

## UNDERWRITING AGREEMENT

April 20, 2023

Trillion Energy International Inc.  
Suite 700, 838 West Hastings Street  
Vancouver, BC, V6C 0A6

**Attention: Dr. Arthur Halleran**  
**President and Chief Executive Officer**

Dear Sir:

**Re: Offering of Units of Trillion Energy International Inc.**

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Eight Capital ("**Eight Capital**" or the "**Lead Underwriter**"), Echelon Wealth Partners Inc., Canaccord Genuity Corp. and Haywood Securities Inc. (collectively with Eight Capital, the "**Underwriters**" and each individually, an "**Underwriter**") understand that Trillion Energy International Inc. ("**Corporation**") proposes to issue and sell units ("**Units**") of the Corporation at a price of \$1,000 per Unit (the "**Issue Price**"), each Unit consisting of one 12.0% convertible debenture in the principal amount of \$1,000 (each a "**Debenture**" and collectively, the "**Debentures**") of the Corporation and 1,667 common share purchase warrants of the Corporation (each a "**Warrant**" and collectively, the "**Warrants**"), for aggregate gross proceeds to the Corporation of \$15,000,000 (the "**Offering**"), subject to the terms and conditions set out below. The Offering will be completed on a private placement basis pursuant to exemptions from the prospectus requirements under Applicable Securities Laws (as hereinafter defined). The Units and the Debentures and the Warrants underlying the Units are hereinafter referred to collectively as the "**Offered Securities**".

Each Debenture will be dated as of the Closing Date (as hereinafter defined) and will bear interest at a rate of 12.0% per annum from the date of issue, payable semi-annually in arrears, commencing October 31, 2023. The Debentures will be convertible into Common Shares at the option of the holder at any time prior to the close of business on the earlier of: (i) the last Business Day (as hereinafter defined) immediately preceding the maturity date of April 30, 2025, and (ii) the date fixed for redemption, at a conversion price of \$0.60 per Common Share, subject to adjustment in certain events. The Debentures shall be duly and validly created and issued pursuant to, and governed by, a debenture indenture (the "**Indenture**") to be entered into between Odyssey Trust Company (the "**Trustee**"), in its capacity as debenture trustee thereunder, and the Corporation as of the Closing Date. The description of the Debentures herein is a summary only and is subject to the specific attributes and detailed provisions of the Debentures set forth in the Indenture. In case of any inconsistency between the description of the Debentures in this Agreement (as hereinafter defined) and the terms of the Debentures as set forth in the Indenture, the provisions of the Indenture shall govern.

Each Warrant shall entitle the holder thereof to acquire one Common Share (a "**Warrant Share**") for an exercise price of \$0.50 per Warrant Share (subject to adjustment in certain events) until June 29, 2025. The Warrants shall be duly and validly created and issued pursuant to, and governed by, definitive certificates substantially the form attached as a schedule to the Warrant Indenture. The description of the Warrants herein is a summary only and is subject to the specific attributes and detailed provisions of the Warrants set forth in the Warrant Indenture and the definitive certificates representing the Warrants. In case of any inconsistency between the description of the Warrants in this Agreement and the terms of the Warrants as set forth in the Warrant Indenture, the provisions of the Warrant Indenture shall govern.

It is understood that the Underwriters intend to arrange for qualified substituted purchasers in the Qualifying Provinces (as hereinafter defined) (the "**Purchasers**") to purchase the Units, in which case the Corporation will sell such Units to such Purchasers on the Closing Date and upon completion and settlement of such sales, the Underwriters' right and obligation to purchase Units pursuant to the Offering will be proportionally reduced.

The Underwriters shall be entitled (but not obligated) in connection with the offering and sale of the Offered Securities to retain as sub-agents other registered securities dealers and may receive subscriptions for Offered Securities from subscribers from other registered dealers. The fee payable to any such sub-agent shall be for the account of the Underwriters.

## 1. Definitions

In this Agreement:

"**Anti-Corruption Rules**" means all applicable laws, regulations, decrees, government orders, and administrative or other requirements in any jurisdiction in which the Corporation operates relating to the prevention and/or sanction of bribery and other forms of corrupt behaviour or practices (including without limitation the *Corruption of Foreign Public Officials Act* (Canada) and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), each as amended);

"**Anti-Money Laundering Laws**" has the meaning ascribed thereto in Section 5(a)(lxi) of this Agreement;

"**Applicable Law**" means: (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty; and (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a governmental authority having the force of law, including but not limited to the Applicable Securities Laws, the Environmental Laws, Anti-Corruption Rules and the Anti-Money Laundering Laws;

"**Applicable Securities Laws**" means all applicable Canadian securities and corporate laws, rules, regulations, notices and policies in the Qualifying Provinces;

"**Audit Committee**" has the meaning ascribed thereto in subparagraph 5(a)(xv);

"**BCBCA**" means the *Business Corporations Act* (British Columbia), as amended, including the regulations promulgated thereunder.

"**Broker Warrant Certificates**" means the certificates representing the Brokers Warrants;

"**Brokers Warrant Shares**" means the Common Shares issuable pursuant to the exercise of the Brokers Warrants;

"**Brokers Warrants**" means warrants entitling the holder thereof to acquire Brokers Warrant Shares, each Brokers Warrant being exercisable at a price of \$0.50 per Broker Warrant Share for a period of 24 months from the Closing Date;

"**Business Day**" means a day which is not a Saturday or a Sunday or a legal holiday in the City of Vancouver, British Columbia or Calgary, Alberta;

"**Closing Date**" means April 20, 2023, or such other date as the Lead Underwriter and the Corporation may agree;

"**Closing Time**" means 5:00 a.m. (Vancouver time) or such other time on the Closing Date, as the Lead Underwriter and Corporation may agree;

"**Corporation Financial Statements**" means: (i) the audited consolidated financial statements of the Corporation as at and for the years ended December 31, 2021 and 2020, together with the notes thereto and the auditor's report thereon; and (ii) the unaudited condensed interim consolidated financial statements of the Corporation as at September 30, 2022, and for the three and nine months ended September 30, 2022, together with the notes thereto;

"**Corporation's auditors**" means MNP LLP, Chartered Professional Accountants, Calgary, Alberta;

"**Corporation's counsel**" means DS Lawyers Canada LLP or such other legal counsel as the Corporation, may appoint;

"**Corporation's former auditors**" means Harbourside CPA, LLP, Chartered Professional Accountants, Toronto, Ontario;

"**CSE**" or "**Exchange**" means the Canadian Securities Exchange;

"**Due Diligence Session**" shall have the meaning set forth in subparagraph 4(d) hereof;

"**Due Diligence Responses**" means the written and verbal responses (to the extent such verbal responses are subsequently reduced to writing in a form acceptable to the Corporation, acting reasonably) provided by the Corporation together with all materials provided to the Underwriters' counsel during the Due Diligence Session, as given by any director or senior officer of the Corporation, at a Due Diligence Session.

"**Employment Laws**" has the meaning ascribed thereto in subparagraph 5(a)(xlix);

"**Environmental Laws**" means any federal, provincial, state, territorial or local law, statute, ordinance, rule, regulation, order, decree, judgment, injunction, permit, license, authorization or other binding requirement, or common law, relating to health, safety or the regulation, protection, cleanup or restoration of the environment or natural resources, including those relating to the distribution, processing, generation, treatment, control, storage, disposal, transportation, other handling or release or threatened release of any material, substance (including, without limitation, pollutants, contaminants, hazardous or toxic substances or wastes) or condition that is regulated by or may give rise to liability under any Environmental Laws;

"**Forward-looking Statements**" has the meaning ascribed thereto in subparagraph 5(a)(lxvii);

"**GLJ**" means GLJ Ltd.;

"**GLJ Report**" means the independent engineering report of GLJ dated March 15, 2023, with an effective date of December 31, 2022, evaluating the Corporation's reserves for the South Akcakoca Sub-Basin (SASB) gas field and the Cendere oil properties both located in Turkey;

"**Governmental Authorities**" means governments, regulatory authorities, governmental departments, agencies, commissions, bureaus, officials, ministers, Crown corporations, courts, bodies, boards, tribunals or dispute settlement panels or other law, rule or regulation-making organizations or entities:

- (a) having jurisdiction on behalf of any nation, province, territory or state or any other geographic or political subdivision of any of them; or

- (b) exercising, or entitled to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power;

"**IFRS**" means International Financial Reporting Standards as issued by the International Accounting Standards Board, as adopted by the Canadian Accounting Standards Board;

"**Indemnified Person**" has the meaning ascribed thereto in subparagraph 6(b);

"**Indemnifying Party**" has the meaning ascribed thereto in subparagraph 6(b);

"**Insider Sale**" has the meaning ascribed thereto in subparagraph 5(a)(lxviii);

"**Lock-Up Agreement**" means a lock-up agreement in the form attached hereto as Schedule "A";

"**Material Adverse Effect**" or "**Material Adverse Change**" means any effect, change, event or occurrence that, alone or in conjunction with any other effect, change, event or occurrence, (i) is materially adverse to the results of operations, condition (financial or otherwise), assets, properties, capital, liabilities (contingent or otherwise), cash flow, income, business operations of the Corporation and its Subsidiaries (taken as a whole), or (ii) would result in the Public Record containing a misrepresentation;

"**Material Subsidiaries**" means (i) Park Place Energy Turkey Limited; and (iv) Park Place Energy (Bermuda) Limited.

"**NI 51-102**" means National Instrument 51-102 - *Continuous Disclosure Obligations* of the Canadian Securities Administrators, as amended or replaced;

"**notice**" has the meaning ascribed thereto in paragraph 14;

"**OFAC**" has the meaning ascribed thereto in subparagraph 5(a)(lix);

"**OTCQX**" means the OTCQX quotation board maintained by the OTC Markets Group, Inc.;

"**Permitted Encumbrances**" has the meaning ascribed thereto in subparagraph 5(a)(lxiii);

"**Public Record**" means all information filed by or on behalf of the Corporation with the Securities Commissions in compliance, or intended compliance, with any Applicable Securities Laws;

"**Qualifying Provinces**" means all provinces of Canada, other than Quebec;

"**Responses**" means the written and verbal responses provided by any responsible director or officer of the Corporation at the Due Diligence Session;

"**Securities Commissions**" means the securities commissions or similar regulatory authorities in the Qualifying Provinces;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval;

"**SEDI**" means the System for Electronic Disclosure by Insiders;

"**Selling Dealer Group**" means the dealers and brokers, other than the Underwriters, who participate in the offer and sale of the Offered Securities pursuant to this Agreement;

"**Shareholders**" means holders of Common Shares;

"**Subscription Agreements**" means, collectively, the subscription agreements in the form agreed upon by the Lead Underwriter and the Purchasers, and the Corporation, pursuant to which Purchasers agree to purchase Units as herein contemplated and includes, for greater certainty, all schedules and appendices thereto;

"**Subsidiaries**" means the subsidiaries of the Corporation, being: (i) BG Explorations EOOD; (ii) Park Place Energy Turkey Limited; (iii) Park Place Energy, Corp.; and (iv) Park Place Energy (Bermuda) Limited and "**Subsidiary**" means any one of them.

"**subsidiary**" has the meaning assigned thereto in the *Securities Act* (British Columbia);

"**Swaps**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

"**Transaction Documents**" means, collectively, this Agreement, the Subscription Agreements, the Indenture, the Warrant Indenture, the certificates representing the Debentures and the Warrants underlying the Units and the Broker Warrant Certificates;

"**Underwriters' counsel**" means Stikeman Elliott LLP or such other legal counsel as the Underwriters, with the consent of the Corporation, may appoint;

"**Underwriting Fee**" has the meaning ascribed thereto in paragraph 2;

"**United States** or "**U.S.**" means the United States of America, its territories, possessions and states;

"**Warrant Indenture**" means the warrant indenture dated June 29, 2022, as supplemented by a supplemental indenture dated as of the Closing Date, providing for the issuance of Warrants entered into between the Corporation and Odyssey Trust Company;

"**distribution**", "**material change**", "**material fact**" and "**misrepresentation**" have the meanings ascribed thereto under *Securities Act* (British Columbia); and

"**knowledge**" means to the best of the knowledge and information of Arthur Halleran, President and Chief Executive Officer, and Ozge Karalli, Chief Financial Officer, after having made reasonable inquiries and investigations in connection with such facts and circumstances, that would ordinarily be made by officers of the Corporation in the discharge of their duties.

Unless otherwise expressly provided in this Agreement, words importing only the singular number include the plural and vice versa and words importing gender include all genders. References to "sections", "paragraphs" and "clauses" are to the appropriate section, paragraph or clause of this Agreement.

Except as otherwise indicated, all amounts expressed herein in terms of money refer to the lawful currency of Canada and all payments to be made hereunder shall be made in such currency.

## 2. Underwriting Fee and Broker Warrants

In consideration of services rendered and to be rendered by the Underwriters in connection herewith, the Corporation agrees to pay the Underwriters at the Closing Time, a fee equal to 6.0% of the total gross proceeds received by the Corporation from the sale of the Offered Securities (the "**Underwriting Fee**"). The Underwriting Fee may, at the sole option of the Underwriters, be deducted from the aggregate gross proceeds of the sale of the Offered Securities and withheld for the account of the Underwriters.

In addition to the foregoing, the Corporation agrees to issue to the Underwriters at the Closing Time such number of Broker Warrants equal to 6.0 % of the number of Common Shares issuable upon conversion of the Debentures into Common Shares, at the Closing Time.

For greater certainty, the services provided by the Underwriters in connection herewith will not be subject to the Goods and Services Tax provided for in the *Excise Tax Act* (Canada) and taxable supplies provided will be incidental to the exempt financial services provided. However, in the event that the relevant tax authority determines that GST is exigible on the Underwriting Fee, the Corporation agrees to pay the amount of GST forthwith upon the request of the Underwriters. The Corporation also agrees to pay the Underwriters' expenses incurred in connection with this underwriting as set forth in paragraph 8 hereof.

## 3. Qualification for Sale

- (a) Upon and subject to the terms and conditions set forth herein, the Underwriters hereby agree to purchase from the Corporation, and the Corporation hereby agrees to issue and sell to the Underwriters, all but not less than all of the Offered Securities at the Closing Time for the Issue Price.
- (b) The Corporation understands that, although the offer to act as Underwriters with respect to the Offered Securities is made hereunder by the Underwriters to the Corporation as purchaser, the Underwriters have the right to arrange for the Offered Securities to be purchased by the Purchasers in the Qualifying Provinces on a "private placement basis" in compliance with Applicable Securities Laws such that the offer and sale of the Offered Securities does not obligate the Corporation to file a prospectus.
- (c) The Corporation agrees to comply with all Applicable Securities Laws on a timely basis in connection with the Offering and undertakes to file, or cause to be filed, within the periods stipulated under Applicable Securities Laws, all forms or undertakings required to be filed by the Corporation in connection with the issue and sale of the Offered Securities so that the distribution of the Units, the Debentures and the Warrants comprising the Units and the Common Shares and Warrant Shares issuable upon the conversion or exercise thereof or as payment of interest, as applicable, may lawfully occur without the necessity of filing a prospectus, a registration statement or other offering document in the Qualifying Provinces (but on terms that will permit the Offered Securities and the Debentures and the Warrants issuable pursuant to the Offered Securities, to be sold by such Purchaser at any time in the Qualifying Provinces, subject to applicable hold periods under Applicable Securities Laws), and the Underwriters undertakes to use their commercially reasonable efforts to cause Purchasers to complete any forms required by Applicable Securities Laws. All fees payable in connection with such filings shall be at the expense of the Corporation.
- (d) Neither the Corporation nor the any of the Underwriters has provided or will provide to any prospective purchasers of Offered Securities any document or other material that

would constitute an offering memorandum, within the meaning of Applicable Securities Laws.

- (e) The Debentures and the Warrants comprising the Units and the Common Shares and Warrant Shares issuable upon the conversion or exercise thereof may have attached to them, as applicable, whether through the electronic deposit system of CDS, an ownership statement issued under a direct registration system or other electronic book-entry system, or on certificates that may be issued, as applicable, any legends as may be prescribed by CDS in addition to legends substantially in the following form with the necessary information inserted:

"UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE <insert date that is four (4) months and one (1) day after Closing Date>."

#### **4. Material Change**

- (a) During the period from the date of this Agreement to the completion of the distribution of the Offered Securities, the Corporation will, upon becoming aware of same, promptly notify the Underwriters (and, if requested by the Underwriters, confirm such notification in writing) of:
- (i) any material change (actual, anticipated, contemplated or threatened) in or relating to the business, affairs, operations, assets, liabilities (contingent or otherwise), capital, or ownership of the Corporation and its Subsidiaries taken as a whole;
  - (ii) any material fact which has arisen or been discovered and would have been required to have been stated in any of the Public Record had the fact arisen or been discovered on or prior to the date of such document; and
  - (iii) any change in any material fact (which for purposes of this Agreement shall be deemed to include the disclosure of any previously undisclosed material fact) contained in the Public Record, as they exist immediately prior to such change, which change is, or may reasonably be expected to be, of such a nature as to render any statement in such Public Record, as they exist immediately prior to such change, misleading or untrue in any material respect or which would result in the Public Record, as they exist immediately prior to such change, containing a misrepresentation or which would result in the Public Record, as they exist immediately prior to such change, not complying with Applicable Securities Laws of any Qualifying Province in which the Offered Securities are to be offered for sale or which change would reasonably be expected to have a significant effect on the market price or value of any securities of the Corporation.
- (b) The Corporation shall promptly, and in any event within any applicable time limitation, comply with all applicable filing and other requirements under Applicable Securities Laws whether as a result of any such change, material fact or otherwise described in Section 4(a); provided that the Corporation shall not file any such document without first providing the Underwriters with a copy of such document and consulting with the Underwriters with respect to the form and content thereof.

- (c) The Corporation will promptly comply to the reasonable satisfaction of the Underwriters and the Underwriters' counsel with Applicable Securities Laws with respect to any material change, change, occurrence, discovery or event of the nature referred to in subparagraph 4(a) or 4(b) above and the Corporation will prepare and file promptly at the Underwriter's reasonable request any amendment to any part of the Public Record as may be required under Applicable Securities Laws.
- (d) The Corporation shall make available its directors and senior management, and shall use its commercially reasonable efforts to cause the Corporation's auditors, GLJ, legal counsel and other experts to be available, to answer any questions which the Underwriters may have and to participate in one or more due diligence sessions to be held prior to the Closing Time (collectively, the "**Due Diligence Session**"). The Underwriters shall distribute a list of written questions to be answered in advance of the Due Diligence Session and the Corporation shall provide, and shall use its commercially reasonable efforts to have the Corporation's auditors, GLJ, legal counsel and other experts provide, written responses to such questions at the Due Diligence Session.
- (e) The Corporation shall in good faith discuss with the Underwriters any fact or change in circumstances (actual, anticipated, contemplated or threatened, financial or otherwise) which is of such a nature that there is reasonable doubt whether written notice need be given under this Section 4.

## 5. Representations, Warranties and Covenants

- (a) The Corporation represents and warrants to, and covenants with, the each of the Underwriters, and acknowledges that the Underwriters are relying upon such representations, warranties and covenants in entering into this Agreement, that:
  - (i) except as contemplated by this Agreement or as otherwise disclosed in the Public Record, since December 31, 2021: (i) there has been no Material Adverse Change (actual, anticipated, contemplated or threatened, financial or otherwise); and (ii) there have been no transactions entered into by the Corporation which are material with respect to the Corporation or any class of its shares;
  - (ii) the Corporation and each of the Subsidiaries, are duly incorporated, continued or amalgamated and validly existing and in good standing under the laws of the jurisdiction in which they were incorporated, continued or amalgamated or otherwise existing, as the case may be, have all requisite corporate power, authority and capacity to own, lease or operate their properties and assets as described in the Public Record and the Public Record and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up, and the Corporation has all requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;
  - (iii) the Corporation is the direct or indirect beneficial holder of 100% of the issued and outstanding securities of each of: (i) BG Explorations EOOD; (ii) Park Place Energy Turkey Limited; (iii) Park Place Energy, Corp.; and (iv) Park Place Energy (Bermuda) Limited in each case, free and clear of all mortgages, charges, pledges, security interests, encumbrances, claims or demands whatsoever other than Permitted Encumbrances and no person or other entity has any agreement, option, right or privilege (whether pre-emptive or contractual) to purchase or receive (or



capable of becoming an agreement or a right to purchase or receive) from the Corporation or any of the Subsidiaries any issued or unissued securities of the Subsidiaries;

- (iv) the Corporation and each of the Subsidiaries, are duly registered and qualified to carry on business and are validly existing under the laws of each jurisdiction in which they carry on business;
- (v) other than the Subsidiaries, the Corporation does not have any subsidiaries, the Corporation has no shareholdings in any other corporation or business organization, is not an "affiliate" or a "holding corporation" of any other body corporate (within the meaning of the BCBCA), and is not a partner of any partnerships or limited partnerships;
- (vi) the Corporation and each of the Subsidiaries have conducted and are conducting their business in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirement of any governmental or regulatory bodies applicable to the Corporation and each of the Subsidiaries of each jurisdiction in which the Corporation and each of the Subsidiaries carry on business and the Corporation and each of the Subsidiaries hold all material licences, registrations, permits and qualifications in all jurisdictions in which the Corporation and each of the Subsidiaries carry on business which are necessary or desirable to carry on the business of the Corporation and each of the Subsidiaries, as now conducted and as presently proposed to be conducted in the Public Record, except where the failure to so conduct its business or to hold such licences, registrations, permits or qualifications, would not have a material adverse effect on the Corporation and the Subsidiaries (taken as a whole) and all such licenses, registrations, permits and qualifications are valid and existing and in good standing and none of such licenses, registrations, permits or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect on the business of the Corporation and the Subsidiaries (taken as a whole) as now conducted or as proposed to be conducted and the Corporation is not aware of any legislation, regulation, rule or lawful requirements presently in force or proposed to be brought into force which the Corporation anticipates that the Corporation or any of its Subsidiaries will be unable to comply with without materially adversely affecting the Corporation or its Subsidiaries (taken as a whole);
- (vii) neither the Corporation nor any of the Subsidiaries is in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of the Transaction Documents or any of the transactions contemplated thereby, does not and will not result in any breach of, or be in conflict with or constitute a default under, or create a state of facts which, after notice or lapse of time, or both, would result in a breach of or constitute a default under: (i) any term or provision of the articles, by laws or resolutions of the directors (or any committee thereof) or shareholders of the Corporation or any of the Subsidiaries; (ii) any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or any of the Subsidiaries are a party or by which it is bound; or (iii) any law, judgment, decree,

order, statute, rule or regulation applicable to the Corporation or any of the Subsidiaries or their properties or assets; which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation and the Subsidiaries (taken as a whole) or would impair the ability of the Corporation or any of the Subsidiaries to consummate the transactions contemplated hereby or thereby or to duly observe and perform any of its covenants or obligations contained in this Agreement and the Warrant Indenture;

- (viii) the Corporation has full corporate capacity, power and authority to enter into this Agreement and the Warrant Indenture and to perform its obligations set out herein and therein (including, without limitation, to issue the Offered Securities and Warrant Shares), and this Agreement has been, and the Warrant Indenture will, on the Closing Date, be, duly authorized, executed and delivered by the Corporation and this Agreement is, and the Warrant Indenture will, on the Closing Date, constitute, legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms except that the validity, binding effect and enforceability are subject to the qualification that such validity, binding effect and enforceability may be limited by:
- (A) bankruptcy, insolvency, moratorium, reorganization or other similar laws of general application affecting creditors' rights;
  - (B) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
  - (C) the equitable or statutory powers of the courts in Canada to stay proceedings before them and the execution of judgments;
  - (D) rights to indemnity, contribution and waiver hereunder may be limited or unavailable under applicable law;
  - (E) the applicable laws regarding limitations of actions;
  - (F) the enforceability of provisions which purport to sever any provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of such document would be determined only in the discretion of the court;
  - (G) the enforceability of the provisions exculpating a party from liability or duty otherwise owed by it to another and certain remedial terms and waivers of equitable defences provided for in such agreement or other document may be limited under applicable law;
  - (H) the requirement of a court that the discretionary powers expressed to be conferred on any party to such agreement, indenture or other document be exercised reasonably and in good faith notwithstanding any provisions to the contrary and the possibility that such court may decline to accept as conclusive factual or legal determinations described as conclusive therein; and

- (I) the fact that costs of and incidental to all proceedings authorized to be taken in court are in the discretion of the court and that the court has full power to determine by whom and to what extent such costs shall be paid;
- (ix) there has not been any reportable event (within the meaning of Section 4.11 of NI 51-102) with the Corporation's auditors or the Corporation's former auditors;
- (x) based upon representations made by the Corporation's auditors to the Corporation, the Corporation's auditor are independent chartered accountants with respect to the Corporation, as required by Applicable Securities Laws;
- (xi) there has not been any material change in the capital, assets, liabilities or obligations (absolute, contingent or otherwise) of the Corporation from the position set forth in the Corporation Financial Statements which has not been disclosed in the Public Record and there has not been any adverse material change in the business, operations, capital or condition (financial or otherwise) or results of the operations of the Corporation since September 30, 2022 which has not been disclosed in the Public Record; and since that date, other than as a result of changes in commodity prices, there have been no material facts, transactions, events or occurrences which could materially adversely affect the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations, material contracts or condition (financial or otherwise) or results of the operations of the Corporation and the Subsidiaries (taken as a whole) which have not been disclosed in the Public Record;
- (xii) the Corporation Financial Statements, except for the unaudited consolidated financial statements of the Corporation for the three and nine months ended September 30, 2022, fairly present, in accordance with IFRS, consistently applied, the financial position and condition of the Corporation on a consolidated basis at the dates thereof and the results of the operations of the Corporation on a consolidated basis for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of the Corporation as at the dates thereof which are required to be disclosed in accordance with generally accepted accounting principles, other than the reclassification of the warrant derivatives;
- (xiii) the unaudited consolidated financial statements of the Corporation for the three and nine months ended September 30, 2022, fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of the Corporation on a consolidated basis at the dates thereof and the results of the operations of the Corporation on a consolidated basis for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of the Corporation as at the dates thereof which are required to be disclosed in accordance with generally accepted accounting principles, other than the reclassification of the warrant derivatives;
  - (I) the Corporation maintains a system of "internal control over financial reporting" (as defined in NI 52-109) that provides reasonable assurance regarding the reliability of financial reporting and the preparation of the Corporation's consolidated financial statements for external purposes in accordance with

## IFRS;

- (xiv) the Corporation maintains "disclosure controls and procedures" (as defined in NI 52-109) that provide reasonable assurance that: (A) material information relating to the Corporation is made known to the Corporation's president and chief executive officer and chief financial officer by others within the Corporation; and (B) information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under Applicable Securities Laws is recorded, processed, summarized and reported within the time periods specified in Applicable Securities Laws;
- (xv) Other than as disclosed in section 5(xii), the audit committee of the Board of Directors (the "**Audit Committee**") is not reviewing or investigating, and neither the Corporation's auditors nor its internal accountants have recommended that the Audit Committee review or investigate, (i) adding to, deleting, changing the application of, or changing the Corporation's disclosure with respect to, any of the Corporation's material accounting policies; or (ii) any matter which could result in a restatement of the Corporation's financial statements for any annual or interim period during the current year or since incorporation;
- (xvi) neither the Corporation nor any of the Subsidiaries have completed any "significant acquisitions" since March 31, 2022 and there are no proposed significant acquisitions that would require, pursuant to NI 44-101, any financial statements or pro forma financial statements in respect thereof to be included in the Public Record or require the Corporation to prepare and file a business acquisition report;
- (xvii) there are no actions, suits, proceedings or inquiries, including, to the best of the Corporation's knowledge, information and belief, pending or threatened against or affecting the Corporation or any of the Subsidiaries at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially adversely affects, or may in any way materially adversely affect, the assets, business, operations, permits or condition (financial or otherwise) of the Corporation and the Subsidiaries (taken as a whole) or which affects or may affect the distribution of the Offered Securities or which would impair the ability of the Corporation to consummate the transactions contemplated by this Agreement or the Warrant Indenture or to duly observe and perform any of its covenants or obligations contained in this Agreement, and to be contained in the Warrant Indenture, and the Corporation is not aware of any existing ground on which such action, suit, proceeding or inquiry might be commenced with any reasonable likelihood of success;
- (xviii) during the past 12 months, the Corporation has not, directly or indirectly, declared or paid any dividend or declared or made any other distribution on any of its shares or other securities of any class, or, directly or indirectly, redeemed, purchased or otherwise acquired any of its shares or securities of any class or agreed to any of the foregoing;
- (xix) neither the Corporation nor any of the Subsidiaries is a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the Corporation or any of

the Subsidiaries and Applicable Law and other rights of indemnification or guarantees granted under registrar and transfer agency agreements, agency or underwriting agreements, financial and strategic advisory agreements, confidentiality agreements, to the Corporation's bankers, to subscribers of flow-through shares or pursuant to operating or similar agreements in the ordinary course of business) or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person, other than as disclosed in the Public Record;

- (xx) neither the Corporation nor any of the Subsidiaries is party to or bound by or affected by any commitment, agreement or document containing any covenant which expressly limits the freedom of the Corporation or any of the Subsidiaries to compete in any line of business, transfer or move any of its assets or operations (other than as granted under confidentiality agreements that do not adversely affect the operations of the Corporation) or which materially or adversely affects the business, operations or financial condition of the Corporation and the Subsidiaries (taken as whole);
- (xxi) neither the Corporation nor any of the Subsidiaries has any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with the Corporation or any of the Subsidiaries that are currently outstanding other than as disclosed in the Public Record;
- (xxii) the information and statements set forth in the Public Record were true, correct, and complete and did not contain any misrepresentation, as of the date of such information or statement, and the Corporation has not filed any confidential material change report still maintained on a confidential basis;
- (xxiii) the Corporation has the necessary corporate power and authority to execute, deliver and file the Public Record and, prior to the filing of the Public Record, all requisite action will have been taken by the Corporation to authorize the execution, delivery and filing of the Public Record;
- (xxiv) the attributes and characteristics of the Offered Securities will conform in all material respects to the attributes and characteristics thereof described in the Public Record;
- (xxv) the authorized capital of the Corporation consists of an unlimited number of Common Shares, and an unlimited number of Preferred Shares of which, as at the date hereof, 385,960,552 Common Shares are outstanding as validly issued and fully paid and non-assessable shares of the Corporation;
- (xxvi) as at the date hereof, other than pursuant to the provisions of this Agreement and other than 10,955,000 stock options, 101,937,689 share purchase warrants and 2,215,061 restricted share units to acquire Common Shares as described in the Public Record granted to certain officers, directors, employees and consultants of the Corporation, no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of the Corporation or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or

issuance of any unissued shares, securities (including convertible securities) or warrants of the Corporation or the Subsidiaries;

- (xxvii) except for any purchase of Common Shares pursuant to this Offering, none of the directors, officers or employees of the Corporation or any of the Subsidiaries, or any person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Corporation or any of the Subsidiaries which, as the case may be, materially affects, is material to or will materially affect the Corporation and the Subsidiaries (taken as a whole);
- (xxviii) except in respect of sales of Common Shares in connection with the exercise of stock options, share purchase warrants, restricted share units, no insider has a present intention to sell any securities of the Corporation held by it;
- (xxix) the definitive form of certificates for the Common Shares and Warrants has been duly approved and adopted by the Corporation and complies with all legal requirements under the laws governing the Corporation, and applicable requirements of the Exchange;
- (xxx) the Corporation and each of the Subsidiaries have duly and timely filed, in proper form, returns in respect of taxes for all periods in respect of which such filings have heretofore been required, and all taxes shown thereon and all taxes owing have been paid or accrued on the books of the Corporation and each of the Subsidiaries and there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, provincial or other return in respect of taxes for any period, and all payments by the Corporation or any of the Subsidiaries to any non-resident of Canada have been made in accordance with applicable legislation in respect of withholding tax; there are no assessments or reassessments respecting the Corporation or any of the Subsidiaries pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority, and the Corporation and each of the Subsidiaries have withheld from each payment made to any of its current or former officers, directors and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation;
- (xxxi) the Corporation and each of the Subsidiaries have established reserves that are adequate for the payment of all taxes not yet due and payable and there are no liens, mortgages, charges, pledges, encumbrances or other security interests for taxes on the assets or properties of any of the foregoing entities, except for taxes not yet due;
- (xxxii) all filings made by the Corporation and each of the Subsidiaries under which the Corporation and each of the Subsidiaries have received or are entitled to government incentives have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could cause any amount previously paid to the

Corporation or any of the Subsidiaries or previously accrued on the accounts thereof to be recovered or disallowed;

- (xxxiii) as at the date hereof, the Corporation is not aware of any material contingent tax liability of the Corporation or any of the Subsidiaries or any grounds which will prompt a reassessment;
- (xxxiv) the issued and outstanding Common Shares are listed and posted for trading on the Exchange, and the Corporation is in compliance with the by-laws, rules and regulations of the Exchange in all material respects;
- (xxxv) the issued and outstanding Common Shares are listed and posted for trading on the OTCQX and the Corporation is in compliance with the by-laws, rules and regulations of the OTCQX in all material respects;
- (xxxvi) neither the Corporation nor any of its Subsidiaries have taken or will take, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in stabilization or manipulation of the price of the Common Shares;
- (xxxvii) the minute books of the Corporation and each of the Subsidiaries contain true and correct copies of all constating documents of the Corporation and each of the Subsidiaries and contain copies of the minutes of all meetings and all the resolutions of directors and shareholders, as the case may be, thereof as at the date hereof;
- (xxxviii) as of the date hereof, the Corporation is a "reporting issuer" or equivalent status in each of the provinces of Canada other than Quebec, within the meaning of Applicable Securities Laws, and is not in material default of any requirement in relation thereto;
- (xxxix) the Common Shares of the Corporation is a class of securities registered pursuant to section 12 of the U.S. Securities Exchange Act of 1934, as amended, the Corporation is in compliance in all material respects with its reporting and disclosure obligations under the U.S. Securities Exchange Act of 1934, as amended;
- (xl) Odyssey Trust Company, at its principal office in the City of Vancouver, British Columbia is the duly appointed registrar and transfer/warrant agent of the Corporation with respect to each of the Common Shares, the Warrants and the Debentures;
- (xli) any and all operations of the Corporation and each of the Subsidiaries, and to the best of the Corporation's knowledge, any and all operations by third parties on or in respect of the assets and properties of the Corporation and each of the Subsidiaries, have in all material respects been conducted in accordance with good oil and gas industry practice and in material compliance with all applicable laws, rules, regulations, orders and directions of government and other competent authorities, except where the failure to so conduct the operations would not have a material adverse effect on the Corporation and the Subsidiaries (taken as a whole);

- (xlii) in respect of the assets and properties of the Corporation that are operated by it or the Subsidiaries, the Corporation holds all valid licenses, permits and similar rights and privileges that are material and required and necessary under applicable law to operate such assets and properties as presently operated or as proposed to be operated except where the failure to so hold such licences and permits would not have a material adverse effect on the business, operations, revenues, capital, condition (financial or otherwise), liabilities (absolute, accrued, contingent or otherwise) or results of operations of the Corporation or its properties or assets (taken as a whole);
- (xliii) other than the right of first refusal to Echelon disclosed to the Lead Underwriter, other than as provided for in this Agreement and as disclosed in the Public Record, the Corporation has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agents' commission or other similar forms of compensation with respect to the Offering;
- (xliv) except as disclosed in the Public Record, no officer, director, employee or any other person not dealing at arm's length with the Corporation or any of the Subsidiaries or, to the knowledge of the Corporation, any "associate" or "affiliate" (as such terms are defined in the *Securities Act* (British Columbia)) of any such person, owns, has or is entitled to any royalty, net profits interest, carried interest or any other encumbrances or claims of any nature whatsoever which are based on production from the properties or assets of the Corporation and the Subsidiaries (taken as a whole) or any revenue or rights attributed thereto;
- (xlv) the Corporation and each of the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts that are customary in the business in which they are engaged; all policies of insurance and fidelity or surety bonds insuring the Corporation and each of the Subsidiaries and their businesses, assets, employees, officers and directors are in full force and effect, the Corporation and each of the Subsidiaries are in compliance with the terms of such policies and instruments in all material respects and there are no material claims by the Corporation or any of the Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; the Corporation has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a material adverse effect on the condition (financial or otherwise) prospects, earnings, business or properties of the Corporation and the Subsidiaries (taken as a whole);
- (xlvi) except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on the business, financial condition, assets, properties, liabilities or operations of the Corporation and the Subsidiaries (taken as a whole) (and in respect of non-operated properties, to the knowledge of the Corporation):
  - (A) neither the Corporation nor any of the Subsidiaries are in violation of any applicable Environmental Laws;



- (B) the Corporation and each of the Subsidiaries have operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
  - (C) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation or any of the Subsidiaries that have not been remedied;
  - (D) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Corporation or any of the Subsidiaries;
  - (E) neither the Corporation nor any of the Subsidiaries has failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign, the occurrence of any event which is required to be so reported by any Environmental Law;
  - (F) the Corporation and each of the Subsidiaries hold all licenses, permits and approvals required under any Environmental Laws in connection with the operation of their businesses and the ownership and use of their assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under environmental legislation in any jurisdiction in which they conduct their business, neither the Corporation nor any of the Subsidiaries has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to limitations or conditions, revoked, withdrawn or terminated; and
  - (G) neither the Corporation nor any of the Subsidiaries has received any notice of, or been prosecuted for an offence alleging, material non-compliance with any Environmental Laws, and the Corporation and each of the Subsidiaries have not (including, if applicable, any predecessor companies) settled any allegation of material non-compliance short of prosecution;
- (xlvii) other than as disclosed in the Public Record, there are no material contracts or agreements to which the Corporation or any of the Subsidiaries are a party, or by which any of them are bound. Each material contract to which the Corporation or its Subsidiaries are bound constitutes a legally valid and binding agreement of the Corporation or the Subsidiary, as applicable, enforceable in accordance with its respective terms subject to limitations on the enforcement of creditors' rights generally and the discretionary nature of equitable remedies and, and to the best knowledge of the Corporation, no party thereto is in default thereunder and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default which would constitute a Material Adverse

Effect. For the purposes of this subparagraph, any contract or agreement pursuant to which the Corporation or any of the Subsidiaries will, or may reasonably be expected to, result in a requirement to expend more than an aggregate of \$1,000,000 or receive or be entitled to receive revenue of more than \$1,000,000, in either case in the next 12 months and is outside of the ordinary course of business of the Corporation or any of the Subsidiaries, shall be considered to be material;

- (xlviii) except as disclosed in the Public Record, neither the Corporation nor any of the Subsidiaries is a party to any written contracts of employment which may not be terminated on one month's notice (other than amounts payable at common law) or less or which provide for payments occurring on a change of control of the Corporation or any of the Subsidiaries;
- (xlix) the Corporation and each of the Subsidiaries are in material compliance with all provisions of all laws and regulations respecting employment and employment practices, terms and conditions of employment and wages and hours (collectively, "Employment Laws") and with all collective bargaining or similar agreements to which they are a party, and, to the best of the Corporation's knowledge, there is no pending investigation, inquiry or claim involving the Corporation or any of its Subsidiaries by or before any Governmental Authority or labour relation authority or anybody in Canada, Bulgaria, Turkey, the United States, Bermuda, the Cayman Islands or any other country responsible for the enforcement of any Employment Law which could, individually or in the aggregate, have a material adverse effect on the Corporation; and, to the best of the Corporation's knowledge, no grievance or arbitration proceeding is pending and no labour dispute with the employees of the Corporation or any of its Subsidiaries exists which could, individually or in the aggregate, have a material adverse effect on the Corporation;
- (l) the Corporation and each of its Subsidiaries have satisfied all obligations under, and there are no outstanding material defaults or material violations with respect to, and no material taxes, penalties, or fees are owing or exigible under or in respect of, any employee benefit, incentive, pension, retirement, stock option, stock purchase, stock appreciation, health, welfare, medical, dental, disability, life insurance and similar plans, arrangements or practices relating to the current or former employees, officers, trustees or directors of the Corporation or any of its Subsidiaries maintained, sponsored or funded by any of them, whether written or oral, funded or unfunded, insured or self-insured, registered or unregistered and all contributions or premiums required to be paid thereunder have been made in a timely fashion and any such plan or arrangement which is a funded plan or arrangement is fully funded on an ongoing and termination basis;
- (li) neither the Corporation nor any of the Subsidiaries is currently a party to any Swaps;
- (lii) there is not in the constating documents or by-laws of the Corporation, or in any agreement, mortgage, note, debenture, indenture or other instrument or document to which the Corporation is a party, any restriction upon or impediment to the declaration of dividends by the directors of the Corporation or payment of dividends by the Corporation to the holders of the common shares of the Corporation;

- (liii) neither the Corporation nor, to its knowledge, any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Corporation;
- (liv) the Corporation does not have in place a shareholder rights plan;
- (lv) to the best of the knowledge of the Corporation, none of its directors or officers are subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;
- (lvi) no officer or director of the Corporation or any of the Subsidiaries, nor, to the knowledge of the Corporation, any employee of the Corporation or any of the Subsidiaries, is subject to any limitations or restrictions on their activities or investments, including any non-competition provisions, that would in any way limit or restrict their involvement with the Corporation or the business of the Corporation (taken as a whole) as now conducted and as presently proposed to be conducted;
- (lvii) to the best of the Corporation's knowledge, information and belief, the Corporation, its affiliates, and any of its officers, directors, supervisors, managers, agents, or employees, has conducted and is conducting its business in material compliance with all Applicable Laws (including Anti-Corruption Rules), rules and regulations of each jurisdiction in which it carries on a material portion of its business and the Corporation has not received any notice of any alleged violation of any such laws, rules and regulations;
- (lviii) the Corporation, its affiliates, and any of its directors, officers, supervisors, managers, agents, and employees, and any persons acting on behalf of any such persons, have conducted at all times and are conducting its operations in full compliance with the Anti-Corruption Rules of all applicable jurisdictions and no action, suit, investigation or proceeding by or before any Governmental Authority or any arbitrator involving the Corporation or any of its directors, officers, supervisors, managers, agents, employees, or affiliates, or any persons acting on behalf of any such persons, with respect to a violation or potential violation of Anti-Corruption Rules is pending or threatened;
- (lix) to the knowledge of the Corporation, the Corporation is not the target of any sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Corporation will not, directly or indirectly, use the proceeds of the Offered Securities sold by the Corporation, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person or entity that, to the knowledge of the Corporation, is the target of any sanctions administered by OFAC;
- (lx) neither the Corporation any director, officer, agent, employee, or, to the knowledge of the Corporation, other person acting on behalf of the Corporation or any Subsidiary of the Corporation, has violated laws and regulations imposing U.S. economic sanctions or measures, including, but not limited to, the International

Emergency Economic Powers Act, the Trading with the Enemy Act, the United Nations Participation Act and the Syria Accountability and Lebanese Sovereignty Act, all as amended, and any executive order, directive or regulation pursuant to the authority of any of the foregoing, including the regulations of the United States Treasury Department set forth under 31 CFR, Subtitle B, Chapter V, as amended, or any orders or licenses issued thereunder;

- (lxi) the Corporation, the activities and operations of the Corporation and all of its respective directors, officers, agents, employees, affiliates or persons acting on behalf of any such persons, are and have been conducted at all times in compliance with the anti-money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authority to which they are subject (collectively, the "**Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Authority or any arbitrator involving the Corporation with respect to the Anti-Money Laundering Laws is, to the best of the knowledge, information and belief of the Corporation, pending or threatened;
- (lxii) the Corporation has made available to GLJ prior to the issuance of the Reserves Report, for the purpose of preparing the Reserves Report, all information requested by GLJ, which information did not contain any material misrepresentation at the time such information was provided. Except with respect to changes in the prices of oil and gas or as a result of acquisitions, dispositions, facility turn-arounds and production since such time, the Corporation has no knowledge of a material adverse change in any production (taken as a whole), costs, reserves or other relevant information provided to GLJ since the date that such information was so provided. The Corporation believes that the Reserves Report reasonably present the quantity and pre-tax present worth values of the oil and gas reserves attributable to the crude oil, natural gas liquids and natural gas properties of the Corporation evaluated in such report as at the dates specified therein, as applicable, based upon information available at the time such reserves information was prepared and the assumptions as to commodity prices and costs contained therein, and the Corporation believes that at the dates of such reports, based on the assumptions as to commodity prices and costs contained therein, it did not (and as of the date hereof, except as may be attributable to production since the date of such report does not) overstate the aggregate quantity or pre-tax present worth values of such reserves or the estimated monthly production volumes therefrom;
- (lxiii) the properties and assets of the Corporation and its Subsidiaries are free and clear of all mortgages, pledges, liens, charges and encumbrances other than those encumbrances that are standard in the oil and gas industry in the jurisdictions in which such properties and assets are situated or which do not and will not have a material adverse effect on the ownership or operation of such assets and properties ("**Permitted Encumbrances**") and other than Permitted Encumbrances, the Corporation and its Subsidiaries have not done any act or suffered or permitted any action to be done whereby any person has acquired or may acquire an interest in or to the material properties and assets of the Corporation or its Subsidiaries, nor has it done any act, omitted to do any act or permitted any act to be done that may adversely affect or defeat its title to any of its material properties or assets;

- (lxiv) the Corporation, after due inquiry, does not have any reason to believe that the Corporation or any of the Subsidiaries do not have title to or the irrevocable right to produce and sell their petroleum, natural gas and related hydrocarbons (for the purposes of this clause, the foregoing are referred to as the "Interests") and does represent and warrant that the Interests are, to the best of its knowledge, information and belief, free and clear of any adverse claims created by, through or under the Corporation or those arising in the ordinary course of business, and, to the Corporation's knowledge, the Corporation and each of the Subsidiaries hold their respective Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements, except where the failure to so hold the Interest would not have a material adverse effect upon them;
- (lxv) there are no defects, failures or impairments in the title of the Corporation and its Subsidiaries to its oil and gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on items (A), (B) and (C) set forth immediately below and the Corporation and its Subsidiaries are not aware of any pending or threatened action, suit, proceeding or inquiry which, in aggregate, could have a material adverse effect on: (A) the quantity of and pre-tax present value of estimated future net revenue from the oil and natural gas reserves of the Corporation as shown in the Reserves Report; (B) the current production of the Corporation; or (C) the current cash flow of the Corporation;
- (lxvi) the Corporation is in material compliance with the filing and certification requirements of each of NI 51-102 and NI 52-109;
- (lxvii) the Due Diligence Responses will be true and correct where they relate to matters of fact, and in all material respects as at the time such responses are given and, to the knowledge of the Corporation, such responses taken as a whole shall not omit any fact or information necessary to make any of the responses not misleading in light of the circumstances in which such responses were given. Where the Due Diligence Responses reflect the opinion or view of the Corporation or its directors or officers (including, Due Diligence Responses or portions of such Due Diligence Responses, which are forward looking or otherwise relate to projections, forecasts or estimates of future performance or results (operating, financial or otherwise)) ("Forward-looking Statements"), such opinions or views are subject to the qualifications and provisions set forth in the Due Diligence Responses and will be honestly held and believed to be reasonable at the time they are given; provided, however, it shall not constitute a breach of this paragraph solely if the actual results vary or differ from those contained in Forward-looking Statements;
- (lxviii) no senior officers or directors of the Corporation has sold or otherwise transferred its economic interest in any securities of the Corporation or has otherwise engaged in any transaction to reduce such insider's financial exposure to the price or value of any securities of the Corporation in the 15 day period prior to the date hereof (an "**Insider Sale**"); and
- (lxix) except as mandated by an applicable governmental authority, which mandates have not materially affected the Corporation, as at the date of this Agreement, and except as disclosed in the Public Record, there has been no suspension of the

operations of the Corporation and its Subsidiaries as a result of the novel coronavirus disease (COVID-19) outbreak. The Corporation has been monitoring the COVID-19 outbreak and the potential impact at all of its operations, and has implemented appropriate measures to support the health of its employees where the Corporation and its Subsidiaries operate while continuing to operate.

## 6. Indemnity

- (a) The Corporation shall indemnify and save the Underwriters, and each of the Underwriters' affiliates, agents, directors, officers, controlling persons and employees harmless against and from all liabilities, claims, demands, losses (other than losses of profit in connection with the distribution of the Offered Securities), costs (including, without limitation, reasonable legal fees and disbursements on a full indemnity basis), damages and expenses to which the Underwriters, or any of the Underwriters' agents, directors, officers, controlling persons or employees may be subject or which the Underwriters, or any of the Underwriters' agents, directors, officers, controlling persons or employees may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of:
- (i) any information or statement contained in the Public Record (other than any information or statement relating solely to the Underwriters and furnished in writing to the Corporation by the Underwriters or the Underwriters' counsel expressly for inclusion in the Public Record) which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact (other than any information or fact relating solely to the Underwriters and furnished to the Corporation in writing by the Underwriters or the Underwriters' counsel expressly for inclusion in the Public Record) the omission of which makes or is alleged to make any such information or statement untrue or misleading in light of the circumstances in which it was made;
  - (ii) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating solely to the Underwriters and furnished in writing to the Corporation by the Underwriters or the Underwriters' counsel, as the case may be, expressly for inclusion in the Public Record) contained in any document or any other part of the Public Record filed by or on behalf of the Corporation;
  - (iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Securities imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in subparagraph 6(a)(ii) above;
  - (iv) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities (not based upon the failure by the Underwriters or their banking or Selling Dealer Group members, if any, to comply with Applicable Securities Laws) prohibiting, restricting, relating to or materially affecting the trading or distribution of the Offered Securities; or

- (v) any breach of, default under or non-compliance by the Corporation with any requirements of Applicable Securities Laws, the by-laws, rules or regulations of the CSE, or any representation, warranty, term or condition of this Agreement or in any certificate or other document delivered by or on behalf of the Corporation hereunder or pursuant hereto;

provided, however, if and to the extent that a court of competent jurisdiction determines, in a final judgment that is non-appealable, that a party has engaged in wilful misconduct or gross negligence, such party shall cease to be entitled, to the extent that the liabilities, claims, losses, costs, damages or expenses were caused by such activity, to claim indemnification from any person who has not been determined by a court of competent jurisdiction in a final judgement that is non-appealable to have also engaged in such wilful misconduct or gross negligence.

- (b) If any claim contemplated by subparagraph 6(a) shall be asserted against any of the persons or corporations in respect of which indemnification is or might reasonably be considered to be provided for in such paragraph, such person or corporation (the "**Indemnified Person**") shall notify the Corporation ("**Indemnifying Party**") in writing with particulars of such claim (provided that failure to so notify the Indemnifying Party of the nature of such claim in a timely fashion shall relieve the Indemnifying Party of liability hereunder only if and to the extent that such failure materially prejudices the Indemnifying Party's ability to defend such claim) as soon as possible of the nature of such claim and the Indemnifying Party shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim, provided, however, that the defence shall be through legal counsel selected by the Indemnifying Party and acceptable to the Indemnified Person acting reasonably and that no settlement or admission of liability may be made by the Indemnifying Party or the Indemnified Person without the prior written consent of the other, such consent not to be unreasonably withheld. The Indemnified Person shall have the right to retain its own counsel in any proceeding relating to a claim contemplated by subparagraph 6(a) if the:
  - (i) Indemnified Person has been advised by counsel that there may be a reasonable legal defence available to the Indemnified Person which is different from or additional to a defence available to the Indemnifying Party and that representation of the Indemnified Person and any one or more of the Indemnifying Party by the same counsel would be inappropriate due to the actual or potential differing interests between them (in which case the Indemnifying Party shall not have the right to assume the defence of such proceedings on the Indemnified Person's behalf);
  - (ii) Indemnifying Party shall not have taken the defence of such proceedings and employed counsel within seven days after notice has been given to the Indemnifying Party of commencement of such proceedings; or
  - (iii) employment of such counsel has been authorized by the Indemnifying Party in connection with the defence of such proceedings;

and, in any such event, the reasonable fees and expenses of such Indemnified Person's counsel (on a solicitor-and-his-client basis) shall be paid by the Indemnifying Party, provided that the Indemnifying Party shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of

the same general allegations or circumstances, be liable for the fees and expenses of more than one separate law firm (in addition to any local counsel) for all such Indemnified Persons.

- (c) The Indemnifying Party hereby waives its rights to recover contribution from the Underwriters with respect to any liability of the Indemnifying Party by reason of or arising out of any misrepresentation in any part of the Public Record; provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of any misrepresentation which is based upon information relating solely to the Underwriters contained in such document and furnished to the Corporation by the Underwriters in writing expressly for inclusion in the Public Record.
- (d) If any legal proceedings shall be instituted against the Indemnifying Party in respect of any part of the Public Record or the Offered Securities or if any regulatory authority or stock exchange shall carry out an investigation of an Indemnifying Party in respect of any part of the Public Record or the Offered Securities and, in either case, any Indemnified Person is required to testify, or respond to procedures designed to discover information, in connection with or by reason of the services performed by the Underwriters hereunder, the Indemnified Persons may employ their own legal counsel and the Indemnifying Party shall pay and reimburse the Indemnified Persons for the reasonable fees, charges and disbursements (on a full indemnity basis) of such legal counsel, the other expenses reasonably incurred by the Indemnified Persons in connection with such proceedings or investigation and a fee at the normal per diem rate for any director, officer or employee of the Underwriters involved in the preparation for or attendance at such proceedings or investigation.
- (e) The rights and remedies of the Indemnified Persons set forth in paragraphs 6, 7 and 9 hereof are to the fullest extent possible in law cumulative and not alternative and the election by any Underwriter or other Indemnified Person to exercise any such right or remedy shall not be, and shall not be deemed to be, a waiver of any other rights and remedies.
- (f) The Indemnifying Party hereby acknowledges that the Underwriters are acting as agents for the Underwriters' respective agents, directors, officers, controlling persons and employees under this paragraph 6 and under paragraph 7 with respect to all such agents, directors, officers, controlling persons and employees.
- (g) The Indemnifying Party waives any right it may have of first requiring an Indemnified Person to proceed against or enforce any other right, power, remedy, security or claim, or to claim payment from any other person before claiming under this indemnity. It is not necessary for an Indemnified Person to incur expense or make payment before enforcing such indemnity.
- (h) If the Indemnifying Party has assumed the defence of any suit brought to enforce a claim hereunder, the Indemnified Person shall promptly provide the Indemnifying Party copies of all documents and information in its possession pertaining to the claim, take all reasonable actions necessary to preserve its rights to object to or defend against the claim, consult and reasonably cooperate with the Indemnifying Parties in determining whether the claim and any legal proceeding resulting therefrom should be resisted, compromised or settled and reasonably cooperate and assist in any negotiations to compromise or settle, or in any defence of, a claim undertaken by the Indemnifying Party.



## 7. Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is, for any reason, held by a court to be unavailable from the Indemnifying Party on grounds of policy or otherwise, the Indemnifying Party and the party or parties seeking indemnification shall contribute to the aggregate liabilities, claims, demands, losses, costs (including, without limitation, reasonable legal fees and disbursements on a full indemnity basis), damages and expenses to which they may be subject or which they may suffer or incur:

- (a) in such proportion as is appropriate to reflect the relative benefit received by the Indemnifying Party on the one hand, and by the Underwriters on the other hand, from the offering of the Offered Securities; or
- (b) if the allocation provided by subparagraph 7(a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subparagraph 7(a) above but also to reflect the relative fault of the Underwriters on the one hand, and the Indemnifying Party, on the other hand, in connection with the statements, commissions or omissions or other matters which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Indemnifying Party, on the one hand, and the Underwriters, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the offering received by the Indemnifying Party (net of fees but before deducting expenses) bear to the fees (including the value of any securities) received by the Underwriters. In the case of liability arising out of any part of the Public Record, the relative fault of the Indemnifying Party, on the one hand, and of the Underwriters, on the other hand, shall be determined by reference, among other things, to whether the misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in paragraph 6 relates to information supplied or which ought to have been supplied by, or steps or actions taken or done on behalf of or which ought to have been taken or done on behalf of, one or more of the Indemnifying Parties or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in paragraph 6.

The amount paid or payable by an Indemnified Person as a result of liabilities, claims, demands, losses (other than losses of profit in connection with the distribution of the Offered Securities), costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) referred to above shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) whether or not resulting in any action, suit, proceeding or claim.

Each of the Corporation and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraphs. The rights to contribution provided in this paragraph 7 shall be in addition to, and without prejudice to, any other right to contribution which the Underwriters or other Indemnified Persons may have.

Any liability of an Underwriter under this paragraph 7 shall be limited to the amount actually received by such Underwriter under paragraph 2.

## **8. Expenses**

Whether or not the transactions herein contemplated shall be completed, except as hereinafter specifically provided, all expenses of or incidental to the authorization, creation, issue and sale of the Offered Securities and all expenses of or incidental to all other matters in connection with the Offering including, without limitation: listing and filing fees, fees and expenses of the transfer agent, expenses payable in connection with authorization, creation and issue of the Broker Warrants, the fees and expenses of counsel for the Corporation, all fees and expenses of local counsel, the reasonable fees (up to \$80,000) and the disbursements of Underwriters' counsel plus any applicable taxes, all fees and expenses of all accountants and auditors, all costs incurred in connection with preparing, printing, and providing copies of the Transaction Documents, together with all related taxes (including, without limitation, GST) shall be borne by and for the account of the Corporation.

## **9. Termination**

- (a) The Underwriters, or any of them, may, without liability, terminate their obligations hereunder, by written notice to the Corporation in the event that after the date hereof and at or prior to the Closing Time:
  - (i) any order to cease or suspend trading in any securities of the Corporation or prohibiting or restricting the distribution of any of the Offered Securities is made, or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory authority, by the CSE or by any other competent authority, and has not been rescinded, revoked or withdrawn;
  - (ii) any inquiry, investigation (whether formal or informal) or other proceeding in relation to the Corporation, or any of its Subsidiaries, or any of their respective directors or senior officers is announced, commenced or threatened by any securities commission or similar regulatory authority, by the CSE or by any other competent authority or there is a change in law, regulation or policy or the interpretation or administration thereof, if, in the reasonable opinion of the Underwriters or any one of them, the change, announcement, commencement or threatening thereof materially adversely affects the trading or distribution of the Common Shares or any other securities of the Corporation, including, but not limited to, any one of the Offered Securities;
  - (iii) there shall have occurred, be discovered by the Underwriters as a result of its due diligence review or otherwise, or be announced by the Corporation, any material change, change in any material fact or any previously undisclosed material fact in respect of the business, operations, capital or condition (financial or otherwise) or business prospects of the Corporation and its Subsidiaries (taken as a whole) or the respective properties, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation and its Subsidiaries (taken as a whole) that, in the sole opinion of the Underwriters, or any of them, acting reasonably, would reasonably be expected to have a significant adverse effect on the market price or value of the Common Shares or any other securities of the Corporation, including Offered Securities, including, but not limited to, any one of the Offered Securities;

- (iv) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence (including any act of terrorism, war or like event, pandemic, including without limitation matters caused by, related to or resulting from COVID-19, or similar event, except, with respect to COVID-19, only to the extent that there are material adverse developments related thereto after April 20, 2023), acts of hostility or escalation thereof, or any other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions in North America or any law or regulation, which, in the sole opinion of the Underwriters or any one of them, acting reasonably, seriously adversely affects, or involves, or will seriously adversely affect, or involve, the financial markets or the business, operations or affairs of the Corporation and its Subsidiaries (taken as a whole); or
  - (v) the Corporation shall be in breach or default under or non-compliance with any representation, warranty, term or condition of this Agreement, in each case in any material respect, that cannot be cured prior to the Closing Date.
- (b) The Underwriters, or any of them, may exercise any or all of the rights provided for in subparagraph 9(a) or paragraph 15 hereof notwithstanding any material change, change, event or state of facts and (except where the Underwriter purporting to exercise any of such rights is in breach of its obligations under this Agreement) notwithstanding any act or thing taken or done by the Underwriters or any inaction by the Underwriters, whether before or after the occurrence of any material change, change, event or state of facts, including, without limitation, any act of the Underwriters related to the offering or continued offering of the Offered Securities for sale and the Underwriters shall only be considered to have waived or be estopped from exercising or relying upon any of their rights under or pursuant to subparagraph 9(a) or paragraph 15 hereof if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.
  - (c) Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation, with a copy of such notice to be delivered to the Underwriters, provided that no termination shall discharge or otherwise affect any obligation of the Corporation under paragraphs 6, 7, 8, or 16 hereof. The rights of the Underwriters to terminate their obligations hereunder are in addition to, and without prejudice to, any other remedies they may have.
  - (d) If an Underwriter elects to terminate its obligation to purchase the Offered Securities as aforesaid, whether the reason for such termination is within or beyond the control of the Corporation, the liability of the Corporation hereunder shall be limited to the indemnity referred to in paragraph 6 hereof, the contribution rights referred to in paragraph 7 hereof and the payment of expenses referred to in paragraph 8 hereof; provided, however, an Underwriter shall not be entitled to the payment of expenses referred to in paragraph 8 hereof if an Underwriter is in breach of or default under or noncompliance with any representation, warranty, term or condition of this Agreement, in any material respect.

## 10. Closing Documents

The obligations of the Underwriters hereunder as to the Offered Securities to be purchased at the Closing Time shall be conditional upon the Corporation having performed in all material respects,

at the Closing Time all of its obligations hereunder theretofore to be performed and the Underwriters receiving at the Closing Time:

- (a) favourable legal opinions of the Corporation's counsel addressed to the Underwriters, in form and substance reasonably satisfactory to the Underwriters, with respect to such matters as the Underwriters may reasonably request relating to the Corporation, the Offering and the transactions contemplated hereby, including, without limitation, that:
  - (i) the Corporation and each of the Material Subsidiaries has been duly incorporated, amalgamated or formed (as the case may be) and organized and is validly subsisting under the laws of the jurisdiction of its incorporation, amalgamation or formation (as the case may be) and has all requisite corporate capacity, power and authority, as applicable, to carry on its business as described in the Public Record and to own, lease and operate its properties and assets as described in the Public Record and is qualified to carry on business under the laws of the jurisdictions where it carries on a material portion of its business;
  - (ii) the Corporation has full corporate capacity, power and authority to enter into this Agreement and the other Transaction Documents and to perform its obligations set out herein and therein (including the corporate power and capacity of the Corporation to issue the Common Shares issuable upon conversion or exercise of, the Debentures, the Warrants and the Broker Warrants, as applicable, or as payment of interest owing under the Debentures), and this Agreement and the other Transaction Documents has been duly authorized and to the extent to be executed and delivered at the Closing Time, executed and delivered by the Corporation and each such delivered and executed Transaction Document constitutes a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with their terms, subject to laws relating to creditors' rights generally and except as rights to indemnity may be limited by applicable laws (including the corporate power and capacity of the Corporation to issue the Common Shares issuable upon conversion or exercise of, the Debentures, the Warrants and the Broker Warrants, as applicable, or as payment of interest owing under the Debentures);
  - (iii) the execution and delivery of this Agreement and the other Transaction Documents and the fulfillment of the terms hereof and thereof by the Corporation, and the performance of and compliance with the terms of this Agreement and the other Transaction Documents by the Corporation does not and will not result in a breach of, or constitute a default under, and does not and would not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under: (a) any applicable laws of the Province of British Columbia or the federal Laws of Canada applicable therein; or (b) any term or provision of the constating documents of the Corporation;
  - (iv) the Corporation is the direct or indirect registered and/or beneficial holder of all issued and outstanding securities of Subsidiaries;
  - (v) the Debentures and the Warrant have been duly authorized and validly allotted for issuance by the Corporation and, when issued on the Closing Date, will be validly outstanding;

- (vi) the Common Shares issuable upon the conversion of the Debentures and the Warrant Shares upon exercise of the Warrants, as applicable, have been duly authorized and validly allotted for issuance by the Corporation and, when issued in accordance with the terms of the Debentures and the Warrants, as applicable, will be outstanding as fully paid and non-assessable Common Shares of the Corporation;
- (vii) the issuance of the Common Shares, the Warrant Shares and the Broker Warrant Shares issuable upon the conversion or exercise of, or as payment of the interest owing under, the Debentures, the Warrants and the Broker Warrants, as applicable, are exempt from the prospectus requirements of applicable Securities Laws and no documents are required to be filed (other than specified forms accompanied by requisite filing fees), proceedings taken or approvals, permits, consents or authorizations obtained under the Applicable Securities Laws to permit such issuances in the respective jurisdiction;
- (viii) no other documents will be required to be filed, proceedings taken or approvals, permits, consents or authorizations obtained under the Applicable Securities Laws in connection with the first trade by the Purchasers or the Underwriters of the Debentures and the Warrants comprising the Units and the Common Shares and the Warrant Shares issuable upon the conversion or exercise thereof or as payment of the interest owing, as applicable, provided that four months and one day have lapsed since the Closing Date and subject to the standard assumptions and qualifications;
- (ix) the Warrant Shares have been duly and validly authorized and allotted for issuance and, upon the due exercise of the Warrants in accordance with the provisions of the Warrant Indenture and the certificates representing the Warrants, including payment of the exercise price therefor, the Warrant Shares will be validly issued as fully paid and non-assessable Common Shares;
- (x) the Broker Warrant Shares have been duly and validly authorized and allotted for issuance and, upon the due exercise of the Broker Warrants in accordance with the provisions of the certificates representing the Warrants Broker, including payment of the exercise price therefor, the Broker Warrant Shares will be validly issued as fully paid and non-assessable Common Shares;
- (xi) Odyssey Trust Company at its principal offices in Calgary, Alberta and Vancouver British Columbia has been duly appointed by the Corporation as the transfer agent and registrar for the Common Shares and the duly appointed as the warrant agent for the Warrants; and
- (xii) the authorized capital of the Corporation;

and as to all other legal matters, including compliance with Applicable Securities Laws in any way connected with the Offering as the Underwriters may reasonably request.

It is understood that the Corporation's counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than where they are qualified to practice law (or alternatively, make arrangements to have such opinions directly addressed to the Underwriters, and all of such counsel may rely upon, as

to matters of fact, certificates of public officials and officers of the Corporation), and on certificates of officers of the Corporation, the transfer agent and the Corporation's auditors as to relevant matters of fact. The opinions shall reference the conditional listing approval of the Exchange to the Warrants and the Common Shares, Warrant Shares and Broker Warrant Shares issuable upon the conversion or exercise, as applicable, of the Debentures and Warrants comprising the Units and the Broker Warrants, in accordance with the respective provisions thereof;

- (b) a certificate of the Corporation dated the Closing Date addressed to the Underwriters and signed on behalf of the Corporation by the Chief Executive Officer and the Chief Financial Officer of the Corporation or such other officers or directors of the Corporation satisfactory to the Underwriters, acting reasonably, certifying that:
  - (i) the Corporation has complied with and satisfied in all material respects all terms and conditions of this Agreement on its part to be complied with or satisfied at or prior to the Closing Time;
  - (ii) the representations and warranties of the Corporation set forth in this Agreement are true and correct in all material respects at the Closing Time, as if made at such time (except for such representations and warranties which refer to or are made as of another specified date, in which case, such representations and warranties will have been true and correct as of that date and for such representations and warranties which are already qualified as to materiality or with respect to a Material Adverse Change or a Material Adverse Effect, in which case, such representations and warranties will be true and correct in all respects);
  - (iii) no event of a nature referred to in subparagraphs 4(a) or 4(b) or subparagraphs 9(a)(i) or (ii) hereof has occurred or, to the knowledge of such officer, is pending, contemplated or threatened (excluding any requirement to make any determination as to any Underwriter's opinion); and
  - (iv) such other matters as may be reasonably requested by the Underwriters or the Underwriters' counsel;
- (c) evidence of all third party consents to the completion of the Offering to the reasonable satisfaction of the Lead Underwriter;
- (d) evidence satisfactory to the Underwriters that the Warrants and the Common Shares, Warrant Shares and Broker Warrant Shares issuable upon the conversion or exercise, as applicable, of the Debentures and Warrants comprising the Units and the Broker Warrants have been conditionally approved for listing on the CSE (subject only to the filing of documents which may be required by the Exchange), not later than the close of business on the last Business Day preceding the Closing Date; and
- (e) such other certificates and documents as the Underwriters may request, acting reasonably.

## **11. Due Diligence**

The Corporation shall allow the Underwriters to conduct all due diligence which the Underwriters may in their opinion reasonably require in order to fulfill the Underwriters' obligations as Underwriters.

## **12. Deliveries**

The purchase and sale of the Offered Securities shall be completed at the Closing Time electronically or at the offices of the Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Underwriters may agree. Subject to the conditions set forth in paragraph 10 hereof, the Underwriters, on the Closing Date shall deliver to the Corporation, by wire transfer of immediately available funds to an account specified by the Corporation, the purchase price for the Offered Securities (less the fee of the Underwriters to be calculated as provided in paragraph 2 hereof and, if required by the Underwriters, the expenses of the Underwriters as provided in paragraph 8 hereof), against delivery by the Corporation of:

- (a) the opinions, certificates and documents referred to in paragraph 10 hereof; and
- (b) definitive certificates representing, in the aggregate, all of the Debentures and Warrants comprising the Offered Securities registered in the name of CDS or in such name or names as the Underwriters shall notify the Corporation in writing not less than 24 hours prior to the Closing Time; provided that if the Corporation and the Underwriters determine to issue the Debentures and Warrants comprising the Offered Securities (or a portion thereof) through the non-certificated inventory process, then, as an alternative to the Corporation delivering to the Underwriters a definitive certificate (or certificates) representing the Debentures and Warrants comprising the Offered Securities in the manner and at the times set forth above, the Corporation shall cause Odyssey Trust Company to issue electronically and register through the non-certificated inventory process, the Debentures and Warrants comprising the Offered Securities (or a portion thereof), such electronic issuance being registered in the name of CDS (or in such other name as the Underwriters may direct) and the Underwriters will provide a direction to CDS with respect to the crediting of the Debentures and Warrants comprising the Offered Securities (or a portion thereof) to the accounts of the participants of CDS as shall be designated by the Underwriters in writing in sufficient time prior to the Closing Time to permit such crediting.

## **13. Restrictions on Offerings**

The Corporation agrees that, from the Closing Date and ending on the date that is 60 days following the Closing Date, it shall not, directly or indirectly, sell additional debt, Common Shares, or otherwise lend, transfer or dispose of any securities exchangeable, convertible or exercisable into Common Shares or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Common Shares, whether any such transaction is settled by delivery of Common Shares or other such securities, in cash or otherwise, without the consent of the Lead Underwriter, such consent not to be unreasonably withheld, provided that the foregoing will not restrict the Corporation from issuing (i) the Offered Securities; (ii) Common Shares upon the conversion or exercise of the Debenture, Warrants and Brokers Warrants; (iii) Common Shares pursuant to currently outstanding rights, agreements, options, warrants and other convertible securities, including any Common Shares of the Corporation issued pursuant to the exercise of any outstanding share purchase warrants or any stock options granted pursuant to the Corporation's stock option plan.

**14. Notices**

Unless otherwise expressly provided in this Agreement, any notice or other communication to be given under this Agreement (a "**notice**") shall be in writing addressed as follows:

If to the Corporation, addressed and sent to:

Trillion Energy International Inc.  
Suite 700, 838 West Hastings St.  
Vancouver, British Columbia V6C 0A6

Attention: Dr. Arthur Halleran  
Email: [Redacted]

with a copy to:

DS Lawyers Canada LLP  
Suite 800, 333 - 7th Avenue S.W.  
Calgary, Alberta T2P 2Z1

Attention: Dale Burstall  
Email: [Redacted]

If to Eight Capital, addressed and sent to:

Eight Capital  
Suite 2110, 335 - 8th Avenue SW  
Calgary, Alberta T2P 1C9

Attention: Tony P. Loria  
Email: [Redacted]

If to Echelon Wealth Partners Inc., addressed and sent to:

Echelon Wealth Partners Inc.  
Suite 400, 525 – 8th Avenue S.W.  
Calgary, Alberta T2P 1G1

Attention: Ryan Mooney  
Email: [Redacted]

If to Canaccord Genuity Corp. addressed and sent to:

Canaccord Genuity Corp.  
Suite 3150, 421 7 Avenue SW  
Calgary, Alberta T2P 4K9

Attention: Anthony Petrucci  
Email: [Redacted]

If to Haywood Securities Inc., addressed and sent to:



Haywood Securities Inc.  
 Suite 400, 808 - 1st Street, SW  
 Calgary, Alberta T2P 1M9  
 Attention: Clark Andrews  
 Email: [Redacted]

with a copy in each case to:

Stikeman Elliott LLP  
 Suite 4300, 888 3rd Street SW  
 Calgary, Alberta T2P 5C5

Attention: Sony Gill  
 Email: [Redacted]

or to such other address as the party may designate by notice given to the other. Each communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee, and:

- (a) a communication which is personally delivered shall, if delivered before 4:00 p.m. (local time at the place of delivery) on a Business Day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first Business Day following the day on which it is delivered; and
- (b) a communication which is personally delivered or sent by email transmission shall, if delivered or sent before 4:00 p.m. (local time at the place of delivery or transmission) on a Business Day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first Business Day following the day on which it is delivered.

## **15. Conditions**

All terms, covenants and conditions of this Agreement to be performed by the Corporation shall be construed as conditions, and any breach or failure to comply with any material terms and conditions which are for the benefit of the Underwriters shall entitle any Underwriter to terminate its obligations to purchase the Offered Securities, by written notice to that effect given to the Corporation prior to the Closing Time. The Underwriters may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith, without prejudice to any of their rights in respect of any other representation, warranty, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, term or condition hereof, provided that any such waiver or extension shall be binding on an Underwriter only if the same is in writing and signed by such Underwriter.

## **16. Survival of Representations and Warranties**

All representations and warranties herein or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated hereby shall survive the payment by the Underwriters for the Offered Securities, the termination of this Agreement and the distribution of the Offered Securities and shall continue in full force and effect for the benefit of the Underwriters regardless of any investigation by or on behalf of the Underwriters with respect thereto.

## 17. Several Liability of Underwriters

- (a) The Underwriters' obligations to purchase the Offered Securities at the Closing Time shall be several and not joint and several and the Underwriters' respective obligations in this respect shall be as to the following percentages of the Offered Securities:

Eight Capital	55.0%
Echelon Wealth Partners Inc.	25.0%
Canaccord Genuity Corp.	15.0%
Haywood Securities Inc	5.0%
	<u>100.0%</u>

- (b) If any one or more of the Underwriters fails or refuses to purchase at the Closing Time its or their applicable percentages of the Offered Securities, the other Underwriter or Underwriters shall have the right, but shall not be obligated, to purchase on a pro rata basis (or such other basis as such other Underwriters may agree) all, but not less than all, of the Offered Securities which would otherwise have been purchased by the Underwriter or Underwriters which fail or refuse to purchase; provided, however, that in the event that the percentage of the total number of the Offered Securities which one or more of the Underwriters has failed or refused to purchase is less than or equal to 15% of the total number of the Offered Securities which the Underwriters have agreed to purchase, the other Underwriters shall be obligated severally to purchase on a *pro rata* basis (or such other basis as such other Underwriters may agree) all, but not less than all, of the Offered Securities which would otherwise have been purchased by the one or more Underwriters which failed or refused to purchase. In the event that the right to assume the entire obligations of the defaulting Underwriters set forth in this subparagraph 17(b) is not exercised, the Underwriter or Underwriters which are able and willing to purchase their own applicable percentages of the total number of Offered Securities shall be relieved of all obligations to the Corporation on submission to the Corporation of reasonable evidence of its or their ability and willingness to fulfil its or their obligations hereunder at the Closing Time.
- (c) Nothing in this Agreement shall obligate the Corporation to sell to one or any of the Underwriters less than all of the Offered Securities or shall relieve any Underwriter in default from liability to the Corporation, or to any non-defaulting Underwriter in respect of its default hereunder. In the event of a termination by the Corporation of their obligations under this Agreement, there shall be no further liability on the part of the Corporation to the Underwriters except in respect of any liability which may have arisen or may thereafter arise under paragraphs 6, 7, 8, or 16 hereof.

## 18. Authority to Bind Underwriters

The Corporation shall be entitled to and shall act on any notice, waiver, extension or communication given by or on behalf of the Underwriters by the Lead Underwriter, who shall represent the Underwriters and shall have the authority to bind the Underwriters in respect of all matters hereunder, except in respect of any notice of termination pursuant to paragraph 9 hereof, which notice may be given by any of the Underwriters exercising such right, any waiver under paragraph 15 hereof, which waiver may be given by any of the Underwriters exercising such waiver, any settlement or admission of liability under paragraph 6 or 7 hereof or any matter referred to in or any agreement under paragraph 17 hereof. While not affecting the foregoing, the Lead Underwriter shall consult with the other Underwriters with respect to any such notice, waiver, extension or other communication.

**19. Covenants**

- (a) The Corporation covenants and agrees with and in favour of the Underwriters that the purchase price for the Offered Securities (net of related costs) received by the Corporation from the Underwriters will be used for the purposes described in the Public Record.
- (b) The Corporation covenants and agrees with and in favour of the Underwriters to use its commercially reasonable efforts to cause its directors and officers to enter into the Lock-Up Agreement in the form attached hereto as Schedule "A".
- (c) Each of the Underwriters covenants and agrees, severally, and not jointly, nor jointly and severally, with and in favour of the Corporation that it will:
  - (i) offer the Offered Securities for sale on a "private placement exempt" basis in the Qualifying Provinces;
  - (ii) conduct activities in connection with the proposed offer and sale of the Offered Securities in compliance with all Applicable Securities Laws in Canada and cause a similar covenant to be contained in any agreement entered into with any Selling Dealer Group established in connection with the distribution of the Offered Securities;
  - (iii) use all reasonable efforts to complete the distribution of Offered Securities as soon as possible;
  - (iv) not solicit subscriptions for the Offered Securities, trade in Offered Securities or otherwise do any act in furtherance of a trade of Offered Securities in any jurisdictions outside of the Qualifying Provinces;
  - (v) the Underwriters and any member of the Selling Dealer Group have not and will not solicit offers to purchase or sell the Offered Securities so as to require the filing of a prospectus, registration statement or offering memorandum, or similar document with respect thereto or the provision of a contractual right of action (as defined in Ontario Securities Commission Rule 14-501 – *Definitions*) or a statutory right of action under the laws of any of the Qualifying Provinces, except as may be expressly provided for in this Agreement; and
  - (vi) each of the Underwriters is registered or exempt from registration under the Applicable Securities Laws to conduct the activities contemplated by this Agreement.

**20. Severance**

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

**21. Relationship Between the Corporation and the Underwriters**

The Corporation hereby acknowledges that (i) the purchase and sale of the Offered Securities pursuant to this Agreement is an arm's-length commercial transaction between the Corporation, on the one hand, and each of the Underwriters, on the other, (ii) each of the Underwriters is acting as principal and not as an agent or fiduciary of the Corporation and (iii) the Corporation's engagement of each of the Underwriters in connection with the offering and the process leading up to the offering is as independent contractors and not in any other capacity. Furthermore, the Corporation agrees that it is solely responsible for making its own judgments in connection with the offering of the Offered Securities (irrespective of whether any of the Underwriters has advised or is currently advising the Corporation on related or other matters).

**22. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. The Corporation and the Underwriters hereby attorns to the non-exclusive jurisdiction of the courts of the Province of Alberta.

**23. Time of the Essence**

Time shall be of the essence of this Agreement.

**24. Counterpart Execution**

This Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement. Delivery of counterparts may be effected by electronic means.

**25. Further Assurances**

Each party to this Agreement covenants and agrees that, from time to time, it will, at the request of the requesting party, execute and deliver all such documents and do all such other acts and things as any party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

*[The remainder of this page has been intentionally left blank]*

**26. Entire Agreement**

It is understood that the terms and conditions of this Agreement represents the entire agreement between the parties with respect to the subject matter hereof and supersede any previous verbal or written agreement between the Underwriters and the Corporation. If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this Agreement at the place indicated and by returning the same to the Underwriters.

ACCEPTED AND AGREED to this 20th day of April, 2023.

**EIGHT CAPITAL**

Per: (Signed) "Kevin Leonard"

**ECHELON WEALTH PARTNERS INC.**

Per: (Signed) "Ryan Mooney"

**CANACCORD GENUITY CORP.**

Per: (Signed) "Anthony Petrucci"

**HAYWOOD SECURITIES INC.**

(Signed) "Clark Andrews"

ACCEPTED AND AGREED to this 20th day of April, 2023.

**TRILLION ENERGY INTERNATIONAL INC.**

Per: (Signed) "Arthur Halleran"

**SCHEDULE "A"**  
**FORM OF LOCK-UP AGREEMENT**

April 20, 2023

**TO: Eight Capital (the "Lead Underwriter"), Echelon Wealth Partners Inc., Canaccord Genuity Corp. and Haywood Securities Inc. (collectively with the Lead Underwriter, the "Underwriters")**

To Whom It May Concern:

The undersigned understands that Trillion Energy International Inc. (the "**Corporation**") proposes to issue and sell Offered Securities of the Corporation by way of a "bought deal" private placement (the "**Offering**"). We refer to the terms and conditions contained in the underwriting agreement dated April 20, 2023 (the "**Underwriting Agreement**") between the Underwriter and the Corporation. This undertaking is given pursuant to Subsection [19(b)] of the Underwriting Agreement. Capitalized terms used herein unless otherwise defined have the meanings specified in the Underwriting Agreement.

In recognition of the benefit that the Offering will confer upon the undersigned and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby undertakes in favour of the Underwriters that he, she or it shall not, directly or indirectly, for a period commencing upon the Closing Date and terminating on the date that is 60 days following the Closing Date (the "**Lock-Up Period**"):

- (i) offer, sell, contract to sell, lend, swap or enter into any other agreement to transfer the economic consequences of, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, or publicly announce any intention to do any of the foregoing, any Common Shares of the Corporation or securities convertible into or exercisable or exchangeable for Common Shares of the Corporation held by them, directly or indirectly (collectively, the "**Securities**"), without first obtaining the written consent of the Lead Underwriter, which consent will not be withheld unreasonably withheld or delayed (any such action is referred to herein as a "**Transfer**"); or
- (ii) act jointly or in concert with any third party with respect to any Transfer,

whether any such transaction above is to be settled by delivery of shares of the Corporation, other securities, cash or otherwise. The undersigned acknowledges that the restrictions imposed herein are in addition to any hold periods or other trade restrictions that may be imposed by Applicable Securities Laws or the Exchange.

Notwithstanding the restrictions on Transfers described above, the undersigned may undertake any of the following:

- (i) any Transfer of Securities pursuant to a bona fide third party take-over bid, merger, plan of arrangement or other similar transaction made to all holders of such Securities of the Corporation involving a change of control of the Corporation, provided that in the event that the take-over bid, merger, plan of arrangement or other such transaction is not

completed, the Securities owned by the undersigned shall remain subject to the restrictions contained in this undertaking;

- (ii) if the undersigned is an individual, upon the death, incapacitation, termination of employment or loss of office of such individual, the undersigned or the executor of the undersigned's estate may Transfer any or all of the undersigned's Securities to a recipient that agrees in writing to be bound by the terms of this agreement for the duration of the Lock-Up Period;
- (iii) any Transfer of Securities to (a) a spouse, parent, child or grandchild of the undersigned (a "**Relation**"); (b) corporations, partnerships, limited liability companies or other entities to the extent that such entities are wholly-owned by the undersigned; (c) trusts existing solely for the benefit of the undersigned and/or a Relation, or (d) a charitable organization pursuant to a bona fide gift, solely to the extent that in clause (a), (b), (c) and (d) the recipient of the undersigned's Securities agrees in writing to be bound by the terms of this agreement for the duration of the Lock-Up Period;
- (iv) the exercise of warrants or options, existing on the date of the Underwriting Agreement, the whole in accordance with the terms thereof; provided that any Common Shares obtained by such exercise shall remain subject to the terms of this agreement; or
- (v) the sale of Common Shares solely to fund the exercise price and other expenses incurred with respect to the transaction described in clause (iv) above.

Upon completion of the Lock-Up Period and at any time thereafter, the undersigned is not restricted from making any Transfer in respect of the undersigned's Securities.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this agreement.

This agreement is irrevocable and will be binding on the undersigned and the respective successors, heirs, personal representatives, and assigns of the undersigned, provided however that the undersigned shall not assign this agreement without the prior written consent of the Lead Underwriter.

This agreement and the rights and obligations of the undersigned shall be governed and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

***[Signature Page Follows]***



Executed this \_\_\_\_ day of \_\_\_\_\_ 2023.

Per: \_\_\_\_\_

\_\_\_\_\_

Name: \_\_\_\_\_