763997 ALBERTA LTD.
(FORMERLY TARGET CAPITAL INC.)

AND

GRAFTON VENTURES ENERGY HOLDINGS CORP.

AND

2595456 ALBERTA LTD.

AMALGAMATION AGREEMENT

March 14, 2024

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AMALGAMATION AGREEMENT

THIS AMALGAMATION AGREEMENT made as of March 14, 2024.

AMONG:

763997 ALBERTA LTD. **(formerly TARGET CAPITAL INC.)**, a body corporate incorporated under the laws of the Province of Alberta ("**TCI**")

- and -

GRAFTON VENTURES ENERGY HOLDINGS CORP., a body corporate incorporated under the laws of the Province of Alberta ("**Grafton**")

- and -

2595456 ALBERTA LTD., a body corporate incorporated under the laws of the Province of Alberta ("**Subco**")

WHEREAS TCI and Grafton are parties to a letter of intent dated January 11, 2024, as amended from time to time (the "**Letter Agreement**"), whereby the parties have agreed to complete a business combination;

AND WHEREAS Subco is a wholly owned subsidiary of TCI;

AND WHEREAS TCI and Grafton have agreed to structure the business combination contemplated in the Letter Agreement by way of a three-cornered amalgamation in accordance with the provisions of the *Business Corporations Act* (Alberta);

AND WHEREAS the parties have entered into this Agreement (as defined below) to provide for the matters referred to in the foregoing recitals and for other matters relating to the Amalgamation (as defined below);

NOW THEREFORE THIS AGREEMENT WITNESSETH that in consideration of the above premises and of the covenants, agreements, representations and warranties hereinafter contained, the parties agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms shall have the meanings hereinafter set forth:

"**ABCA**" means the *Business Corporations Act* (Alberta).

"**Agents**" means Eight Capital, Haywood Securities Inc., ATB Securities Inc., Canaccord Genuity Corp. and Raymond James Ltd.

"**Agreement**", "**this Agreement**", "**herein**", "**hereby**", "**hereof**", "**hereunder**" and similar expressions mean or refer to this agreement and any amendments hereto.

"**Amalco**" means the amalgamated corporation to be constituted upon completion of the Amalgamation.

"**Amalco Shares**" means the common shares in the capital of Amalco.

"**Amalgamation**" means the amalgamation of Grafton and Subco pursuant to Section 181 of the ABCA provided for herein to form Amalco to be effective at the Effective Time.

"**Anticipated Cash Inflows**" means $[*Redacted - Confidential*] as more particularly set out in the TCI Disclosure Schedule.

"**Applicable Anti-Corruption Laws**" has the meaning ascribed thereto in Section 4.1(jj).

"**Applicable Anti-Money Laundering Laws**" has the meaning ascribed thereto in Section 4.1(kk).

"**Articles of Amalgamation**" means the articles of amalgamation with respect to the Amalgamation, in such form acceptable to TCI and Grafton, acting reasonably.

"**Assessment**" has the meaning ascribed thereto in Section 3.2(f).

"**Assets and Properties**" with respect to any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, tangible or intangible, choate or inchoate, absolute, accrued, contingent, fixed or otherwise, and, in each case, wherever situated), including the goodwill related thereto, operated, owned or leased by or in the possession of such Person.

"**associate**" and "**affiliate**" have the respective meanings ascribed thereto in the *Securities Act* (Alberta).

"**Auditors**" means such firm of chartered accountants as a party may have appointed or may from time to time appoint as auditors of such party.

"**Brokered Private Placement Shareholders**" means holders of Grafton Shares that obtained such shares upon the automatic conversion of Grafton Subscription Receipts acquired under the Grafton Brokered Private Placement.

"**Brokered Subscription Agreements**" means the subscription agreements pursuant to which purchasers agree to subscribe for and purchase the Grafton Subscription Receipts and shall include, for greater certainty, all schedules and exhibits thereto.

"**Business Day**" means any day other than a Saturday or Sunday or a day when banks in the City of Calgary are not generally open for business.

"**CDS**" means CDS Clearing & Depository Services Inc.

"**Certificate of Amalgamation**" means the certificate of amalgamation for the Amalgamation issued pursuant to Section 186 of the ABCA.

“**Closing**” means the completion of the Amalgamation.

“**Closing Date**” means the date of the Closing, which shall be no later than ten (10) Business Days following the later of the satisfaction or waiver of all conditions precedent to the Amalgamation or such other date as TCI and Grafton may collectively agree, acting reasonably, and in any event not later than the Termination Date.

“**Compensation Settlement Agreements**” means, collectively, the compensation settlement agreements to be entered into between TCI and each of the TCI Subject Officers and Directors pursuant to which such TCI Subject Officers and Directors will agree to settle the TCI Subject Compensation Amount through the issuance of Resulting Issuer Shares at the Closing at a price of $0.44 per Resulting Issuer Share.

“**Confidentiality Agreement**” means the confidentiality agreement dated May 1, 2023 between TCI and Grafton.

“**Consolidation**” means the consolidation of TCI Shares on the basis of one (1) post-consolidation TCI Share for every 40 pre-consolidation TCI Shares, which Consolidation shall occur prior to Closing.

“**Contract**” means all agreements, contracts or commitments of any nature, written or oral, including, for greater certainty and without limitation, leases, purchase agreements, manufacturing, supply and distribution agreements, loan documents and security documents.

“**Disclosure Documents**” has the meaning ascribed thereto in Section 4.1(g).

“**Effective Date**” means the effective date of the Amalgamation, which shall be the date of the Certificate of Amalgamation.

“**Effective Time**” means the effective time at which the Articles of Amalgamation are filed on the Effective Date.

“**Environmental Laws**” means any laws respecting pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of Hazardous Materials or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

“**Escrow Release Conditions**” means the conditions set forth in the Subscription Receipt Agreement providing for the automatic exchange of Grafton Subscription Receipts for Grafton Shares and Grafton Brokered Warrants.

“**Exchange Ratio**” has the meaning ascribed thereto in Section 2.5(a).

“**Filing Statement**” means the filing statement of TCI in respect of the Amalgamation, prepared in accordance with TSXV Form 3D2 - *Information Required in a Filing Statement for a Reverse Takeover or Change of Business* and filed on SEDAR+ at least seven (7) Business Days prior to the Effective Date, unless abridged by the TSXV, in accordance with TSXV Policy 5.2 – *Changes of Business and Reverse Takeover*.

“**Governmental Authority**” means any:

(i) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign;

(ii) subdivision, agent, commission, official, agency, board or authority of any of the foregoing; or

(iii) quasi-governmental or private body (including the TSXV) exercising any statutory, regulatory, expropriation or taxing authority under or for the account of any of the foregoing including any stock exchange.

“**Grafton**” has the meaning ascribed thereto in the recitals of this Agreement.

“**Grafton Agent Warrants**” means the Grafton Share purchase warrants to be issued to the Agents in connection with the Grafton Brokered Private Placement, with each Grafton Agent Warrant entitling the holder to acquire one (1) Grafton Share at an exercise price of $0.15 for a period of two (2) years from the date of the closing of the Grafton Brokered Private Placement.

“**Grafton Brokered Private Placement**” means the brokered private placement by Grafton of Grafton Subscription Receipts.

“**Grafton Brokered Units**” means units of Grafton to be issued upon the exchange of the Grafton Subscription Receipts, with each Grafton Brokered Unit consisting of one (1) Grafton Share and one (1) Grafton Brokered Warrant.

“**Grafton Brokered Warrants**” means Grafton Share purchase warrants to be issued upon the exchange of the Grafton Subscription Receipts, with each Grafton Brokered Warrant entitling the holder to acquire one (1) Grafton Share at an exercise price of $0.20 for a period of two (2) years from the date the Escrow Release Conditions are satisfied.

“**Grafton Business**” means the exploration for and development and production of petroleum and natural gas in Canada and the identification and acquisition of oil and gas properties.

“**Grafton Disclosure Schedule**” means Grafton’s disclosure schedule delivered concurrently with execution of this Agreement.

“**Grafton Financial Statements**” means the audited financial statements for Grafton for the years ended December 31, 2022 and 2021, together with the notes thereto, and the Auditor’s report thereon and the unaudited financial statements for Grafton for the three and nine months ended September 30, 2023 and 2022, together with the notes thereto.

“**Grafton Leased Premises**” has the meaning ascribed thereto in Section 4.2(w).

“**Grafton Material Contracts**” has the meaning ascribed thereto in Section 4.2(t).

“**Grafton Non-Brokered Private Placement**” means the non-brokered private placement by Grafton of Grafton Non-Brokered Units.

“**Grafton Non-Brokered Units**” means units of Grafton, with a subscription price of $0.15 per unit, to be issued in connection with the Grafton Non-Brokered Private Placement, with each Grafton Non-Brokered Unit consisting of one (1) Grafton Share and one (1) Grafton Non-Brokered Warrant.

“**Grafton Non-Brokered Warrants**” means Grafton Share purchase warrants, with each Grafton Non-Brokered Warrant entitling the holder to acquire one (1) Grafton Share at an exercise price of $0.15 for a period of five (5) years from the date of issue.

“**Grafton Private Placement**” means the Grafton Brokered Private Placement and Grafton Non-Brokered Private Placement for aggregate minimum gross proceeds of $7,000,000.

“**Grafton Shareholder Approval**” means the special resolution of Grafton Shareholders approving the Amalgamation and this Agreement.

“**Grafton Shareholders**” means the holders of Grafton Shares.

“**Grafton Shares**” means the class “A” common shares in the capital of Grafton.

“**Grafton Subscription Receipts**” means subscription receipts of Grafton, with a subscription price of $0.15 per subscription receipt, to be issued in connection with the Grafton Brokered Private Placement, each exchangeable into one (1) Grafton Brokered Unit, subject to adjustment, without additional consideration, upon the satisfaction of the Escrow Release Conditions.

“**Grafton Warrants**” means, collectively, the Grafton Agent Warrants, Grafton Brokered Warrants and Grafton Non-Brokered Warrants.

“**Hazardous Materials**” means chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products.

“**IADC**” means Industrial Avenue Development Corp., a partially owned subsidiary of TCI, and a body corporate incorporated under the ABCA.

“**IADC Shares**” means the class “A” common shares in the capital of IADC.

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board, as applicable in Canada.

“**Indebtedness**” of any Person means all obligations of such Person:

(i) for borrowed money;

(ii) evidenced by notes, bonds, debentures or similar instruments;

(iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business);

(iv) under capital and operating leases;

(v) under "vendor take-back" financing or deferred payments in connection with any acquisition; or

(vi) which are guarantees of the obligations described in clauses (i) through (v) above of any other Person if secured by any or all of the Assets and Properties of the guarantor.

"**Killam Acquisition**" means the Killam Assets acquired pursuant to a purchase and sale agreement between Grafton and Surge Energy Inc. dated April 21, 2023 which closed on May 17, 2023.

"**Killam Assets**" means the oil and gas assets in the area of Killam, Alberta acquired by Grafton pursuant to the Killam Acquisition.

"**Killam Assets Operating Statements**" means the audited operating statements of the Killam Assets for the years ended December 31, 2022 and 2021, together with the notes thereto, and the auditor's report thereon and the unaudited operating statements of the Killam Assets for the nine months ended September 30, 2023 and 2022, together with the notes thereto.

"**Letter Agreement**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Material Adverse Change**" or "**Material Adverse Effect**" means, with respect to a party, any action, fact, effect, change, event, development, circumstance or occurrence that, individually or in the aggregate with other such actions, facts, effects, changes, events, developments, circumstances or occurrences is, or would reasonably be expected to:

(i) be material and adverse to the current or future financial condition, business, operations, results of operations, assets, properties, licenses, capitalization, condition (financial or otherwise), liabilities (contingent or otherwise), obligations (whether absolute, accrued, conditional or otherwise) or cash flows of such party and its subsidiaries, if any, taken as a whole, other than any action, fact effect, change, event or development resulting from:

(A) general economic, financial, currency exchange, securities, credit or commodity prices in Canada or elsewhere;

(B) conditions affecting the industries in which the party operates as a whole, and not specifically relating to such party and/or its subsidiaries, if any;

(C) changes in applicable laws (including tax laws);

(D) any changes in IFRS or in any interpretation thereof, by any Governmental Authority;

(E) the announcement of the execution of this Agreement or the transactions contemplated hereby;

(F) the failure of such party to meet any internal or published projections, forecasts or estimates of revenues, earnings or cash flow (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred);

(G) any changes in the trading price or trading volumes of the securities of such party (it being understood that the causes underlying such change in trading price or volume may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred);

(H) any acts of God, riots, terrorism, sabotage, earthquakes, hurricanes, floods, epidemics, pandemics, military action or war (whether or not declared), change in global, national or regional political conditions, civil unrest, or disturbances or similar event or escalation or worsening thereof; or

(I) any changes or effects arising from matters permitted or contemplated by this Agreement (excluding Section 3.1(c) hereof for such purposes) or consented to or approved in writing by the other party; or

(ii) prevent, materially delay or materially impair the ability of such party to consummate the transactions contemplated by this Agreement or that would materially impair, delay or impact its ability to perform its obligations under this Agreement.

"**Non-Brokered Subscription Agreements**" means the subscription agreements pursuant to which purchasers agree to subscribe for and purchase the Grafton Non-Brokered Units and shall include, for greater certainty, all schedules and exhibits thereto.

"**parties**" means Grafton, TCI and Subco; and "**party**" means any one of them.

"**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, limited liability company, unlimited liability company, association, trust, trustee, executor, administrator, legal personal representative, estate, group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not it has legal status.

"**Replacement Warrants**" has the meaning ascribed thereto in Section 2.6.

"**Reserves Report**" means the independent engineering evaluation of Grafton's oil, natural gas liquids and natural gas interests prepared by Sproule effective December 31, 2023.

"**Resulting Issuer**" means TCI as it exists upon completion of the Amalgamation to be known as "Westgate Energy Inc." or such other name as may be determined by Grafton.

"**Resulting Issuer Registrar and Transfer Agent**" means Odyssey Trust Company, and any other Person which may be appointed as registrar and transfer agent of the Resulting Issuer, as applicable, from time to time.

"**Resulting Issuer Shares**" means the common shares in the capital of the Resulting Issuer, including those issued upon the Amalgamation.

"**Reverse Takeover**" has the meaning ascribed thereto under the policies of the TSXV Corporate Finance Manual.

"**Securities Laws**" means all applicable securities laws, the respective regulations made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, multilateral and national instruments, orders, blanket rulings, notices and other regulatory instruments of the securities regulatory authorities in applicable jurisdictions, including the rules and published policies of the TSXV (including the NEX Policy).

"**SEDAR+**" means the System for Electronic Data Analysis and Retrieval +.

"**Settlement Agreement**" means the settlement agreement dated December 15, 2022 among TCI, Performance CBD Brands Corp. and [*Redacted - Personal Information*].

"**Sproule**" means Sproule Associates Limited, a qualified reserves evaluator.

"**Subco**" has the meaning ascribed thereto in the recitals of this Agreement.

"**Subscription Receipt Agreement"** means the subscription receipt agreement to be entered into on the closing date of the Grafton Brokered Private Placement among Grafton, Eight Capital and Odyssey Trust Company, in its capacity as subscription receipt agent thereunder.

"**Taxes**" means all taxes (including income tax, sales tax, value add tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty, interest or other similar charges payable with respect thereto.

"**TCI**" has the meaning ascribed thereto in the recitals of this Agreement.

"**TCI Business**" means the identification and evaluation of businesses and assets with a view to completing a change of business or reverse takeover transaction, and having identified and evaluated such opportunities, to negotiate an acquisition subject to acceptance by the TSXV.

"**TCI Disclosure Schedule**" means TCI's disclosure schedule delivered concurrently with execution of this Agreement.

"**TCI Escrow Agreements**" means escrow agreements to be entered into by certain TCI Shareholders with TCI, Grafton and Subco.

"**TCI Financial Statements**" means the audited financial statements for TCI for the years ended March 31, 2023 and 2022, together with the notes thereto, and the Auditor's report thereon and the unaudited financial statements for TCI for the three and six months ended September 30, 2023 and 2022, together with the notes thereto.

"**TCI Material Contract**" has the meaning ascribed thereto in Section 4.1(v).

"**TCI Premises**" has the meaning ascribed thereto in Section 4.1(bb).

"**TCI Shareholder Approval**" means the shareholder approval of an amendment of the articles of TCI to effect the Consolidation at the January 31, 2023 annual general and special meeting of TCI Shareholders.

"**TCI Shareholders**" means the holders of TCI Shares.

"**TCI Shares**" means the common shares in the capital of TCI.

"**TCI Stock Option Plan**" means the stock option plan of TCI approved by shareholders on January 31, 2023 at an annual general and special meeting of the TCI Shareholders.

"**TCI Subject Compensation Amount**" means the outstanding amounts due to the TCI Subject Officers and Directors and change of control or termination payments due to the chief executive officer or chief financial officer of TCI triggered by the Closing.

"**TCI Subject Officers and Directors**" means the chief executive officer, chief financial officer and board or directors of TCI.

"**Termination Date**" means May 31, 2024 or such other date as the parties may agree upon in writing.

"**Transition Agreement**" has the meaning ascribed thereto in Section 3.7.

"**TSXV**" means the TSX Venture Exchange Inc. or any division of it including the NEX Board.

"**TSXV Escrow Agreement**" means the escrow agreement to be entered into among the Resulting Issuer's Registrar and Transfer Agent, the Resulting Issuer and certain securityholders of the Resulting Issuer in compliance with the requirements of the TSXV, with the securities subject to such agreement to be released as determined by the TSXV.

"**United States**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"**U.S. Investment Company Act**" means the United States Investment Company Act of 1940, as amended.

"**U.S. Private Placement Accredited Investor**" means a holder of Grafton Shares in the United States that: (i) obtained such shares upon the automatic conversion of Grafton Subscription Receipts that were acquired by such holder as a subscriber in the Grafton Brokered Private Placement and executed and delivered a copy of Exhibit 2 U.S. Accredited Investor Status Certificate to the Brokered Subscription Agreement; or (ii) acquired such shares as a subscriber in the Grafton Non-Brokered Private Placement and executed and delivered a copy of Exhibit 2 U.S. Accredited Investor Status Certificate to the Non-Brokered Subscription Agreement.

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended.

"**Voting Support Agreements**" means voting support agreements between Grafton and certain Grafton Shareholders whereby each such Grafton Shareholder agreed to provide written consent to or vote in favour of the Grafton Shareholder Approval.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and Sections is for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", and "hereunder" and similar expressions refer to this Agreement and not to any particular article, section or other portion hereof and include any Agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number shall include the plural and vice versa, words importing the use of any gender shall include all genders.

1.4 Date for Any Action

In the event that any date on which any action is required to be taken hereunder by any of the parties is not a Business Day such action shall be required to be taken on the next succeeding day which is a Business Day.

1.5 Rounding

In performing the various mathematical calculations required to be performed hereunder, all numbers shall be rounded to the nearest four (4) decimal places, except where stated otherwise.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada, unless otherwise indicated.

1.7 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of TCI or Grafton, as applicable, it shall be deemed to refer to the actual knowledge after having made due inquiry of the officers of the particular company.

1.8 Meanings

Words and phrases defined in the ABCA shall have the same meaning herein as in the ABCA, unless otherwise defined herein or the context otherwise requires. Unless otherwise specifically indicated or the context otherwise requires "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

1.9 References to Legislation

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

1.10 Accounting Matters

Unless otherwise stated, wherever in this Agreement reference is made to a calculation to be made or an action to be taken in accordance with IFRS, such reference will be deemed to be to the IFRS, applicable as at the date on which such calculation or action is made or taken or required to be made or taken.

ARTICLE 2
AMALGAMATION

2.1 Amalgamation

On or before the Closing Date, subject to the terms and conditions of this Agreement and receipt of necessary approvals, Grafton, TCI and Subco shall take all steps required to complete the Amalgamation and, without limitation, to apply for and obtain all consents, orders or approvals as are necessary or desirable for the implementation of the Amalgamation and the filing of the Articles of Amalgamation with the registrar pursuant to the ABCA. The parties shall use their reasonable commercial efforts to cause the Effective Date to occur as soon as reasonably practicable but in any event not later than the Termination Date.

2.2 Amalco

The parties acknowledge and agree that:

(a) **Name**. The name of Amalco shall be "Grafton Ventures Energy Holdings Corp."

(b) **Registered Office**. The registered office of Amalco shall be situated at 525 8th Avenue S.W., Suite 4600, Calgary, Alberta, T2P 1G1.

(c) **Authorized Capital**. Amalco shall be authorized to issue an unlimited number of Amalco Shares.

(d) **Restrictions on Share Transfer**. The transfer of Amalco Shares shall not be subject to any restrictions.

(e) **Number of Directors**. The minimum number of directors of Amalco shall be one (1) and the maximum number of directors of Amalco shall be ten (10).

(f) **First Directors**. The number of first directors of Amalco shall be one (1) and the first director of Amalco shall be:

Name	Address
Nick Grafton	Suite 420, 2020 4th Street S.W., Calgary, Alberta T2S 1W3

(g) **Officers**. The sole officer of Amalco, until changed or added to by the board of directors of Amalco, shall be:

Office	Name
President and Secretary	Nick Grafton

(h) **First Auditors**. The Auditors of Amalco shall be MNP LLP. The Auditors of Amalco shall hold office until the first annual meeting of shareholders of Amalco following the Amalgamation, or until their successor is appointed.

(i) **Fiscal Year**. The fiscal year end of Amalco shall be December 31.

(j) **Restrictions on Business**. There shall be no restrictions on the business that Amalco may carry on.

(k) **By-laws**. The by-laws of Amalco shall be the current by-laws of Grafton.

2.3 Resulting Issuer

The parties acknowledge and agree that:

(a) **Name**. The name of the Resulting Issuer shall be "Westgate Energy Inc." or such other name as may be determined by Grafton.

(b) **Registered Office**. The registered office of the Resulting Issuer shall be situated at 525 8th Avenue S.W., Suite 4600, Calgary, Alberta, T2P 1G1.

(c) **Authorized Capital**. The Resulting Issuer shall be the authorized capital of TCI.

(d) **Number of Directors**. The minimum number of directors of the Resulting Issuer shall be three (3) and the maximum number of directors of the Resulting Issuer shall be 15.

(e) **Directors**. The number of directors of the Resulting Issuer shall be four (4) and the first directors of the Resulting Issuer shall be:

Name	**Address**
Richard Grafton	Suite 420, 2020 4th Street S.W., Calgary, Alberta T2S 1W3
Kelly Ogle	Suite 420, 2020 4th Street S.W., Calgary, Alberta T2S 1W3
Art Agoli	Suite 420, 2020 4th Street S.W., Calgary, Alberta T2S 1W3
Dan Brown	Suite 420, 2020 4th Street S.W., Calgary, Alberta T2S 1W3

The directors shall hold office until the first annual meeting of the shareholders of the Resulting Issuer, or until their successors are duly appointed or elected.

(f) **Officers**. The officers of the Resulting Issuer, until changed or added to by the board of directors of the Resulting Issuer, shall be:

Office	**Name**
Chief Executive Officer	Dan Brown
Chief Financial Officer and Corporate Secretary	Nick Grafton
Chief Operations Officer	Jordan Kevol
Vice President, Corporate Development	Dale Mennis

(g) **Auditors**. The Auditors of the Resulting Issuer shall be MNP LLP. The Auditors of the Resulting Issuer shall hold office until the first annual meeting of shareholders of the Resulting Issuer following the Amalgamation or until their successor is appointed.

(h) **Fiscal Year**. The fiscal year end of the Resulting Issuer shall be December 31.

(i) **Restrictions on Business**. There shall be no restrictions on the business that the Resulting Issuer may carry on.

(j) **By-laws**. The by-laws of the Resulting Issuer shall be the current by-laws of TCI.

2.4 Effect of Certificate of Amalgamation

Upon the issuance of the Certificate of Amalgamation, subject to the ABCA:

(a) the Amalgamation of Grafton and Subco and their continuation as one corporation shall be effective;

(b) Amalco shall possess all the property, rights, privileges and franchises and shall be subject to all liabilities, including civil, criminal and quasi-criminal, and all Contracts, disabilities and debts of each of Grafton and Subco;

(c) a conviction against, or ruling, order or judgment in favour of or against, either Grafton or Subco shall be enforceable by or against Amalco;

(d) Amalco shall be a wholly owned subsidiary of TCI;

(e) the aggregate stated capital of the Amalco Shares shall become an amount equal to the paid-up capital for purposes of the *Income Tax Act* (Canada) of the common shares of Subco immediately prior to the Amalgamation; and

(f) the aggregate stated capital of the Resulting Issuer Shares shall be an amount equal to the aggregate paid-up capital for purposes of the *Income Tax Act* (Canada) immediately prior to the Amalgamation of: (i) the TCI Shares; and (ii) the Grafton Shares that are exchanged, or deemed to be exchanged, for TCI Shares on the Amalgamation.

2.5 Grafton Shares and Subco Shares

Upon the terms and subject to the conditions set forth herein, at the time of the Amalgamation,

(a) each outstanding Grafton Share (except for Grafton Shares held by holders that have validly exercised their dissent rights in connection with the Grafton Shareholder Approval) shall be exchanged for 0.34433507 fully paid and non-assessable Resulting Issuer Shares (the "**Exchange Ratio**"); and

(b) each outstanding share of Subco shall be exchanged for one (1) fully paid and non-assessable Amalco Share.

Grafton Shares held by holders who have validly exercised their dissent rights in connection with the applicable shareholder resolution to approve the Amalgamation in accordance with the ABCA will not be exchanged pursuant to this Section 2.5. However, if any such dissenting holder fails to perfect or effectively withdraws its claim pursuant to the ABCA or forfeits its right to make a claim under the ABCA or if its rights as a Grafton Shareholder are otherwise reinstated, the Grafton

Shares held by such holders shall thereupon be deemed to have been exchanged as of the time of the Amalgamation in accordance with this Section.

2.6 Grafton Warrants

The parties acknowledge that, in accordance with the terms of the Grafton Warrants, each Grafton Warrant outstanding immediately prior to the Effective Time shall be exchanged for Resulting Issuer Share purchase warrants granted by the Resulting Issuer (the "**Replacement Warrants**") at the Exchange Ratio, each of which such Replacement Warrants will entitle the holder thereof to receive, upon the subsequent exercise thereof, one Resulting Issuer Share. The exercise price of each Replacement Warrant shall be the quotient of the existing exercise price of the Grafton Warrants exchanged for such Replacement Warrant divided by the Exchange Ratio. The Replacement Warrants shall have the same terms and conditions with respect to the expiry time and otherwise as were applicable in respect of the Grafton Warrants exchanged for such Replacement Warrants, subject to any applicable U.S. transfer restrictions as set forth in Section 2.8(b) below.

2.7 Escrow Agreements

(a) The parties acknowledge that the TSXV will require some of the Resulting Issuer Shares issued pursuant to the Amalgamation to be held in escrow and Grafton and TCI, as applicable, agree to comply and use its reasonable efforts to cause its shareholders to comply with all such escrow requirements of the TSXV including the execution and delivery of the TSXV Escrow Agreement.

(b) TCI shall use its commercially reasonable efforts to facilitate the execution of the TCI Escrow Agreements by certain TCI Shareholders.

2.8 Certificates

At the Effective Time:

(a) the registered Grafton Shareholders shall cease to be holders of Grafton Shares, and shall be deemed to be registered holders of the Resulting Issuer Shares to which they are entitled in accordance with Section 2.5 hereof, all certificates (or DRS statements) evidencing Grafton Shares shall be null and void and, on or after the Effective Time, subject to the provisions of any escrow requirement, if applicable, and subject to Section 2.10 hereof and, if applicable, subject to the delivery and surrender by a registered Grafton Shareholder of the certificates evidencing Grafton Shares held by such registered holder to the Resulting Issuer, the Resulting Issuer shall provide instructions to the Resulting Issuer Registrar and Transfer Agent to deliver DRS statements or other evidence of ownership representing the number of Resulting Issuer Shares to which they are so entitled and/or register the holders thereof in accordance with the following:

   (i) Grafton Shareholders immediately prior to the Amalgamation (other than Brokered Private Placement Shareholders, and subject to clauses (ii) and (iv) below) will be issued DRS statements evidencing the Resulting Issuer Shares exchanged therefor;

(ii) Grafton Shareholders immediately prior to the Amalgamation and holders of Grafton Warrants that, in either case, are in the United States (other than U.S. Private Placement Accredited Investors) will not be entitled to receive delivery of any Resulting Issuer Shares or Replacement Warrants unless and until such holder provides any and all such representations, warranties, covenants or agreements as may be required by the Resulting Issuer, in its sole discretion, in order to establish the availability of an exemption from the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws in connection with the distribution of the Resulting Issuer Shares or Replacement Warrants to be exchanged for their Grafton Shares or Grafton Warrants, as applicable, failing which the Resulting Issuer shall appoint an agent to sell the Resulting Issuer Shares of such a holder on behalf of that holder and that holder shall be entitled to receive an amount of cash representing the proceeds of the sale of the Resulting Issuer Shares or Replacement Warrants, as applicable, net of expenses of sale; if and to the extent that the Resulting Issuer determines in its sole discretion that Resulting Issuer Shares or Replacement Warrants, as applicable, may otherwise be delivered to any such holder, such holder will be issued DRS statements evidencing the Resulting Issuer Shares and certificates representing the Replacement Warrants, as applicable, in each case, bearing the U.S. Legend (as defined below); in addition, it is understood that the Replacement Warrants may not be exercised in the United States without an available exemption under the U.S. Securities Act and any applicable U.S. state securities laws;

(iii) each Brokered Private Placement Shareholder that is not in the United States and holds Grafton Shares immediately prior to the Amalgamation will have the Resulting Issuer Shares they are entitled to receive pursuant to this Agreement registered in book-entry only with CDS;

(iv) each U.S. Private Placement Accredited Investor that holds Grafton Shares or Grafton Warrants immediately prior to the Amalgamation will be issued a DRS statement evidencing the Resulting Issuer Shares and certificates representing the Replacement Warrants, as applicable, they are entitled to receive pursuant to this Agreement bearing the following legend (the "**U.S. Legend**"):

> "THE SECURITIES REPRESENTED HEREBY **[<u>Replacement Warrants only</u>:** AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF**]** HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**U.S. SECURITIES ACT**") OR UNDER ANY STATE SECURITIES LAWS, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY **[<u>Replacement Warrants only</u>:** , INCLUDING UPON EXERCISE HEREOF**]**, ONLY (A) TO **[WESTGATE ENERGY INC. (or such other name of the Resulting Issuer as may be determined by Grafton)]** (THE "**CORPORATION**") **[<u>Replacement Warrants only</u>:** , OTHER THAN IN CONNECTION WITH THE EXERCISE HEREOF**]**, (B) IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT

AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144A UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, OR (II) RULE 144 UNDER THE U.S. SECURITIES ACT, IF AVAILABLE, AND IN EITHER CASE, IN COMPLIANCE WITH APPLICABLE U.S. STATE SECURITIES LAWS, OR (D) IN COMPLIANCE WITH ANOTHER EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PROVIDED THAT IN THE CASE OF TRANSFERS PURSUANT TO (C)(II) OR (D) ABOVE, A LEGAL OPINION OR SUCH OTHER EVIDENCE REASONABLY SATISFACTORY TO THE CORPORATION MUST FIRST BE PROVIDED TO THE CORPORATION OR THE CORPORATION'S TRANSFER AGENT, AS APPLICABLE, TO THE EFFECT THAT SUCH TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE U.S. SECURITIES ACT AND APPLICABLE U.S. STATE SECURITIES LAWS.

DELIVERY OF THIS **[CERTIFICATE/ INSTRUMENT]** MAY NOT CONSTITUTE "GOOD DELIVERY" IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA."; and

(b) notwithstanding the foregoing, all certificates (or DRS statements) representing Grafton Shares held by Persons who have validly exercised their dissent rights in connection with the Grafton Shareholder Approval shall represent only the right to receive fair value of the Grafton Shares formerly represented by such certificates (or DRS statements) in accordance with the ABCA.

2.9 Fractional Securities

No fractional securities of TCI will be issued. If a TCI Shareholder would otherwise be entitled to a fractional share upon the Consolidation, the number of TCI Shares issued to such TCI Shareholder shall be rounded down to the next lesser whole number of such TCI Shares. In calculating such fractional interests, all TCI Shares, registered in the name of or beneficially held by a holder of TCI Shares or their nominee shall be aggregated.

No fractional securities of the Resulting Issuer will be issued. If a Grafton Shareholder would otherwise be entitled to a fractional share upon the Amalgamation, the number of Resulting Issuer Shares issued to such Grafton Shareholder shall be rounded down to the next lesser whole number of such Resulting Issuer Shares. In calculating such fractional interests, all Resulting Issuer Shares, registered in the name of or beneficially held by a holder of Resulting Issuer Shares or their nominee shall be aggregated.

2.10 U.S. Securities Law Compliance

Notwithstanding anything to the contrary in this Agreement, no Resulting Issuer Shares or Replacement Warrants shall be delivered to any Person in the United States if the Resulting Issuer determines, in its sole discretion, that doing so may result in any contravention of the U.S. Securities Act or any applicable U.S. state securities laws, or the U.S. Investment Company Act, and the Resulting Issuer may instead, in the case of Resulting Issuer Shares, appoint an agent to sell the Resulting Issuer Shares of such Person on behalf of that Person and deliver an amount of cash representing the proceeds of the sale of such Resulting Issuer Shares, net of expenses of sale, or in the case of Replacement Warrants, Resulting Issuer may appoint an agent to sell the Replacement Warrants of such Person on behalf of that Person and deliver an amount of cash representing the proceeds of the sale of such Replacement Warrants, net of expenses of sale.

2.11 Withholding

Any Person shall be entitled to deduct or withhold from any amount otherwise payable to any other Person hereunder such amounts as such Person is required or reasonably believes is required or permitted to deduct or withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of provincial, local or foreign Tax law, in each case as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated for all purposes under this Agreement as having been paid to the Person in respect of which such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing authority. The Person is hereby authorized to withhold and sell, or otherwise require the other Person to irrevocably direct the sale through a broker and irrevocably direct the broker to pay the proceeds of such sale of, such portion of any security otherwise issuable to the other Person as is necessary to provide sufficient funds to the Person, to enable it to comply with such deduction, withholding and remittance requirement and the Person shall notify the other Person and remit the applicable portion of the net proceeds of such sale to the appropriate taxing authority.

ARTICLE 3
COVENANTS

3.1 Covenants of TCI

TCI covenants and agrees with Grafton from the date hereof to and including the Effective Date that TCI will, and where applicable, will cause IADC to:

(a) not, directly or indirectly, solicit, initiate, knowingly encourage, co-operate with or facilitate (including by way of furnishing any non-public information or entering into any Contract or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other Person to initiate any shareholder proposal or "take-over bid," exempt or otherwise, within the meaning of the *Securities Act* (Alberta), for securities of TCI, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation, including allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by statutory obligations;

(b) co-operate fully with Grafton and to use all reasonable commercial efforts to assist Grafton in its efforts to complete the Amalgamation;

(c) operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice and keep Grafton apprised of all material developments thereto;

(d) not, directly or indirectly:

(i) issue any shares or other securities;

(ii) redeem, purchase or otherwise acquire any of its shares or other securities;

(iii) alter or amend TCI's or IADC's articles or by-laws in any manner, except as permitted or required hereunder;

(iv) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, or reorganization; or

(v) enter into or modify any Contract with respect to any of the foregoing;

(e) not, directly or indirectly:

(i) sell, pledge, dispose of or encumber any Assets and Properties or enter into any asset swap or similar arrangement, except in relation to the securities of IADC;

(ii) except in the ordinary course of business or in connection with the transactions completed by this Agreement, expend any money, and in the case of TCI only, in excess of $10,000;

(iii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, trust, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer;

(iv) incur any Indebtedness or any other liability or obligation, and in the case of TCI only, in excess of $10,000;

(v) pay, discharge or satisfy any Indebtedness claims, liabilities or obligations, and in the case of TCI only, in excess of $10,000;

(vi) authorize, recommend or propose any release or relinquishment of any material Contract right;

(vii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material Contract;

(viii) enter into any employment, consulting or contract operating Contract; or

(ix) authorize or propose any of the foregoing, or enter into or modify any Contract to do any of the foregoing;

(f) not make any payment to any employee, officer, director or consultant other than consulting fees paid in the ordinary course, if any;

(g) not, directly or indirectly:

(i) grant any officer, director, employee or consultant an increase in compensation in any form;

(ii) grant any general salary increase to any employees;

(iii) take any action with respect to the amendment or grant of any retention, severance or termination pay policies or similar arrangement for any directors, officers or employees;

(iv) advance any loan to any officer, director or any other party; or

(v) take any action with respect to the grant of any new, or any amendment to any existing, arrangements for severance, termination or retention pay with any officer or employee arising from the Amalgamation or a change of control of TCI or otherwise, or with respect to any increase of benefits payable under its current severance, termination or retention pay policies;

(h) not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, incentive or share purchase plan, fund, plan or Amalgamation for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements; and

(i) not (i) make, rescind or change any election with respect to Taxes, (ii) file any amended Tax returns, settle any Tax claim or dispute or waive or extend the statute of limitations relating to any Taxes of TCI, Subco or IADC, or (iii) other than in the ordinary course of the business of TCI, enter into any closing agreement regarding Taxes or surrender any right to claim a material refund of Taxes.

3.2 Further Covenants of TCI

TCI covenants and agrees with Grafton that TCI will, and where applicable, will cause IADC to, from the date hereof to and including the Effective Date:

(a) use its commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any Contract or instrument and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;

(b) make necessary filings and applications under applicable federal and provincial laws and regulations required on the part of TCI in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;

(c) use all commercially reasonable efforts to conduct its affairs so that all of TCI's representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;

(d) immediately notify Grafton of any legal or governmental actions, suits, judgments, investigations, injunction, complaint, motion, regulatory investigation, regulatory proceeding or similar proceeding by any Person or Governmental Authority, whether actual or threatened, with respect to the Amalgamation or which could result in a Material Adverse Effect in respect of TCI;

(e) notify Grafton immediately upon becoming aware that any of the representations and warranties of TCI contained herein are no longer true and correct in any material respect;

(f) immediately upon receipt of any written audit inquiry, assessment, reassessment, confirmation or variation of an assessment, indication that an assessment is being considered, request for filing of a waiver or extension of time or any other notice in writing relating to Taxes (an "**Assessment**") of TCI or IADC, deliver to Grafton a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of TCI or IADC on the assumption that such Assessment is valid and binding;

(g) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Section 5.1 hereof to be complied with;

(h) TCI shall indemnify and save harmless Grafton and its representatives, as applicable, from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Grafton and its representatives may be subject or which Grafton or its representatives may suffer, 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 misrepresentation or alleged misrepresentation in the TCI information in the Filing Statement or in any material filed by or on behalf of TCI in compliance or intended compliance with any applicable laws;

    (ii) any order made or any inquiry, investigation or proceeding by any Governmental Authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the TCI information in the Filing Statement or in any material filed by or on behalf of TCI in compliance or intended compliance with applicable Securities Laws, which prevents or restricts the trading in the TCI Shares; and

(iii) TCI not complying with any requirement of applicable laws in connection with the transactions contemplated in this Agreement;

except that, for greater certainty, TCI shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Grafton information provided by Grafton for inclusion in the Filing Statement or the negligence of Grafton; and

(i) subject to the satisfaction of the conditions in Section 5.2 hereof, thereafter cause Subco together with Grafton to file with the registrar the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date.

3.3 Covenants of Grafton

Grafton covenants and agrees with TCI from the date hereof to and including the Effective Date that, other than as set forth in the Grafton Disclosure Schedule, Grafton will:

(a) not, directly or indirectly, solicit, initiate, knowingly encourage, co-operate with or facilitate (including by way of furnishing any non-public information or entering into any Contract or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Amalgamation, and without limiting the generality of the foregoing, not to induce or attempt to induce any other Person to initiate any shareholder proposal or "take-over bid," exempt or otherwise, within the meaning of the *Securities Act* (Alberta), for securities of Grafton, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Amalgamation, including allowing access to any third party (other than its representatives) to conduct due diligence, nor to permit any of its officers or directors to do so, except as required by statutory obligations; the parties acknowledge and agree that the identification and acquisition of oil and gas properties would not be in conflict with the Amalgamation;

(b) use its commercially reasonable efforts to obtain the Grafton Shareholder Approval;

(c) co-operate fully with TCI and to use all reasonable commercial efforts to assist TCI in its efforts to complete the Amalgamation;

(d) operate its business in the ordinary course and in a manner consistent with past practice, which includes, but is not limited to, the identification and acquisition of oil and gas properties as well as drilling and completing oil and gas wells, and keep TCI apprised of all material developments thereto; and

(e) not, directly or indirectly:

(i) issue any shares or other securities, except in connection with the Grafton Non-Brokered Private Placement and the Grafton Brokered Private Placement;

(ii) redeem, purchase or otherwise acquire any of its shares or other securities;

(iii) alter or amend Grafton's articles or by-laws in any manner which may adversely affect the success of the Amalgamation;

(iv) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, or reorganization; or

(v) enter into or modify any Contract with respect to any of the foregoing.

3.4 Further Covenants of Grafton

Grafton covenants and agrees with TCI that, other than as set forth in the Grafton Disclosure Schedule, Grafton will from the date hereof to and including the Effective Date:

(a) use its commercially reasonable efforts to obtain all necessary consents, assignments or waivers from third parties and amendments or terminations to any Contract or instrument, and take such other measures as may be necessary to fulfil its obligations under and to carry out the transactions contemplated by this Agreement;

(b) promptly advise TCI of any written notice of dissent or purported exercise by any Grafton Shareholder of dissent rights under the ABCA received by Grafton in relation to the Amalgamation and any withdrawal of dissent rights received by Grafton and, subject to applicable law, any written communications sent by or on behalf of Grafton to any Grafton Shareholder exercising or purporting to exercise dissent rights in relation to the Amalgamation;

(c) make necessary filings and applications under applicable federal, state and provincial laws and regulations required on the part of Grafton in connection with the transactions contemplated herein, and take all reasonable action necessary to be in compliance with such laws and regulations;

(d) use all commercially reasonable efforts to conduct its affairs so that Grafton's representations and warranties contained herein shall be true and correct on and as of the Effective Date as if made on the Effective Date, except to the extent that such representations and warranties require modification to give effect to the transactions contemplated herein;

(e) immediately notify TCI of any legal or governmental actions, suits, judgments, investigations, injunction, complaint, motion, regulatory investigation, regulatory proceeding or similar proceeding by any Person or Governmental Authority, whether actual or threatened, with respect to the Amalgamation or which could result in a Material Adverse Effect in respect of Grafton;

(f) notify TCI immediately upon becoming aware that any of the representations and warranties of Grafton contained herein are no longer true and correct in any material respect;

(g) immediately upon receipt of any Assessment of Grafton, deliver to TCI a copy thereof together with a statement setting out, to the extent then determinable, an estimate of the obligations, if any, of Grafton on the assumption that such Assessment is valid and binding;

(h) use all commercially reasonable efforts to cause each of the conditions precedent set forth in Section 5.2 hereof to be complied with;

(i) Grafton shall indemnify and save harmless TCI and its representatives, as applicable, from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which TCI and its representatives may be subject or which TCI or its representatives may suffer, 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 misrepresentation or alleged misrepresentation in the Grafton information provided by Grafton for inclusion in the Filing Statement or in any material filed by or on behalf of TCI in compliance or intended compliance with any applicable laws;

(ii) any order made or any inquiry, investigation or proceeding by any Governmental Authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation in the Grafton information provided by Grafton for inclusion in the Filing Statement or in any material filed by or on behalf of TCI in compliance or intended compliance with applicable Securities Laws, which prevents or restricts the trading in the TCI Shares; and

(iii) Grafton not complying with any requirement of applicable laws in connection with the transactions contemplated in this Agreement;

except that, for greater certainty, Grafton shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the TCI information in the Filing Statement or the negligence of TCI; and

(j) subject to the satisfaction of the conditions in Section 5.1 hereof, thereafter together with Subco file with the registrar the Articles of Amalgamation and such other documents as may be required to give effect to the Amalgamation on or before the Termination Date.

3.5 Filing Statement

(a) Grafton shall prepare and file the Filing Statement and other documents related thereto in accordance with applicable law and with the applicable securities regulatory authority and as otherwise required. Grafton shall ensure that no such information concerning Grafton that is included in the Filing Statement shall contain any untrue statement of a material fact (as such term is defined pursuant to the Securities Laws) or omit to state a material fact required to be stated therein in order to make any information concerning Grafton not misleading in light of the circumstances in which it is disclosed.

(b) Grafton shall provide TCI and its legal counsel with a reasonable opportunity to review and comment on drafts of the Filing Statement and other documents related thereto and reasonable consideration shall be given to any comments made by TCI and its legal counsel, provided that all information relating to TCI included in the Filing Statement shall be in form and content satisfactory to TCI and Grafton, acting reasonably.

(c) TCI shall furnish to Grafton all such information concerning TCI, as may be reasonably required by Grafton in the preparation of the Filing Statement and other documents related thereto, and TCI shall ensure that no such information provided by TCI for inclusion in the Filing Statement shall contain any untrue statement of a material fact (as such term is defined pursuant to the Securities Laws) or omit to state a material fact required to be stated therein in order to make any information so furnished by TCI not misleading in light of the circumstances in which it is disclosed.

(d) Grafton shall promptly notify TCI if, at any time before the Closing, the Filing Statement contains an untrue statement of a material fact concerning Grafton or omits to state a material fact concerning Grafton required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Filing Statement.

(e) TCI shall promptly notify Grafton if, at any time before the Closing, the Filing Statement contains an untrue statement of a material fact concerning TCI or omits to state a material fact concerning TCI required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Filing Statement.

(f) Each of TCI and Grafton shall co-operate in the preparation of any amendment or supplement as required or as appropriate pursuant to Sections 3.5(d) and 3.5(e). TCI shall, subject to compliance by Grafton with this Section 3.5(f), and, if required by the TSXV or applicable laws, file any amendment or supplement to the Filing Statement with the applicable securities regulatory authority and as otherwise required.

3.6 Provision of Information; Access

From and after the date hereof, each party shall provide the other party and its representatives access, during normal business hours and at such other time or times as such other party may reasonably request, to its premises, books, contracts, records, computer systems, properties, employees and management personnel and shall furnish promptly to such other party all information concerning its business, properties and personnel as such other party may reasonably request, which information shall be subject to the Confidentiality Agreement, in order to permit the parties to be in a position to expeditiously and efficiently integrate the business and operations of each of TCI and Grafton immediately upon but not prior to the Effective Date. Each party agrees to endeavour to include in the information furnished to the other party information which would reasonably be considered to be relevant for the purposes of such other party's investigation and not knowingly withhold any information which would make anything contained in such information delivered erroneous or misleading. No investigation by Grafton or other information received by Grafton shall operate as a waiver or otherwise affect any representation, warranty, covenant or agreement given or made by TCI in this Agreement.

3.7 The Settlement Agreement

From and after the date hereof, if requested by Grafton or the Resulting Issuer, TCI and its directors, officers and representatives shall assist in the enforcement of TCI's and the Resulting Issuer's rights and benefits under the Settlement Agreement accruing from the date hereof. If the matters under the Settlement Agreement are not settled prior to Closing, Grafton, TCI and Theo Zunich will enter into a transition agreement (the "**Transition Agreement**") pursuant to which, Mr. Zunich will assist with the enforcement of the Resulting Issuer's rights and benefits under the Settlement Agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of TCI

TCI represents and warrants to and in favour of Grafton as follows, and acknowledges that Grafton is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) Each of TCI, Subco and IADC is a corporation incorporated and validly existing under the laws of the Province of Alberta and has all requisite corporate power and corporate authority and is duly qualified and holds all permits, licenses, registrations, qualifications, consents and authorizations necessary or required to carry on the TCI Business, or its business, as applicable, as now conducted in each of the jurisdictions it carries on business and to own, lease or operate its Assets and Properties and neither TCI nor, to the knowledge of TCI, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing TCI's dissolution or winding up of TCI, Subco or IADC, and in the case of each of TCI and Subco, has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder.

(b) The authorized capital of TCI consists of: (i) an unlimited number of TCI Shares, of which 106,715,629 TCI Shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of TCI; and (ii) an unlimited number of preferred shares, of which no preferred shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of TCI.

(c) No Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued TCI Shares or IADC Shares or other securities of TCI or IADC and no other rights to acquire, or instruments convertible into or exchangeable for, any shares in the capital of TCI or IADC are outstanding.

(d) Other than Subco and IADC, TCI has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment. All of the issued and outstanding securities of Subco (being 100 common shares of Subco) are held by TCI. 3,286,067 of the 3,409,595 issued and outstanding IADC Shares are held by TCI. The authorized capital of IADC consists of an unlimited number of IADC Shares and IADC has no issued and outstanding securities, other than the 3,409,595 issued and outstanding IADC Shares.

(e) TCI is a "reporting issuer" (as that term is defined under applicable Securities Laws in each of the provinces of Alberta, British Columbia and Ontario) and is not in default of the requirements of the applicable Securities Laws in such jurisdictions in any material respect.

(f) TCI continues to meet the requirements to trade on the NEX Board of the TSXV pursuant to the NEX Policy.

(g) TCI has filed all material documents and information required to be filed by it, whether pursuant to applicable Securities Laws or otherwise, with the applicable securities commissions (the "**Disclosure Documents**") and TCI does not have any confidential filings with any securities authorities. As of the time the Disclosure Documents were filed with the applicable securities regulators and on SEDAR+ (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing):

(i) each of the Disclosure Documents complied in all material respects with the requirements of the applicable Securities Laws in the jurisdictions they were filed; and

(ii) none of the Disclosure Documents contained any untrue statement of a material fact regarding TCI or omitted to state a material fact regarding TCI required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(h) Each of TCI and IADC has been conducting the TCI Business or its business, as applicable, in compliance in all material respects with all applicable laws, rules, regulations, orders and directions of Governmental Authorities of each jurisdiction in which it carries on the TCI Business or its business, as applicable, and has not received a notice of material non-compliance, and, to the knowledge of TCI, there are no facts that would give rise to a notice of material non-compliance with any such laws, rules, regulations, orders and directions.

(i) Each of TCI and IADC is not party to any Contract, nor, to the knowledge of TCI, is there any shareholders agreement or other Contract which in any manner affects the voting control of any of the securities of TCI or IADC.

(j) No consent, waiver, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Authority is required by or with respect to TCI or Subco in connection with the execution and delivery of this Agreement by TCI or Subco, the performance of their obligations hereunder or the consummation by TCI or Subco of the transactions contemplated hereby other than:

(i) the approval of the Amalgamation by Subco;

(ii) the approval of the Reverse Takeover by the TSXV and the listing of the Resulting Issuer Shares on the TSXV;

(iii) the filing of articles of amendment to effect the Consolidation;

(iv) the filing of the Articles of Amalgamation;

(v) such registrations and other actions required under applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of Amalco; and

(vi) any filings with the registrar under the ABCA.

(k) The execution and delivery of this Agreement, the performance by each of TCI and Subco of its obligations hereunder, and the consummation of the transactions contemplated in this Agreement, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both):

(i) any law, statute, rule or regulation applicable to TCI or Subco, including applicable Securities Laws;

(ii) the by-laws, articles or resolutions (whether of the directors, a committee of directors or the shareholders) of TCI or Subco, which are in effect as at the date hereof;

(iii) any Contract to which TCI is a party or by which it is bound; or

(iv) any judgment, decree or order binding TCI or Subco or either of its Assets and Properties.

(l) This Agreement has been duly authorized and executed by TCI and Subco and constitutes a valid and binding obligation of TCI and Subco and is enforceable against each of TCI and Subco in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.

(m) The TCI Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and fairly, completely and accurately present the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of TCI and its consolidated subsidiaries as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of TCI and its consolidated subsidiaries in accordance with IFRS and there has been no change in accounting policies or practices of TCI since March 31, 2023.

(n) Except as disclosed in the TCI Financial Statements, since March 31, 2023: (i) there has been no Material Adverse Change in respect of TCI (or any condition, event or development involving a prospective change that would result in a Material Adverse Change to, or have a Material Adverse Effect on, TCI); (ii) each of TCI, Subco and IADC has conducted its businesses only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to TCI (taken as a whole) has been incurred other than in the ordinary and normal course of business.

(o) Each of TCI and IADC has no Indebtedness, other than, in the case of TCI:

(i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the TCI Financial Statements (the "**TCI Balance Sheet**");

(ii) those incurred in the ordinary course of business and not required to be set forth in the TCI Balance Sheet under IFRS;

(iii) those incurred in the ordinary course of business since the date of the TCI Balance Sheet and consistent with past practice; and

(iv) those incurred in connection with the execution of this Agreement.

(p) Each of TCI, Subco and IADC is a "taxable Canadian corporation" for the purposes of the *Income Tax Act* (Canada) and all Taxes due and payable or required to be collected or withheld and remitted by TCI, Subco and IADC have been paid, collected or withheld and remitted, as applicable, in accordance with applicable law. All tax returns, declarations, remittances and filings required to be filed by TCI, Subco and IADC have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of TCI, Subco and IADC, no examination of any tax return of TCI, Subco or IADC is currently in progress by any Governmental Authority and there are no issues, audits or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by TCI, Subco or IADC. None of TCI, Subco or IADC are bound by, are party to, or have any obligation under any Tax sharing, allocation, indemnification or similar agreement. None of TCI, Subco or IADC have undertaken any "reportable transaction" as defined in subsection 237.3(1) of the *Income Tax Act* (Canada) or any "notifiable transaction" as defined in subsection 237.4(1) of the *Income Tax Act* (Canada). There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to TCI, Subco or IADC.

(q) TCI, Subco and IADC have each established on their books and records reserves that are adequate for the payment of all material Taxes not yet due and payable and there are no liens for Taxes on the Assets and Properties of TCI, Subco or IADC (other than liens for Taxes that are not yet due and payable), and there are no audits pending of the tax returns of TCI, Subco or IADC (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any Governmental Authority of any material deficiencies.

(r) Each of TCI, Subco and IADC has maintained and continues to maintain at its place of business in Canada all records and books of account required to be maintained under the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) and any comparable applicable law of any province or territory in Canada, including applicable laws relating to sales and use Taxes.

(s) TCI maintains a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets.

(t) TCI's Auditors are independent public accountants.

(u) There are no actions, suits, proceedings or inquiries, including, to the knowledge of TCI, pending or threatened against or affecting TCI, Subco or IADC, at law or in equity, or before or by any Governmental Authority, which in any way would have a Material Adverse Effect on TCI, or could reasonably be expected to have a Material Adverse Effect on TCI and neither TCI, Subco or IADC is subject to any action, suit, proceeding or inquiry that would adversely affect the ability of TCI or Subco to consummate the transactions contemplated hereby.

(v) As of the date hereof, TCI is not party to any material Contract, other than:

(i) this Agreement;

(ii) the Settlement Agreement;

(iii) the Compensation Settlement Agreements;

(iv) the consulting agreements between TCI and the chief executive officer of TCI and [*Redacted - Personal Information*] and the chief financial officer of TCI; and

(v) the success fee termination agreement among TCI, the chief executive officer of TCI and [*Redacted - Personal Information*].

(collectively, the "**TCI Material Contracts**"). For the purposes of this Section, any Contract to which TCI or Subco will, or may reasonably be expected to, result in a requirement of TCI or Subco to expend more than an aggregate of $10,000 or receive or be entitled to receive revenue of more than $10,000 in either case in the next 12 months, or is out of the ordinary course of business of TCI, Subco or IADC, shall be considered to be material.

(w) Subco is not a party to any Contract and has nominal assets and no liabilities. IADC is not a party to any Contract and has nominal assets and no liabilities.

(x) Neither TCI nor, to the knowledge of TCI, any other party thereto is in default or breach of any TCI Material Contract and, to the knowledge of TCI, there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a default or breach under any TCI Material Contract which would give rise to a right of termination on the part of any other party to a TCI Material Contract.

(y) TCI is not a party to any Contracts which may not be terminated on one (1) month's notice or which provide for payment of any amount or cause the acceleration of the payment of any amount on a change of control of TCI.

(z) Except for the cease trade order imposed by the Alberta Securities Commission and November 4, 2020 which was revoked on May 8, 2023, no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of TCI has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of TCI, are pending, contemplated or threatened by any Governmental Authority.

(aa) Prior to the Effective Date, TCI will not implement, a shareholder rights plan or other form of plan, agreement, Contract or instrument that will trigger any rights to acquire TCI Shares, preferred shares of TCI or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or the Amalgamation.

(bb) TCI and IADC own no real property; and with respect to each premises of TCI which is material to the TCI Business and which TCI occupies as tenant (the "**TCI Premises**"), TCI occupies the TCI Premises and has the exclusive right to occupy and use the TCI Premises and each of the leases pursuant to which TCI occupies the TCI Premises is in good standing and in full force and effect in all respects.

(cc) TCI has no, and since April 2022 has not had any, non-executive employees. IADC has no, and since April 2022 has not had any, executive or non-executive employees.

(dd) Except for the TCI Stock Option Plan, of which no options are outstanding thereunder, and in respect of the TCI Subject Compensation Amount, each of TCI and IADC does not have any agreements, plans or practices relating to the payment of any management, consulting, service or other fees or any bonuses, pensions, share of profits or retirement allowance, insurance, health or other employee benefits or any plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by TCI or IADC for the benefit of any current or former director, officer, employee or consultant of TCI or IADC.

(ee) Except as otherwise provided in this Agreement, none of the directors or officers of TCI or IADC has any material interest, direct or indirect, in any material transaction or any proposed material transaction with TCI or IADC that materially affects, is material to or will materially affect TCI or IADC. Neither TCI nor IADC is indebted to:

  (i) any director, officer or shareholder of TCI or IADC;

  (ii) any individual related to any of the foregoing by blood, marriage or adoption; or

  (iii) any corporation controlled, directly or indirectly, by any one (1) or more of those Persons referred to in this Section 4.1(ee).

None of those Persons referred to in this Section 4.1(ee) is indebted to TCI or IADC. Neither TCI nor IADC is currently a party to any Contract with any officer, director, employee, shareholder or any other Person not dealing at arm's length with TCI or IADC.

(ff) Neither TCI, Subco nor IADC is a party to nor bound by any agreement, guarantee, indemnification (other than in the ordinary course of business and to officers, directors and advisory board members pursuant to TCI's by-laws and standard indemnity agreements, pursuant to underwriting, agency or financial advisor agreements pursuant to the standard indemnity provisions in agreements of that nature), or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or Indebtedness of any Person.

(gg) Neither TCI nor IADC has any insurance policies in place.

(hh) The minute books and records of each of TCI and IADC made available to counsel for Grafton in connection with the due diligence investigation of TCI and IADC for the period from the date of incorporation to the date hereof are all of the minute books of TCI and IADC and contain copies of all material proceedings (or certified copies thereof and what may be in draft form) of the shareholders, the directors and all committees of directors of TCI and IADC to the date hereof to the extent that minutes exist (some of which are in draft form) and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of TCI and IADC to the date hereof not reflected in such minute books.

(ii) There is no Person acting or purporting to act at the request or on behalf of TCI that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated hereby.

(jj) Each of TCI and IADC has conducted all transactions, negotiations, discussions and dealings in full compliance with anti-bribery and anti-corruption laws and regulations applicable in any jurisdiction in which they are located or conducting business (the "**Applicable Anti-Corruption Laws**"). Each of TCI and IADC has not made any offer, payment, promise to pay or authorization of payment of money or anything of value to any government official, or any other Person while having reasonable grounds to believe that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly to a government official, for the purpose of:

(i) assisting the parties in obtaining, retaining or directing business;

(ii) influencing any act or decision of a government official in his or its official capacity;

(iii) inducing a government official to do or omit to do any act in violation of his or its lawful duty, or to use his or its influence with a government or instrumentality thereof to affect or influence any act or decision of such government or department, agency, instrumentality or entity thereof; or

(iv) securing any improper advantage.

(kk) The operations of each of TCI and IADC are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of 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 a Governmental Authority (the "**Applicable Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any Governmental Authority involving TCI or IADC with respect to the Applicable Anti-Money Laundering Laws is, to the knowledge of TCI, pending or threatened.

(ll) TCI has cash, current cash receivables, cash equivalents, and Anticipated Cash Inflows in excess of $[*Redacted - Confidential*], as of the date hereof.

4.2 Representations and Warranties of Grafton

Grafton represents and warrants, other than as set forth in the Grafton Disclosure Schedule, to and in favour of TCI and Subco as follows, and acknowledges that TCI and Subco are relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) Grafton is a corporation incorporated and validly existing under the laws of the Province of Alberta and has all requisite corporate power and corporate authority and is duly qualified and holds all permits, licenses, registrations, qualifications, consents and authorizations necessary or required to carry on the Grafton Business as now conducted in each of the jurisdictions it carries on business and to own, lease or operate its Assets and Properties and neither Grafton nor, to the knowledge of Grafton, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing Grafton's dissolution or winding up, and Grafton has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder.

(b) The authorized capital of Grafton consists of: (i) an unlimited number of Grafton Shares, of which 89,923,120 Grafton Shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Grafton; (ii) an unlimited number of class "b" common shares, of which no class "b" common shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Grafton; (iii) an unlimited number of class "c" common shares, of which no class "c" common shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Grafton; (iv) an unlimited number of class "d" common shares, of which no class "d" common shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Grafton; and (v) an unlimited number of preferred shares, of which no preferred shares are issued and outstanding as at the date hereof as fully paid and non-assessable shares in the capital of Grafton.

(c) No Person has any agreement, option, right or privilege (whether pre-emptive, contractual or otherwise) capable of becoming an agreement for the purchase, acquisition, subscription for or issue of any of the unissued Grafton Shares or other securities of Grafton and, other than pursuant to the Grafton Brokered Private Placement or the Grafton Non-Brokered Private Placement, no other rights to acquire, or instruments convertible into or exchangeable for, any shares in the capital of Grafton are outstanding.

(d) Grafton has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment.

(e) Grafton has been conducting the Grafton Business in compliance in all material respects with all applicable laws, rules, regulations, orders and directions of Governmental Authorities of each jurisdiction in which it carries on the Grafton Business and has not received a notice of material non-compliance, and, to the knowledge of Grafton, there are no facts that would give rise to a notice of material non-compliance with any such laws, rules, regulations, orders and directions.

(f) Grafton is not party to any Contract, nor, to the knowledge of Grafton, is there any shareholders agreement or other Contract which in any manner affects the voting control of any of the securities of Grafton, other than the Voting Support Agreements.

(g) No consent, waiver, approval, order or authorization of, or registration, declaration or filing with, any third party or Governmental Authority is required by or with respect to Grafton in connection with the execution and delivery of this Agreement by Grafton, the performance of its obligations hereunder or the consummation by Grafton of the transactions contemplated hereby other than:

(i) the Grafton Shareholder Approval;

(ii) the filing of the Articles of Amalgamation;

(iii) such registrations and other actions required under applicable Securities Laws as are contemplated by this Agreement and registrations and applications required as a result of the formation of Amalco; and

(iv) any filings with the registrar under the ABCA.

(h) The execution and delivery of this Agreement, the performance by Grafton of its obligations hereunder, and the consummation of the transactions contemplated in this Agreement, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both):

(i) any law, statute, rule or regulation applicable to Grafton including applicable Securities Laws;

(ii) the by-laws, articles or resolutions (whether of the directors, a committee of directors or the shareholders) of Grafton, which are in effect as at the date hereof;

(iii) any Grafton Material Contract to which Grafton is a party or by which it is bound; or

(iv) any judgment, decree or order binding Grafton of its Assets and Properties.

(i) This Agreement has been duly authorized and executed by Grafton and constitutes a valid and binding obligation of Grafton and is enforceable against Grafton in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable law.

(j) The Grafton Financial Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and fairly, completely and accurately present the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of Grafton as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of Grafton in accordance with IFRS and there has been no change in accounting policies or practices of Grafton since December 31, 2022.

(k) The Killam Assets Operating Statements have been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and fairly, completely and accurately present the revenues, royalties and operating expenses attributable and the other information purported to be shown therein in respect of the Killam Assets as at such dates and contain and reflect all revenues, royalties and operating expenses in respect of the Killam Assets in accordance with IFRS and include all adjustments necessary for a fair presentation.

(l) Except as disclosed in the Grafton Financial Statements or set forth in the Grafton Disclosure Schedule, since December 31, 2022: (i) there has been no Material Adverse Change in respect of Grafton (or any condition, event or development involving a prospective change that would result in a Material Adverse Change to, or have a Material Adverse Effect on, Grafton); (ii) Grafton has conducted its businesses only in the ordinary and normal course; and (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Grafton (taken as a whole) has been incurred other than in the ordinary and normal course of business.

(m) Grafton has no Indebtedness, other than:

  (i) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Grafton Financial Statements (the "**Grafton Balance Sheet**");

  (ii) those incurred in the ordinary course of business and not required to be set forth in the Grafton Balance Sheet under IFRS;

  (iii) those incurred in the ordinary course of business since the date of the Grafton Balance Sheet and consistent with past practice, including any incurred in connection with deposits with the Alberta Energy Regulator; and

  (iv) those incurred in connection with the execution of this Agreement.

(n) Grafton is a "taxable Canadian corporation" for the purposes of the *Income Tax Act* (Canada) and all Taxes due and payable or required to be collected or withheld and remitted by Grafton have been paid, collected or withheld and remitted, as applicable, in accordance with applicable law. All tax returns, declarations, remittances and filings required to be filed by Grafton have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading. To the knowledge of Grafton, no examination of any tax return of Grafton is currently in progress by any Governmental Authority and there are no issues, audits or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by Grafton. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to Grafton.

(o) Grafton has established on its books and records reserves that are adequate for the payment of all material Taxes not yet due and payable and there are no liens for Taxes on the Assets and Properties of Grafton (other than liens for Taxes that are not yet due and payable), and there are no audits pending of the tax returns of Grafton (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns, which audits and claims, if determined adversely, would result in the assertion by any Governmental Authority of any material deficiencies.

(p) Grafton has maintained and continues to maintain at its place of business in Canada all records and books of account required to be maintained under the *Income Tax Act* (Canada), the *Excise Tax Act* (Canada) and any comparable applicable law of any province or territory in Canada, including applicable laws relating to sales and use Taxes.

(q) Grafton maintains a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with IFRS and to maintain accountability for assets.

(r) Grafton's Auditors are independent public accountants.

(s) There are no actions, suits, proceedings or inquiries, including, to the knowledge of Grafton, pending or threatened against or affecting Grafton, at law or in equity, or before or by any Governmental Authority, which in any way would have a Material Adverse Effect on Grafton, or could reasonably be expected to have a Material Adverse Effect on Grafton.

(t) As of the date hereof, Grafton is not party to any material Contract, other than:

(i) this Agreement;

(ii) the engagement letter between Grafton and Eight Capital dated January 11, 2024; and

(iii) the purchase and sale agreement between Grafton and Surge Energy Inc. dated April 21, 2023.

(collectively, the "**Grafton Material Contracts**"). For the purposes of this Section 4.2(t), any Contract to which Grafton will, or may reasonably be expected to, result in a requirement of Grafton to expend more than an aggregate of $200,000 or receive or be entitled to receive revenue of more than $200,000 in either case in the next 12 months, or is out of the ordinary course of business of Grafton, shall be considered to be material.

(u) Neither Grafton nor, to the knowledge of Grafton, any other party thereto is in default or breach of any Grafton Material Contract and, to the knowledge of Grafton, there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a default or breach under any Grafton Material Contract which would give rise to a right of termination on the part of any other party to a Grafton Material Contract.

(v) No order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of Grafton has been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of Grafton, are pending, contemplated or threatened by any Governmental Authority.

(w) Grafton owns no real property in fee simple; and with respect to each premises of Grafton which is material to the Grafton Business and which Grafton occupies as tenant (the "**Grafton Leased Premises**"), Grafton occupies the Grafton Leased Premises and has the exclusive right to occupy and use the Grafton Leased Premises and each of the leases pursuant to which Grafton occupies the Grafton Leased Premises is in good standing and in full force and effect in all respects.

(x) A true and complete copy of the Reserves Report has been made available to TCI.

(y) Grafton has made available to Sproule, prior to the issuance of the Reserves Report, for the purpose of preparing the Reserves Report, all information requested by Sproule, which information does not contain any material misrepresentation. Grafton does not have any knowledge of a Material Adverse Change in any production, cost, price (except for changes in commodity prices), reserves or other relevant information provided to Sproule since the date that such information was so provided. Grafton believes that the Reserves Report reasonably presents 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 evaluated in the Reserves Report as at December 31, 2023, based upon information available at the time the Reserves Report was prepared, and Grafton believes that at the date of such report, such report did not (and as of the date hereof, except as may be attributable to changes in commodity prices and production since the date of each such report, does not) overstate the aggregate quantity or pre-Tax present worth values of such reserves or the estimated monthly production volumes therefrom.

(z) Grafton is not aware of any defects, failures or impairments in title to Grafton's Assets and Properties, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party, which in aggregate could have a Material Adverse Effect on: (a) the quantity and pre-Tax present worth values of the oil and gas reserves shown in the Reserves Report; (b) the current production volumes of Grafton; or (c) the current cash flow of Grafton.

(aa) Any and all operations of Grafton and, to the best of Grafton's knowledge, any and all operations by third parties, on or in respect of the Assets and Properties of Grafton have been conducted in accordance with good oilfield practices.

(bb) In respect of the Assets and Properties of Grafton that are operated by it, Grafton hold all valid licenses, permits and similar rights and privileges that are required and necessary under applicable law to operate its Assets and Properties as presently operated or as proposed to be operated and where the failure to so hold such licences and permits would constitute a Material Adverse Effect.

(cc) Grafton has been and is in material compliance with all applicable Environmental Laws relating to the protection of the environment, occupational health and safety or the processing, use, treatment, storage, disposal, discharge, transport or handling of any pollutants, contaminants, chemicals or industrial, toxic or hazardous wastes or substances.

(dd) Other than as provided for in any written agreements or required by applicable law, Grafton does not have any agreements, plans or practices relating to the payment of any management, consulting, service or other fees or any bonuses, pensions, share of profits or retirement allowance, insurance, health or other employee benefits or any plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by Grafton for the benefit of any current or former director, officer, employee or consultant of Grafton.

(ee) None of the directors or officers of Grafton has any material interest, direct or indirect, in any material transaction or any proposed material transaction with Grafton that materially affects, is material to or will materially affect Grafton. Grafton is not indebted to:

(i) any director, officer or shareholder of Grafton;

(ii) any individual related to any of the foregoing by blood, marriage or adoption; or

(iii) any corporation controlled, directly or indirectly, by any one (1) or more of those Persons referred to in this Section 4.2(ee).

None of those Persons referred to in this Section 4.2(ee) is indebted to Grafton. Grafton is not currently a party to any Contract with any officer, director, employee, shareholder or any other Person not dealing at arm's length with Grafton.

(ff) Grafton is not a party to nor bound by any agreement, guarantee, indemnification (other than in the ordinary course of business and to officers, directors and advisory board members pursuant to Grafton's by-laws and standard indemnity agreements, pursuant to underwriting, agency or financial advisor agreements pursuant to the standard indemnity provisions in agreements of that nature), or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or Indebtedness of any Person.

(gg) Grafton's insurance policies are valid and enforceable and in full force and effect, are underwritten by unaffiliated and reputable insurers, are sufficient for all applicable requirements of law and provide insurance, including liability and product liability insurance, in such amounts and against such risks as is customary for corporations engaged in businesses similar to that carried on by Grafton. Grafton is not in default in any respect with respect to the payment of any premium or compliance with any of the provisions contained in any such insurance policy and has not failed to give any notice or present any claim within the appropriate time therefor. There are no circumstances under which Grafton would be required to or, in order to maintain its coverage, should give any notice to the insurers under any such insurance policy which has not been given. Grafton has not received notice from any of the insurers regarding cancellation of such insurance policy.

(hh) The minute books and records of Grafton made available to counsel for TCI in connection with the due diligence investigation of Grafton for the period from the date of incorporation to the date hereof are all of the minute books of Grafton and contain copies of all material proceedings (or certified copies thereof) of the shareholders, the directors and all committees of directors of Grafton to the date hereof to the extent that minutes exist and there have been no other meetings, resolutions or proceedings of the shareholders, directors or any committees of the directors of Grafton to the date hereof not reflected in such minute books.

(ii) Other than the fees to be paid to the Agents in connection with the Grafton Brokered Private Placement, there is no Person acting or purporting to act at the request or on behalf of Grafton that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated hereby.

(jj) Grafton has conducted all transactions, negotiations, discussions and dealings in full compliance with Applicable Anti-Corruption Laws. Grafton has not made any offer, payment, promise to pay or authorization of payment of money or anything of value to any government official, or any other Person while having reasonable grounds to believe that all or a portion of such money or thing of value will be offered, given or promised, directly or indirectly, to a government official, for the purpose of:

  (i) assisting the parties in obtaining, retaining or directing business;

  (ii) influencing any act or decision of a government official in his or its official capacity;

  (iii) inducing a government official to do or omit to do any act in violation of his or its lawful duty, or to use his or its influence with a government or instrumentality thereof to affect or influence any act or decision of such government or department, agency, instrumentality or entity thereof; or

  (iv) securing any improper advantage.

(kk) The operations of Grafton are and have been conducted at all times in compliance with Applicable Anti-Money Laundering Laws and no action, suit or proceeding by or before any Governmental Authority involving Grafton with respect to the Applicable Anti-Money Laundering Laws is, to the knowledge of Grafton pending or threatened.

ARTICLE 5
CONDITIONS PRECEDENT AND OTHER MATTERS

5.1 Conditions to Obligations of Grafton

The obligation of Grafton to consummate the transactions contemplated herein is subject to the satisfaction, on or before the Closing Date, of the following conditions:

(a) except as affected by the transactions contemplated herein, the representations and warranties of TCI contained in Section 4.1 hereof shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), other than in respect of representations and warranties qualified by materiality or other concepts of materiality which representations and warranties shall be true and correct, in all respects, and Grafton shall have received a certificate to such effect, dated the Closing Date, of an officer or director of TCI, acceptable to Grafton, to the best of his or her knowledge having made reasonable inquiry;

(b) TCI and Subco shall have performed, fulfilled or complied with, in all material respects, all of their obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by them at or prior to the Closing and Grafton shall have received a certificate, dated the Closing Date, of an officer or director of TCI, acceptable to Grafton, to such effect;

(c) TCI shall have furnished Grafton with:

    (i) a certified copy of the resolutions of the board of directors of TCI approving this Agreement and the consummation of the transactions contemplated herein;

    (ii) a certified copy of the special resolution of the sole shareholder of Subco authorizing and approving the Amalgamation;

    (iii) a certificate, dated the Closing Date, of an officer or director of TCI, acceptable to Grafton, confirming that no Material Adverse Change occurred in respect of TCI since the date of this Agreement; and

    (iv) certified copies of the resolutions approving the Consolidation;

(d) receipt of all regulatory and third party approvals, authorizations, waivers and consents as are required to be obtained by TCI or Grafton in connection with the Amalgamation, including the approval of the TSXV and any other applicable Governmental Authorities and the Grafton Shareholder Approval;

(e) completion of the Consolidation;

(f) TCI shall have cash, current cash receivables, cash equivalents, and Anticipated Cash Inflows, net of accounts payable and accrued liabilities of at least $[*Redacted - Confidential*] immediately prior to Closing, assuming payment, prior to the Closing Date, of all costs and expenses incurred by TCI in connection with the Amalgamation, including all legal, accounting, audit, financial advisory, printing, premiums paid for director and officer run-off insurance, and other administrative and professional fees, costs and expenses incurred by TCI in connection with the Amalgamation;

(g) there being no legal proceeding or regulatory actions or proceedings against any Person to enjoin, restrict or prohibit the Amalgamation or which could reasonably be expected to result in a Material Adverse Effect on TCI;

(h) there being no prohibition at law against the completion of the Amalgamation;

(i) each of the directors and officers of TCI shall have provided their: (i) resignations (in the case of directors, in a manner that allows for the orderly replacement of directors on the Effective Date as contemplated in Section 2.3(e)) in favor of TCI; and (ii) mutual release, conditional on Closing and effective on the Effective Date, each in the form appended to the TCI Disclosure Schedule;

(j) the Compensation Settlement Agreements entered into between TCI and each of the TCI Subject Officers and Directors on the date hereof shall remain in force, unamended, and the TCI Subject Compensation Amount shall not exceed $[*Redacted - Confidential*];

(k) immediately prior to the Effective Time, Grafton shall be satisfied there shall not be more than 2,667,890 TCI Shares outstanding, no preferred shares of TCI and no stock options or other securities of TCI outstanding, and Grafton shall be satisfied that upon completion of the Amalgamation no Person shall have any Contract, option or any right or privilege (whether by law, pre-emptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued, TCI Shares, preferred shares of TCI or other securities of TCI;

(l) Eight Capital providing to the TSXV a “Sponsor Report” as defined and in compliance with TSXV Policy 2.2 – *Sponsorship and Sponsorship Requirements* or confirmation that it has completed appropriate due diligence on both the transaction and the Filing Statement that is generally in compliance with the relevant standards and guidelines of such policy, as applicable;

(m) the completion of the Grafton Private Placements for minimum gross proceeds of $7,000,000;

(n) each of Grafton, TCI and Mr. Zunich shall have entered into the Transition Agreement, if required, in form and substance and on such terms as are satisfactory to Grafton, acting reasonably; and

(o) TCI shall have sold, transferred or otherwise disposed of all of its IADC Shares prior to the Closing and for greater certainty, TCI shall have no interests in or liabilities associated with IADC.

The conditions described above are for the exclusive benefit of Grafton and may be asserted by Grafton regardless of the circumstances, or may be waived by Grafton in its sole discretion, in whole or in part, at any time and from time to time prior to the Amalgamation without prejudice to any other rights which Grafton may have hereunder or at law and notwithstanding the approval of this Agreement by the shareholders of Subco and/or Grafton.

5.2 Conditions to Obligations of TCI

The obligation of TCI and Subco to consummate the transactions contemplated herein is subject to the satisfaction, on or before the Closing Date, of the following conditions:

(a) except as affected by the transactions contemplated herein, the representations and warranties of Grafton contained in Section 4.2 hereof shall be true in all material respects on the Closing Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), other than in respect of representations and warranties qualified by materiality or other concepts of materiality which representations and warranties shall be true and correct, in all respects, and TCI shall have received a certificate to such effect, dated the Closing Date, of an officer or director of Grafton to the best of his or her knowledge having made reasonable inquiry;

(b) Grafton shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by it at or prior to the Closing and TCI shall have received a certificate, dated the Closing Date, of an officer or director of Grafton to such effect;

(c) Grafton shall have furnished TCI with:

  (i) a certified copy of the resolutions of the board of directors of Grafton approving this Agreement and the consummation of the transactions contemplated herein;

  (ii) a certified copy of the resolutions of the Grafton Shareholders authorizing and approving the Amalgamation; and

  (iii) a certificate, dated the Closing Date, of an officer or director of Grafton confirming that no Material Adverse Change occurred in respect of Grafton since the date of this Agreement;

(d) receipt of all regulatory and third party approvals, authorizations, waivers and consents as are required to be obtained by TCI or Grafton in connection with the Amalgamation, including the approval of the TSXV and any other applicable Governmental Authorities, the TCI Shareholder Approval and the Grafton Shareholder Approval;

(e) there being no legal proceeding or regulatory actions or proceedings against any Person to enjoin, restrict or prohibit the Amalgamation or which could reasonably be expected to result in a Material Adverse Effect on Grafton;

(f) there being no prohibition at law against the completion of the Amalgamation;

(g) Eight Capital providing to the TSXV a “Sponsor Report” as defined and in compliance with TSXV Policy 2.2 – *Sponsorship and Sponsorship Requirements* or confirmation that it has completed appropriate due diligence on both the transaction and the Filing Statement that is generally in compliance with the relevant standards and guidelines of such policy, as applicable; and

(h) the completion of the Grafton Private Placements for minimum gross proceeds of $7,000,000.

The conditions described above are for the exclusive benefit of TCI and Subco and may be asserted by TCI and Subco, acting together, regardless of the circumstances, or may be waived by TCI and Subco, acting together, in their sole discretion, in whole or in part, at any time and from time to time prior to the Amalgamation without prejudice to any other rights which TCI and Subco may have hereunder or at law and notwithstanding the approval of this Agreement by the shareholders of Subco and/or Grafton.

5.3 Merger of Conditions

The conditions set out in Sections 5.1 and 5.2 hereof shall be conclusively deemed to have been satisfied, waived or released on the filing by Grafton and Subco of the Articles of Amalgamation with the registrar.

ARTICLE 6
NOTICES

6.1 Notices

All notices, requests and demands hereunder, which may or are required to be given pursuant to any provision of this Agreement, shall be given or made in writing and shall be delivered by courier or e-mail as follows:

(a) to TCI or Subco, addressed to:

763997 Alberta Ltd. (formerly Target Capital Inc.)
4200, 888 – 3 Street SW
Calgary, Alberta T2P 5C5

Attn: Theo Zunich
Email: [*Redacted - Contact Information*]

with a copy to (such copy shall not constitute notice):

Stikeman Elliott LLP
4200, 888 – 3 Street SW
Calgary, Alberta T2P 5C5

Attn: Sony Gill / Ben Layton
Email: sgill@stikeman.com / blayton@stikeman.com

(b) to Grafton, addressed to:

Grafton Ventures Energy Holdings Corp.
[*Redacted - Contact Information*]

Attn: [*Redacted - Personal Information*]
Email: [*Redacted - Contact Information*]

with a copy to (such copy shall not constitute notice):

Torys LLP
525 – 8th Avenue S.W., Suite 4600
Calgary, Alberta T2P 1G1

Attn: Scott Cochlan / Michael Pedlow
Email: scochlan@torys.com / mpedlow@torys.com

or to such other addresses or e-mail addresses as the parties may, from time to time, advise to the other parties by notice in writing. All notices, requests and demands hereunder shall be deemed to have been received, if delivered personally or by prepaid courier on the date of delivery and if sent by e-mail, on the next Business Day after the e-mail was sent.

ARTICLE 7
AMENDMENT AND TERMINATION OF AGREEMENT

7.1 Amendment

This Agreement may, at any time and from time to time before or after obtaining the Grafton Shareholder Approval, be amended by written agreement of the parties without, subject to applicable law, further notice to or authorization on the part of their respective shareholders and any such amendment may, without limitation:

(a) change the time for performance of any of the obligations or acts of the parties;

(b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;

(c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the parties; or

(d) waive compliance with or modify any other conditions precedent contained herein,

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by Grafton Shareholders without approval by such of Grafton Shareholders given in the same manner as required for the approval of the Amalgamation.

7.2 Rights of Termination

This Agreement may be terminated as follows:

(a) by mutual agreement of TCI, Grafton and Subco in writing;

(b) by Grafton: (i) by notice to TCI if any of the conditions contained in Section 5.1 shall not be fulfilled or performed by the Termination Date, provided that such non-fulfillment or non-performance is not caused by a breach of this Agreement of Grafton; or (ii) upon a breach by TCI of Section 3.1 hereof that could reasonably result in a condition set forth in Section 5.1 which condition has not been waived to be incapable of being satisfied on or before the Termination Date;

(c) by TCI: (i) by notice to Grafton if any of the conditions contained in Section 5.2 shall not be fulfilled or performed by the Termination Date, provided that such non-fulfillment or non-performance is not caused by a breach of this Agreement of TCI; or (ii) upon a breach by Grafton of Section 3.3(a) hereof that could reasonably result in a condition set forth in Section 5.2 which condition has not been waived to be incapable of being satisfied on or before the Termination Date;

(d) by any party if the Amalgamation is not completed by the Termination Date; or

(e) by any party if any Governmental Authority has notified any of TCI or Grafton that it will not permit the Amalgamation to proceed, in whole or in part.

If this Agreement is terminated as aforesaid, the parties shall be released from all obligations under this Agreement other than the obligations that by their terms survive the termination of this Agreement (including the obligations with respect to privacy under Section 8.6, the obligations with respect to confidentiality under the Confidentiality Agreement and the obligations with respect to expenses under Section 8.8). Each party’s right of termination under this Section 7.2 is in addition to any other rights each party or a party may have under this Agreement, and the exercise of a right of termination will not be an election of remedies. Nothing in this Section 7.2 limits or affects any other rights or causes of action any party may have with respect to the representations, warranties and covenants in its favour contained in this Agreement. If a party waives compliance with any of the conditions, obligations or covenants contained in this Agreement, the waiver will be without prejudice to any of its rights of termination in the event of non fulfilment, non-observance or non-performance of any other condition, obligation or covenant in whole or in part. Notwithstanding anything to the contrary herein, the termination of this Agreement will not relieve any party from any liability for any breach of this Agreement occurring prior to termination.

The parties acknowledge and agree that an award of money damages would be inadequate for any breach of this Agreement by any party and that such breach would cause the non-breaching party irreparable harm. Accordingly, the parties agree that, in the event of any breach or threatened breach of this Agreement by one of the parties, the non-breaching party will be entitled to seek equitable relief, including injunctive relief and specific performance of any such covenants or agreements, without the necessity of posting bond or security in connection therewith, and the parties shall not object to the granting of injunctive or other equitable relief on the basis that there exists an adequate remedy at law. Such remedies will not be the exclusive remedies for any breach of this Agreement, but will be in addition to all other remedies available at law or equity to each of the parties.

7.3 Notice of Unfulfilled Conditions

If either of Grafton or TCI shall determine at any time prior to the Effective Date that it intends to refuse to consummate the Amalgamation or any of the other transactions contemplated hereby because of any unfulfilled or unperformed condition contained in this Agreement on the part of the other of them to be fulfilled or performed, Grafton or TCI, as the case may be, shall so notify the other party forthwith upon making such determination in order that such other party shall have the right and opportunity to take such steps, at its own expense, as may be necessary for the purpose of fulfilling or performing such condition within five (5) Business Days (except that no cure period shall be provided for a breach which by its nature cannot be cured or is a willful breach), but in no event later than the Termination Date.

ARTICLE 8
GENERAL

8.1 Entire Agreement

The terms and provisions herein contained, together with the Confidentiality Agreement, constitute the entire agreement between the parties with respect to the subject matter herein and shall supersede all previous oral or written communications, representations, undertakings and agreements with respect to such subject matter, including the Letter Agreement.

8.2 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the parties.

8.3 Waiver and Modification

TCI and Grafton may waive or consent to the modification of, in whole or in part, any inaccuracy of any representation or warranty made to them hereunder or in any document to be delivered pursuant hereto and may waive or consent to the modification of any of the covenants or agreements herein contained for their respective benefit or waive or consent to the modification of any of the obligations of the other parties hereto. No waiver, or consent to the modification of any inaccuracy of any provision of this Agreement constitutes a waiver of or consent to any proceeding, continuing or succeeding inaccuracy of such provision or of any other provision of this Agreement. Any waiver or consent to the modification of any of the provisions of this Agreement, to be effective, must be in writing executed by the party granting such waiver or consent.

8.4 No Personal Liability

(a) No director, officer, employee or agent of Grafton shall have any personal liability whatsoever to TCI or Subco under this Agreement, or under any other document delivered in connection with the Amalgamation on behalf of Grafton.

(b) No director, officer, employee or agent of either TCI or Subco shall have any personal liability whatsoever to Grafton under this Agreement, or under any other document delivered in connection with the Amalgamation on behalf of TCI.

8.5 Assignment

No party may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto.

8.6 Privacy Matters

(a) For the purposes of this Section 8.6, the following definitions shall apply:

(i) "**Applicable Privacy Laws**" means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law;

(ii) "**Disclosed Personal Information**" has the meaning ascribed thereto in Section 8.6(b); and

(iii) "**Personal Information**" means information about an individual transferred to one party by the other in accordance with this Agreement and/or as a condition of the Amalgamation.

(b) The parties acknowledge that they are responsible for compliance at all times with Applicable Privacy Laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(c) Neither party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Amalgamation.

(d) Each party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the parties shall proceed with the Amalgamation, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Amalgamation.

(e) Each party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable laws to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

(f) Each party shall at all times keep strictly confidential all Disclosed Personal Information provided to it and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the parties' obligations hereunder. Each party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective party who have a *bona fide* need to access to such information in order to complete the Amalgamation.

(g) Each party shall promptly notify the other party of all inquiries, complaints, requests for access, and claims of which the party is made aware in connection with the Disclosed Personal Information. The parties shall fully co-operate with one another, with the Persons to whom the Disclosed Personal Information relates, and any authorized authority charged with enforcement of Applicable Privacy Laws, in responding to such inquiries, complaints, requests for access, and claims.

(h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either party, the other party shall forthwith cease all use of the Disclosed Personal Information acquired by such other party in connection with this Agreement and will return to the requesting party or, at the requesting party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

8.7 Public Disclosure and Confidentiality Agreement

(a) No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated hereby will be made by TCI, Subco, Grafton or their representatives without the prior agreement of the other parties as to timing, content and method, provided that the obligations herein will not prevent a party from making, after consultation with the other parties, such disclosure as its counsel advises is required by applicable law or the rules and policies of the TSXV.

(b) The parties acknowledges that the provisions of the Confidentiality Agreement shall continue to apply notwithstanding the execution of this Agreement by the parties or the announcement of this Agreement.

8.8 Costs

Except in the event of termination of this Agreement pursuant to Sections 7.2(b) and 7.2(c), each of the parties shall be responsible for their own costs and charges incurred with respect to the transactions contemplated herein, including all costs and charges incurred prior to the date of this Agreement and all legal and accounting fees and disbursements relating to preparing the documents relating to the transactions contemplated herein or otherwise relating to the transactions contemplated herein.

8.9 Time of Essence

Time shall be of the essence of this Agreement.

8.10 Survival

The representations and warranties of each of Grafton, TCI and Subco contained herein shall survive the execution and delivery of this Agreement and shall terminate on the earlier of the termination of this Agreement in accordance with its terms and the Effective Date.

8.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein, without giving effect to the principles of conflicts of laws thereof, and the parties hereto irrevocably attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta in respect of any matter arising hereunder or in connection herewith.

8.12 Severability

In the event that any provisions contained in this Agreement shall be declared invalid, illegal or unenforceable by a court or other lawful authority of competent jurisdiction, this Agreement shall continue in force with respect to the enforceable provisions and all rights and remedies accrued under the enforceable provisions shall survive any such declaration, and any non-enforceable provision shall, to the extent permitted by law, be replaced by a provision which, being valid, comes closest to the intention underlying the invalid, illegal and unenforceable provision.

8.13 Further Assurances

Each party shall, from time to time, and at all times hereafter, at the request of the other parties hereto, but without further consideration, do all such further acts and execute and deliver all such further documents and instruments as shall be reasonably required in order to fully perform and carry out the terms and intent hereof.

8.14 Counterparts and Electronic Copies

This Agreement may be executed in separate counterparts, and all such counterparts when taken together shall constitute one agreement. The parties shall be entitled to rely on delivery of an email in pdf or other electronic copy of the executed Agreement and such copy shall be legally effective to create a valid and binding Agreement.

[Remainder of Page Intentionally Left Blank]

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

763997 ALBERTA LTD. (FORMERLY TARGET CAPITAL INC.)

Per: *(signed) "Theo Zunich"*

Name: Theo Zunich
Title: Interim President & CEO

GRAFTON VENTURES ENERGY HOLDINGS CORP.

Per: *(signed) "Richard Grafton"*

Name: Richard A. Grafton
Title: Executive Chairman

2595456 ALBERTA LTD.

Per: *(signed) "Theo Zunich"*

Name: Theo Zunich
Title: Chief Executive Officer