 6(b) of the Plan. All Share Unit Awards held by such Grantee for which payment is not to be made as set forth in this Section 6(d)(i), and all Share Unit Award Agreements under which such outstanding Share Unit Awards have been made to such Grantee, shall be, and shall be deemed to be, immediately terminated and all rights to receive payment thereunder shall be, and shall be deemed to be, forfeited by the Grantee.
  - (ii) Retirement, Death or Disability - If a Grantee ceases to be an Eligible Person because of such Grantee's Retirement, death or Disability, the Company shall make a cash payment to the Grantee or his or her personal or legal representative in respect of all outstanding Share Unit Awards held by such Grantee as at the date of death or Termination Date, as applicable, equal to the target amount of any such Share Unit Award at the date of grant, as determined by the Board at such date in its sole discretion, which payment shall be made to the Grantee or his or her personal or legal representative within sixty (60) days of the Grantee's death or Termination Date, as

applicable, or such other date as may be agreed to by the Company and the Grantee or his or her personal or legal representative.

- (iii) Other Termination - If a Grantee ceases to be an Eligible Person for any reason other than as set forth in Sections 6(d)(i) or (ii), (including, for greater clarity, as a result of voluntary resignation or termination for Just Cause), all Share Unit Awards held by such Grantee, and all Share Unit Award Agreements under which such outstanding Share Unit Awards have been made to such Grantee, shall be, and shall be deemed to be, immediately terminated and all rights to receive payment thereunder shall be, and shall be deemed to be, forfeited by the Grantee.
- (iv) Employment with Affiliates. A transfer of employment or services between the Company and a subsidiary or affiliate of the Company or between subsidiaries or affiliates of the Company shall not be considered an interruption or termination of the employment of a Grantee by the Company for any purpose of the Plan.
- (e) ***Business Combinations and Certain Adjustments*** - Subject to Section 6(f), if, during the term of an outstanding Share Unit Award, the Company shall complete any merger, amalgamation, arrangement, business combination or sale of all or substantially all of its assets, be the subject of a take-over bid (as defined in the *Securities Act* (Alberta)) or participate in any similar transaction (any of the foregoing referred to as a "**Transaction**"), and as a result of such Transaction the holders of Common Shares receive securities of another issuer (the "**Continuing Entity**") in full substitution or replacement for the Common Shares ("**Replacement Securities**"), the Company (including the Continuing Entity as successor thereof) will make provision such that all outstanding Share Unit Awards shall remain outstanding and continue in effect following the effective date of such Transaction, with appropriate adjustments made as required, including without limitation to (i) the number of Replacement Securities notionally underlying the RSU Awards and PSU Awards held by each Grantee, and (ii) the Dividends paid on the Common Shares (as replaced by the Replacement Securities) during the term of such Share Unit Awards, in each case to appropriately account for and provide economic equivalence based on the exchange ratio of Replacement Securities issued for Common Shares pursuant to the Transaction. Furthermore, unless otherwise agreed to by the Board prior to the completion of any Transaction, the Payout Multiplier applicable to any PSU Awards that continue in effect following completion of a Transaction pursuant to this Section 6(e) shall not be less than 1.0, and following completion of such Transaction such minimum Payout Multiplier of 1.0 shall not be decreased by any Board resolution, determination or discretion (including pursuant to Section 6(g) hereof) or any other action by the Continuing Entity.

Prior to or contemporaneously with the consummation of such Transaction, the Company and the Continuing Entity shall execute such instruments and do such things as are necessary to establish that upon the consummation of such Transaction the Continuing Entity will have assumed all the covenants and obligations of the Company under the Plan, the Share Unit Award Agreements and the Share Unit Awards outstanding on consummation of such Transaction in a manner that substantially preserves and does not impair the rights of the Grantees thereunder in any material respect (including the right to receive Replacement Securities or other cash or property of the Continuing Entity in lieu of Common Shares upon the subsequent vesting of Share Unit Awards).

(f) **Acceleration of Payment for Certain Transactions** - Notwithstanding Section 6(e), in the event that:

- (i) the Continuing Entity does not (or, upon the occurrence of the Transaction, will not) substitute or replace, or the nature of the Transaction does not provide for the full substitution or replacement of, the Common Shares with Replacement Securities on the same terms as described in Section 6(e);
- (ii) the Board determines, acting reasonably, that such substitution or replacement is not practicable or impairs or does not substantially preserve the rights of the holders of Share Unit Awards;
- (iii) the Board determines, acting reasonably, that such substitution or replacement would give rise to adverse tax results to holders of Share Unit Awards; or
- (iv) the Replacement Securities are not (or, upon the occurrence of the Transaction, will not be) listed and posted for trading on a recognizable stock exchange;

then the Grantee shall receive a cash payment in respect of all outstanding Share Unit Awards in respect of which payment has not yet been made (whether or not otherwise vested or payable), conditional upon the Transaction being completed, immediately prior to the effective time of the Transaction.

For the purposes of this Section 6(f), the cash amount to be paid for outstanding and unpaid:

- (A) PSU Awards shall be calculated in accordance with Section 6(b)(ii) on the basis that each uncompleted Performance Period shall be deemed to have consisted of the time elapsed from the start of the particular Performance Period to and including the effective date of the Transaction, notwithstanding any prior designation of that Performance Period and taking into account Dividends declared by the Company from the applicable date of grant up to the effective date of the Transaction; and
- (B) RSU Awards shall be calculated in accordance with Section 6(b)(i) taking into account Dividends declared by the Company from the applicable date of grant up to the effective date of the Transaction,

and in each case the amount of the cash payment to be made to a Grantee shall be calculated based on the Fair Market Value of the Common Shares on the effective date of the Transaction (or such other date(s) as the Company, acting reasonably, determines is practicable) and shall be paid concurrent with, but conditional upon, the completion of the applicable Transaction, or as soon as practicably but in any event within ten (10) Business Days thereafter.

(g) **Board Discretion** - Notwithstanding anything else in the Plan but except as provided in Section 6(e), the Board may, in its sole discretion, but subject to the limits described in Section 10 hereof and any other applicable requirements of the TSX or other regulatory authority:

- (i) make any adjustments to the Payout Multiplier in respect of a PSU Award if, in the sole discretion of the Board, such adjustments are appropriate in the circumstances having regard to the principal purposes of the Plan;
- (ii) change any RSU Vesting Date, RSU Payment Date or PSU Payment Date (including changing the Performance Period related thereto) for all or any Share Unit Awards at any time and from time to time; and
- (iii) otherwise amend or modify the terms and conditions regarding any grant of Share Unit Awards or payments in respect of any Share Unit Awards hereunder,

provided, however, that none of the foregoing may, without the consent of the affected Grantee, impair or adversely affect a Share Unit Award granted to the Grantee under the Plan prior to the date of such amendment or modification.

(h) ***Effect of Certain Changes*** - In the event:

- (i) of any change in the Common Shares through subdivision, consolidation, reclassification, recapitalization or similar transaction; or
- (ii) that any rights are granted to Shareholders to purchase Common Shares at prices substantially below fair market value,

and such events do not constitute a Transaction for the purposes of Section 6(e), then, in any such case, the Board may make such adjustments to the Plan, to any Share Unit Awards and to any Share Unit Award Agreements outstanding under the Plan as the Board may, in its sole discretion, consider appropriate in the circumstances to prevent dilution or enlargement of the rights granted to Grantees hereunder.

## **7. Withholding Taxes**

When a Grantee or other person becomes entitled to receive any Settlement Amount in respect of any Share Unit Award, the Company shall have the right to require the Grantee or such other person to remit to the Company an amount sufficient to satisfy any withholding tax requirements relating thereto. Unless otherwise prohibited by the Board or by applicable law, satisfaction of the withholding tax obligation may be accomplished by any of the following methods or by a combination of such methods:

- (a) the tendering by the Grantee of a cash payment to the Company in an amount equal to the total withholding tax obligation;
- (b) the withholding by the Company from any cash payment otherwise due to the Grantee of such amount of cash as is equal to the amount of the total withholding tax obligation; or
- (c) any other method determined by the Company in its sole discretion, acting reasonably,

provided, however, that the sum of any cash so paid or withheld is sufficient, in the reasonable estimation of the Company, to satisfy the total withholding tax obligation.

## **8. U.S. Tax Considerations.**

The terms of the Plan and the Share Unit Awards granted hereunder to Grantees subject to taxation under the United States Internal Revenue Code of 1986, as amended, shall be determined by taking into consideration, and shall be subject to, the Special Appendix to the Plan setting forth special provisions applicable to such persons.

## **9. Non-Transferability**

Subject to Section 6(d)(ii) in the case of the death of a Grantee, the right to receive Common Shares pursuant to a Share Unit Award granted to a Grantee is personal to such Grantee and is non-transferable and non-assignable. Except as otherwise provided in the Plan, no assignment, sale, transfer, pledge or charge of a Share Unit Award, whether voluntary, involuntary, by operation of law or otherwise, vests any interest or right in such Share Unit Award whatsoever in any assignee or transferee and, immediately upon any assignment, sale, transfer, pledge or charge or attempt to assign, sell, transfer, pledge or charge, such Share Unit Award shall terminate and be of no further force or effect.

## **10. Amendment and Termination of Plan**

- (a) Subject to Sections 10(b), (c) and (d), the Board may, at any time and from time to time, without the approval of the Shareholders or any other voting securities of the Company, suspend, discontinue or amend the Plan or a Share Unit Award made thereunder.
- (b) Notwithstanding Section 10(a), the Board may not, without the approval of the holders of a majority of Common Shares and other voting securities of the Company present and voting in person or by proxy at a meeting of Shareholders, amend the Plan or a Share Unit Award to:
  - (i) increase the number of Common Shares, or the percentage of the issued and outstanding Common Shares, issuable pursuant to the Plan;
  - (ii) make any amendment that would remove or increase the Aggregate Insider Limit;
  - (iii) make any amendment that would increase the number of Common Shares issuable pursuant to outstanding Share Unit Awards (including a cancellation and reissue of a Share Unit Award that constitutes an increase in the number of Common Shares underlying the Share Unit Award);
  - (iv) extend the Payment Date of any Share Unit Award granted under the Plan beyond the Payment Date of the Share Unit Award determined at the date of grant in accordance with the Plan, except as provided for in Section 6(c) with respect to a Payment Date that occurs during a Blackout Period;
  - (v) expand the categories of individuals contained in the definition of "Eligible Person" who are eligible to participate in the Plan; or
  - (vi) amend the Plan to permit the transfer or assignment of Share Unit Awards, except to permit a transfer to a family member, an entity controlled by the Grantee or a family member, a charity or for estate planning or estate settlement purposes,

unless the change to the Plan or a Share Unit Award results from the application of Section 6(e).

- (c) Notwithstanding Section 10(a), unless a holder of Share Unit Awards otherwise agrees, the Board may not suspend, discontinue or amend the Plan or amend any outstanding Share Unit Award in a manner that would adversely alter or impair any Share Unit Award previously granted to Grantee under the Plan, and any such suspension, discontinuance or amendment of the Plan or amendment to a Share Unit Award shall apply only in respect of Share Unit Awards granted on or after the date of such suspension, discontinuance or amendment. For greater certainty, the exercise by the Board of any discretion provided for in this Plan, including pursuant to Section 6(g) hereof, will not be considered to be an amendment to the Plan or a Share Unit Award. No suspension, discontinuance or amendment of the Plan or amendment of a Share Unit Award may contravene the requirements of the Exchange or any securities commission or regulatory body to which the Plan, the Share Unit Award or the Company is now or may hereafter be subject.
- (d) The Board may not amend any provision of this Section 10 without the approval of the holders of a majority of Common Shares and other voting securities of the Company present and voting in person or by proxy at a meeting of Shareholders.

## **11. Accounts and Statements**

The Company shall maintain records of the details of each Share Unit Award granted to each Grantee under the Plan. Upon request therefor from a Grantee and at such other times as the Company shall determine, the Company shall furnish the Grantee with a statement setting forth details of his or her Share Unit Awards.

## **12. Notices**

- (a) Any payment, notice, statement, certificate or other instrument required or permitted to be given to a Grantee or any person claiming or deriving any rights through him shall be given by:
  - (i) delivering it personally to the Grantee or the person claiming or deriving rights to the Grantees, as the case may be; or
  - (ii) mailing it, postage paid (provided that the postal service is then in operation) or delivering it to the address which is maintained for the Grantee in the Company's personnel records.
- (b) Any payment, notice, statement, certificate or instrument required or permitted to be given to the Company shall be given by mailing it, postage prepaid (provided that the postal service is then in operation) or delivering it to the Company at the following address:

PrairieSky Royalty Ltd.  
Suite 1700, 350 – 7<sup>th</sup> Avenue S.W.  
Calgary, Alberta T2P 3N9  
Attention: Corporate Secretary  
Facsimile: (587) 293-4001
- (c) Any payment, notice, statement, certificate or instrument referred to in Sections 12(a) or 12(b), if delivered, shall be deemed to have been given or delivered, on the date

on which it was delivered or, if mailed (provided that the postal service is then in operation), shall be deemed to have been given or delivered on the second business day following the date on which it was mailed.

### 13. Miscellaneous

- (a) **Effect of Headings** - The section and subsection headings contained herein are for convenience only and shall not affect the construction hereof.
- (b) **Compliance with Legal Requirements** - The Company shall not be obliged to make any cash payment hereunder if such issuance, delivery or payment would violate any applicable law or regulation or any rule of any government authority, securities regulatory authority or Exchange. The Company, in its sole discretion, may postpone any cash payment under any Share Unit Award as the Board may consider appropriate, and may require any Grantee to make such representations and furnish such information as it may consider appropriate in order to comply with applicable laws, rules and regulations or the rules, regulations or policies of the Exchange.
- (c) **No Right to Continued Employment** - Nothing in the Plan or in any Share Unit Award Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue in the employ or service of the Company or any subsidiary or affiliate of the Company, to be entitled to any remuneration or benefits not set forth in the Plan or a Share Unit Award Agreement or to interfere with or limit in any way the right of the Company or any subsidiary or affiliate thereof to terminate the Grantee's employment or service arrangement with the Company or any subsidiary or affiliate thereof.
- (d) **Rights as a Shareholder** – Any Grantee to whom a Share Unit Award has been made shall not possess any rights of ownership of Common Shares including, for greater certainty and without limitation, the right to receive Dividends on such Common Shares and the right to exercise voting rights in respect of such Common Shares.
- (e) **Expenses** - All expenses in connection with the Plan shall be borne by the Company.

### 14. Gender

Whenever used herein words importing the masculine gender shall include the feminine and neuter genders and vice versa.

### 15. Governing Law

The Plan shall be governed by, construed and interpreted in accordance with the laws of the Province of Alberta.

### 16. Invalidity

If any provision of the Plan or part hereof is determined to be void or unenforceable in whole or in part, such determination shall not affect the validity or enforcement of any other provision or part thereof.

**Special Appendix  
to  
SHARE UNIT INCENTIVE PLAN**

Special Provisions Applicable to Grantees Subject to Taxation Under the United States Internal Revenue Code

This special appendix sets forth special provisions of the Plan that apply to Grantees subject to taxation under the United States Internal Revenue Code of 1986, as amended.

**1. Definitions**

For purposes of this Special Appendix:

- 1.1 **"Code"** means the United States Internal Revenue Code of 1986, as amended.
- 1.2 **"Section 409A"** means section 409A of the Code and any applicable regulatory guidance issued thereunder.
- 1.3 **"Section 409A Disability"** means a US Grantee who becomes disabled within the meaning of Section 409A(a)(2)(C) of the Code.
- 1.4 **"Separation From Service"** shall have the meaning set forth in Section 409A(a)(2)(A)(i) of the Code.
- 1.5 **"Specified Employee"** means a US Grantee who meets the definition of "specified employee," as defined in Section 409A(a)(2)(B)(i) of the Code.
- 1.6 **"US Grantee"** means a Grantee subject to Section 409A.

**2. Compliance with Section 409A**

- 2.1 **In General.** Notwithstanding any provision of the Plan to the contrary, including any Board determination made pursuant to Section 6(g), it is intended that with respect to any US Grantee, such US Grantee's participation in the Plan shall be exempt from Section 409A or compliant in a manner which does not subject the US Grantee's interests in the Plan to accelerated or additional tax under Section 409A (and shall be construed and interpreted in such manner). If any grant to a US Grantee or payment hereunder could cause the application of accelerated or additional tax under Section 409A, such grant or payment shall be deferred if and to the extent deferral will make such grant or payment compliant with Section 409A; otherwise such grant or payment shall be restructured, to the extent possible, in a manner determined by the Board that does not cause such an accelerated or additional tax. For purposes of Section 409A, each payment or amount due under the Plan shall be considered a separate payment, and for US Grantees, a "Termination Date" under the Plan is the date a US Grantee incurs a Separation from Service as defined above. Each US Grantee is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of such US Grantee in connection with the Plan (including any taxes and penalties under Section 409A), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold such US Grantee (or any beneficiary) harmless from any or all of such taxes or penalties.
- 2.2 **Distributions to Specified Employees.** Except for Share Unit Awards which are distributable upon the death or Section 409A Disability of any Grantee pursuant to Section



6(d) or which are considered to be "short-term deferrals" pursuant United States Treasury Regulations §1.409A-1(b)(4) issued with respect to Section 409A, Share Unit Awards which become distributable under Section 6(d) on account of a Separation from Service of a US Grantee who is determined to be a Specified Employee shall not be actually paid until 6 months after the Specified Employee's Separation from Service (or, if earlier, the date of death or Section 409A Disability of the Specified Employee).

2.3 **Transaction Payments.** Notwithstanding anything stated in Section 6(f) and with respect to a US Grantee, for the purposes of Section 6(f) a Transaction shall not be deemed to occur unless it is a "change in the ownership or effective control of the Company, or in the ownership of a substantial portion of the assets of the Company" as set forth in Section 409A(a)(2)(A)(v) of the Code.

2.4 **Payments in General.** Notwithstanding anything to the contrary under the Plan or otherwise, the US Grantees shall not have a right to designate the taxable year of any payment under the Plan. Notwithstanding anything to the contrary under the Plan or otherwise including Section 6(c) of the Plan, if the RSU Vesting Date, the date of completion of the Performance Period applicable to a PSU Award, or the resulting Payment Date occurs during a Blackout Period, or within 10 Business Days after the expiration of a Blackout Period, then the Payment Date shall not occur until the tenth Business Day after the expiration of the Blackout Period, provided that such Payment Date may not be later than two and half months following the end of the fiscal year in which the RSU Vesting Date or the date of completion of the Performance Period, as applicable, occurs and, in such circumstance the Company shall pay the US Grantee the Settlement Amount in cash.

3. **Retirement; Death and Disability.** Notwithstanding anything stated in Section 6(d)(ii) with respect to a US Grantee, (i) no Unit Award shall be granted to a US Grantee that is or will become eligible for Retirement while such Unit Award is outstanding, unless it is determined that such grant shall be exempt from or compliant with Section 409A and (ii) payment to a US Grantee upon death or Disability shall be made within 60 days after the date of such death or Disability (provided that such Disability must be a Section 409A Disability).

#### 4. **Amendment of Appendix**

The Board shall retain the power and authority to amend or modify this Appendix to the extent the Board in its sole discretion deems necessary or advisable to comply with any guidance issued under Section 409A. Such amendments may be made without approval of the shareholders of the Company or the approval of any individual Grantee.