

SCHEDULE 10

AGREEMENT TO PROCESS CROWN ROYALTY BITUMEN

COST OF SERVICE TOLL

Second Amended and Restated April 7, 2014

1. GENERAL

1.1 Capitalized Terms

Capitalized terms used in this Schedule have the definitions as set out in the Agreement to Process Crown Royalty Bitumen (the "**Processing Agreement**") entered into between Alberta Petroleum Marketing Commission and North West Redwater Partnership.

1.2 Processing Agreement Reference

This Schedule is referenced in Sections 1.1, 1.3, 3.5, 12.4, 13.3, 13.5, 13.7, 13.8, 15.1, 15.2, 17.7, and 23.7 of the Processing Agreement.

1.3 References to Processor

In this Schedule, references to costs incurred by or in respect of the Processor shall include costs incurred on behalf of or for the account of the Processor.

2. DEFINITIONS

In this Schedule, the following expressions have the following meanings (and where applicable their plurals have corresponding meanings):

"Allowance Taxes" means any Taxes on or based upon income, net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits or capital, including all Taxes imposed pursuant to the Tax Act and any similar legislation of any province or territory of Canada;

"Allowed Rate of Return on Equity" means 5% per annum;

"Annual Return on Equity" means, in respect of a Year, an amount equal to the sum of the Monthly Return on Equity for each Month in such Year, and where **"Monthly Return on Equity"** means, in respect of a Month, an amount equal to:

$$\left[\left((1 + AR)^{\text{DIM} \div \text{DIY}} \right) - 1 \right] \times \text{UEBM}$$

where:

"AR" means the Allowed Rate of Return on Equity;

"DIM" means the number of Days in the Month;

"DIY" means the number of Days in the Year; and

"UEBM" means the Unrecovered Equity at the beginning of the Month;

"Annual Return of Equity" means in respect of a Year an amount equal to the sum of the Monthly Return of Equity for each Month in such Year, where

"Monthly Return of Equity" means, in respect of a Month:

(a) zero for each of the Months from and after the Toll Commencement Date in which Class A Subordinated Loans, Class B Subordinated Loans or Class C Subordinated Loans are owing which is anticipated to be the first 132 Months; and

(b) for each of the subsequent Months after repayment in full of the Class A Subordinated Loans, Class B Subordinated Loans and Class C Subordinated Loan), which is anticipated to be 228 Months, 1/228 of the amount equal to Equity;

"Athabasca Vacuum Residue" means the volume of hydrocarbons in the Feedstock in a period with a boiling point above 524°C;

"Base Year" means 2009;

"Benchmarked Items" means:

- (a) the Benchmark Labour Costs;
- (b) the Benchmark Maintenance Costs;
- (c) the Benchmark Turnaround Costs;
- (d) the Benchmark Catalyst and Chemical Costs;
- (e) the Benchmark General Supplies Costs;
- (f) the Benchmark Overhead Costs; and
- (g) the Benchmark Sustaining Capital Expenses;

each as described in Attachment 1 forming part of this Schedule;

"Benchmark Operating Costs" has the meaning ascribed to it in Section 6(c) of this Schedule;

"Catalyst Gas Price" means, for a Month, the South Louisiana Henry Hub monthly average contract price for natural gas, in \$US/MMBTU, one month prior to ex-works shipment, for the Month, as reported by Platts;

"CCS Grants" means:

(a) the Clean Energy Fund - Large Scale CCS Demonstration Component Repayable Contribution Agreement Between Her Majesty the Queen In Right of Canada and Enhance Energy Inc., executed March 26, 2010; and

(b) the CCS Funding Agreement – Alberta Carbon Trunk Line Project made as of the 30th day of September, 2010, among Her Majesty the Queen in right of Alberta, Enhance Energy Inc. and North West Upgrading Inc;

"Consumer Price Index" or **"CPI"** means the index which provides a measure of the cost of living in Canada calculated by comparing, over time, the cost of a fixed basket of commodities purchased by consumers (as more particularly described in Statistics Canada publication "Catalogue no. 62-001-X, The Consumer Price Index") or, as required pursuant to Sections 1.8 and 13.6 of the Processing Agreement, the Replacement Index therefor;

"Directly Recoverable Taxes" means:

(a) Taxes other than Allowance Taxes, GST (other than GST referred to in clause (b)) and Employer Taxes; and

(b) GST, to the extent such GST would not otherwise be recoverable by the Processor through input tax credits;

"Employer Taxes" means social security premiums, employment insurance or compensation premiums, Canada Pension Plan premiums, workers' compensation premiums, mandatory pension contributions, and other Taxes paid in respect of amounts paid to employees;

"Flow-Through Operating Costs" means the costs and expenses described in section 6(b) of this Schedule;

"Industrial Product Price Index (IC)" means the index which provides a measure of price changes for chemicals and chemical products sold in Canada, as more particularly described in Statistics Canada publication 62-011-X, Table 2-

20, or as required pursuant to Section 1.8 of the Processing Agreement, the Replacement Index therefor;

"Industrial Product Price Index (ME)" means the index which provides a measure of price changes for machinery and equipment sold in Canada, as more particularly described in Statistics Canada publication 62-011-X, Table 2-15, or as required pursuant to Section 1.8 of the Processing Agreement, the Replacement Index therefor;

"Mercer Total Compensation Survey for the Energy Sector" means the publication by that name published by Mercer LLC (or an affiliate) or, as required pursuant to Section 1.8 of the Processing Agreement, the Replacement Index therefor;

"Mercer Total Compensation Survey for the Energy Sector: Field/Hourly Mandate" means the publication by that name published by Mercer LLC (or an affiliate) or, as required pursuant to Section 1.8 of the Processing Agreement, the Replacement Index therefor;

"Moly Index" means, for a Month, the monthly average for "Worldwide Oxide High-Low Average" for molybdenum, in \$US/lb in that Month, as reported by Ryan's Notes or, as required pursuant to Sections 1.8 and 13.6 of the Processing Agreement, the Replacement Index therefor;

"Monthly Refined Products" means, for a Month, all Refined Products sold by the Processor in that Month (including Refined Products sold to APMC or CNR);

"Monthly Fraction" means for each Month during a Year the fraction obtained when one is divided by the number of Months in such Year;

"Nickel Index" means, for a Month, the LME Cash Settlement High-Low Average for nickel, in US\$/lb, for the Month, as reported by Ryan's Notes or, as required pursuant to Sections 1.8 and 13.6 of the Processing Agreement, the Replacement Index therefor;

"Producer Price Index" or "PPI" means the index which provides a measure of price changes for the producer prices for industrial commodities, less fuels and related products and power, in the United States of America (as more particularly described by the Bureau of Labour Statistics, US Department of Labour, reference WPU03T15M05) or, as required pursuant to Section 1.8 of the Processing Agreement, the Replacement Index therefor;

"Replacement Index" means a replacement to:

- (a) the Mercer Total Compensation Survey for the Energy Sector;
- (b) the Mercer Total Compensation Survey for the Energy Sector: Field/Hourly Mandate;

- (c) the Industrial Product Price Index (IC);
- (d) the Industrial Product Price Index (ME);
- (e) the Moly Price Index;
- (f) the Nickel Price Index;
- (g) the Tungsten Price Index;
- (h) the Producer Price Index;
- (i) the index upon which the Catalyst Gas Price is based;
- (j) CPI; or
- (k) GDP Deflator;

as applicable, pursuant to Sections 1.8 or 13.6 of the Processing Agreement;

"Tax Act" means the *Income Tax Act* (Canada);

"Tax Allowance" means, in respect of a Year, the amount of Allowance Taxes that the Processor would have been liable to pay to a governmental authority during or in respect of the Year, based on the following assumptions and conditions:

- (a) that the Processor was, throughout the Year and each preceding Year, a corporation that was a "taxable Canadian corporation" (as defined in the Tax Act) and a "public corporation" (as defined in the Tax Act) resident in the Province of Alberta;
- (b) that the business and activities of the corporation for each Year were identical to the business and activities of the Processor;
- (c) that the assets of the corporation (determined on a pro rata basis and not including any Excluded Capital Costs) for each Year consisted solely of a 75% interest in the Facility;
- (d) that the liabilities of the corporation (determined on a pro rata basis) for each Year consisted of 75% of the liabilities of the Processor;
- (e) where APMC has elected to cause the Processor to make a repayment in respect of Debt Financing pursuant to Section 6.8 of the Processing Agreement, that the income of the corporation included such repayment in the Year it was paid (subject to any reserves which may be claimed under the Tax Act), but in subsequent years, that the income of the corporation did not include the Debt Component to the extent it was

not payable as a result of such repayment (but including the amount in respect of any such reserves to the extent such reserves may be claimed in such Year);

- (f) that the income of the corporation for each Year consisted of:
 - (i) all amounts received or receivable by or accruing to the Processor under the Processing Agreement in the Year, other than:
 - (A) any amount in respect of the Tax Allowance;
 - (B) the Processor's share of the YTD Excess Capacity Amount;
 - (C) the Monthly Incentive Fee;
 - (D) the Annual Incentive Fee; and
 - (E) any amounts payable to the Processor by APMC in the event of termination of the Processing Agreement pursuant to Section 23.4 of the Processing Agreement (including without limitation any amounts payable to the Processor by APMC under section 2.20(c) of the Direct Lender Agreement);

net of the Benchmark Operating Cost Rebate, if any;

- (ii) all amounts received or receivable by or accruing to the Processor under the Marketing Agreement in the Year;
- (ii.2) 75% of any interest or other amounts credited to Processor with respect to investments in the Debt Repayment Trust Account pursuant to Section 11.8 of the Processing Agreement;
- (iii) 75% of all amounts received or receivable by the Processor in the Year pursuant to the CCS Grants; and
- (iv) an amount determined by the following formula:

$$A \times \left(\frac{1}{1-B} \right)$$

where:

A is the Tax Allowance otherwise determined for the Year without regard to this subclause (iv); and

B is the combined federal and provincial income tax rate for the Year applicable to active business income earned by a "taxable Canadian corporation" that is a "public corporation" (as those terms are defined in the Tax Act) resident in Alberta;

(g) that the expenditures and outlays of the corporation (determined on a pro rata basis) for each Year consisted of 75% of the expenditures and outlays (including, for greater certainty, expenditures and outlays on account of capital) incurred by the Processor in the Year relating to the Facility, other than Excluded Capital Costs; and including any expenditures and outlays of the corporation (determined on a pro rata basis) incurred in providing the services required by the Marketing Agreement;

(h) that the income, gain, loss and any other amount of the corporation be computed in accordance with generally accepted accounting principles, except to the extent otherwise required by the Tax Act or other applicable tax legislation; and

(i) that in computing the taxable income of the corporation for each Year, any discretionary deductions, including capital cost allowance and any reserves, be claimed to the maximum extent permitted by the Tax Act or other applicable tax legislation, but not to the extent that any such deduction would create or result in a loss for the Year;

"Tungsten Index" means, for a Month, the APT NA High-Low Average for tungsten, in US\$/stu, in that Month, as reported by Ryan's Notes or, as required pursuant to Sections 1.8 and 13.6 of the Processing Agreement, the Replacement Index therefor;

"Unrecovered Equity" means, at the beginning of a Month:

- (a) the Equity; less
- (b) the aggregate of the Annual Return of Equity paid to the Processor for all Years in all Months prior to the beginning of such Month;

"Working Capital Allowance" means the amount determined as such pursuant to section 6(e) of this Schedule.

3. MONTHLY COST OF SERVICE TOLL

The **"Monthly Cost of Service Toll"** for a Month will be the sum of:

- (a) subject to Section 13.5 of the Processing Agreement, the Annual Equity Component (as defined in section 4 of this Schedule) for the Year in which such Month occurs, multiplied by the Monthly Fraction;
- (b) the Debt Component for such Month, as determined under section 5 of this Schedule;
- (b.1) the Class A Subordinated Debt Component for such Month, as determined under section 5A of this Schedule;
- (c) the Monthly Operating Component for such Month, as determined under section 6 of this Schedule; and
- (d) the Monthly Incentive Fee (as defined in section 8(a) of this Schedule) for such Month.

In addition, APMC shall pay to the Processor the Annual Incentive Fee (as defined in section 9(a) of this Schedule) in each Year determined in accordance with section 9 of this Schedule, and the Processor shall include such amount for a Year in the next Monthly Statement following such Year.

4. THE ANNUAL EQUITY COMPONENT

The "**Annual Equity Component**" for a Year will be the sum of:

- (a) 75% of the Annual Return on Equity for the Year; plus
- (b) 75% of the Annual Return of Equity for the Year.

5. THE DEBT COMPONENT

- (a) The "**Debt Component**" in respect of a Month (the "**Relevant Month**") shall be, subject to clauses (b) and (c), the sum of:
 - (i) 75% of the anticipated Debt Service Costs of the outstanding Debt Financing that the Processor will be required to pay in the Month that is two Months after the Relevant Month in respect of which the Monthly Statement is being determined; plus
 - (ii) 75% of the anticipated aggregate required repayments of the principal of the outstanding Debt Financing (including the face amount of any bankers acceptances or similar instruments payable on maturity, except to the extent such amount is included in the anticipated Debt Service Costs under subclause (i)) to be made during the Month that is two Months after the Relevant Month in respect of which the Monthly Statement is being determined;

except that, notwithstanding the foregoing, in respect of the Month prior to the Month in which the Toll Commencement Date occurs, the “Debt Component” shall be the sum of:

- (iii) 75% of the anticipated Debt Service Costs of the outstanding Debt Financing that the Processor will be required to pay in the next two Months (being the Month in which the Toll Commencement Date occurs and the next following Month); plus
- (iv) 75% of the anticipated aggregate required repayments of the principal of the outstanding Debt Financing (including the face amount of any bankers acceptances or similar instruments payable on maturity, except to the extent such amount is included in the Debt Service Costs under subclause (iii)) to be made during the next two Months (being the Month in which the Toll Commencement Date occurs and the next following Month).

(b) [section deleted]

(c) The Parties acknowledge that the Debt Financing Plan may contemplate that the Processor will or may undertake Debt Smoothing Financings.

If the Processor undertakes a Debt Smoothing Financing, then the Debt Service Costs payment or the principal repayment portion of the Debt Component as determined by section 5(a) of this Schedule shall be reduced accordingly for the Month in which the payment of Debt Service Costs or repayment of principal would have been paid but for the Debt Smoothing Financing and the Debt Component shall be increased accordingly for subsequent Months when such Debt Smoothing Financing Facility is to be repaid.

If, for any reason, the Processor is unable to draw on or receive proceeds from a Debt Smoothing Financing Facility contemplated by the paragraph above, such that a shortfall arises in regard to the payment of Debt Service Costs that are due to be paid or repayment of maturing principal that forms part of the Debt Financing, APMC shall, upon demand by the Processor, pay:

- (i) 75% of such shortfall, or
- (ii) if there are funds in the Debt Repayment Trust Account, 75% of the difference between the shortfall and the amount in the Debt Repayment Trust Account,

on account of the Processor, to the Debt Repayment Trust Account, on or before the date such payments or repayments are due and such amounts shall be credited to the Debt Financing

(d) If, in anticipation of a maturing debt instrument, the Processor undertakes, in respect of that debt instrument, a refinancing as part of the Debt Financing (other than a Debt Smoothing Financing), then the principal repayment portion of the Debt Component as determined by section 5(a) of this Schedule shall be reduced by the proceeds of the refinancing for the Month in which the repayment of principal would have been paid but for the refinancing.

(d.1) If the Processor does not undertake the refinancing of a maturing debt instrument (including a maturing Debt Smoothing Financing), then APMC shall pay that portion of the Debt Component that represents:

(i) 75% of the maturing principal amount, or

(ii) if there are funds in the Debt Repayment Trust Account, 75% of the difference between the maturing principal amount and the amount in the Debt Repayment Trust Account,

on account of the Processor, directly to the Debt Repayment Trust Account, on or before the date such repayment is due and such amounts shall be credited to the Debt Financing.

(e) The Debt Component shall be subject to estimate (including as relates to Debt Service Costs of the Debt Financing based on variable interest rates) and reconciliation in accordance with Section 14.2 of the Processing Agreement, including in relation to any repayment under Section 6.8 of the Processing Agreement.

5A. THE CLASS A SUBORDINATED DEBT COMPONENT

The “**Class A Subordinated Debt Component**” in respect of a Month shall be the sum of:

(a) 75% of the interest on the outstanding Class A Subordinated Loans that the Processor will be required to pay in the Month; plus

(b) 75% of the aggregate required repayments of the principal of the outstanding Class A Subordinated Loans.

6. MONTHLY OPERATING COMPONENT

(a) The “**Monthly Operating Component**” for a Month will consist of the sum of:

(i) 75% of the Flow-Through Operating Costs (as defined in clause (b)); and

- (ii) 75% of the Benchmark Operating Costs (as defined in clause (c));
- incurred by the Processor during such Month, excluding any costs or expenses in respect of the following:
- (iii) matters where the Processor is required under the Processing Agreement to indemnify APMC or to pay damages to APMC;
 - (iv) legal and other professional services costs incurred in connection with any proceedings under the Dispute Resolution Procedure (except to the extent that such costs are themselves the subject of a dispute dealt with under the Dispute Resolution Procedure); and
 - (v) political contributions and charitable donations (other than costs and expenses reasonably incurred for community or stakeholder relations).
- (b) The "**Flow-Through Operating Costs**" for a Month will consist of the following operating, maintenance, administrative and other costs and expenses, whether capital or non-capital items, incurred by the Processor in respect of the Facility during such Month:
- (i) power, natural gas, water and other utilities;
 - (ii) costs incurred in connection with application for regulatory approvals, including application and hearing costs and costs for professional services procured in connection with such applications and hearings;
 - (iii) oxygen, nitrogen, hydrogen, instrument air and other similar inputs and supplies procured from third parties after the Commercial Operation Date;
 - (iv) the Debt Service Costs of any Operating Line for the Month excluding any Debt Service Costs payable in respect of any drawdowns on the Operating Line used for paying:
 - (A) Excluded Capital Costs; or
 - (B) the costs of acquiring Feedstock directly in connection with the use of Excess Capacity (which costs shall be reasonably determined only at the end of each Year and reflected in the next Monthly Statement following the determination, and which determination shall have regard to the amount of such costs borne by the Processor, implicitly, as part of the determination under Section 12.5 of the Processing Agreement of the YTD Excess Capacity Amount by the consequences of including in the calculation of the YTD Net Profit Per Barrel the YTD Operating Component; and shall take into account the impact on the use of the Operating Line resulting from the Excess Capacity);

- (v) insurance carried in accordance with Schedule 11, as required by applicable laws, or as required as a condition of any of the Debt Financing, and any cost incurred in respect of any deductible under any such insurance (except to the extent such deductible cost is attributable to the gross negligence or wilful misconduct of the Processor), and any cost incurred that could reasonably (having regard to the Alberta insurance market and the cost of coverages) have been covered by insurance carried by the Processor;
- (vi) where any insurance required to be carried by the Processor pursuant to Schedule 11 and actually carried by the Processor:
 - (A) has exclusions of certain coverages where coverage for such exclusions could reasonably (having regard to the Alberta insurance market and the cost of coverages) have been carried by the Processor; or
 - (B) has a limit lower than the maximum foreseeable loss (as determined in accordance with generally applicable insurance industry practices);

capital and non-capital costs incurred in consequence of a loss not covered by or beyond the limits of the insurance carried by the Processor, to the extent of:

 - (C) the excluded coverages described in paragraph (A); and
 - (D) the difference between the actual limit of insurance and the maximum foreseeable loss as described in paragraph (B);
- (vii) local property taxes, levies, assessments and similar charges, imposed in connection with the ownership of the lands on which the Facility is situated, or in respect of the machinery, equipment or other assets forming part of the Facility;
- (viii) GST, to the extent such GST would not otherwise be recoverable by the Processor through input tax credits, paid during the Month;
- (ix) out-of-pocket costs connected with compliance with Applicable Laws pertaining to the environment that are:
 - (A) costs of compliance other than in respect of remediation; or
 - (B) remediation costs, but only to the extent such costs would be covered by insurance that could reasonably (having regard to the Alberta insurance market and the costs of such insurance and having regard to Good Industry Practices) have been carried by the Processor,

and excluding any costs or expenses attributable to the gross negligence or wilful misconduct of the Processor;

- (x) all capital and non-capital out-of-pocket costs associated with repairs and replacements of, or modifications to, the Facility, or increased operating costs of whatever kind or nature, required by a change in statute, regulation or the requirements of a regulatory authority, but not including any costs incurred due to a failure to comply with an existing authorization, permit or approval; provided that, to the extent such change in statute, regulation or the requirements of a regulatory authority increases the capital or non-capital out-of-pocket costs of a Benchmark Operating Cost (and not a Flow-Through Operating Cost), the Flow-Through Operating Costs shall only include the amount by which the increase in such Benchmark Operating Costs for the affected Benchmarked Item as a result of the change exceeds the increase in the Benchmark Operating Costs for such Benchmarked Item over the same period of time as reflected by the escalation provided for in section 7(b) of this Schedule;
- (xi) all Directly Recoverable Taxes payable pursuant to a change, after the Execution Date, in Applicable Laws pertaining to Taxes, provided that, to the extent such Directly Recoverable Taxes increase the costs of a Benchmark Operating Cost (and not a Flow-Through Operating Cost), the Flow-Through Operating Costs shall only include the amount by which the increase in such Benchmark Operating Costs for the affected Benchmarked Item as a result of the change exceeds the increase in the Benchmark Operating Costs for such Benchmarked Item over the same period of time as reflected by the escalation provided for in section 7(b) of this Schedule;
- (xii) all Employer Taxes payable to pursuant to a change, after the Execution Date, in Applicable Laws pertaining to Taxes, provided that, to the extent such Employer Taxes increase the costs of a Benchmark Operating Cost (and not a Flow-Through Operating Cost), the Flow-Through Operating Costs shall only include the amount by which the increase in such Benchmark Operating Costs for the affected Benchmarked Item as a result of the change exceeds the increase in the Benchmark Operating Costs for such Benchmarked Item over the same period of time as reflected by the escalation provided for in section 7(b) of this Schedule;
- (xiii) services provided by third parties in relation to:
 - (A) transporting, handling, storing and terminalling Bitumen, Blended Bitumen and Feedstock to or from the Facility (but not the cost of the underlying commodity), including costs associated with any credit support requirements;

- (B) the tie-in of pipelines, power and other utilities;
 - (C) transporting, handling, storing and terminalling Refined Products undertaken pursuant to Section 10.1 of the Processing Agreement, including costs associated with any credit support requirements; or
 - (D) water disposal, waste and soot removal and disposal;
- (xiv) the Monthly Fraction of the Tax Allowance for the Year;
 - (xv) the Monthly Fraction of the Working Capital Allowance for the Year;
 - (xvi) the fees of the Trustee and Account Bank (as defined in the Trust Agreements) of the Debt Repayment Trust Account;
 - (xvii) costs in respect of the marketing of Refined Products undertaken pursuant to Section 10.1 of the Processing Agreement, including the costs of third party professional services provided in respect of such activities and, in respect of such activities, a reasonable allocation of head office, general and administrative, information technology and overhead costs;
 - (xviii) costs in respect of required additives to Refined Products (such as biofuels); and
 - (xix) unutilized demand charges, balancing fees and penalties and similar costs incurred in connection with the transportation of Feedstock and Refined Products;
 - (xx) amounts paid to counterparties on interest rate or currency derivatives that have been approved by APMC and CNR and are not related to the Debt Financing;
 - (xxi) out-of-pocket costs connected with collection activities pursuant to Section 8.5(d) of the Processing Agreement;
 - (xxii) amounts paid or repaid during the Month by the Processor to Her Majesty the Queen in right of Canada or Her Majesty the Queen in right of Alberta under the CCS Grants or other government grants;
 - (xxiii) costs incurred during the first Facility turnaround for the purpose of rectifying deficiencies or omissions which are identified within six Months after the Commercial Operation Date, and which would have constituted Facility Capital Costs if they had been incurred prior to the Commercial Operation Date or within six Months after the Commercial Operation Date, subject to the consent of APMC and CNR, such consent not to be unreasonably withheld (and any dispute as to whether

such consent is unreasonably withheld shall be subject to the Dispute Resolution Procedure);

minus each of the following:

- (xxiv) the amount of any payments received during the Month on account of insurance, damages, warranty or other similar recoveries, or as rebates or refunds, or as proceeds from the sale of replaced or unused equipment, supplies or other physical assets, received by the Processor that are attributable to the Facility, provided the underlying cost constituted either Facility Capital Costs or Flow-Through Operating Costs, and for greater certainty excluding:
 - (A) payments received in connection with the Benchmarked Items; and
 - (B) the proceeds from insurance where the cost of such insurance was not incurred as a Flow-Through Operating Cost; and
- (xxv) amounts received during the Month by the Processor after the Toll Commencement Date from Her Majesty the Queen In Right of Canada or Her Majesty the Queen in right of Alberta, as applicable, under the CCS Grants or other government grants;
- (xxvi) the amount of any payments received by the Processor from counterparties on interest rate or currency derivatives that have been approved by APMC and CNR and are not related to the Debt Financing.

For greater certainty, it is the intent of the Parties that costs and expenses identified in this Section 6(b) and the Benchmark Operating Costs shall be mutually exclusive such that the Processor shall not be entitled to recover any such cost or expense more than once.

- (c) The "**Benchmark Operating Costs**" for a Month will, subject to the Benchmark Operating Cost Rebate contemplated in section 7 below, consist of all operating, maintenance and administrative expenses, whether capital or non-capital items, incurred by the Processor in respect of the Facility during such Month in respect of the Benchmarked Items, but does not include Flow-Through Operating Costs, and minus the amount of any payments received during the Month on account of insurance, damages, warranty or other similar recoveries, or as rebates or refunds, or as proceeds from the sale of replaced or unused equipment, supplies or other assets received by the Processor in connection with the Benchmarked Items, provided the cost of such insurance or the subject-matter of the rebate or refund or the cost of the equipment, supplies or other assets was not incurred as a Flow-Through Operating Cost

(d) The Tax Allowance is intended to allow for an "after-tax" return on the Unrecovered Equity at the Allowed Rate of Return on Equity (having regard for all amounts payable to the Processor under the Processing Agreement and the Marketing Agreement excluding the Monthly Incentive Fee (as defined in section 8(a) of this Schedule), the Annual Incentive Fee (as defined in section 9(a) of this Schedule) and the YTD Excess Capacity Amount) based on the assumptions and conditions set out in the definition of "Tax Allowance". Accordingly, if:

- (i) the Processor has determined the Tax Allowance for a Year on the basis of certain computations of income, gain or loss or any other amount which is relevant to the determination of the Tax Allowance; and
- (ii) Canada Revenue Agency or any other applicable tax authority, whether by law, regulation, practice or guideline, or as demonstrated in an assessment or reassessment of the Processor or any partner of the Processor, computes such income, gain or loss or other amount for the Year in a different manner;

the Tax Allowance for that Year shall be adjusted to reflect the difference between the calculation of the Tax Allowance included as part of the Monthly Statements for such Year and the determination of the Tax Allowance of the basis of the computation of such income, gain or loss or other amount in the manner referred to in subclause (ii) of this clause (d), and the amount of any such adjustment shall be included in the next Monthly Statement following the determination of such adjustment.

(e) "**Working Capital Allowance**" for a Year means an allowance which provides a return on certain working capital in that Year, at the rate equal to the Allowed Rate of Return on Equity, determined as follows:

- (i) in maintaining working capital, the Processor shall act reasonably with a view to optimizing the use of the Operating Line (rather than equity) so as to reduce the overall cost impact of working capital;
- (ii) subject to the recalculation at the end of each Year under subclause (iv), the amount of working capital for the Year shall be the amount of working capital reflected in the annual budget prepared by the Processor and arrived at reasonably, having regard for:
 - (A) the timing of payments made by and to the Processor under the Processing Agreement;
 - (B) the timing of payments made by the Processor for labour and to service providers and others in respect of the operation and maintenance of the Facility;
 - (C) availability of funding from an Operating Line;

- (D) the requirement to retain a reasonable amount for contingencies (having regard to any contingencies funded as part of the Debt Financing);
- (iii) for purposes of calculating the Working Capital Allowance each Month during a Year, the amount of working capital as determined under subclause (ii) shall not include any of the following:
 - (A) working capital funded from Debt Financing or an Operating Line;
 - (B) working capital required as a result of Excluded Capital Costs;
 - (C) working capital required to fund the costs of acquiring Feedstock directly in connection with the use of Excess Capacity (which costs shall be reasonably determined only at the end of each Year and reflected in the next Monthly Statement following the determination, and which determination shall have regard to the amount of such costs borne by the Processor, implicitly, as part of the determination under Section 12.5 of the Processing Agreement of the YTD Excess Capacity Amount by the consequences of including in the calculation of the YTD Net Profit Per Barrel the YTD Operating Component; and shall take into account the impact on the use of the Operating Line resulting from the Excess Capacity);
 - (D) working capital required as a result of payment of a Benchmark Operating Costs Rebate under section 7 of this Schedule (and any similar rebate under the CNR Processing Agreement); and
 - (E) working capital required to fund distributions by the Processor beyond the Annual Return on Equity, the Annual Return on Equity and the YTD Excess Capacity Amount under the Processing Agreement, and similar amounts under the CNR Processing Agreement;
- (iv) following the end of the Year, and in any event not later than at the time of the Monthly Statement for April, the Processor shall recalculate the Working Capital Allowance for such Year based on the actual funding of working capital requirements (determined having regard for generally accepted accounting principles) within such Year, and shall reconcile in that Monthly Statement any differences between the Working Capital Allowance applied during the Year and that calculated following the end of such Year; and

- (v) if APMC does not agree that the amount of working capital budgeted for by the Processor under subclause (ii) or the amount of the Working Capital Allowance as calculated by the Processor under subclause (ii) or subclause (iv) is reasonable, having regard for the provisions of this clause (e), the Parties shall endeavour to agree upon the amount in question, failing which either Party may require that the matter be resolved pursuant to the Dispute Resolution Procedure.

7. BENCHMARK OPERATING COST REBATE

- (a) The "**Initial Maximum Benchmark Operating Costs**" means, subject to Section 13.7 of the Processing Agreement, the aggregate of the following amounts for the following components, each as defined in clause (b):
 - (i) for the Maximum Benchmark Labour Costs, \$ [confidential] ;
 - (ii) for the Maximum Benchmark Maintenance Costs, \$[confidential];
 - (iii) for the Maximum Benchmark Turnaround Costs, \$[confidential] for a year with a major turnaround, \$[confidential] for a Year with a minor turnaround, and \$0 for a year with neither, where a "major turnaround" or a "minor turnaround" shall be considered to have occurred where, applying Good Engineering Practices:
 - (A) a major turnaround or a minor turnaround, as the case may be, during that Year was reasonable or prudent; and
 - (B) a major turnaround or a minor turnaround, as the case may be, beyond normal maintenance and operation, did take place during that Year;

provided that where a particular major turnaround or minor turnaround takes place over two Years, the above amount of \$[confidential] or \$[confidential], as the case may be, shall be pro-rated between the two Years based on the number of Days in each Year in which the major turnaround or minor turnaround occurred;

 - (iv) for the Maximum Benchmark Catalyst and Chemical Costs, \$[confidential];
 - (v) for the Maximum Benchmark General Supplies Costs, \$[confidential];
 - (vi) for the Maximum Benchmark Overhead Costs, \$[confidential]; and
 - (vii) for the Maximum Benchmark Sustaining Capital Expenses, \$[confidential] until 2024, provided that for the Years 2024 and after,

the Maximum Benchmark Sustaining Capital Expenses will be \$[*confidential*], as escalated since the Base Year as contemplated in section 7(b)(vii) of this Schedule.

- (b) In respect of each Year following the Base Year (but during any Renewal Term subject to Section 15.1 of the Processing Agreement):
- (i) **"Maximum Benchmark Labour Costs"** for a Year will be:
 - (A) the Maximum Benchmark Labour Costs in the prior Year; escalated by
 - (B) 50% of the rate of escalation from the Year prior to such Year to such Year, as stated in the Mercer Compensation Survey for the Energy Sector; plus 50% of the rate of escalation from the Year prior to such Year to such Year, as stated in the Mercer Total Compensation Survey for the Energy Sector: Field/Hourly Mandate;
 - (ii) **"Maximum Benchmark Maintenance Costs"** for a Year will be:
 - (A) the Maximum Benchmark Maintenance Costs in the prior Year; escalated by
 - (B) 60% of the rate of escalation from the Year prior to such Year to such Year, as stated in the Mercer Total Compensation Survey for the Energy Sector: Field/Hourly Mandate; plus 40% of the rate of escalation from the Year prior to such Year to such Year, as stated in the Industrial Product Price Index (ME);
 - (iii) **"Maximum Benchmark Turnaround Costs"** for a Year will be:
 - (A) the Maximum Benchmark Turnaround Costs in the prior Year (assuming, in respect of a minor turnaround Year, all prior Years were minor turnaround Years, and in respect of a major turnaround Year, all prior Years were major turnaround Years); escalated by
 - (B) 60% of the rate of escalation from the Year prior to such Year to such Year, as stated in the Mercer Total Compensation Survey for the Energy Sector: Field/Hourly Mandate; plus 40% of the rate of escalation from the Year prior to such Year to such Year, as stated in the Industrial Product Price Index (ME);
 - (iv) **"Maximum Benchmark Catalyst and Chemical Costs"** for a Year will be the aggregate of the following, each as defined and determined pursuant to Attachment 2 forming part of this Schedule:

- (A) the LC-Finer Benchmark Allocation;
 - (B) the Hydroprocessing Allocation; and
 - (C) the Other Chemical Allocation;
- (v) **"Maximum Benchmark General Supplies Costs"** for a Year will be:
 - (A) the Maximum Benchmark General Supplies Costs in the prior Year; escalated by
 - (B) the rate of escalation from the Year prior to such Year to such Year, in CPI;
- (vi) **"Maximum Benchmark Overhead Costs"** for a Year will be:
 - (A) the Maximum Benchmark Overhead Costs in the prior Year; escalated by
 - (B) the rate of escalation from the Year prior to such Year to such Year, as stated in the Mercer Total Compensation Survey for the Energy Sector;
- (vii) **"Maximum Benchmark Sustaining Capital Expenses"** for a Year will be, subject to Section 15.2 of the Processing Agreement:
 - (A) the Maximum Benchmark Sustaining Capital Expenses in the prior Year (subject to the escalation in the Year 2024 as contemplated in Section 7(a)(vii)); escalated by
 - (B) 60% of the rate of escalation from the Year prior to such Year to such Year, as stated in the Mercer Total Compensation Survey for the Energy Sector: Field/Hourly Mandate; plus 40% of the rate of escalation from the Year prior to such Year to such Year, as stated in the Industrial Product Price Index (ME); and
- (viii) the **"Yearly Maximum Indexed Benchmark Operating Costs"** for a Year means the aggregate of all of the foregoing in that Year.
- (c) **"Four Year Actual Benchmark Operating Costs"** for a Year means the aggregate of the actual Benchmark Operating Costs in that Year and each of the prior three Years, divided by four.
- (d) **"Four Year Maximum Indexed Benchmark Operating Costs"** for a Year means the aggregate of the Yearly Maximum Indexed Benchmark Operating Costs in that Year and each of the prior three Years divided by four.
- (e) If in a Year:

- (i) the Four Year Actual Benchmark Operating Costs (as defined in clause (c)) for that Year; minus
- (ii) the amount of the Benchmark Operating Costs borne by the Processor, implicitly, as part of the determination under Section 12.5 of the Processing Agreement of the YTD Excess Capacity Amount by the consequences of including in the calculation of YTD Net Profit Per Barrel the YTD Operating Component;

is greater than the Four Year Maximum Indexed Benchmark Operating Costs (as defined in clause (d)) for that Year, then the Processor will refund to APMC 75% of the amount of such excess (such 75% share constituting the "**Benchmark Operating Cost Rebate**"). The Processor shall estimate on a reasonable basis the estimated Benchmark Operating Cost Rebate which will be applicable for the Year and shall include in each Monthly Statement, for the account of APMC, 1/12th of the estimated Benchmark Operating Cost Rebate for that Year. At the end of the Year, the Processor shall calculate the actual Benchmark Operating Cost Rebate for such Year and shall reconcile in a Monthly Statement any differences between the aggregate of the estimated Benchmark Operating Cost Rebate included in the Monthly Statements in that Year and the actual Benchmark Operating Cost Rebate for such Year and shall include such reconciliation in the first Monthly Statement after making such calculation and in any event not later than the Monthly Statement for April in the Year following such Year.

- (f) During the first three Years of the Term, if:
 - (i) the Benchmark Operating Costs for that Year; minus
 - (ii) the amount of the Benchmark Operating Costs borne by the Processor, implicitly, as part of the determination of the YTD Excess Capacity Amount by the consequences of including in the calculation of YTD Net Profit Per Barrel the YTD Operating Component;

is greater than the Yearly Maximum Indexed Benchmark Operating Costs for that Year, then the Processor will refund to APMC 75% of the amount of such excess (such 75% share constituting the "**Benchmark Operating Cost Rebate**").

If, at the end of the fourth Year:

- (iii) the aggregate of the Benchmark Operating Cost Rebate over the prior four years is greater than the Benchmark Operating Cost Rebate at the end of the fourth Year, APMC shall account to the Processor for such difference; and
- (iii) the aggregate of the Benchmark Operating Cost Rebate over the prior four years is less than the Benchmark Operating Cost Rebate at the end of the fourth Year, the Processor shall account to APMC for such difference.

Any Benchmark Operating Cost Rebate for a Year shall be included in the first Monthly Statement following its determination after the end of the Year, but in any event not later than in the Monthly Statement delivered in April of such following Year.

8. MONTHLY INCENTIVE FEE

- (a) The "**Monthly Incentive Fee**" for a Month means:
- (i) during the Original Term, 15% of 75% of the Net Profits (as defined in clause (b)) for the Month;
 - (ii) during any Renewal Term, 25% of 75% of the Net Profits for the Month;

provided that the Monthly Incentive Fee shall never be less than zero.

- (b) The "**Net Profits**" for a Month means the amount determined in accordance with the following formula:

$$\text{Net Profits} = [A - (B + C)]$$

where:

A = the Monthly Aggregate Revenues for the Month;

B = the Adjusted Monthly Cost of Service (as defined below in this clause (b)) for such Month;

C = the Optimized Stream Value for such Month; and

and where the "**Adjusted Monthly Cost of Service**" for a Month is the Monthly Cost of Service Toll for the Month, as determined under section 3 of this Schedule but as if the components referred to in Section 3 included 100% rather than 75% of the underlying amounts, and excluding the Monthly Incentive Fee, and provided that, for the purposes of determining the Adjusted Monthly Cost of Service only, the Debt Component, as adjusted to include 100% of the underlying amounts, (the "**Adjusted Debt Component**") will be determined on the following basis:

- (i) that the portion of the Adjusted Debt Component referred to in section 5(a)(i) of this Schedule (being the Debt Service Costs of the Debt Financing) is equal to the interest that would be payable on all outstanding principal under the Debt Financing at the interest rate under any 30-year Canadian dollar bonds issued as part of the Debt Financing (or, if no 30 year Canadian dollar bonds were issued, at the interest rate under the longest term Canadian dollar bonds issued as part of the Debt Financing); and

(ii) that the portion of the Adjusted Debt Component referred to in section 5(a)(ii) of this Schedule (being the repayment of principal under the Debt Financing) is:

- (A) for each Month prior to the sixth anniversary of the Toll Commencement Date, zero; and
- (B) for each of the 288 Months from and after the sixth anniversary of the Toll Commencement Date, is $1/288^{\text{th}}$ of the aggregate of principal amount outstanding under all Debt Financing on such anniversary date, and after such 288 Months is zero;

and provided further that, if in any Month the Net Profit is less than zero (the amount by which it is less than zero being a "Net Loss"), the Net Loss for the Month shall be deducted from the positive Net Profit in the first subsequent Month in which a positive Net Profit occurs (but not deducted to the extent such Net Profit is then less than zero, in which case the undeducted portion of the Net Loss shall be deducted in the next subsequent Month in which a positive Net Profit occurs); provided that a Net Loss (or any portion thereof) which has occurred in a Month shall not be deducted from a positive Net Profit in a Month that is more than 24 Months following the Month in which the Net Loss occurred.

9. ANNUAL INCENTIVE FEE

- (a) The "Annual Incentive Fee" for a Year means 75% of the amount determined in accordance with the following formula:

$$Z \times A \times B - MIFA$$

where:

Z is equal to:

- where the APB (as defined below in this clause (a)) in the Year is greater than CDE (as defined below in this clause (a)) of P₁ but less than CDE of P₂, 22%
- where the APB in the Year is CDE of P₂ or greater but less than CDE of P₃, 29%
- where the APB in the Year is CDE of P₃ or greater but less than CDE of P₄, 36%
- where the APB in the Year is CDE of P₄ or greater but less than CDE of P₅, 43%
- where the APB in the Year is CDE of P₅ or greater, 50%,

and where:

"APB" means the Annual Profit per Barrel for the Year, determined pursuant to section 9(b) of this Schedule;

"P₁" means US \$22 for the Year in which the Commercial Operation Date occurs, and for each Year thereafter, P₁ for the immediately preceding Year escalated by the GDP Deflator;

"P₂" means US \$23 for the Year in which the Commercial Operation Date occurs, and for each Year thereafter, P₂ for the immediately preceding Year escalated by the GDP Deflator;

"P₃" means US \$24 for the Year in which the Commercial Operation Date occurs, and for each Year thereafter, P₃ for the immediately preceding Year escalated by the GDP Deflator;

"P₄" means US \$25 for the Year in which the Commercial Operation Date occurs, and for each Year thereafter, P₄ for the immediately preceding Year escalated by the GDP Deflator;

"P₅" means US \$26 for the Year in which the Commercial Operation Date occurs, and for each Year thereafter, P₅ for the immediately preceding Year escalated by the GDP Deflator;

and where "CDE" means the Canadian dollar equivalent of such US Dollar amount converted at the annual average of the Exchange Rate for such Year as reported by the Bank of Canada;

and where:

A = the Special Profit (as defined in clause (b) in the Year

B = $AMOS \times \left[1 - \frac{AEC}{ABV} \right]$

where:

"AMOS" = the sum of the volume of the Monthly Optimized Supply for each Month of the Year, in Barrels of Bitumen Blend; and

"AEC" = the aggregate of the Monthly Excess Capacity (as defined in section 12.4 of the Processing Agreement) for each Month in the Year, in Barrels of Bitumen, provided that AEC shall never be less than zero;

"ABV" = the aggregate of the Monthly Bitumen Volume (in Barrels, and as defined in section 12.4 of the Processing Agreement) for each Month in the Year;

"MIFA" = the Monthly Incentive Fee Adjustment, being 15% of A X B;

provided that the Annual Incentive Fee shall never be less than zero, and further provided that no Annual Incentive Fee shall be payable during a Renewal Term.

- (b) The "**Special Profit**" for any Year will be an amount, in CDN\$ per Barrel, determined in accordance with the following formula:

$$\text{Special Profit} = APB - SPB$$

where:

$$\text{APB or "Annual Profit per Barrel"} = \frac{AMAR - (AAMCS + AOSV)}{AMOS}$$

where:

AMAR = the sum of the Monthly Aggregate Revenue for each Month in the Year;

AAMCS = the sum of the Adjusted Monthly Cost of Service (as determined in Section 8 above) for each Month in the Year Month;

AOSV = the sum of the Optimized Stream Value for each Month in the Year; and

AMOS = the sum of the volume of the Monthly Optimized Supply for each Month of the Year; and

SPB = the Special Profit Base (as defined in clause (c) for the Year.

- (c) The "**Special Profit Base**" for any Year will be determined in accordance with the following formula:

$$\text{Special Profit Base} = A \times B$$

where: A = for the Year in which the Commercial Operation Date occurs, the Special Profit Base Price (as defined in clause (d)) and for each Year thereafter, the Special Profit Base for the immediately preceding Year escalated by the GDP Deflator; and

B = the annual average of the Exchange Rate for such Year as reported by the Bank of Canada.

- (d) The "**Special Profit Base Price**" means US\$22/Barrel.

10. EXAMPLE CALCULATIONS

Example Calculations in relation to Schedule 10 are set out in Attachment 3 to this Schedule.

ATTACHMENT 1

TO SCHEDULE 10 AGREEMENT TO PROCESS CROWN ROYALTY BITUMEN

BENCHMARKED ITEMS

1. Benchmark Labour Costs

Benchmark Labour Costs include the costs and expenses of:

- (a) salaries and wages, benefits, bonuses and customary allowances of employees and individual contractors performing duties in respect of the Facility, other than at the head office of the entity operating the Facility, provided that:
 - (i) amounts on account of stock options or shares issued to employees shall only be included:
 - (A) if such amounts are related to stock options or shares issued by a publicly traded entity, to the extent such amounts have been valued and accounted for in the same manner as such options or shares have been valued and accounted for by that entity generally; and
 - (B) if such amounts are not related to stock options or shares issued by a publicly traded entity, to the extent the valuation of such stock options or shares, and the assumptions supporting such valuations, are reasonable and are consistent with generally accepted accounting principles, and the methodology of such valuation and such assumptions have been documented and approved by the board of directors of the entity issuing the options or shares as well as its independent auditors, and have been made available to APMC;
- (b) subject to Section 6(b)(xii) of Schedule 10, Employment Related Taxes in connection with such employees; and
- (c) recruitment of such employees and contractors.

2. Benchmark Maintenance Costs

Benchmark Maintenance Costs include the following costs and expenses incurred in connection with the operation and maintenance of the Facility:

- (a) contractors and short-term labour primarily engaged in such maintenance operations; and

- (b) goods and services consumed or provided in connection with the operation and maintenance of the Facility;

but does not include costs and expenses referred to in Section 6(b)(vii), (viii) and (ix) of Schedule 10.

3. Benchmark Turnaround Costs

Benchmark Turnaround Costs include the following costs and expenses incurred in connection with annual or other periodic ordinary-course turnarounds of the Facility:

- (a) contractors and short-term labour primarily engaged in such turnarounds; and
- (b) materials consumed or added to the Facility as part of such turnarounds.

4. Benchmark Catalyst and Chemical Costs

Benchmark Catalyst and Chemical Costs include the costs and expenses incurred in connection with the supply of the catalysts and chemicals used and consumed at the Facility, but does not include natural gas, water and other utilities, or oxygen, nitrogen, hydrogen, instrument air and other similar inputs and supplies procured from third parties.

5. Benchmark General Supplies Costs

Benchmark General Supplies Costs include the costs and expenses of:

- (a) general office and plant supplies consumed at the Facility site, other than:
 - (i) power, natural gas, water and other utilities;
 - (ii) oxygen, nitrogen, instrument air and other similar inputs and supplies procured from third parties after the Commercial Operation Date;
 - (iii) Feedstock and Bitumen Blend;
- (b) training fees for employees and contractors;
- (c) association fees;
- (d) information and technology (“IT”) costs for the Facility (which may include a reasonable allocation from a general corporate IT costs); and
- (e) all other costs and expenses in respect of the Facility that are not Flow-Through Operating Costs.

6. Benchmark Overhead Costs

Benchmark Overhead Costs include a reasonable allocation of all of the head office, general and administrative and overhead costs incurred by or on behalf of or on account of the Processor in respect of the operation of the Facility and includes:

- (a) salaries and wages, benefits, bonuses and customary allowances of executives, management and employees and individual contractors engaged at a head office, or who customarily perform their duties other than primarily at the site of the Facility, provided that
 - amounts on account of stock options or shares issued to employees shall only be included:
 - (i) if such amounts are related to a publicly traded entity, to the extent such amounts have been valued and accounted for in the same manner as such options or shares have been valued and accounted for by that entity generally; and
 - (ii) if such amounts are not related to a publicly traded entity, to the extent the valuation of such stock options or shares, and the assumptions supporting such valuations, are reasonable, are consistent with generally accepted accounting principles, and the methodology of such valuation and such assumptions have been documented and approved by management of the Processor, the board of directors of the entity issuing the options or shares as well as its independent auditors and have been made available to APMC;
- (b) reasonably incurred costs and expenses associated with community and stakeholder relations;
- (c) subject to Section 6(b)(xii) of Schedule 10, Employment Related Taxes in connection with such employees;
- (d) costs of recruitment and training of such employees and contractors;
- (e) rent, utilities, and the costs of maintaining, equipping and operating the head office;
- (f) IT and communication costs and the costs of general supplies at the head office;
- (g) director and officer liability insurance;
- (h) the costs of equipment and facilities located at the head office, whether owned or leased;
- (i) all other costs and expenses incurred by the operator of the Facility of a similar nature;

but does not include any Flow-Through Operating Costs.

Such reasonable allocation of the above costs shall have regard for the other business and interests undertaken by the entity incurring particular costs, such that a fair and appropriate portion of such costs are allocated among the Benchmark Overhead Costs and the other business interests of such entity, and shall otherwise be determined in a manner consistent with the allocation of an operator's head office, general and administrative and overhead costs in the petroleum industry in Alberta generally.

7. Benchmark Sustaining Capital Expenses

Benchmark Sustaining Capital Expenses include the costs and expenses incurred in connection with the addition of sustaining capital to the Facility in the ordinary course of the Facility's operation but not including turnarounds, the procurement of consumables or Benchmark Maintenance Costs.

ATTACHMENT 2

**TO
SCHEDULE 10
AGREEMENT TO PROCESS CROWN ROYALTY BITUMEN**

MAXIMUM BENCHMARK CATALYST AND CHEMICAL COSTS

[This attachment is confidential]

ATTACHMENT 3 – EXAMPLE CALCULATIONS

TO SCHEDULE 10 AGREEMENT TO PROCESS CROWN ROYALTY BITUMEN

1. GENERAL

1.1 Parts to this Attachment

This Attachment 3 includes:

- Part 1 – Example Calculation for Monthly Return on Equity
- Part 2 – Example Calculation for Monthly Incentive Fee
- Part 3 – Example Calculation for Annual Incentive Fee
- Part 4 – Example Calculation for Benchmark Catalyst and Chemicals Amount
- Part 5 – Example Calculation for Benchmark Operating Cost Rebate

1.2 Purpose of Example Calculations

The example calculations set out in the Parts of this Attachment described in section 1.1 of this Attachment are for illustrative purposes only and intended to provide greater clarity to the computations required to be undertaken pursuant to the applicable provisions of Schedule 10. All numbers used for the example calculations, other than factors specified in the Processing Agreement and illustrative price indices, are hypothetical; no inference should be drawn that any numbers so used represent the expectations of the Parties or any representation or promise by either of the Parties.

[The remainder of this attachment is confidential]