

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement is entered into on the 29th day of November 2017 (“Execution Date”) by and between Foinavon Energy Inc. (“Seller”), an Alberta corporation whose registered address is 2600, 10180 - 101 Street NW, Edmonton, Alberta T5J 3Y2, Canada and operating as a branch in Turkey under the name Foinavon Energy, Inc. (“FEI Branch”) and whose registered address is Mebusevleri Suslu Sokak No:18, Tandogan, Ankara, 06580, Park Place Energy Turkey Limited a Cayman Islands company operating as a branch in Turkey whose registered address is Turan Gunes Bulvari Park Oran Ofis Plaza 180-Y Kat:16 No:54 (“Buyer”), Park Place Energy Inc., a company with registered address at Suite 700, 838 West Hastings Str. Vancouver, British Columbia Canada V6C 0A6 (“PPE”) and Ali Can Kaya, a Turkish Citizen with passport number U00137842 residing at Universiteler Mahallesi 1630. Sokak No:6 Ankara/Turkey (hereinafter referred to as “Mr. Kaya”).

Buyer, PPE, Seller and Mr. Kaya, and their respective successors and assignees (if any), may sometimes individually be referred to as “Party” and collectively as the “Parties”.

WITNESSETH:

WHEREAS, the Seller holds 12.25% participating interest in South Akcakoca Sub Basin gas field (“SASB”) under the License ARI / TPO-PPE-FNV-PPP / 4877;

WHEREAS, the Parties signed a Memorandum of Understanding regarding the sale of the Asset (as defined below) from Seller to Buyer on 9th of June, 2017 and stipulated thereunder that an asset purchase agreement shall be negotiated and signed for the sale of the Asset;

WHEREAS, on 20th October 2017 the parties signed Amendment to Memorandum of Understanding dated 9th June 2017;

WHEREAS, Ali Can Kaya, who owns the GORRI (as defined below), wishes to release FEI from all of its obligations in relation to the GORRI;

WHEREAS, the Seller is willing to assign and transfer Seller’s 12.25% participating interest in SASB (the “Asset”) and associated rights and obligations under the Asset to the Buyer in accordance with the terms set forth herein and the Buyer wishes to acquire the Asset; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and obligations set out below and to be performed, the Seller and the Buyer agree as follows:



ARTICLE 1 DEFINITIONS

As used in this Agreement, the following capitalized words and terms shall have the meaning ascribed to them below. Any capitalized term used in this Agreement and not specifically defined in this Agreement shall have the same meaning as in the JOA.

- 1.1 **Affiliate** means a corporation that is related to another corporation by shareholding or other means of control including but not limited to a subsidiary, parent, or sibling corporation.
- 1.2 **Agreement** means this Asset Purchase Agreement, and any extension, renewal or amendment hereof agreed to in writing by the Parties.
- 1.3 **Approval Date** means the date on which the Government formally approves or endorses the Assignment.
- 1.4 **Asset** means the Seller's 12.25% Participating Interest in SASB.
- 1.5 **Assignment** means the transfer of the Asset from the Seller to the Buyer as described under Article 2.1 as provided hereunder.
- 1.6 **Business Day** means a day of the year, other than Saturday, Sunday or a statutory holiday in the Republic of Turkey on which banks are open for business.
- 1.7 **Closing** means the completion of any and all transactions required for and in relation to the Assignment on the Closing Date.
- 1.8 **Closing Date** means three Business Days (or on such other date the Seller and the Buyer may agree upon) after the date on which all obligations and conditions under the Agreement have been satisfied or waived by all and no later than fifteen Business Days after the Approval Date.
- 1.9 **Conditions Precedent** means the conditions specified under Article 3.1.
- 1.10 **Consideration** has the meaning given in Article 4.
- 1.11 **Effective Date** October 1st, 2017.
- 1.12 **GDPA** means the General Directorate of Petroleum Affairs of the Republic of Turkey.
- 1.13 **GORRI** means a gross overriding royalty interest, granted to certain parties pursuant to the Basic Terms Farmout Agreement dated May 21, 2004, as amended.
- 1.14 **Government** means the government of the Republic of Turkey and any political subdivision,

agency or instrumentality thereof, including the General Directorate of Petroleum Affairs.

- 1.15 **Interim Period** means the period commencing from the date of the execution of this Agreement until the Approval Date.
- 1.16 **JOA** means the Joint Operating Agreement dated 29 September 1995 (as amended from time to time) between Türkiye Petrolleri Anonim Ortaklığı (“**TPAO**”), Park Place Petrol Arama ve Üretim A.Ş. (“**PPAÜ**”), Buyer and Seller.
- 1.17 **Laws/Regulations** means those laws, statutes, rules and regulations governing activities under the Licenses.
- 1.18 **License** means the License no ARI/TPO-PPE-PPP-FNV/4877.
- 1.19 **Participating Interest** means as to any party to the License, the undivided interest of such party expressed as a percentage of the total interest of all parties in the rights and obligations derived from the License.
- 1.20 **Regulation** means Turkish Petroleum Law Implementing Regulation published at the Official Gazette no. 2889 and dated 22.01.2014
- 1.21 **SASB** means South Akcakoca Sub Basin gas field.
- 1.22 **TPAO** means Türkiye Petrolleri Anonim Ortaklığı.

ARTICLE 2 ASSIGNMENT OF THE ASSET

2.1 **Assignment**

Subject to the satisfaction of the Conditions Precedent, and in exchange for the Consideration, Seller shall assign and transfer to Buyer, and Buyer agrees to accept the Asset as approved by the GDPA.

2.2 **Binding Effect**

Parties shall be bound by this Agreement as of the date hereof and shall fully perform all of their respective obligations under this Agreement.



ARTICLE 3
CONDITIONS PRECEDENT TO ASSIGNMENT AND CLOSING

3.1 **Conditions Precedent**

The completion of the Assignment hereunder is subject to the satisfaction or waiver of the following conditions (the "Conditions Precedent");

- (a) Confirmation that the Seller has furnished evidence satisfactory to the Buyer that TPAO waives its pre-emptive rights concerning the Assignment; and
- (b) Government's approval of the Assignment;
- (c) Confirmation that the Seller has furnished evidence satisfactory to the Buyer that the GORRI and any and all claims in relation thereto are terminated prior to the Effective Date;
- (d) Confirmation that the Seller has furnished evidence satisfactory to the Buyer that the Seller has fully satisfied all obligations relating to the Asset, including without limitation: (i) all CAPEX and OPEX obligations to the operator under the JOA prior to the Effective Date and (ii) obligations to all taxing authorities that impose taxes or other levies against the Asset or against the Seller by virtue of its ownership of the Asset;
- (e) Completion of all legal procedures and receipt of all approvals, consents, clearances from regulatory authority (to the extent necessary) for delivery to FEI or its assignee of shares of common stock of PPE as set forth in sub-clause 4.1(a) below.
- (f) Confirmation that the Seller has furnished evidence satisfactory to the Buyer that except for the GORRI (which is to be terminated as described above), there are no other liens, claims, mortgages or encumbrances burdening the Asset as of the Effective Date.

3.2 **Acts to be Performed**

- (a) Each Party shall use all commercially reasonable efforts or its best endeavors to execute all documents, and do and procure to be done all such acts and things as are reasonably within its power to ensure the Conditions Precedent is satisfied as soon as is reasonably practicable after execution of this Agreement.
- (b) The Buyer is entitled to conduct due diligence with respect to the Asset and the Seller shall submit any and all documents requested by the Buyer in connection

with the Asset.

3.3 Closing

Following the date on which either the Buyer or the Seller deem that all of the Conditions Precedent listed under Article 3 have been met or waived, then such Party shall send a notification to the other party (the “**Closing Notification**”) to convene for the Closing. The sending party shall state a date (always a Business Day) and a time (always business hours) to convene for the Closing in a location in the Republic of Turkey mutually agreed on by the Buyer and the Seller. On or before the Closing Date, the Parties shall convene to perform the following acts or actions:

- (a) The Parties shall furnish to each other any documentation that reasonably reflects the satisfaction of the Parties’ obligations herein and Conditions Precedents under Article 3, and
- (b) PPE shall pay to the Seller the Consideration in accordance with Article 4.1.

ARTICLE 4 CONSIDERATION AND REVENUES AND COSTS

4.1 Consideration

In consideration for the Assignment, PPE agrees to pay to the Seller the following consideration (“**Consideration**”)

- (a) On the date of this Agreement delivery to FEI or its assignee of 1,000,000 (one million) shares of common stock of PPE (the “**Shares**”), 500,000 (five hundred thousand) of those being non-refundable. The Shares have not been registered in the US and accordingly will be restricted in accordance with applicable US securities laws.
- (b) Subject to adjustment at the Closing Date as set forth in Clause 4.2 below, Three Hundred Thousand U.S. Dollars (US\$ 300,000) payable at Closing. If an invoice from FEI is needed for this transaction, then the appropriate VAT will be added on the total sales price.

4.2 Revenues and Costs Adjustments to the Consideration

The Seller shall be responsible for all expenses relating to the Asset and be entitled to all revenues generated by the Asset up to the Effective Date. The Buyer shall be responsible for all expenses relating to the Asset that are attributable to the period on and after the Effective Date and be entitled to all revenues generated by the Asset that are attributable

to the period on and after the Effective Date. However until Closing has occurred, the Seller will continue to collect the revenues generated by the Asset and continue to pay all expenses related to the Asset. As of the Closing Date, there will be an accounting of the revenues and costs relating to the Asset that are attributable to the period on or after the Effective Date that the Seller has collected or paid and the cash portion of the Consideration shall be adjusted accordingly. Due to the volatile FX rates, the Seller will keep the proceeds in TL and document the expenses in TL, unless otherwise instructed by the Buyer.

ARTICLE 5 OBLIGATIONS UNDER JOA

Each of the Parties hereby ratifies, confirms and accepts the terms of the License and the JOA and during the Interim Period, each of the Parties agrees to abide by the terms of the License and the JOA to the extent of its Asset.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES OF THE PARTIES

6.1 Seller's Representations and Warranties

Seller makes the following representations and warranties to Buyer and PPE as of the signing date of this Agreement:

- (a) The Seller is the sole registered and lawful owner of, and have full title to the Asset.
- (b) There are no material claims, demands, actions, suits, governmental inquiries, or proceedings pending, or to the Seller's knowledge, threatened, against the Seller which would have a material adverse effect upon the fulfillment its obligations under this Agreement.
- (c) The Seller hereby unconditionally and irrevocably undertakes to either pay all costs or indemnify Buyer (at Buyer's option) (and Buyer's respective past, present and future affiliates, successors, heirs, executors, administrators and assigns) fully and completely in relation to all actions, causes of actions, suits, charges, complaints, claims, counterclaims, liabilities, obligations, losses, damages, judgments, costs, interest and expenses (including, without limitation, attorneys' fees and costs on an attorney and his own client basis) and all other liabilities or demands of any nature whatsoever, whether known or unknown, at law, in equity, which the Buyer may incur in connection with the GORRI and or any breach of representations

warranties or covenants of the Seller referred to herein.

6.2 **Buyer's Representations and Warranties**

Buyer makes the following representations and warranties to Seller as of the Effective Date:

- (a) The Buyer shall be liable for and shall upon demand, pay to other Parties the amount of any and all reasonable costs and expenses, as well as taxes and duties, including the disbursements and fees of any notaries, which other Parties may incur in connection with any breach of representations warranties or covenants of the Buyer referred to herein.

6.3 **Mr. Kaya's Representations and Warranties**

Mr. Kaya makes the following representations and warranties to Seller, Buyer and PPE as of the Execution Date:

- (a) Mr. Kaya has the full legal capacity to enter into this Agreement and perform his obligations hereunder and to consummate the transactions contemplated hereby. This Agreement has been duly executed and delivered by Mr. Kaya and constitutes a legal, valid and binding obligation of Mr. Kaya, enforceable against Mr. Kaya in accordance with its terms.
- (b) Mr. Kaya shall be liable for and shall upon demand, pay to other Parties the amount of any and all reasonable costs and expenses, as well as taxes and duties, including the disbursements and fees of any notaries, which other Parties may incur in connection with any breach of representations warranties or covenants referred of Mr. Kaya to herein.

**ARTICLE 7
TERMINATION AND RELEASE OF THE GORRI**

7.1 **Termination**

Seller and Mr. Kaya hereby covenant that, the right of Mr. Kaya to receive the GORRI and the obligation of the Seller to pay the GORRI and any and all rights and obligations in relation thereto have terminated before the Effective Date in full and declares that the contractual provisions in relation to the GORRI under any and all agreements signed on different dates in relation to the GORRI are of no further force and effect.

7.2 Release

As of the Effective Date, the Seller and Mr. Kaya hereby unconditionally and irrevocably release each other as well as the Buyer and PPE (and each other's, Buyer's and PPE's respective past, present and future affiliates, successors, heirs, executors, administrators and assigns) fully and completely of and from any and all actions, causes of actions, suits, charges, complaints, claims, counterclaims, liabilities, obligations, losses, damages, judgments, costs, interest and expenses (including, without limitation, attorneys' fees and costs on an attorney and his own client basis) and all other liabilities or demands of any nature whatsoever, whether known or unknown, at law, in equity, which the Seller and Mr. Kaya or their respective past, present and future affiliates, heirs, executors, administrators, successors, or assigns ever had, now have, or hereafter may have against each other (or any entity forming part of a Party), arising from or in any way connected or related to any matters relating to the GORRI payments and receivables, including but not limited to the related contractual provisions of any and all agreements signed on different dates in relation to the GORRI.

**ARTICLE 8
CONFIDENTIALITY**

8.1 Each Party agrees that all information disclosed under this Agreement, except information in the public domain or lawfully in possession of a Party prior to the Effective Date, shall be considered confidential and shall not be disclosed to any other person or entity without the prior written consent of the Party which owns such confidential information. This obligation of confidentiality shall remain in force during the term of the License and for a period of five (5) years thereafter. Notwithstanding the foregoing, confidential information may be disclosed without consent and without violating the obligations contained in this Article in the following circumstances:

- (a) to an Affiliate provided the Affiliate is bound to the provisions of this Article 8 and the Party disclosing is responsible for the violation of an Affiliate;
- (b) to a governmental agency or other entity when required by the License to the extent it is required;
- (c) to the extent such information is required to be furnished in compliance with the applicable Laws/Regulations, or pursuant to any legal proceedings or because of any order of any court binding upon a Party;
- (d) to attorneys engaged, or proposed to be engaged, by any Party where disclosure of such information is essential to such attorneys' work for such Party and such attorneys are bound by at least the same obligations of confidentiality specified hereunder;

- (e) to contractors and consultants engaged, or proposed to be engaged, by any Party where disclosure of such information is essential to such contractor's or consultant's work for such Party and such third parties are bound by at least the same obligations of confidentiality specified hereunder;
- (f) to a bona fide prospective transferee of the Asset, or portion thereof, to the extent appropriate in order to allow the assessment of such Participating Interest (including an entity with whom a Party and/or its Affiliates are conducting bona fide negotiations directed toward a merger, consolidation or the sale of a majority of its or an Affiliate's shares) and such third parties are bound by at least the same obligations of confidentiality specified hereunder;
- (g) to a bank or other financial institution to the extent appropriate to a Party arranging for funding and such third party is bound by at least the same obligations of confidentiality specified hereunder;
- (h) to the extent such information must be disclosed pursuant to any rules or requirements of any government or stock exchange having jurisdiction over such Party, or its Affiliates;
- (i) to its respective employees, subject to each Party taking sufficient precautions to ensure such information is kept confidential;
- (j) to the extent any information which, through no fault or negligence of a Party, becomes a part of the public domain; and
- (k) to the other parties to the License and the Government solely to the extent as may be required to satisfy the Condition Precedent.

8.2 Disclosure as pursuant to Articles 8.1(e), (f), (g), (i) and (k) shall not be made unless prior to such disclosure the disclosing Party has obtained a written undertaking from the recipient party to keep the information strictly confidential for at least as long as the period set out above and to use the information for the sole purpose described in Articles 8.1(e), (f), (g), (i) and (k), whichever is applicable, with respect to the disclosing Party.

8.3 Notwithstanding any of the foregoing, nothing contained in this Clause shall prevent a Party to issue press releases with respect to the transactions to be concluded pursuant to this Agreement.

ARTICLE 9 NOTICES

All notices authorized or required between the Parties by any of the provisions of this Agreement shall be in writing (in English) and delivered in person or by courier service. Verbal communication does not constitute notice for purposes of this Agreement, and e-mail addresses and telephone numbers for the Parties are listed below as a matter of convenience only. A notice

given under any provision of this Agreement shall be deemed delivered only when received by the Party to whom such notice is directed, and the time for such Party to deliver any notice in response to such originating notice shall run from the date the originating notice is received. **“Received”** for purposes of this Article shall mean actual delivery of the notice to the address of the Party specified hereunder.

Name: Foinavon Energy Inc.
Address: Suslu Sokak No:18 Ankara
Attention: Ali Can Kaya
Telephone: 0312 212 62 14
Facsimile: 0312 212 67 77
Email: alican.kaya@foinavonenergy.com

Name: Park Place Energy Turkey Limited
Address: Turan Gunes Bulv Park Oran Ofis Plaza 180-Y Kat:16 D:54
Attention: Kubilay Yıldırım
Telephone: +901324418002
Facsimile:+903124418009
Email:kyildirim@parkplaceenergy.com

Name: Ali Can Kaya
Address: Suslu Sokak No:18 Ankara
Attention: Ali Can Kaya
Telephone: 0312 212 62 14
Facsimile: 0312 212 67 77
Email: alican.kaya@foinavonenergy.com

Name: Park Place Energy Inc.
Address: Suite 700, 838 West Hastings Str. Vancouver, British Columbia Canada V6C 0A6
Attention: Arthur Halleran
Telephone: 1-778-819-1067
Facsimile:
Email: ahalleran@parkplaceenergy.com

ARTICLE 10 LAW AND DISPUTE RESOLUTION

10.1 Governing Law

This Agreement shall be governed by and construed and enforced in accordance with the laws of Turkey.

10.2 Dispute Resolution

Any dispute arising out of or in connection with this Agreement, including, without limitation, any question regarding its existence, validity, interpretation, breach, or termination, which cannot be amicably settled between the Parties shall be finally and exclusively resolved by under the Rules of Arbitration of the International Chamber of Commerce by three (3) arbitrators appointed in accordance with the said Rules. The place

of arbitration shall be Ankara, Turkey. The proceedings shall be in the English language. The resulting arbitral award shall be final and binding, and judgment upon such award may be entered in any court having jurisdiction thereof.

ARTICLE 11 FORCE MAJEURE

If as a result of Force Majeure, any Party is rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than the obligation to pay any amounts due, then the obligations of the Party giving such notice, so far as and to the extent that the obligations are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused and for such reasonable period thereafter as may be necessary for the Party to put itself in the same position that it occupied prior to the Force Majeure, but for no longer period. The Party claiming Force Majeure shall notify the other Parties of the Force Majeure within a reasonable time after the occurrence of the facts relied on and shall keep all Parties informed of all significant developments. Such notice shall give reasonably full particulars of the Force Majeure and also estimate the period of time which the Party will probably require to remedy the Force Majeure. The affected Party shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in a commercially reasonable manner.

ARTICLE 12 [NOT USED]

ARTICLE 13 TERMINATION

- 13.1 This Agreement shall come into full effect on the Execution Date.
- 13.2 The Parties may at any time terminate this Agreement by means of mutually executing a termination protocol.
- 13.3 The Buyer and the Seller (as the case may be) may terminate this Agreement in the event of (a) a material breach of the representations and warranties of the Seller or Buyer (as the case may be) under this Agreement; or (b) any failure by a Party to fulfil its obligations under this Agreement, which is not remedied in 5 (five) Business Days upon the notification of the same to the defaulting Party.



ARTICLE 14
GENERAL PROVISIONS

14.1 *Relationship of Parties*

The rights, duties, obligations and liabilities of the Parties under this Agreement shall be individual, not joint or collective. It is not the intention of the Parties to create, nor shall this Agreement be deemed or construed to create a partnership, joint venture or association or a trust. This Agreement shall not be deemed or construed to authorize any Party to act as an agent, servant or employee for any other Party for any purpose whatsoever except as explicitly set forth in this Agreement. In their relations with each other under this Agreement, the Parties shall not be considered fiduciaries except as expressly provided in this Agreement.

14.2 *Further Assurances*

Each of the Parties shall do all such acts and execute and deliver all such documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.

14.3 *Waiver*

No waiver by any Party of any one or more defaults by another Party in the performance of any provision of this Agreement shall operate or be construed as a waiver of any future default or defaults by the same Party whether of a like or of a different character. Except as expressly provided in this Agreement, no Party shall be deemed to have waived, released or modified any of its right under this Agreement unless such Party has expressly stated, in writing, that it does waive, release or modify such right.

14.4 *Severance of Invalid Provisions*

If and for so long as any provision of this Agreement shall be deemed to be judged invalid for any reason whatsoever, such invalidity shall not affect the validity or operation of any other provision of this Agreement except only so far as shall be necessary to give effect to the construction of such invalidity, and any such invalid provision shall be deemed severed from this Agreement without affecting the validity of the balance of this Agreement.

14.5 *Modifications*



There shall be no modification of this Agreement except by written consent of all Parties.

14.6 **Priority of Agreement**

In the event of any conflict between the provisions of the main body of this Agreement and its Exhibits, the provisions of the main body of the Agreement shall prevail. In the event of any conflict between this Agreement and the License, this Agreement shall prevail unless such would be in violation of the Laws or the terms of the License.

14.7 **Interpretation**

- (a) **Headings.** The topical headings used in this Agreement are for convenience only and shall not be construed as having any substantive significance or as indicating that all of the provisions of this Agreement relating to any topic are to be found in any particular Article.
- (b) **Singular and Plural.** Reference to the singular includes a reference to the plural and vice versa.
- (c) **Gender.** Reference to any gender includes a reference to all other genders.
- (d) **Article.** Unless otherwise provided, reference to any Article or an Exhibit means an Article or Exhibit of the Agreement.
- (e) **Include.** "*include*" and "*including*" shall mean to be inclusive without limiting the generality of the description preceding such term and are used in an illustrative sense and not a limiting sense.

14.8 **Expenses and Taxes**

Each of the Seller and Buyer shall pay 50% of the amount of the stamp tax under the Stamp Tax Law Act No. 488 (Turkey) which could potentially apply to the transactions contemplated by this Agreement. Except for the stamp tax, each of the Parties shall be responsible for their own expenses and taxes in connection with this transaction.

14.9 **Entirety**

With respect to the subject matter contained herein, this Agreement (i) is the entire agreement of the Parties; and (ii) supersedes all prior understandings and negotiations of

the Parties. However, this Agreement does not terminate the Memorandum of Understanding and the Memorandum of Understanding shall continue to be applicable unless it or any of its provisions do not conflict with the Agreement or its provisions. For the avoidance of doubt, in the event any conflict occurs between the provisions of the Agreement and the Memorandum of Understanding, the provisions of the Agreement shall prevail.

IN WITNESS of their agreement each Party has caused its duly authorized representative to sign this instrument on the date set out in the first sentence of this Agreement.

Appendixes

- 1- Foinavon Energy, Inc. Turkiye Ankara Subesi
Finansbank Kavaklidere Branch
TR97 0011 1000 0000 0042 8403 64

Foinavon Energy Inc.
[Seller]

[Buyer]


Foinavon Energy Inc. (FEI Branch)

Park Place Energy Inc.