

## LOAN AND PARTICIPATION AGREEMENT

THIS AGREEMENT is made as of the 17th day of July, 2017.

### BETWEEN:

**TENTH AVENUE PETROLEUM CORP.**, an Alberta corporation  
(the "**Borrower**" or "**TAPC**")

- and -

**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the "**Lender**" or "**Smoky**")

-and -

**BATOCHÉ OIL & GAS EXPLORATION LTD.** an Alberta corporation  
(**"Batoché"**)

**WHEREAS** the Borrower requires funds in order to purchase the NuVista Assets (as defined below) from NuVista Energy Ltd. ("**NuVista**") pursuant to a purchase and sale agreement dated June 2, 2017 ("**NuVista PSA**");

**AND WHEREAS** the Borrower wishes to borrow and the Lender is willing to lend to the Borrower the Principal Amount on the terms and subject to the conditions of this Agreement;

**AND WHEREAS** Batoché would like to farm in on the NuVista properties and drill 3 wells prior to April 2020;

**AND WHEREAS** Batoché has entered into a project and expenditure authorization agreement ("**PEA Agreement**") (copy attached as Schedule "D") and service agreements ("**FT-R Service Agreements**") (key provisions attached as Schedule "E") dated June 7, 2017 ("**NOVA Agreements**") with NOVA Gas Transmission Ltd. ("**NOVA**") which require the delivery of approx. 5,600 mcf of natural gas per day commencing April 2020;

**AND WHEREAS** it is in the best interest of TAPC, Smoky and Batoché to drill 3 wells (at an estimated cost of approximately \$4,800,000) before April 2020 in order to permit Batoché to meet the obligations to NOVA under the NOVA Agreements;

**AND WHEREAS** if Batoché is unable to raise the funds necessary to meet the farm in terms, then it is in the best interest of TAPC, Smoky and Batoché to have a third party farm in to drill the wells; failing which to have Smoky farm in to drill the wells and failing which to have TAPC drill the wells; and

**AND WHEREAS** Batoché has agreed, subject to certain assurances and limitations, that if Batoché is unable to meet the farm in obligations, and in the event TAPC can farm out the lands to a third party or Smoky, Batoché will assign its rights under the NOVA Agreements to the third party or Smoky or TAPC (as the case may be) in order to permit the development of the properties.

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

## ARTICLE 1 INTERPRETATION

### 1.1 Definitions

In this Agreement including the recital, unless the subject matter or context otherwise requires, the following words and expressions shall have the following meanings:

**"Batoche Farmout Agreement"** means the farmout agreement in the form attached as Schedule "C";

**"Business Day"** means any day other than a Saturday, a Sunday or any other day designated as a statutory holiday in Calgary, Alberta;

**"Event of Default"** means those events and circumstances referred to in Section 4.1;

**"Indebtedness"** has the meaning ascribed to such term in Section 2.1 and Section 2.4;

**"NuVista Assets"** shall mean all of the petroleum and natural gas assets of NuVista purchased by TAPC as set out in the NuVista PSA;

**"NuVista Property"** shall mean all of the petroleum and natural gas assets of NuVista purchased by TAPC as set out in the NuVista PSA (existing wells, pipelines and mineral rights on 160 spacing units for such wells (does not include the Waskahigan Participation Assets));

**"Obligations"** means the obligations of the Borrower to repay the Indebtedness and all other covenants, terms, conditions and agreements under this Agreement, whether monetary or non-monetary;

**"Participation Obligations"** means the obligations described in Section 2.5, Section 2.6 and Section 2.7;

**"Person"** means and includes an individual, a corporation, a partnership, a joint venture, a trust, a limited liability company, an unincorporated organization and a government or any department or agency thereof;

**"Principal Amount"** means the aggregate principal amount of up to \$1,400,000;

**"Senior Indebtedness"** means the principal of and the interest on:

- (a) indebtedness of the Borrower (other than the Indebtedness evidenced by this Agreement and other subordinated indebtedness) created, incurred, assumed or guaranteed by the Borrower prior to or concurrent to the date of this Agreement, which is for money borrowed by the Borrower for the purpose of financing the NuVista Property for which the Borrower is responsible or liable;
- (b) indebtedness of the Borrower created, incurred, assumed or guaranteed by the Borrower (as operator of the NuVista Property) necessary to preserve and maintain the NuVista Property in order to maintain the net cash flow from the NuVista Property. This shall not include day to day expenses of TAPC not attributable to the NuVista Property; and

- (c) renewals, extensions or refundings of any indebtedness referred to in paragraph (a) or (b) of this subsection,

unless in any case it is provided by the terms of the instrument creating or evidencing such indebtedness or pursuant to which such indebtedness is outstanding that such indebtedness is not prior in right of payment of the Indebtedness but ranks *pari passu* with or is subordinated in right of payment of the Indebtedness.

**“Waskahigan Participation Assets”** any new wells, new equipment or new production from the NuVista Assets (other than the NuVista Property) resulting from future operations whether arising from:

- (a) joint development by TAPC and Smoky prior to the farmout; or  
(b) post farmout by TAPC and Smoky to Batoche or a third party

(for clarity shall not include any existing wells or the 160 acre spacing unit surrounding wells producing on June 2, 2017).

Derivations of any of the foregoing defined terms and expressions shall have a corresponding meaning.

## **1.2 Currency**

All references to dollars, \$, funds or currency are, unless otherwise stated, references to dollars of the lawful currency of Canada.

## **1.3 Legislation**

All references herein to statutes include, unless otherwise stated, regulations passed or in force pursuant thereto and any amendments to such statutes or to such regulations from time to time, and any statute, legislation or regulation which substantially replaces same or substantially replaces any specific provision relating to the same subject matter.

## **1.4 Headings**

The division of this Agreement into Articles, Sections, Schedules and other subdivisions and the inclusion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof.

## **1.5 Governing Laws**

This Agreement and all documents, instruments and other agreements delivered in accordance with this Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein.

## **1.6 Severability**

If any provision of this Agreement is determined to be unenforceable, invalid or unlawful, such provision shall not invalidate the remainder of this Agreement which shall, in such case, be construed as if it did not contain such provision and the rights and obligations of the parties shall be construed and enforced accordingly.

## 1.7 Miscellaneous

In this Agreement:

- (a) the terms "this Agreement", "hereof", "herein" and other such similar expressions refer, unless otherwise specified, to this Agreement taken as a whole and not to any particular subdivision;
- (b) all references to Articles, Sections and Schedules refer, unless otherwise specified, to Articles, Sections and Schedules (as applicable) of this Agreement; and
- (c) in this Agreement, words imparting the singular number include the plural and vice versa and words imparting gender include masculine, feminine and neuter.

## 1.8 Interest Act (Canada)

Unless otherwise stated, interest specified as a rate "per annum" shall be computed using the nominal (as opposed to the effective) rate method on the basis of a 365 day year (366 day year for leap years). For the purposes of the *Interest Act* (Canada) and this Agreement, whenever interest to be paid hereunder is to be calculated on the basis of a year of 365 or 366 days, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the 12 month period commencing on the first day of the period for which such calculation is made and divided by 365 or 366, as applicable.

## ARTICLE 2 LOAN - PARTICIPATION OBLIGATIONS AND RIGHTS

### 2.1 Principal Amount

The Lender has agreed to make advances to the Borrower up to \$1,400,000 in order to purchase the NuVista Assets. The advances will be on the terms and subject to the conditions set forth in this Agreement.

### 2.2 Evidence of Indebtedness

The Indebtedness of the Borrower to the Lender shall be evidenced by this Agreement.

### 2.3 Interest

Any portion of the Indebtedness which shall remain owing and outstanding shall accrue and have interest paid thereon at a rate equal to six (6) % per annum. Such interest shall accrue on a daily basis and shall be calculated in arrears in respect of the immediately preceding calendar month based on the actual number of days elapsed.

### 2.4 Payment of Amount Due and Owing Under the Terms of This Agreement

The Borrower hereby agrees to repay to the Lender all advances and all other moneys related thereto, on the following terms:

- (a) Principal and interest from the net cash flow from the NuVista Property, subject to payment of Senior Indebtedness. Based on current cash flow projections this will take 3 years or less;

- (b) any proceeds from the disposition of assets will be used to pay down the Borrower's Indebtedness, subject to Section 2.11 and the express prior written consent of Senior Indebtedness, such consent to not be unreasonably withheld; and
- (c) any amount owing and obligations arising from the Participation Obligations as set out in Section 2.5, Section 2.7 and Section 2.8.

## 2.5 Participation Obligations and Rights Related to NuVista Property

As additional consideration for the loan, after payout of the Loan, Smoky shall be entitled to 80% of the net cash flow from the NuVista Property and equivalent value on sale. TAPC agrees to pay to Smoky the following sums:

- (a) 80% of net cash flow from the NuVista Property until December 31, 2021;
- (b) 80% of the net sale proceeds from the disposition of all or a portion of the NuVista Property;
- (c) on or before December 31, 2021, TAPC shall have a right to buyout Smoky's right to 80% of net cash flow from the NuVista Property for 2.5 times 80 % of the trailing 12 months net cash flow ("**NuVista Property Call**");
- (d) on December 31, 2021, Smoky shall have the right to compel TAPC to buyout Smoky's right to 80% of the net cash flow from the NuVista Property for 2.5 times 80% of the trailing 12 months net cash flow ("**NuVista Properties Put**");

## 2.6 Farmout of NuVista Assets (other than NuVista Property)

TAPC agrees to:

- (a) farmout to Batoche the NuVista Assets (other than the NuVista Property) on the terms and conditions set out in Schedule "C" ("**Batoche Farmout Agreement**"); or
- (b) if Batoche defaults under terms of Batoche Farmout Agreement, TAPC shall farmout the NuVista Assets (other than the NuVista Property) to a third party on terms equivalent to the farmout terms set out in Schedule "C" or best negotiated terms ("**Third Part Farmout Agreement**"); or
- (c) if Batoche defaults under the terms of the Batoche Farmout Agreement, TAPC is unable to farmout to a third party, then TAPC shall farmout to Smoky (if Smoky chooses to farmin) the NuVista Assets (other than the NuVista Property) on the terms and conditions equivalent to the farmout terms set out in Schedule "C" ("**Smoky Farmout Agreement**"); or
- (d) if Batoche defaults under the terms of the Batoche Farmout Agreement, TAPC may fund and drill the 3 wells contemplated by the Batoche Farmout Agreement

Batoche must have its finances in place by July 1, 2019 to drill well #1. Terms are: Batoche is to pay 100% of all costs and expenses of well #1 to earn 70% in spacing unit for well #1 subject to Payout (as defined in the 2015 CAPL Farmout and Royalty Procedure. Wells #2 and #3 are to be paid by the working interest parties based on their proportionate working interests. If Batoche drills well #2, they will earn 70% in the spacing unit in well #2. If Batoche drills well #3, Batoche

will earn 70% working interest in all NuVista Assets (other than the NuVista Property) and any other mineral rights or assets acquired by TAPC and Smoky within a 10 mile radius of any NuVista Property (at the time Batoche (or farmee) earns its interest after drilling Well #3. Assuming under the applicable farmout agreement provides that the farmee will earn 70% working interest - then TAPC will have a 30% working interest subject to Smoky's rights to 24% of the net cash flow from the Waskahigan Participation Assets.

## 2.7 Participation Obligations and Rights Related to Waskahigan Participation Assets

As additional consideration for the loan, post farmout, Smoky shall be entitled to 24% (as adjusted by (b) below) of the net cash flow from the Waskahigan Participation Assets as described in Section 2.6 and equivalent value on sale. TAPC agrees to pay to Smoky the following sums:

- (a) 24% of net cash flow from the Waskahigan Participation Assets post earning under any farmout until December 31, 2022;
- (b) this percentage may be adjusted if third party farmout terms are subsequently negotiated which vary from the Batoche Farmout Agreement; and
- (c) 24% of the net sale proceeds from the disposition of all or a portion of the Waskahigan Participation Assets (as adjusted by (b) above);
- (d) monies owing under the Farmout Put (as described in Section 2.8); and
- (e) monies owing under the Farmout Call (as described in Section 2.8)

## 2.8 Farmout Cash Flow Put and Call

The parties agree that:

- (a) on or before December 31, 2022, TAPC shall have a right to buyout Smoky's right to 24% of net cash flow from the Batoche Farmout Agreement (or applicable farmout agreement or if developed by TAPC) for 2.5 times 24% of the trailing 12 months net cash flow ("**Farmout Call**"); and
- (b) on December 31, 2022, Smoky shall have the right to compel TAPC to buyout Smoky's right to 24% of the net cash flow from the Batoche Farmout Agreement (or applicable farmout agreement or if developed by TAPC) for 2.5 times 24% of the trailing 12 months net cash flow ("**Farmout Put**").

## **2.9 Relationship and Rights of Smoky with respect to development of NuVista Property and Waskahigan Participation Assets**

TAPC is purchasing the NuVista Property (subject to the obligation to pay Smoky) until TAPC pays out Smoky as described in Section \_\_\_.

TAPC and Smoky shall jointly carry on the business of operating and developing the NuVista Property (other than existing wells on the NuVista Property) and Waskahigan Participation Assets. Smoky shall not own legal title to an undivided working interest in the NuVista Property but shall own a working interest in any wells and related mineral rights in the NuVista Property (other than existing wells) and Waskahigan Participation Assets. Smoky shall have a liability of a working interest owner for their proportionate share to drill, case, equip and tie in wells (or capital expenditures) drilled as part of the farmin agreements. However, Smoky shall not be subject to penalty clause provisions and the indemnity provisions. Monies due for capital expenditures are to be paid from cash flow. If any obligations remain outstanding at the date of any exercise of a put and call, TAPC shall assume such debts and Smoky will be novated and released from the obligations and indebtedness, if any. If any. Smoky will be novated and released from any abandonment obligations upon the exercise of any put or call by TAPC. TAPC shall hold the monies due under the Participation Obligations in trust for Smoky. In so far as the following Operating Procedure provisions are not inconsistent with the foregoing terms, the business relationship shall operate on a day to day basis "as if" Smoky and TAPC were working interest holders and the following provisions shall apply:

- (a) 2015 CAPL Operating Procedure (incorporated by reference) with the elections set out in Schedule "A"; and
- (b) 2011 PASC Accounting Procedure (incorporated by reference) with the elections set out in Schedule "B"

## **2.10 Fees**

TAPC shall reimburse Smoky for all reasonable legal fees, charges and disbursements (on an as between a solicitor and his own client basis) of Smoky incurred as a result of, or associated with, the advances.

## **2.11 Subordination to Senior Indebtedness**

TAPC covenants and agrees, and Smoky by its acceptance hereof, likewise covenants and agrees, that the payment of the principal and interest on the Indebtedness is hereby expressly subordinated and subrogated in right of payment to the prior payment in full of all Senior Indebtedness of TAPC. Nothing contained in this Article or elsewhere in this Agreement is intended to or shall impair, as between TAPC and its creditors (other than the lenders of Senior Indebtedness) and Smoky the obligation of TAPC, which is unconditional and absolute, to pay to Smoky the principal and interest on the Indebtedness as and when the same shall become due and payable in accordance with the terms hereof, or to affect the relative rights of Smoky and creditors of TAPC other than the lenders of Senior Indebtedness, nor shall anything herein or therein prevent Smoky from exercising all remedies otherwise permitted by applicable law upon default under this Agreement.

## **2.12 Collateral Security**

TAPC shall provide a general security agreement as collateral security for the Indebtedness and Participation Obligations. The security agreement shall charge the NuVista Assets (including the interest of TAPC in the Waskahigan Participation Assets). Subject to its rights of notice and consultation contained herein, Smoky agrees to subordinate the collateral to lenders of Senior Indebtedness. Smoky shall not be entitled to a charge on other assets acquired by TAPC unless specifically provided herein and shall provide subordinations to such future lenders as required.

## **2.13 Assignment of NOVA Agreements**

In the event Batoche cannot meet the terms of the Batoche Farmout Agreement, and subject to the provisions restricting transfer imposed by NOVA, Batoche agrees to assign its rights to NOVA Agreements to the third party farmee, Smoky or TAPC (as the case may be). Batoche may refuse to assign its rights under the NOVA Agreements based on the financial capabilities of the assignee, such approval not to be unreasonably withheld.

## **2.14 Limits on TAPC General and Administrative (“G&A”) Expenses**

TAPC shall be restricted to maximum G & A costs per year of \$75,000 for administration of the NuVista Property and to maximum G & A costs per year of \$75,000 for administration of the Waskahigan Participation Assets while monies are owed to Smoky.

## **2.15 Drag Along Rights**

Subject to the provisions set out herein, the parties agree that if the owner or rights holder of the majority of the net cash flow or working interest in the NuVista Property or Waskahigan Participation Assets sells its interest to a third party then it can compel the other parties to sell their respective interests (including working interests) as well for the same terms and conditions to the same buyer such that the buyer acquires 100% of the NuVista Property or the Waskahigan Participation Assets. If such minority owner does not wish to sell, it shall have the right to buy out the majority owners interest for the same consideration as it would have received if the majority owner would have sold to the third party under a binding and unconditional offer to purchase.

## **2.16 Tag Along Rights**

The parties agree that if the owner or rights holder of the majority of the net cash flow or working interest in the NuVista Property or Waskahigan Participation Assets enters into an agreement to sell its interest, it shall put a clause in its agreement compelling the buyer to buy the interest of the minority interest holder on the same terms and conditions such that the buyer purchases 100% of the NuVista Property or Waskahigan Participation Assets, as the case may be.

## **2.17 Non-Capital and Capital Tax Loss Utilization**

TAPC undertakes to apply its non-capital and capital tax losses against the income earned from the NuVista Property and the Waskahigan Participation Assets on behalf of TAPC and Smoky where applicable.



### ARTICLE 3 REPRESENTATIONS, WARRANTIES AND COVENANTS

#### 3.1 Representations and Warranties

The Borrower represents and warrants to the Lender at the date hereof and while any Indebtedness is outstanding hereunder as follows:

- (a) **incorporation and registration:** it is duly incorporated and organized and is validly subsisting under the laws of Alberta and has the adequate power and authority to conduct the business conducted by it and to own the assets owned by it;
- (b) **corporate power, authorization and capacity:** it has all requisite corporate power, authority and capacity to execute, deliver and perform this Agreement and the other loan documentation, including the Note
- (c) **valid and enforceable:** this Agreement, the Note have been duly authorized, executed and delivered and are valid and legally enforceable against the Borrower in accordance with their respective terms (subject to applicable legislation and law relating to creditors' rights and discretionary equitable relief);
- (d) **non-violation:** the execution and delivery by the Borrower of this Agreement, the Note and the carrying out by the Borrower of the terms of this Agreement, the Note and the Debenture do not violate:
  - (i) any law, order, regulation, judgement or decree applicable to it;
  - (ii) its constating documents, by-laws, any resolution of its directors or shareholders; or
  - (iii) any agreement, indenture, instrument, contract or other commitment to which it is bound; and
- (e) **Event of Default:** no Event of Default has occurred or is outstanding and no event has occurred which with the lapse of time would constitute an Event of Default.

#### 3.2 Positive Covenants

TAPC agrees and covenants with Smoky and Batoche that it shall:

- (a) **maintain corporate existence:** maintain and preserve its corporate existence, organization and registration in good standing and make all corporate and other filings necessary or advisable in connection therewith, and obtain and maintain all licenses, permits, consents and other authorizations necessary to its business as now conducted;
- (b) **conduct business:** carry on and continuously conduct its business in an efficient, diligent and businesslike manner and in accordance with standard industry practices;
- (c) **comply with laws:** comply with applicable laws, environmental or otherwise;

- (d) **pay taxes:** duly file on a timely basis all tax returns required to be filed by it, and duly pay all business, income, capital and/or profit taxes and other governmental charges levied or assessed against its property;
- (e) **use of proceeds:** use the advances solely to pay the amounts owed for the acquisition of the NuVista Property; and
- (f) **segregating cash flow:** pay all net cash from the NuVista Property into a separate and segregated trust account. Funds owing to Smoky pursuant to this agreement shall be paid to Smoky from the segregated trust account.

### 3.3 Negative Covenants

TAPC covenants and agrees with Smoky that it shall not:

- (a) **alter constating documents, etc.:** alter its constating documents or by-laws in such a manner as to produce a material adverse effect or, without prior notice to Smoky, relocate its business or change its name;
- (b) **dispose of assets:** sell, lease, assign, exchange, transfer or further encumber any of the property without the consent of Smoky, which consent may be arbitrarily withheld in the event that the proceeds of such transaction are not sufficient to fully extinguish and discharge the Indebtedness and monies owing under Participation Obligations;
- (c) **amalgamation, etc.:** amalgamate or consolidate with or merge into any other person without the consent of Smoky, such consent not to be unreasonably withheld; and
- (d) **Senior Indebtedness:** enter into any arrangement to take on or incur any form of Senior Indebtedness or indebtedness which would rank in priority to or parri passu with the Indebtedness without prior written notification to and consultation with the shareholders of Smoky.

## ARTICLE 4 DEFAULT/REMEDIES

### 4.1 Events of Default/Acceleration

The Indebtedness or monies due under the Participation Obligations shall become immediately due and payable, (i) any of the following events occurs (each such event being hereinafter called an "Event of Default") and (ii) except in the case of an Event of Default in (b) to (f), inclusive and (h) below, ten (10) Business Days have elapsed from the date on which Smoky provides notice and details of the Event of Default to TAPC without TAPC curing such Event of Default:

- (a) if TAPC defaults in the payment of the Indebtedness or monies owing under the Participation Obligations;
- (b) if an order is made, or a resolution passed for the winding-up of TAPC;
- (c) if TAPC makes an authorized assignment for the benefit of creditors or commits an act of bankruptcy or becomes insolvent and third party action is taken in respect of such act of bankruptcy or insolvency such that it is likely to produce a material adverse effect in relation to TAPC;

- (d) if a receiver of any of TAPC's undertaking, or material property or assets is appointed;
  - (e) if TAPC enters into an agreement to sell, lease or exchange all or substantially all of the NuVista Property or Waskahigan Participation Assets;
  - (f) if TAPC ceases or threatens to cease to carry on its business;
  - (g) if TAPC breaches any of the terms or covenants of this Agreement; and
- if TAPC is in default of the provisions of any other agreement with any lender, subject to the applicable cure period(s) with such lender(s).

## ARTICLE 5 MISCELLANEOUS

### 5.1 Communication and Notices

Every communication provided for by this Agreement or arising in connection therewith shall be in writing and shall be telecopied, mailed or delivered to the parties at the following address:

to Smoky at:  
Smoky Oil & Gas Corp.  
#203, 221 – 10<sup>th</sup> Avenue SE  
Calgary, Alberta T2G 0V9

Telephone: (403) 265-4122  
Facsimile: (403) 265-4138

to TAPC at:  
Tenth Avenue Petroleum Corp.  
#203, 221 – 10<sup>th</sup> Avenue SE  
Calgary, Alberta T2G 0V9

Telephone: (403) 265-4122  
Facsimile: (403) 265-4138

to Batoche at:  
Batoche Oil & Gas Exploration Ltd.  
#203, 221 – 10<sup>th</sup> Avenue SE  
Calgary, Alberta T2G 0V9

Telephone: (403) 265-4122  
Facsimile: (403) 265-4138

Any party may change its address or facsimile number by providing to the other party written notice to that effect in accordance with this Agreement. Every communication mailed shall be by prepaid registered mail and shall be deemed to have been received on the fifth Business Day next following the mailing thereof. Delivery may occur by courier or facsimile and such deliveries shall be effective only upon actual receipt by the addressee, its agent or solicitor. If sent by courier or facsimile before 4:30 p.m. (addressee's time) on a Business Day, then receipt shall be deemed to have occurred on such Business Day, or, if sent by courier or facsimile after 4:30 p.m. (addressee's time) on a Business Day, then receipt shall be deemed to have occurred on the next following Business Day.

## **5.2 Assignment**

TAPC shall not and cannot assign any interest in this Agreement without the prior written consent of Smoky, such consent shall not be unreasonably withheld. Subject to this restriction, all obligations of TAPC hereunder shall bind TAPC and its successors and assigns.

## **5.3 Further Assurances**

The parties hereto each agree and covenant with the other that they shall, at the reasonable request of the other party and without further consideration, do and perform such other acts and prepare, execute and deliver such other documents and agreements as are reasonably required to assure the carrying out and fulfillment of the terms of this Agreement.

## **5.4 Waiver and Amendment**

Failure by either party to insist in any one or more instances upon the strict performance of any of the covenants herein contained shall not be construed as a waiver or relinquishment of such covenant. No failure on the part of one party to exercise any right or remedy under this Agreement shall operate as a waiver thereof.

## **5.5 Non Merger**

The provisions of this Agreement shall survive closing and execution of all documentation related thereto and such shall not merge in any document, agreement or instrument issued pursuant hereto or used in connection herewith, and this Agreement shall not merge any terms or any such document, agreement or instrument.

## **5.6 Enurement**

This Agreement shall enure to the benefit of and be binding upon the parties hereto, their respective successors and permitted assigns.

## **5.7 Conflict**

In the event of a conflict between this Agreement and any other instrument issued pursuant hereto, this Agreement shall prevail to the extent of the conflict.

## **5.8 Amendment**

Any variation or amendment to the terms of this Agreement shall be by instrument in writing signed by each party hereto.

## **5.9 Failure to Obtain Regulatory Approval or Shareholder Ratification**

If for any reason, TAPC is not able to obtain regulatory approval (including from TSXV or AER) or shareholder ratification, TAPC shall assign any and all rights and benefits derived under this Agreement and under the NuVista PSA to Smoky for \$1.00 and account to Smoky for any benefit obtained to date of assignment.

**5.10 Counterpart and Facsimile Execution**

This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Tenth Avenue Petroleum Corp.**  
*Signed "Gregory J. Leia"*

Per: \_\_\_\_\_  
Name: Gregory J. Leia  
Title: President c/s

**Smoky Oil & Gas Corp.**  
*Signed "Gregory J. Leia"*

Per: \_\_\_\_\_  
Name: Gregory J. Leia  
Title: President c/s

**Batoche Oil & Gas Exploration Ltd.**  
*Signed "Gregory J. Leia"*

Per: \_\_\_\_\_  
Name: Gregory J. Leia  
Title: President

Schedule "A" to the Loan and Participation Agreement dated July 17, 2017

CAPL OPERATING PROCEDURE - 2015

Clause 1.01-Market Price Definition, optional sentence: Will  Apply  
Will Not  Apply

Clause 1.01-Production Facility, optional Paragraph (f): Will  Apply  
Will Not  Apply  
Estimated cost less than \$10,000, if applies

Subclause 3.11C-Required Insurance: Alternate (a)  (b)

(Consider for special operating areas for which a longer Commencement period is required: Paragraph 7.01(b) and Subclause 10.03B: Change reference to 120 days to 180days.)

Subclause 10.02G-Receiving Party May Not Defer Response: Will  Apply  
Will Not  Apply  
Above base of formation, if applies

Subclause 10.04A-Operator for Independent Operation: Alternate (a)  (b)

Paragraph 10.07A(e)-Penalty Where Independent Well Results in Production: Development Well: 100%  
Exploratory Well: 300% (penalties shall not apply to Smoky)

Subclause 10.10A—Definition of Title Preserving Well:  90  days

Subclause 10.13B, optional Paragraph (d): Will  Apply  
Will Not  Apply

Article 21.00—Dispute Resolution: Will  Apply  
Will Not  Apply

Paragraph 21.03(k)—Arbitration Proceedings for unresolved audit exceptions, if Article 21.00 applies:  
Will  Apply  
Will Not  Apply  
Estimated total adjustment of less than \$ . if applies

Clause 22.02-Addresses For Service:

[as set out in the Loan and Participation Agreement]

Clause 24.01-Right to Dispose: Alternate A  B   
If Alternate B, the date at which ROFR expires is

Paragraph 24.02(f)—Exception for all Earning Agreements: Will  Apply  
Will Not  Apply

**Schedule "B" to the Loan and Participation Agreement dated July 17, 2017**

**Schedule of Rates, Elections and Modifications  
to the 2011 Accounting Procedure**

**1. Introduction**

The 2011 Accounting Procedure (AP — 2011) published by the Petroleum Accountants Society of Canada has been modified only by:

- (a) The completion of the blanks in Section 3, "Elections Required"; and
- (b) Those other changes that are specifically identified in Section 4, "Modifications to the 2011 Accounting Procedure".

Any change not specifically identified in this manner is deemed to be ineffective, and the 2011 Accounting Procedure original wording will apply as if that change had not been made.

**2. 2011 Accounting Procedure Key Rates and Values**

The following key rates and values are included within the Accounting Procedure and are subject to any modification that may be included in Section 4 hereof:

(a)	Clause 105(A)	Operating Fund:	12.5%
(b)	Clause 111(A)(1)	Single Undertaking:	\$50,000.00
(c)	Clause 111(A)(5)	Damage Claims:	\$10,000.00
(d)	Clause 111(D)	Overexpenditure Explanations or Supplemental AFEs:	The greater of 10% of the estimated cost of the undertaking or the limit specified in Subclause 111(A)(1)
(e)	Clause 201(F)(5)	Labour - ICPs Limitation:	25%
(f)	Clause 202(E)	Non-Compulsory Benefit Burden Rate Limitation:	25%
(g)	Clause 205(B)(5)	Warehouse Handling Rate:	5%

**3. Elections Required**

The following Clauses of the 2011 Accounting Procedure are modified to include the indicated election, alternative, option or value:

- (a) Clause 104(A)(1) Cash Calls and Advances: Undertakings greater than \$10,000 dollars
- (b) Clause 201(F)(3) Labour: ICPs shall /shall not X include stock options
- (c) Clause 302 Overhead Election: Alternative

Additional rates and elections for Alternative B election under Clause 302:

303. Overhead Rates Under Alternative B

- (A) Abandonment and Reclamation: Alternative C;  
If Alternative B is selected the following percentage shall apply \_\_\_\_\_.
- (B) Catastrophe: Alternative C;  
If Alternative B is selected the following percentage shall apply \_\_\_\_\_.
- (C) Exploration: Alternative C;  
If Alternative B is selected the following percentage shall apply \_\_\_\_\_.
- (D) Drilling: Alternative C;  
If Alternative B is selected the following percentage shall apply \_\_\_\_\_.
- (E) Completion: Alternative C;  
If Alternative B is selected the following percentage shall apply \_\_\_\_\_.
- (F) Construction: Alternative C;  
If Alternative B is selected the following percentage shall apply \_\_\_\_\_.
- (G) Equipping: Alternative C;  
If Alternative B is selected the following percentage shall apply \_\_\_\_\_.
- (H) Operations and Maintenance:
  - (1) \$ \_\_\_\_\_ per month (third party billing)
  - (2) \$ \_\_\_\_\_ per Producing Well per month
  - (3) 10% of the Operating Overhead Rate Base (third party billing)
  - (4) 10% of the Operating Overhead Rate Base for wells only
  - (5) 10% of the Operating Overhead Rate Base for facilities, including production facilities
  - (6) At the following percentages:
    - (a) 10% Property tax;
    - (b) 10% Custom processing, production handling, transportation and similar charges for the Joint Account;
    - (c) 10% Utilities, including (but not limited to) electricity and fuel gas purchased for the Joint Account;
    - (d) 10% Environmental and/or ecological fees or similar levies imposed by governmental authorities; and
    - (e) Other items at percentages as approved by the Parties.



**4. Modifications to the 2011 Accounting Procedure**

The 2011 Accounting Procedure is modified as follows:

Clause Number	Modification

**5. Warranty as to Modifications**

The 2011 Accounting Procedure (AP — 2011) published by the Petroleum Accountants Society of Canada, (copyright) is hereby incorporated in its entirety in the Agreement and the Parties so warrant that, subject to the provisions respecting the selection of values or elections, said Accounting Procedure has been amended only to the extent set forth in Sections 3 and 4 above.

Schedule "C" Batoche Farmout Agreement

Schedule "D" PEA Agreement

Schedule "E" FT-R Service Agreements

**LOAN AND PARTICIPATION AMENDMENT #1 AGREEMENT**

THIS AGREEMENT is made as of the 31st day of July, 2017.

**BETWEEN:**

**TENTH AVENUE PETROLEUM CORP.**, an Alberta corporation  
(the "Borrower" or "TAPC")

- and -

**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the "Lender" or "Smoky")

-and -

**BATOCHÉ OIL & GAS EXPLORATION LTD.** an Alberta corporation  
(**"Batoche"**)

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

1. The parties agree that section 2.14 (restricted G & A costs per year of \$75,000 for administration of the NuVista Property) shall commence on January 1, 2018.
2. The parties agree that the net cash flow from the NuVista Property provisions as set out in section 2.5(a) shall commence January 1, 2018.
3. All other provisions shall remain in full force and effect.
4. This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Tenth Avenue Petroleum Corp.**

Per: Signed "Gregory J. Leia"  
Gregory J. Leia, President

**Smoky Oil & Gas Corp.**

Per: Signed "Gregory J. Leia"  
Gregory J. Leia, President

**Batoche Oil & Gas Exploration Ltd.**

Per: Signed "Gregory J. Leia"  
Gregory J. Leia, President

**LOAN AND PARTICIPATION AMENDMENT #2 AGREEMENT**

THIS AGREEMENT is made as of the 1st day of January, 2018.

**BETWEEN:**

**TENTH AVENUE PETROLEUM CORP.**, an Alberta corporation  
(the "Borrower" or "TAPC")

- and -

**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the "Lender" or "Smoky")

-and -

**BATOCHÉ OIL & GAS EXPLORATION LTD.** an Alberta corporation  
(**"Batoche"**)

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

1. The parties agree that section 2.14 (restricted G & A costs per year of \$75,000 for administration of the NuVista Property) shall commence on July 1, 2018.
2. The parties agree that the net cash flow from the NuVista Property provisions as set out in section 2.5(a) shall commence July 1, 2018.
3. All other provisions shall remain in full force and effect.
4. This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Tenth Avenue Petroleum Corp.**

Per: Signed "Gregory J. Leia"  
Gregory J. Leia, President

**Smoky Oil & Gas Corp.**

Per: Signed "Gregory J. Leia"  
Gregory J. Leia, President

**Batoche Oil & Gas Exploration Ltd.**

Per: Signed "Gregory J. Leia"  
Gregory J. Leia, President

**LOAN AND PARTICIPATION AMENDMENT #3 AGREEMENT**

THIS AGREEMENT is made as of the 1st day of July, 2018.

**BETWEEN:**

**TENTH AVENUE PETROLEUM CORP.**, an Alberta corporation  
(the "Borrower" or "TAPC")

- and -

**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the "Lender" or "Smoky")

-and -

**BATOCHÉ OIL & GAS EXPLORATION LTD.** an Alberta corporation  
(**"Batoche"**)

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

1. The parties agree that section 2.14 (restricted G & A costs per year of \$75,000 for administration of the NuVista Property) shall commence on January 1, 2019.
2. That parties agree that the net cash flow from the NuVista Property provisions as set out in section 2.5(a) shall commence January 1, 2019.
3. All other provisions shall remain in full force and effect.
4. This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Tenth Avenue Petroleum Corp.**

Per: Signed Gregory J. Leia  
Gregory J. Leia, President

**Smoky Oil & Gas Corp.**

Per: Signed "Gregory J. Leia"  
Gregory J. Leia, President

**Batoche Oil & Gas Exploration Ltd.**

Per: "Signed "Gregory J. Leia"  
Gregory J. Leia, President

**LOAN AND PARTICIPATION AMENDMENT #4 AGREEMENT**

THIS AGREEMENT is made as of the 31st day of July, 2017.

**BETWEEN:**

**TENTH AVENUE PETROLEUM CORP.**, an Alberta corporation  
(the "**Borrower**" or "**TAPC**")

- and -

**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the "**Lender**" or "**Smoky**")

-and -

**BATOCHE OIL & GAS EXPLORATION LTD.** an Alberta corporation  
(**"Batoche"**)

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

1. The parties agree to terminate the provisions of Section 2.6, Section 2.7 and Section 2.8 effective July 31, 2017.
2. The parties agree to delete the reference to Section 2.6 and Section 2.7 in the definition of "Participation Obligations".
3. Section 2.3 shall be deleted and replaced with the following: "*Any portion of the Indebtedness which shall remain owing and outstanding shall accrue and have interest paid thereon at a rate equal to six (6) % per annum. Such interest shall accrue on an annual basis. Interest shall accrue on unpaid interest calculated on an annual basis*"
4. All other provisions shall remain in full force and effect.
5. This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Tenth Avenue Petroleum Corp.**

*Signed "Gregory J. Leia"*

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

Gregory J. Leia, President

**Smoky Oil & Gas Corp.**

*Signed "Gregory J. Leia"*

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

Gregory J. Leia, President

**Batoche Oil & Gas Exploration Ltd.**

*Signed "Gregory J. Leia"*

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

Gregory J. Leia, President

**NUVISTA PROPERTY CALL  
LOAN AND PARTICIPATION AMENDMENT #5 AGREEMENT**

THIS AGREEMENT is made as of the 31st day of December, 2018.

**BETWEEN:**

**TENTH AVENUE PETROLEUM CORP.**, an Alberta corporation  
(the "**Borrower**" or "**TAPC**")

- and -

**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the "**Lender**" or "**Smoky**")

-and -

**BATOCHÉ OIL & GAS EXPLORATION LTD.** an Alberta corporation  
(**"Batoche"**)

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

1. The parties agree the trailing 12 months net cash flow for the fiscal period ended December 31, 2018 is zero. The parties agree that 2.5 times 80 % of zero is zero.
2. TAPC hereby exercises its right to buyout Smoky's right as set out in Section 2.5 of the Loan Agreement ("**NuVista Property Call**") and no consideration was payable.
3. All other provisions shall remain in full force and effect.
4. This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Tenth Avenue Petroleum Corp.**

*Signed "Gregory J. Leia"*

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

Gregory J. Leia, President

**Smoky Oil & Gas Corp.**

*Signed "Gregory J. Leia"*

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

Gregory J. Leia, President

**Batoche Oil & Gas Exploration Ltd.**

*Signed "Gregory J. Leia"*

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

Gregory J. Leia, President

**LOAN AND PARTICIPATION AMENDMENT #6 AGREEMENT**

THIS AGREEMENT is made as of the 31st day of July, 2017.

**BETWEEN:**

**TENTH AVENUE PETROLEUM CORP.**, an Alberta corporation  
(the "**Borrower**" or "**TAPC**")

- and -

**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the "**Lender**" or "**Smoky**")

-and -

**BATOCHE OIL & GAS EXPLORATION LTD.** an Alberta corporation  
(**"Batoche"**)

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

1. The parties agree to terminate make the loan a demand loan.
2. All other provisions shall remain in full force and effect.
3. This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Tenth Avenue Petroleum Corp.**

*Signed "Gregory J. Leia"*

Per:

\_\_\_\_\_  
Gregory J. Leia, President

**Smoky Oil & Gas Corp.**

*Signed "Gregory J. Leia"*

Per:

\_\_\_\_\_  
Gregory J. Leia, President

**Batoche Oil & Gas Exploration Ltd.**

*Signed "Gregory J. Leia"*

Per:

\_\_\_\_\_  
Gregory J. Leia, President



## LOAN AND PARTICIPATION AMENDMENT #7 AGREEMENT

THIS AGREEMENT is dated September 18, 2020 (made effective as of the 31st day of July, 2017).

### BETWEEN:

**TENTH AVENUE PETROLEUM CORP.**, an Alberta corporation  
(the "**Borrower**" or "**TAPC**")

- and -

**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the "**Lender**" or "**Smoky**")

-and -

**1454871 ALBERTA LTD.**, an Alberta corporation  
(formerly Batoche Oil & Gas Exploration Ltd.)  
("**1454871**")

**WHEREAS** the parties entered into an agreement dated July 31, 2017 ("**LPA**") which was amended in 2019 wherein the rights contained in Sections 2.4(c), 2.5, 2.6, 2.7, 2.8 and 2.9 granted to Smoky were terminated because of the cost to account for the valuation of such rights in the audit of TAPC and the low commodity prices from 2017 to 2019 which negated any value to Smoky from the provisions with the understanding that if commodity prices increased then the rights which were terminated would be reinstated;

**AND WHEREAS** in the advent of increased commodity prices the parties agree to reinstate the provision of Sections 2.4(c), 2.5, 2.6, 2.7, 2.8 and 2.9 effective July 31, 2017 subject to the alternations and amendments which are set out in Schedule "A");

And Whereas pursuant to the LPA, TAPC exercised its rights to compel Smoky to sell its rights to the Post Payout Additional Consideration for 2.5 times net cash flow on a trailing 12 month basis for: (a) \$1.00 for the fiscal period ended December 31, 2018; and (b) \$1.00 for the fiscal period ended December 31, 2109;

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

1. Subject to the alterations and amendments which are set out in Schedule "A" and the provisions of Sections 2.4(c), 2.5, 2.6, 2.7, 2.8 and 2.9 of the LPA shall be reinstated and shall become effective July 31, 2017.
2. All other provisions of the LPA, as amended, shall remain in full force and effect.

3. This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Tenth Avenue Petroleum Corp.**

*Signed "Craig Leggatt"*  
Per: \_\_\_\_\_  
Craig Leggatt

**Smoky Oil & Gas Corp.**

*Signed "Gregory J. Leia"*  
Per: \_\_\_\_\_  
Gregory J. Leia, President

**145871 Alberta Ltd  
(formerly Batoche Oil & Gas Exploration Ltd.)**

*Signed "Gregory J. Leia"*  
Per: \_\_\_\_\_  
Gregory J. Leia, President

## Schedule "A"

### 1.1 Definitions

In this Agreement including the recital, unless the subject matter or context otherwise requires, the following words and expressions shall have the following meanings:

**"1454871 Farmout Agreement"** means the farmout agreement in the form attached as Schedule "C" to the LPA as amended by the terms of this Schedule "A";

**"Business Day"** means any day other than a Saturday, a Sunday or any other day designated as a statutory holiday in Calgary, Alberta;

**"Event of Default"** means those events and circumstances referred to in Section 4.1;

**"Indebtedness"** has the meaning ascribed to such term in Section 2.1 and Section 2.4;

**"NuVista Assets"** shall mean all of the petroleum and natural gas assets of NuVista purchased by TAPC as set out in the NuVista PSA;

**"NuVista Property"** shall mean all of the petroleum and natural gas assets of NuVista purchased by TAPC as set out in the NuVista PSA (existing wells, pipelines and mineral rights on 160 spacing units for such wells (does not include the Waskahigan Participation Assets));

**"Obligations"** means the obligations of the Borrower to repay the Indebtedness and all other covenants, terms, conditions and agreements under this Agreement, whether monetary or non-monetary;

**"Participation Obligations"** means the obligations described in Section 2.5, Section 2.6 and Section 2.7;

**"Person"** means and includes an individual, a corporation, a partnership, a joint venture, a trust, a limited liability company, an unincorporated organization and a government or any department or agency thereof;

**"Principal Amount"** means the aggregate principal amount of up to \$1,400,000;

**"Senior Indebtedness"** means the principal of and the interest on:

- (a) indebtedness of the Borrower (other than the Indebtedness evidenced by this Agreement and other subordinated indebtedness) created, incurred, assumed or guaranteed by the Borrower prior to or concurrent to the date of this Agreement, which is for money borrowed by the Borrower for the purpose of financing the NuVista Property for which the Borrower is responsible or liable;
- (b) indebtedness of the Borrower created, incurred, assumed or guaranteed by the Borrower (as operator of the NuVista Property) necessary to preserve and maintain the NuVista

Property in order to maintain the net cash flow from the NuVista Property. This shall not include day to day expenses of TAPC not attributable to the NuVista Property; and

- (c) renewals, extensions or refundings of any indebtedness referred to in paragraph (a) or (b) of this subsection,

unless in any case it is provided by the terms of the instrument creating or evidencing such indebtedness or pursuant to which such indebtedness is outstanding that such indebtedness is not prior in right of payment of the Indebtedness but ranks *pari passu* with or is subordinated in right of payment of the Indebtedness.

**“Waskahigan Participation Assets”** any new wells, new equipment or new production from the NuVista Assets (other than the NuVista Property) resulting from future operations whether arising from:

- (a) joint development by TAPC and Smoky prior to the farmout; or
- (b) post farmout by TAPC and Smoky to 1454871 or a third party

(for clarity shall not include any existing wells or the 160 acre spacing unit surrounding wells producing on June 2, 2017).

number of days elapsed.

## **2.4 Payment of Amount Due and Owing Under the Terms of the LPA**

The Borrower hereby agrees to repay to the Lender all advances and all other moneys related thereto, on the following terms:

- (a) interest shall be payable at the rate of six (6%) per cent per annum payable quarterly;
- (b) the loan is due on demand with no set maturity date or repayment date;
- (c) principal payments shall be made from the “net cash flow” from the NuVista Property, subject to payment of Senior Indebtedness. Net cash flow is to be determined by the CEO of TAPC. The “net cash flow” was the following for the following fiscal periods:
  - (i) \$Nil for 2017;
  - (ii) \$2,796 for 2018; and
  - (iii) \$57,012 for 2019;
- (d) any proceeds from the disposition of assets will be used to pay down the Borrower’s Indebtedness, subject to Section 2.11 and the express prior written consent of Senior Indebtedness, such consent to not be unreasonably withheld; and
- (e) any amount owing and obligations arising from the Participation Obligations as set out in Section 2.5, Section 2.7 and Section 2.8.

## 2.5 Participation Obligations and Rights Related to NuVista Property

As additional consideration for the loan, after payout of the Loan, Smoky shall be entitled to 80% of the net cash flow from the NuVista Property and equivalent value on sale. TAPC agrees to pay to Smoky the following sums:

- (a) 80% of “net cash flow” from the NuVista Property for the fiscal period ended December 31, 2021. “Net cash flow” is to be determined by the CEO for TAPC;
- (b) 80% of the net sale proceeds from the disposition of all or a portion of the NuVista Property until December 31, 2021;
- (c) on or before December 31, 2021, TAPC shall have a right to buyout Smoky’s right to 80% of net cash flow from the NuVista Property for 2.5 times 80 % of the trailing 12 months net cash flow (“**NuVista Property Call**”);
- (d) on December 31, 2021, Smoky shall have the right to compel TAPC to buyout Smoky’s right to 80% of the net cash flow from the NuVista Property for 2.5 times 80% of the trailing 12 months net cash flow (“**NuVista Properties Put**”);

## 2.6 Farmout of NuVista Assets (other than NuVista Property)

TAPC agrees to:

- (a) grant an option (but not an obligation) to 1454871 to farmin to the NuVista Assets (other than the NuVista Property) on the terms and conditions set out in Schedule “C” to the LPA (except as modified by this Agreement)(“**1454871 Farmout Agreement**”); or
- (b) until 1454871 elects to farmin, TAPC may farmout the NuVista Assets (other than the NuVista Property) to a third party on terms equivalent to the farmout terms set out in Schedule “C” or best negotiated terms (“**Third Party Farmout Agreement**”); or
- (c) until 1454871 elects to farmin, TAPC may farmout to Smoky (if Smoky chooses to farmin) the NuVista Assets (other than the NuVista Property) on the terms and conditions equivalent to the farmout terms set out in Schedule “C” (“**Smoky Farmout Agreement**”); or
- (d) until 1454871 or Smoky elect to farmin, TAPC may fund and drill the 3 wells contemplated by the 1454871 Farmout Agreement

1454871 must elect to farmin by March 31, 2021. If 1454871 elects to farmin, it must have its finances in place by June 30, 2021 to drill well #1. Terms are: 1454871 is to pay 100% of all costs and expenses of well #1 to earn 70% in spacing unit for well #1 subject to Payout (as defined in the 2015 CAPL Farmout and Royalty Procedure). Wells #2 and #3 are to be paid by the working interest parties based on their proportionate working interests. If 1454871 pays 70% and drills well #2, 1454871 will earn 70% in the spacing unit in well #2. If 1454871 pays 70% and drills well #3, 1454871 will earn 70% working interest in all NuVista Assets (other than the NuVista Property) and any other mineral rights or assets acquired by TAPC and Smoky within a

10 mile radius of any NuVista Property (at the time 1454871(or farmee) earns its interest after drilling Well #3. Assuming under the applicable farmout agreement provides that the farmee will earn 70% working interest - then TAPC will have a 30% working interest subject to Smoky's rights to 24% of the net cash flow from the Waskahigan Participation Assets.

## **2.7 Participation Obligations and Rights Related to Waskahigan Participation Assets**

As additional consideration for the loan, post farmout, Smoky shall be entitled to pay and earn 24% (as adjusted by (b) below) of the net cash flow from the Waskahigan Participation Assets as described in Section 2.6 and equivalent value on sale. TAPC agrees to pay to Smoky the following sums:

- (a) 24% of net cash flow from the Waskahigan Participation Assets post earning under any farmout until December 31, 2022;
- (b) this percentage may be adjusted if third party farmout terms are subsequently negotiated which vary from the 1454871 Farmout Agreement; and
- (c) 24% of the net sale proceeds from the disposition of all or a portion of the Waskahigan Participation Assets (as adjusted by (b) above);
- (d) monies owing under the Farmout Put (as described in Section 2.8); and
- (e) monies owing under the Farmout Call (as described in Section 2.8)

## **2.8 Farmout Cash Flow Put and Call**

The parties agree that:

- (a) on or before December 31, 2022, TAPC shall have a right to buyout Smoky's right to 24% of net cash flow from the 1454871 Farmout Agreement (or applicable farmout agreement or if developed by TAPC) for 2.5 times 24% of the trailing 12 months net cash flow ("**Farmout Call**"); and
- (b) on December 31, 2022, Smoky shall have the right to compel TAPC to buyout Smoky's right to 24% of the net cash flow from the 1454871 Farmout Agreement (or applicable farmout agreement or if developed by TAPC) for 2.5 times 24% of the trailing 12 months net cash flow ("**Farmout Put**").

## **2.9 Relationship and Rights of Smoky with respect to development of NuVista Property and Waskahigan Participation Assets**

TAPC is purchasing the NuVista Property (subject to the obligation to pay Smoky) until TAPC pays out Smoky as described in Section 2.5.

TAPC and Smoky shall jointly carry on the business of operating and developing the NuVista Property (other than existing wells on the NuVista Property) and Waskahigan Participation Assets. Smoky shall not own legal title to an undivided working interest in the NuVista Property but shall own a working interest in any wells and related mineral rights in the NuVista Property (other than existing wells) and Waskahigan Participation Assets. Smoky shall have a liability of a working interest owner for their proportionate share to drill, case, equip and tie in wells (or capital expenditures) drilled as part of the farmin agreements. However, Smoky shall not be subject to penalty clause provisions and the indemnity provisions. Monies due for capital expenditures are to be paid from cash flow. If any obligations remain outstanding at the date of any exercise of a put and call, TAPC shall assume such debts and Smoky will be novated and released from the obligations and indebtedness, if any. If any. Smoky will be novated and released from any abandonment obligations upon the exercise of any put or call by TAPC. TAPC shall hold the monies due under the Participation Obligations in trust for Smoky. In so far as the following Operating Procedure provisions are not inconsistent with the foregoing terms, the business relationship shall operate on a day to day basis “as if” Smoky and TAPC were working interest holders and the following provisions shall apply:

- (a) 2015 CAPL Operating Procedure (incorporated by reference) with the elections set out in Schedule “A”; and
- (b) 2011 PASC Accounting Procedure (incorporated by reference) with the elections set out in Schedule “B”

**NUVISTA PROPERTY CALL  
LOAN AND PARTICIPATION AMENDMENT #8 AGREEMENT**

THIS AGREEMENT is made as of the 31st day of December, 2020.

**BETWEEN:**

**TENTH AVENUE PETROLEUM CORP.**, an Alberta corporation  
(the "**Borrower**" or "**TAPC**")

- and -

**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the "**Lender**" or "**Smoky**")

-and -

**BATOCHÉ OIL & GAS EXPLORATION LTD.** an Alberta corporation  
(**"Batoche"**)

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

1. The parties agree the trailing 12 months net cash flow for the fiscal period ended December 31, 2019 and December 31, 2020 is zero. The parties agree that 2.5 times 80 % of zero is zero.
2. TAPC hereby exercises its right to buyout Smoky's right as set out in Section 2.5 of the Loan Agreement ("**NuVista Property Call**") and no consideration was payable other than \$1.00.
3. All other provisions shall remain in full force and effect.
4. This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Tenth Avenue Petroleum Corp.**

Per: \_\_\_\_\_  
Gregory J. Leia, President

**Smoky Oil & Gas Corp.**

Per: \_\_\_\_\_  
Gregory J. Leia, President

**1454871 Alberta Ltd.**  
(formerly Batoche Oil & Gas Exploration Ltd.)

Per: \_\_\_\_\_  
Gregory J. Leia, President



## CREDIT AGREEMENT

THIS AGREEMENT is dated the 12th day of January 2021 (effective January 1, 2021).

### AMONGST:

**SMOKY OIL & GAS CORP. (“Smoky”)**  
(hereinafter referred to as the “**Lender**” or “**Smoky**”)

- and -

**TENTH AVENUE PETROLEUM CORP.**  
(hereinafter referred to as the “**TAPC**”)

-and –

**ODAAAT OIL CORP.**  
(hereinafter referred to as the “**Odaat**”)

-and -

**WASKAHIGAN OIL & GAS CORP.**  
(hereinafter referred to as the “**WOGC**”)

-and -

**1454871 ALBERTA LTD.,**  
(hereinafter referred to as the “**1454871**”)

**WHEREAS** Smoky, TAPC and 1454871 entered into a Loan and Participation Agreement dated as of July 31, 2017 (“**LPA**”).

**AND WHEREAS** to secure its indebtedness to Smoky, TAPC executed a general security agreement in favor of Smoky (“**TAPC/Smoky GSA**”);

**AND WHEREAS** TAPC has entered into an asset purchase agreement with Odaat to sell its oil and gas assets dated January 12, 2021 (effective January 1, 2021)(“**TAPC/Odaat APA**”)

**AND WHEREAS** the sale of assets is being done in contemplation of TAPC, WOGC and Odaat entering into a plan of arrangement (“**Plan of Arrangement**”) which will involve the spinout of WOGC, as a separate standalone reporting issuer, with Odaat as a wholly owned subsidiary, by way of a dividend of the WOGC common shares to the shareholders of TAPC;

**AND WHEREAS** the sale of the oil and gas assets and Plan of Arrangement is conditional upon:

- (a) AER approval;
- (b) TSXV approval;
- (c) Court of Queen’s Bench of Alberta approval;
- (d) TAPC shareholder approval; and
- (e) Smoky shareholder approval.

**WITNESSTH** in consideration of the mutual covenants, the parties agree as follows:

1. Odaat and WOGC, jointly and severally, shall:
  - (a) assume the debts of TAPC to Smoky; and
  - (b) assume the obligation of TAPC under the LPA (as amended).
2. Terms are:
  - (a) Debt as of December 31, 2020 was \$1,152,174;
  - (b) Interest at 6% per annum;
  - (c) Maturity due on demand; and
  - (d) The loan has no set repayment schedule and is due as cash flows become available.
3. If TAPC can complete the spinout of WOGC by Plan of Arrangement, then Smoky shall release TAPC from the obligation owing to Smoky and Smoky shall rely on Odaat and WOGC to repay the loans.
4. Odaat and WOGC shall charge the assets by way of general security agreement over all present and after acquired property.
5. In the event that any assets which have been assigned by TAPC to Odaat (and secured by the Odaat/Smoky GSA) cannot be transferred legally due to legal or regulatory restrictions), TAPC shall hold in trust for Odaat (and Smoky as secured creditor) such assets and any proceeds of such assets upon liquidation or sale or otherwise. Odaat shall be entitled to bring action to recover such trust assets in its own name.
6. The parties shall execute such further and other investments to give effect to the intention of this agreement.

Dated as of January 12, 2021.

**Smoky Oil & Gas Corp.**

*Signed "Gregory J. Leia"*

Per: \_\_\_\_\_  
Gregory J. Leia, President

**Odaat Oil Corp.**

*Signed "Gregory J. Leia"*

Per: \_\_\_\_\_  
Gregory J. Leia, President

**Tenth Avenue Petroleum Corp**

*Signed "Gregory J. Leia"*

Per: \_\_\_\_\_  
Gregory J. Leia, President

**Waskahigan Oil & Gas Corp.**

*Signed "Gregory J. Leia"*

Per: \_\_\_\_\_  
Gregory J. Leia, President

**1454871 Alberta Ltd.**

*Signed "Gregory J. Leia"*

Per: \_\_\_\_\_  
Gregory J. Leia, President

## RELEASE

**WHEREAS** on July 31, 2017, Tenth Avenue Petroleum Corp (“**TAPC**”) entered into a Loan and Participation Agreement (“**LPA**”) with Smoky Oil & Gas Corp (“**Smoky**”) and 1454871 Alberta Ltd. (“**1454871**”) (formerly Batoche Oil & Gas Exploration Ltd.) and pursuant to the terms of the LPA, Smoky lent TAPC the sum of \$1,326,593 to complete the acquisition of oil and gas assets. The interest rate on the loan principal is 6% per annum. The amount owing by TAPC to Smoky as of June 30, 2021 was \$1,144,395 (“**TAPC/Smoky Indebtedness**”). All obligations owing were secured by a general security agreement dated July 31, 2021 (“**TAPC/Smoky GSA**”) charging all of the assets of TAPC. The TAPC/Smoky GSA was registered at the Alberta Personal Property Registry as instrument # 17071407780 on July 14, 2017.

**WHEREAS** TAPC, Waskahigan Oil & Gas Corp (“**WOGC**”) and Odaat Oil Corp (“**Odaat**”) entered into a plan of arrangement (“**Plan of Arrangement**”) dated March 24, 2021 (as amended) to divest all of TAPC’s assets, liabilities and operations through a series of transactions involving its subsidiaries, WOGC and Odaat. The sale of assets and Plan of Arrangement were subject to applicable regulatory, court and shareholder approvals. The transaction details are summarized as follows:

- (a) Effective January 1, 2021, TAPC divested of all of its assets and liabilities to Odaat pursuant to an asset purchase agreement (“**TAPC/WOGC/Odaat APA**”) in exchange for a promissory note in the amount of \$10.00 and the assumption of all liabilities of TAPC by Odaat and WOGC;
- (b) WOGC settled the Odaat promissory note through the issuance of 10,512,668 common shares to TAPC;
- (c) The shares of WOGC held by TAPC will be distributed to the shareholders of TAPC upon the filing of the Articles of Arrangement implementing the Order of Justice Donald R. Mah dated May 25, 2021 in Court of Queen’s Bench of Alberta Action # 2101 02844;
- (d) By creditor agreement dated January 12, 2021 (effective January 1, 2021) (“**TAPC/WOGC/Odaat/Smoky Credit Agreement**”) WOGC and Odaat agreed to assume the TAPC/Smoky Indebtedness and to secure the debt with the assets of WOGC and Odaat;
- (e) On January 12, 2021 (effective January 1, 2021), WOGC executed a general security agreement in favour of Smoky (“**WOGC/Smoky GSA**”) was registered at the Alberta Personal Property Registry as instrument # 21020220838 on February 2, 2021.
- (f) On January 12, 2021 (effective January 1, 2021), Odaat executed a general security agreement in favour of Smoky (“**Odaat/Smoky GSA**”) was registered at the Alberta Personal Property Registry as instrument # 21020220948 on February 2, 2021.

**AND WHEREAS** on September 30, 2021, TAPC, WOGC, Odaat, Gregory J. Leia Professional Corporation and Cameron MacDonald entered into a transition agreement (“**Transition Agreement**”);

**AND WHEREAS** on December 6, 2021, the Articles of Arrangement were filed with the Corporate Registrar for the Province of Alberta;

**KNOW ALL MEN BY THESE PRESENTS THAT Smoky** for and in consideration of the payment of the sum of ONE (\$1.00) DOLLAR, does for its successors and assigns, hereby remise, release and forever discharge TAPC of and from all manners of action, causes of action, claims or demands which against the Smoky ever had, now have, or can, shall or may hereafter have, for or reason of, or in any way arising out of the LPA and the TAPC Indebtedness other than:

- (a) Any obligation of TAPC arising from the TAPC/WOGC/Odaat/Smoky Credit Agreement;
- (b) Any obligation of TAPC arising from the Transition Agreement; and
- (c) The trust obligation of TAPC to hold in trust for Odaat (and Smoky as secured creditor) any assets which have been assigned by TAPC to Odaat (and secured by the Odaat/Smoky GSA) but which cannot be transferred legally due to legal or regulatory restrictions)

**IN WITNESS WHEREOF** Smoky has hereunto set its hand and seal this 10th day of December, 2021.

**Smoky Oil & Gas Corp**

*Signed “Gregory J. Leia”*

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

Gregory J. Leia

**NUVISTA PROPERTY CALL  
LOAN AND PARTICIPATION AMENDMENT #9 AGREEMENT**

THIS AGREEMENT is made as of the 31st day of December, 2021.

**BETWEEN:**

**WASKAHIGAN OIL & GAS CORP.**, an Alberta corporation (“**WOGC**”)  
- and -

**ODAAAT OIL CORP** , an Alberta corporation (“**Odaat**”)  
(WOGC and Odaat referred to as the “**Borrowers**”)

- and -

-  
**SMOKY OIL & GAS CORP.**, an Alberta corporation  
(the “**Lender**” or “**Smoky**”)

-and -

**1454871 ALBERTA LTD.** (formerly Batoche Oil & Gas Exploration Ltd.) an  
Alberta corporation (“**1454871**”)

Whereas pursuant to a Credit Agreement dated January 12, 2021, WOGC and Odaat agreed to become primary debtors of Smoky under the Loan and Participation Agreement dated July 17, 2017 (“**LPA**”);

And Whereas Smoky released Tenth Avenue Petroleum Corp (“**TAPC**”) on December 16, 2021 (effective September 30, 2021);

**NOW THEREFORE**, in consideration of the premises, agreements and obligations herein set forth and other good and valuable consideration, which the parties hereto conclusively acknowledge, the parties hereto covenant and agree as follows:

1. The parties agree the trailing 12 months net cash flow for the fiscal period ended December 31, 2021. The parties agree that 2.5 times 80 % of zero is zero.
2. TAPC hereby exercises its right to buyout Smoky’s right as set out in Section 2.5 of the Loan Agreement (“**NuVista Property Call**”) and no consideration was payable other than \$1.00.
3. All other provisions shall remain in full force and effect.

4. This Agreement may be executed in separate counterparts and delivered by facsimile device and when so executed and delivered, such shall be deemed to be an originally executed document executed at Calgary, Alberta. All original or facsimile (or combination thereof) execution pages together shall be deemed to constitute one and the same document and production of an originally executed or a copy of a facsimile transmittal of each counterpart execution page hereof shall be sufficient for the purposes of proof of execution and delivery of this Agreement.

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

**Waskahigan Oil & Gas Corp Corp.**

Per: Signed "Gregory J. Leia"  
Gregory J. Leia, President

**1454871 Alberta Ltd.**  
**(formerly Batoche Oil & Gas Exploration Ltd.)**

Per: Signed "Gregory J. Leia"  
Gregory J. Leia, President

**Odaat Oil Corp**

Per: Signed "Gregory J. Leia"  
\_\_\_\_Gregory J. Leia President

**Smoky Oil & Gas Corp.**  
*Signed "Gregory J. Leia"*

Per: \_\_\_\_\_  
Gregory J. Leia, President