

TAX DEFERRAL AGREEMENT

THIS AGREEMENT made as of the _____ day of _____, 2025.

BETWEEN:

THE COUNTY OF KNEEHILL, a municipal corporation formed
in the Province of Alberta (the “County”)

AND

PINE CLIFF ENERGY LTD., a corporation formed in the
Province of Alberta (“Pine Cliff”)

WHEREAS Pine Cliff is the owner of the following Lands in the County:

See Schedule A

(the “Lands”); and

WHEREAS Pine Cliff has been assessed as owing \$3,722,422.95 for Municipal Property Taxes to the County; and

WHEREAS Pine Cliff has requested tax deferral in the form of an installment plan for its Municipal Property Taxes so as to facilitate ongoing operations; and

WHEREAS the County is of the view that Pine Cliff can be a significant contributor to a viable community in the County as a whole and has therefore agreed to allow a tax deferral pursuant to s. 347(1)(c) of the *Municipal Government Act* (Alberta).

NOW THEREFORE for good and valuable consideration and the mutual covenants contained herein, the Parties agree as follows:

The preamble to this Agreement forms an integral part hereof.

A. Definitions

1. In this Agreement, the following terms have the following meanings:

“**Agreement**” means this Agreement, including the Schedules attached hereto;

“**County**” means the County of Kneehill, an Alberta municipal corporation;

“**Event of Default**” has the meaning it is given in paragraph 8 of this Agreement;

“**Pine Cliff**” means Pine Cliff Energy Ltd., an Alberta Corporation;

“Municipal Property Taxes” means the Municipal Property Taxes levied by the County of Kneehill from time to time in respect of the Lands, pursuant to the *Municipal Government Act* (Alberta) and excludes school taxes;

“Parties” means Pine Cliff and the County, and **“Party”** means either one of the Parties;

B. Deferral of Municipal Taxes

2. The County agrees to defer the collection of Municipal Property Taxes owed by Pine Cliff to the payment schedule as outlined in Schedule A.
3. The County agrees to suspend the collection of any late payment penalties so long as Pine Cliff continues to pay according to Schedule A on time.
4. The County agrees to award Pine Cliff the benefit of any early pay discounts, so long as all payments are made on the dates specified in Schedule A and so long as Pine Cliff meets all other requirements to be eligible for these discounts.
5. This Agreement for the deferral of Municipal Taxes is only valid for the Municipal Taxes presently owing, and cannot be applied to subsequent years.
6. Nothing in this Agreement shall in any way affect the County’s rights to the Municipal Property Taxes owed or the priorities afforded to its Municipal Property Taxes as outlined in the *Municipal Government Act* (Alberta), s. 348.

C. Default

8. Each of the following events shall constitute an Event of Default under this Agreement by Pine Cliff:
 - a. if Pine Cliff shall default in the payment of any amounts owing under this Agreement, including the payment of Municipal Taxes when due;
 - b. if Pine Cliff shall transfer or sell the Lands or any portion thereof without the prior written consent of the County;
 - c. if Pine Cliff shall default in the performance or observance of any other covenant, condition or provision to be performed or observed by Pine Cliff under the terms of this Agreement;
 - d. if any representation or warranty made by Pine Cliff and contained in this Agreement, shall be false or misleading as at the time made;
 - e. if an order shall be made, an effective resolution shall be passed, or agreement made for the winding-up, liquidation or dissolution of Pine Cliff;

- f. if any proceeding shall be instituted against Pine Cliff seeking to have an order to adjudicate them a bankrupt or insolvent, or seeking liquidation, winding-up, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of receiver, trustee, custodian or other similar official for it or for any substantial part of its properties or assets;
 - g. if a custodian or a receiver or manager or any other officer with similar power shall be appointed for Pine Cliff or of the property of Pine Cliff or any substantial part thereof.
- 9. Upon the occurrence of an Event of Default by Pine Cliff and at any time thereafter, the County may:
 - a. if Pine Cliff defaults in the payment of any amounts owing under this Agreement, including the payment of Municipal Taxes, then the amount Pine Cliff failed to pay will become a debt for which Pine Cliff is liable, and thereafter the deferral will terminate and ONE HUNDRED (100%) PERCENT of the Municipal Tax owing under the *Municipal Government Act* shall immediately become due and payable, along with all penalties and early payment discounts;
 - b. if Pine Cliff defaults in the payment of Municipal Taxes, the County may have recourse to the remedies available under the *Municipal Government Act* for the recovery and collection of Municipal Taxes; and
 - c. in its discretion, exercise any right or recourse, including right of set-off, and proceed by any action, suit, remedy or proceeding against Pine Cliff authorized or permitted by law or in equity for the recovery of all indebtedness and liabilities of Pine Cliff to the County hereunder and proceed to exercise any and all rights hereunder, and no such remedy or enforcement of the rights of the County shall be exclusive of or dependent on any other remedy or right but any one or more of such remedies or rights may from time to time be exercised independently or in combination provided always that the County acts in a commercially reasonable manner. All costs and expenses of the County in enforcement of and recovering the indebtedness, including without limitation, legal fees and disbursements, on a solicitor and its own client basis, shall be paid by Pine Cliff.

D. Notices

- 10. Any notice, demand or other communication which may be or is required to be given or made pursuant to this Agreement shall, unless otherwise expressly provided herein, be in writing and shall be personally delivered or sent by facsimile to either Party at its address set forth below:
 - a. if to the County at:

The County of Kneehill
Box 400
Three Hills, AB T0M2A0

Attention: Mike Haugen,
Chief Administrative Officer
Phone: (403) 443-5541

b. if to Pine Cliff, at:

Pine Cliff Energy Ltd.

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All notices that either party may give to the other connection with this Agreement shall be given electronically or by registered or certified mail, return receipt requested, addressed to the party to be served at the party's address as set forth above; or by fax to the relevant fax number below with confirmed receipt by the party being notified; or by hand delivery to party being notified. Either party may change its contact information by notice given in the manner above.

E. Assignment

12. The Parties will not assign or transfer any of their respective rights or obligations under this Agreement without the prior written consent of the other Party, which consent may not be unreasonably withheld.

F. Waiver of Breach

13. No failure of the County to pursue any remedy resulting from a breach of this Agreement or any document or agreement delivered pursuant hereto by Pine Cliff shall be construed as a waiver of that breach by the County or as a waiver of any subsequent or other breach, and no exercise of any right hereunder shall preclude the exercise of any such right on any subsequent occasion.

G. Further Assurances

14. Pine Cliff shall execute and deliver to the County such additional documents and shall provide such additional information as the County may reasonably require to carry out the terms of this Agreement, and to be informed of the status and affairs of Pine Cliff with respect to this matter.

H. Governing Law

15. The Parties agree that this Agreement will be governed by and construed in accordance with the laws of the Province of Alberta and of Canada applicable therein.

I. Successors and Assigns

16. All covenants, agreements, representations and warranties made herein or in any certificate delivered in connection herewith shall bind and ensure to the benefit of the successors and permitted assigns of each of the Parties.

J. Amendment and Waiver

17. No provision of this Agreement or any of the documents collateral hereto or thereto may be changed, modified or amended other than by an agreement in writing signed by the Parties.

K. Severability

18. Any provision of this Agreement that is prohibited or unenforceable will be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement.

L. Time of Essence

19. Time shall be of the essence of this Agreement.

M. Counterpart Execution

20. This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original and all counterparts together shall constitute one and the same instrument. A facsimile of a counterpart executed by a Party shall be acceptable evidence of the execution by that Party of that counterpart and shall be binding upon that Party for all purposes.

IN WITNESS WHEREOF the Parties duly execute this Agreement as of the date written above.

COUNTY OF KNEEHILL

PINE CLIFF ENERGY LTD.

Per: _____

Per: _____

Title: _____

Title: _____

Per: _____

Per: _____

Title: _____

Title: _____

SCHEDULE A

Attached to and forming part of the Tax Deferral Agreement
between the County of Kneehill and Pine Cliff Energy Ltd.
dated the ____ day of _____

METHODOLOGY FOR TAX DEFERRAL

Pine Cliff Energy Ltd 2025 Property Taxes: \$3,722,422.95

Installments:

October 31, 2024	\$620,403.83
November 30, 2024	\$620,403.83
December 31, 2024	\$620,403.83
January 31, 2025	\$620,403.83
February 28, 2025	\$620,403.83
March 31, 2025	\$620,403.83
Total installments:	\$3,722,422.95

SCHEDULE B

Attached to and forming part of the Tax Deferral Agreement
between the County of Kneehill and Pine Cliff Energy Ltd.
dated the ____ day of _____

29211910700	\$1,496.06	32220320400	\$1,552.21	30222731200	\$1,315.74	33253420500	\$204.56
29211920600	\$198.95	32220431400	\$1,378.03	30222731210	\$1,724.88	34220520600	\$1,367.38
29211941000	\$1,728.38	32220741600	\$1,423.68	30222820300	\$1,490.74	34220710700	\$1,535.18
29212910800	\$1,828.15	32220920600	\$198.40	30222931100	\$1,741.06	34220831200	\$1,330.46
29213020300	\$1,579.40	32222720600	\$1,747.23	30223031100	\$1,532.51	34221320500	\$1,670.90
29213031300	\$1,602.23	32222820600	\$1,269.20	30223031400	\$204.54	34230641600	\$1,355.97
29213031400	\$1,552.68	32222910800	\$186.12	30223131100	\$1,649.89	34231210700	\$1,530.52
29213110200	\$1,610.19	32222920600	\$186.38	30223231300	\$1,339.77	34231820600	\$1,611.66
29213120500	\$210.89	32222931100	\$3,678.18	30223310700	\$208.82	34232831300	\$1,658.69
29213131100	\$1,680.21	32223231100	\$4,849.24	30223331100	\$1,402.08	34232841600	\$1,470.33
29213220400	\$1,517.04	32230541000	\$2,257.83	30223341000	\$1,513.86	34232910700	\$1,529.54
29213231100	\$1,525.84	32230641000	\$7,641.26	30223420500	\$2,537.13	34232920400	\$14,482.63
29213241000	\$1,806.60	32230641010	\$1,503.46	30223431100	\$2,340.88	34233020600	\$1,522.63
29213310700	\$7,845.34	32230731400	\$2,966.89	30223520500	\$1,701.13	34233120600	\$1,476.60
29213310800	\$187.20	32231141000	\$7,202.42	30223531400	\$213.33	34233210800	\$1,530.51
29213331200	\$1,401.49	32231220600	\$1,165.24	30223620400	\$202.09	34233320600	\$1,912.58
29213341000	\$189.27	32231420600	\$1,391.92	30223641000	\$2,764.75	34233331400	\$1,805.23
29213341600	\$1,554.05	32231931100	\$1,536.50	30230110100	\$1,724.39	34233341500	\$186.12
29222420400	\$1,640.02	32232510800	\$4,275.52	30230141600	\$1,838.72	34233610800	\$201.31
29222541000	\$1,708.42	32233210700	\$1,422.26	30230210810	\$2,035.34	34240220500	\$1,611.96
29222541010	\$1,877.96	32233241500	\$1,846.33	30230220400	\$201.21	34240331100	\$1,354.10
29223531300	\$4,349.68	32240120600	\$1,626.87	30230431300	\$1,645.88	34240441000	\$1,897.26
29223610700	\$1,561.86	32240241000	\$1,150.41	30231010700	\$1,726.70	34240541600	\$1,564.49
29223620300	\$1,929.60	32240410210	\$11,584.23	30231131100	\$1,893.34	34240731300	\$1,844.54
29223640900	\$5,614.38	32240510800	\$190.34	30231220500	\$1,936.01	34240831100	\$1,610.02
29233510100	\$1,876.74	32240512800	\$197.62	30231231300	\$1,876.74	34240941000	\$1,568.25
29233541610	\$1,873.82	32240820500	\$6,175.11	30231320310	\$1,260.44	34241010700	\$1,872.81
29233641600	\$1,412.83	32240931100	\$1,490.54	30231331400	\$1,207.65	34241120500	\$1,581.61
30210610700	\$1,633.43	32241441000	\$2,526.13	30231441000	\$1,410.75	34241241600	\$1,569.82
30210610710	\$1,884.70	32241541000	\$1,182.18	30231541000	\$1,241.27	34241520500	\$1,570.15
30210620600	\$199.22	32241610100	\$3,140.12	30232510800	\$1,577.93	34241620600	\$1,563.52
30210720300	\$1,724.39	32241620600	\$33,360.15	30232610100	\$1,870.98	34241720610	\$77,897.11
30210731400	\$1,613.56	32241631100	\$192.23	30232610110	\$1,922.82	34241741000	\$1,556.50
30210810200	\$1,455.46	32241941600	\$190.34	30232710800	\$192.23	34241810200	\$1,558.85
30210820600	\$1,761.96	32242020500	\$1,652.36	30232720600	\$1,473.91	34241941000	\$211.92
30210831100	\$1,362.73	32242110200	\$2,879.00	30232820600	\$9,414.79	34242020600	\$1,720.96
30210841000	\$1,524.36	32242120600	\$2,975.93	30232920300	\$1,456.60	34242141000	\$1,495.83
30210841600	\$1,401.29	32242120610	\$3,968.32	30233010800	\$1,825.01	34242231200	\$40,033.61
30210920300	\$1,263.74	32242210200	\$1,077.00	30233631200	\$201.21	34242720400	\$1,601.34
30211620300	\$1,303.77	32242210800	\$1,293.30	31210410700	\$193.04	34242741600	\$2,061.91
30211720400	\$2,753.05	32242341000	\$1,181.95	31210420500	\$3,164.44	34242810700	\$1,796.10
30211831100	\$1,393.50	32242820400	\$1,962.04	31210520600	\$32,942.22	34242931200	\$1,486.90
30211831300	\$1,754.98	32242820600	\$4,591.84	31210531400	\$1,310.33	34243010200	\$1,603.78
30212010100	\$5,106.21	32242831300	\$5,563.86	31210620600	\$193.56	34243231100	\$1,381.56
30212010110	\$1,405.28	32243010200	\$1,676.04	31210910700	\$1,261.96	34243320300	\$5,741.79
30212020600	\$204.46	32243120600	\$80,904.79	31211820600	\$1,896.68	34243320400	\$195.91
30212031300	\$1,475.59	32243130500	\$27,409.04	31213231100	\$189.16	34243331200	\$2,114.77
30212120300	\$1,356.78	32243520600	\$900.99	31220120600	\$2,204.30	34243541000	\$1,566.28
30212831100	\$204.88	32252410800	\$194.30	31220210200	\$1,420.97	34250441000	\$1,577.30
30212941000	\$1,482.21	32252420600	\$191.52	31220231100	\$1,776.23	34250510200	\$1,670.61
30213010200	\$1,507.90	32253622100	\$1,478.40	31220231300	\$1,649.96	34250541600	\$1,574.48
30213020600	\$3,162.85	32253643000	\$182.73	31220310700	\$1,545.51	34250741600	\$1,532.39
30213220600	\$1,525.13	33230520600	\$1,583.77	31220520600	\$186.98	34250831300	\$1,713.67
30213320300	\$209.19	33230531400	\$1,656.38	31220641600	\$1,623.03	34250840900	\$1,474.75
30213320600	\$1,407.48	33230731100	\$5,005.55	31220710700	\$201.91	34251531200	\$1,554.69
30220120400	\$1,721.92	33230731200	\$975.28	31220720600	\$187.90	34251720400	\$1,748.30
30220131100	\$1,455.61	33231631300	\$1,898.85	31220741600	\$1,511.24	34251740900	\$1,510.86
30220341000	\$1,557.92	33231641600	\$1,553.65	31220820500	\$1,393.97	34251841000	\$1,708.75
30220710100	\$1,981.08	33231931400	\$11,450.89	31220931200	\$1,131.97	34251910700	\$20,217.68
30220731120	\$1,347.31	33232010700	\$1,771.97	31221020500	\$1,525.03	34251910710	\$1,643.67
30220820600	\$1,984.26	33232131400	\$207.97	31221031100	\$1,475.59	34251931400	\$1,778.15
30220831200	\$1,897.49	33233120600	\$202.92	31221131400	\$190.78	34252120500	\$1,704.20
30221020300	\$1,880.04	33233531200	\$1,565.09	31221210700	\$1,513.20	34252320600	\$1,710.56
30221020600	\$1,976.78	33240231400	\$1,624.22	31221220500	\$1,429.12	34252441000	\$1,375.64
30221141000	\$1,542.54	33240310700	\$1,616.02	31221240900	\$2,097.47	34252520400	\$2,758.29
30221310800	\$1,724.39	33240610800	\$201.74	31221341000	\$1,653.55	34252540900	\$1,579.87
30221420600	\$196.22	33240610810	\$193.00	31221410100	\$28,005.62	34252920500	\$1,558.82
30221531200	\$1,538.60	33240641500	\$193.00	31221441500	\$10,119.81	34252940900	\$1,341.25
30221531300	\$207.86	33240641600	\$191.49	31221520500	\$1,255.33	34253031200	\$1,504.95
30221540900	\$1,777.46	33240920600	\$1,602.18	31221541000	\$218.22	34253620600	\$1,456.10
30221541500	\$1,446.65	33241010800	\$1,961.64	31221710700	\$289.78	34253641500	\$1,774.48
30221620500	\$1,588.39	33241120600	\$185.61	31221820600	\$1,708.52	34261320400	\$1,808.53
30221631200	\$1,351.65	33241220500	\$1,656.65	31221840900	\$1,219.95	34261340900	\$1,752.15
30221631300	\$3,697.40	33241310800	\$1,491.03	31221910700	\$1,299.84	34262320300	\$1,683.76
30221640900	\$1,426.81	33241520600	\$1,406.09	31221920600	\$1,502.35	34262331300	\$1,633.18
30221731400	\$1,591.35	33241631400	\$1,660.00	31222010700	\$2,605.85	34262510800	\$1,999.30
30221741500	\$1,364.39	33241741500	\$1,547.43	31222110700	\$187.43	34262531100	\$1,461.47
30221820300	\$1,702.61	33241920600	\$1,268.76	31222241000	\$1,538.73	34262620600	\$1,741.32
30221910700	\$1,440.14	33242031300	\$1,479.16	31222410700	\$1,447.40	34262641000	\$2,441.03
30222020300	\$1,795.68	33242110100	\$4,286.30	31222541000	\$211.78	34262641600	\$2,727.61
30222031100	\$43,725.13	33242110200	\$1,836.86	31222710700	\$1,529.84	35240110200	\$1,614.86
30222031400	\$1,612.01	33242331400	\$1,679.12	31222731400	\$197.66	35240131400	\$253.61
30222041000	\$208.82	33242410800	\$1,555.04	31223010800	\$1,351.19	35240210800	\$1,570.15
30222120400	\$208.82	33242520400	\$1,430.98	31223020600	\$1,219.95	35240320300	\$2,075.01
30222120600	\$2,573.11	33242820400	\$1,539.71	31223131400	\$1,447.10	35240610700	\$333.14
30222131100	\$3,145.05	33242920630	\$206.88	31223320400	\$1,466.60	35240620600	\$1,751.99
30222131400	\$204.54	33243010800	\$1,499.09	31223341000	\$213.26	40001690000	\$2,708,448.89
30222211000	\$1,770.95	33243210100	\$1,508.96	31223620600	\$190.41		
30222231100	\$1,110.50	33243210800	\$11,622.73	31231341000	\$1,402.04	Report Total	\$3,772,422.95
30222231110	\$1,265.33	33243220600	\$1,705.73	31231441500	\$1,295.04		
30222231200	\$1,370.61	33243241600	\$26,514.51	31232120600	\$1,401.07		
30222320600	\$1,642.38	33243441000	\$1,295.98	31232220600	\$187.61		
30222320610	\$202.47	33243541000	\$1,403.17	31232331100	\$200.47		
30222420600	\$9,411.95	33243631400	\$1,380.02	31232440900	\$5,970.58		
30222420610	\$1,358.56	33250141600	\$243.73	31232510800	\$246.06		
30222431300	\$201.21	33250741600	\$1,145.40	31232810700	\$2,663.50		
30222441600	\$1,522.90	33251010800	\$1,407.22	31233620600	\$186.47		
30222520600	\$1,694.80	33252420400	\$216.11	32220110800	\$216.55		
30222620600	\$1,298.70	33252820600	\$1,911.14	33253320300	\$195.29		
30222720600	\$2,422.89	33252831200	\$1,682.48	32220210200	\$190.38		