

**FORM 51-102F3
MATERIAL CHANGE REPORT**

Item 1. Name and Address of Reporting Issuer

Tribute Resources Inc. (“**Tribute**” or the “**Company**”)
Suite 309, Commissioners Road West, Unit D
London, Ontario
N6J 1Y4

Item 2. Date of Material Change

October 12, 2017

Item 3. News Release

A news release was disseminated on October 12, 2017 through FSCwire and a copy was subsequently filed on SEDAR.

Item 4. Summary of Material Change

On October 12, 2017, the Company announced that it has entered into three agreements in principle which will result in Tribute divesting all of its oil and natural gas production assets and natural gas storage assets.

Item 5. Full Description of Material Change

On October 12, 2017, the Company announced that it has entered into three agreements in principle which will result in Tribute divesting all of its oil and natural gas production assets and natural gas storage assets. The sale of these assets will be completed by three separate transactions, each of which are described herein.

Firstly, Tribute will sell all of the oil and natural gas assets directly held by Tribute (including the former Magnum assets) to ON-Energy Corp. (“ON”), a related party (“Transaction #1”). Secondly, Tribute will sell its 100% interest in Liberty Oil & Gas Ltd. (“Liberty”) to Clearbeach Resources Inc. (“Clearbeach”) and Budd Energy Inc. (“Budd”), both related parties to Tribute (“Transaction #2”). Thirdly, Tribute will sell the shares of Bayfield Resources Inc., a wholly owned subsidiary of the Company which holds both the Bayfield and Stanley Ontario Energy Board designated natural gas storage pools and all related rights thereto to an arm’s length purchaser (“Transaction #3”).

The sale of these assets will enable Tribute to focus on its renewable energy projects within the tidal and marine sector and will provide working capital to continue with these development initiatives. The sales will also enable Tribute to access additional financing for its renewable energy projects that can only be sourced after the non-renewable assets have been divested.

Sale of Tribute oil and gas assets including former Magnum assets to ON – Transaction #1

The assets sold to ON include proven estimated oil reserves of 4960 barrels and natural gas reserves of .896 million cubic feet (“MMCF”) with current production

of 58 barrels of oil equivalent (BOE) per day from 64 wells. Included in the sale are the required land leases for the production of the oil and natural gas wells, an 18 km 4½ inch steel pipeline which runs from Tillsonburg to a location near Port Burwell, Ontario, successored tax pools relating to the assets, and related well equipment. The purchase price is \$1,383,000. The purchase price will be paid by: 1) the assumption by ON of Tribute payables in the amount of \$441,637 related to the purchased assets; 2) the partial assumption of the PACE Savings & Credit Union Limited ("Pace") short-term lines of credit of \$925,000 on substantially the same terms and 3) cash of \$16,363.

The parties intend to close the transaction immediately upon receipt of final acceptance from the TSX Venture Exchange ("TSX V"). The transaction has been approved by the Board of Directors of Tribute.

The Pace credit assumption is subject to the agreement of Pace and will satisfy \$925,000 of two lines of credit totaling \$1,050,000. The operating lines are secured by oil and gas assets and the funds borrowed were utilized for investments in tidal energy. Tribute currently has two outstanding operating lines of credit with Pace. One line of \$250,000 expired on June 30, 2017. The second line of credit in the amount of \$870,000 which expires on November 30, 2017. In addition, Tribute has a term loan with Pace in the approximate amount of \$900,000. Pace has not requested a return of funds from Tribute.

Sale of 100% of the shares of Liberty to Clearbeach and Budd – Transaction #2

Tribute will be selling all 7,707,945 issued and outstanding common shares of Liberty to Clearbeach and Budd as the purchasers. Liberty owns a 100% interest in 21 oil and natural gas wells producing approximately 35 barrel of oil equivalent per day located near Chatham, Ontario, an interest in a shut-in natural gas pool with eight wells located in Elgin county purchased by Tribute in January 2017 for \$200,000, an interest in several other oil and gas wells located in Oxford and Kent counties formerly owned directly by Tribute, undesignated storage pools located in Huron and Chatham-Kent counties previously owned directly by Tribute and rights to a pipeline previously owned directly by Tribute in Huron County. The sale price for the shares is \$897,388. The sale price will be paid by: 1) the assumption by the purchasers of Tribute debt in the amount of \$307,471; 2) the assumption of Tribute debt owing to the purchasers in the amount of \$300,000 and 3) cash of \$287,917. The share purchase includes assets valued at \$1,650,000 in the Liberty Reserve Report dated March 31, 2017 and based on reserves in place as at December 31, 2016 and assets purchased in January for \$200,000. The Pace term debt in the approximate amount of \$870,000 is a liability of Liberty and will remain with Liberty.

The parties intend to close the transaction immediately upon receipt of final acceptance from the TSX V. The transaction has been approved by the Board of Directors of Tribute.

At the completion of the two transactions shown above, all Tribute security will be released from Pace as the debt is transferred to ON and Liberty.

For both Transaction #1 and Transaction #2, the purchase price is based upon the midpoint fair market value calculation in a formal valuation report prepared by KPMG dated May 24, 2017 with an effective date of December 31, 2016. The

KPMG report mid-point valuation showed a fair market value for Tribute shares of \$8,860,000 after applying a portfolio discount of \$2,650,000 due to the multiple business segments of Tribute. The total long-term investments and assets of Tribute were valued at \$13,207,000. Oil and gas assets were valued at \$3,045,000 which is 23% of the asset value of Tribute. The assets sold to ON were valued at the sale price by KPMG, and are 45% of the total oil and gas assets of Tribute and 10.5 % of the total asset value of Tribute. The Liberty assets represent the additional 55% of the total oil and gas assets of Tribute in the KPMG report. The reserve reports were prepared by McIntosh Engineering as at December 31, 2016 and filed on SEDAR for Tribute shows the value of the assets sold to ON to be \$871,900 based upon an after tax present value calculation using a 10% discount for proven reserves and \$1,065,900 based upon an after tax present value calculation using a 10% discount for proven plus probable reserves. The reserve report prepared by McIntosh Engineering as at December 31, 2016 and filed on SEDAR for Liberty shows the value of the Liberty assets sold to Clearbeach and Budd to be \$1,241,600 based upon an after tax present value calculation using a 10% discount for proven reserves and \$1,673,000 based upon an after tax present value calculation using a 10% discount for proven plus probable reserves. A copy of the valuation will be included in the material change report to be filed in connection with the transactions.

Sale of shares of Bayfield Resources Inc. to arm's length third party – Transaction #3

Tribute will be selling all 100 issued and outstanding common shares of Bayfield Resources Inc., a wholly owned subsidiary of Tribute to an arm's length purchaser. Bayfield Resources Inc. holds the Ontario Energy Board designated storage rights to two natural gas storage pools which were being held for development by Tribute: the Bayfield and Stanley pools located in Huron county. Included in the assets of Bayfield Resources Inc. are storage and petroleum and natural gas storage leases related to these pools, four natural gas wells and related well security bonds, various seismic including 3D seismic over these two pools and the Ontario Energy Board designation of these two pools. The sale price is \$1,000,000 with an effective date of August 31, 2017. The purchase price will be paid by: 1) the assumption by the Purchaser of Bayfield debt to Tribute the amount of \$996,000; 2) cash of \$4,000 paid directly to Tribute.

Acquisition of Tocardo International BV ("Tocardo")

Further to Tribute's press release dated August 3, 2017, the proposed acquisition of Tocardo is subject to a number of conditions precedent including, without limitation, (i) the execution of a purchase and sale agreement between Tribute and all of the shareholders of Tocardo, which is currently being negotiated by Tribute and Tocardo (the "Definitive Agreement"), (ii) the disposition of its oil and gas assets such that Tribute will continue with a sole focus on the renewable energy industry and (iii) final approval from the TSX V. The completion of Transaction #1, Transaction #2 and Transaction #3 will remove the non-renewable assets so that Tribute can move towards completing the proposed acquisition of Tocardo, once the Definitive Agreement is fully negotiated and completed. Tribute will provide an update as soon as a Definitive Agreement has been entered into including the final conditions precedent to complete the

Tocardo acquisition, including the number of shares Tribute shall issue to acquire the remaining shares of Tocardo that it does not currently own.

The following disclosure is required under Multilateral Instrument 61-101 ("MI61-101"):

(a) a description of the transactions and their material terms:

See descriptions of Transaction #1 and Transaction #2 above.

(b) the purpose and business reasons for these transactions:

The sale of these assets will enable Tribute to focus on its renewable energy projects within the tidal and marine sector and will provide working capital to continue with these development initiatives. The sales will also enable Tribute to access additional financing for its renewable energy projects that can only be sourced after the non-renewable assets have been divested. Tribute is unable to source meaningful financing as an oil and gas issuer.

(c) the anticipated effect of the transaction on the issuer's business and affairs:

As above.

(d) a description of:

I. the interest in the transaction of every interested party and of the related parties and associated entities of the interested parties:

Transaction #1 – related parties are Jane Lowrie and Jamie Crich.

Transaction #2 – related parties are Jane Lowrie, Jamie Crich and Peter Budd.

ON is an Ontario-based oil and natural gas company, which is wholly owned by the Clearbeach group, the second largest oil and natural gas producer in Ontario. Clearbeach is controlled by Jane Lowrie, Tribute's President and CEO and Jamie Crich, a director of Tribute. Jane Lowrie is also the President of ON and Jamie Crich is also a director and officer of ON. Jane Lowrie controls 11,455,210 shares (12.69%) of Tribute and Jamie Crich controls 18,750,853 shares (20.77%) of Tribute. Budd Energy Inc. is the wholly owned management company of Peter Budd, who is a full-time consultant of Tribute and one of Tribute's Named Executive Officers as disclosed in the Information Circular each year. Peter Budd controls 2,000,000 shares (2.2%) of Tribute. Accordingly, the sale of assets to ON in addition to the sale of shares of Liberty to Clearbeach and Budd Energy Inc. as contemplated herein by Transaction #1 and Transaction #2 are considered to be a "related party transaction" within the meaning of Multilateral Instrument 61-101 ("MI 61-101").

II. the anticipated effect of the transaction on the percentage of securities of the issuer, or of an affiliated entity of the issuer, beneficially owned or controlled by each person or company referred to in subparagraph (i) for which there would be a material change in that percentage:

There will be no effect on the percentage of securities of the issuer currently owned by any of the related parties.

- (e) unless this information will be included in another disclosure document for the transaction, a discussion of the review and approval process adopted by the board of directors and the special committee, if any, of the issuer for the transaction, including a discussion of any materially contrary view or abstention by a director and any material disagreement between the board and the special committee:**

After a lengthy search for an arm's length purchaser, Tribute received letters of intent ("LOIs") for Transactions #1 and #2 from the prospective related party purchasers described above. These LOIs outlined the terms of the proposal to purchase the assets in Transaction #1 and shares in Transaction #2. Tribute management presented these LOIs to the Board of Directors (the "Board") of Tribute at the Board meeting held on September 13, 2017. The Board members had an opportunity to ask questions about the LOIs and then a vote was taken to approve these transactions. The Company had no other prospects for potential purchasers of its oil and gas assets. Three out of the five Tribute directors abstained from voting (Jane Lowrie, Jamie Crich and Larry Smith). The two voting directors (Jack Schoenmakers and Hans van Breugel), after having considered the transactions to be in the best interests of the Company both voted in favour of proceeding with the transactions under substantially the same terms as was outlined in each of the LOIs. No special committee was formed.

A summary in accordance with section 6.5 of MI 61-101 of the formal valuation, if any, obtained for the transaction, unless the formal valuation is included in its entirety in the material change report or will be included in its entirety in another disclosure document for the transaction:

Not applicable

- (f) Disclosure, in accordance with section 6.8 of MI 61-101 of every prior valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction:**

- I. that has been made in the 24 months before the date of the material change report:**

A formal valuation report as of December 31, 2016 was obtained by Tribute to set the value for all three transactions. The report is attached to this material change report. For the oil and natural gas production assets being sold, the KPMG valuers relied on the independent engineer's reserve reports for both Tribute Resources Inc. and Liberty Oil and Gas Limited, summaries of which were filed on SEDAR under National Instrument 51-101 with Tribute's regular annual filings for the year ended December 31, 2016. Full copies of the reserve reports were also filed on SEDAR on October 16, 2017.

- II. the existence of which is known, after reasonable inquiry, to the issuer or to any director or senior officer of the issuer:**

Not applicable.

- (g) the general nature and material terms of any agreement entered into by the issuer, or a related party of the issuer, with an interested party or a joint actor with an interested party, in connection with the transaction:

See paragraph (a) above.

- (h) disclosure of the formal valuation and minority approval exemptions, if any, on which the issuer is relying under section 5.5 and 5.7 of MI 61-101 respectively, and the facts supporting reliance on the exemptions:

For the formal valuation requirement under MI 61-101 in respect of Transaction #1 and Transaction #2, the Company is exempt pursuant to Section 5.5(b) of MI 61-101 because its shares are listed on the TSX Venture Exchange.

The Company is relying on the financial hardship exemption set out in section 5.7(e) of MI 61-101 in respect of Transaction #1 and Transaction #2 so that minority approval is not required on the basis that:

(a) the Company is in serious financial difficulty, with significant liabilities and no immediate sources of financing;

(b) Transaction #1 and Transaction #2 are designed to improve the financial position of the Company by increasing the Company's working capital and attracting future financings by investors focused on the renewable energy sector;

(c) paragraph 5.5(f) of MI 61-101 is not applicable;

(d) the Company has one or more independent directors in respect of each of Transaction #1 and Transaction #2; and

(e) at least two thirds of the Company's independent directors, acting in good faith, determined that: (i) the Company is in serious financial difficulty, (ii) Transaction #1 and Transaction #2 are designed to improve the financial position of the Company, and (iii) that the terms of Transaction #1 and Transaction #2 are reasonable in the circumstances of the Company.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

Not Applicable.

Item 8. Executive Officer

The following is the name and contact information of an executive officer of the Company who is knowledgeable about the material changes in this report.

Jennifer Nisker
Chief Financial Officer
(519) 657-7624
jnisker@tributeresources.com

Item 9. Date of Report

This material change report is dated October 20, 2017.

Forward-Looking Information and Statements

This document contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "feels", "may", "will", "would", "believe", "plans", "intends", "possible", "future" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this document contains forward-looking information and statements pertaining to, among other things, the use of the proceeds from the Private Placement. This forward-looking information and the related statements are based upon factors, expectations and assumptions reflected in the forward-looking statements that are reasonable at this time but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information and statements contained in this report are based upon several material factors, expectations and assumptions of Tribute including, without limitation: that Tribute will continue to conduct its operations in a manner consistent with past operations; the general continuance of current or, where applicable, assumed industry conditions; availability of sources to fund Tribute's capital and operating requirements as needed; and certain commodity price and other cost assumptions.

The forward-looking information and statements included in this report are not guarantees of future performance and should not be unduly relied upon. Such information and statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information and statements including, without limitation: general economic, market and business conditions; the impact of specific oil & gas and renewable electricity industry conditions; volatility in market prices for crude oil, natural gas and other renewable forms of energy; availability of financing and capital; the ability of Tribute's customers to pay in a timely manner; changes in commodity prices; imprecision of reserve estimates; unanticipated operating results; environmental risks; electricity grid conditions; delays or changes in plans with respect to development projects or capital expenditures; changes in tax or environmental laws or royalty rates; limited, unfavourable or no access to debt or equity capital markets; increased costs and expenses; the impact of competitors; reliance on industry partners; circumstances may arise, including changes in accounting policies, regulations or economic conditions, which could change the assumptions, estimates or expectations or the information provided; shareholder value may not be maximized by Tribute or at all; there may be circumstances where, for unforeseen reasons, a reallocation of funds may be necessary as may be determined at the discretion of Tribute and there can be no assurance as at the date of this disclosure as to how those funds may be reallocated; should any one of a number of issues arise, Tribute may find it necessary to alter its current business strategy and/or capital expenditure program; fluctuations in interest rates; demand for Tribute's product and services; adverse conditions in the debt and equity markets; and government actions including changes in environment and other regulation; and certain other risks detailed from time to time in Tribute's public disclosure documents including, without limitation, those risks identified in this document.

The forward-looking information and statements contained in this document speak only as of the date of this document, and Tribute does not assume any obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable laws.



Tribute Resources Inc.

Formal Valuation Report

KPMG LLP

May 24, 2017

Strictly Private & Confidential

PRIVATE & CONFIDENTIAL

THE BOARD OF DIRECTORS OF TRIBUTE RESOURCES INC.

May 24, 2017

To the Board of Directors:

INTRODUCTION

KPMG LLP ("KPMG") understands that the Board of Directors (the "Board") of Tribute Resources Inc. ("Tribute" or the "Company") is considering various strategic options for the Company, including:

- A possible share-for-share exchange transaction (the "Tocado Transaction") whereby Tribute would acquire 53.5% of the issued and outstanding common shares of Tocardo International B.V. ("Tocado") in exchange for an appropriate number of common shares in Tribute, issued from treasury. We note that Tribute currently owns 46.5% of the common shares of Tocardo; and,
- A possible asset spin-out transaction whereby certain business assets of Tribute, specifically its oil and gas extraction assets and its underground gas storage assets, net of certain related debt, would be sold or transferred to a new company (the "Privatization Transaction").

KPMG understands that both the Tocardo Transaction and the Privatization Transaction (collectively the "Proposed Transactions") may be subject to the related party transaction rules as outlined in Multilateral Instrument 61-101, Protection of Minority Security Holders in Special Transactions ("MI 61-101"), and that a formal valuation (the "Formal Valuation") as such term is defined therein, is required in respect of the Proposed Transactions. In connection therewith, we understand that the Board requires an independent financial advisor to provide the Board with a Formal Valuation as at December 31, 2016 (the "Valuation Date").

The Board has retained KPMG to prepare and deliver to the Board a Formal Valuation of all the issued and outstanding common shares (the "Common Shares") of Tribute in accordance with the Securities Rules.

All amounts in this Formal Valuation are in Canadian dollars, unless otherwise noted.

TERMS OF KPMG ENGAGEMENT

KPMG was engaged by the Board to provide the Formal Valuation pursuant to a letter dated February 23, 2017 and executed on March 2, 2017 (the "Engagement Agreement"). KPMG is



receiving a fixed fee for the Formal Valuation of Tribute and an additional fixed fee for a Formal Valuation of Tocardo. In addition, KPMG is to be reimbursed for its reasonable out-of-pocket expenses to complete the two Formal Valuations. KPMG is also being indemnified by the Company in respect of certain liabilities which may be incurred by KPMG in connection with the provision of its services. No part of KPMG's fees pursuant to the Engagement Agreement is contingent in whole or in part on the conclusions reached in this Formal Valuation or the completion of the Proposed Transactions.

KPMG understands that this Formal Valuation will be one factor, amongst others, considered by the Board of Directors as to whether to recommend the approval of the Proposed Transactions.

Subject to the terms of the Engagement Agreement, KPMG consents to the inclusion of the Formal Valuation in the Offering Circular (the "Circular") and in the Directors' Circular of the Company (the "Directors' Circular") to be mailed concurrently to the holders of the Common Shares of Tribute, with a summary thereof, in a form acceptable to KPMG, and to the filing thereof with the applicable Canadian securities regulatory authorities.

INDEPENDENCE AND CREDENTIALS OF KPMG

KPMG is one of the world's largest professional services firms, offering a broad range of services. KPMG's valuation professionals have significant experience in valuing a broad range of companies for various purposes, including securities law compliance, fairness opinions, solvency opinions, mergers & acquisitions, corporate income tax purposes, and litigation matters, amongst other things. The valuation opinion expressed herein is the opinion of KPMG as a firm and the form and content herein have been approved for release by a team of partners and professional staff, each of whom is a member of the Canadian Institute of Chartered Business Valuators and experienced in merger, acquisition, divestiture and valuation matters.

None of KPMG or any of its affiliates (as such term is defined for the purpose of the Securities Rules):

- a) is an "associated" or "affiliated entity" or "issuer insider" (as such terms are used in the Securities Rules) of Tribute, Tocardo, or any of their respective associates or affiliates (collectively, the "Interested Parties");
- b) is an advisor to any of the Interested Parties in connection with the Proposed Transactions, other than KPMG in its capacity as financial advisor to the Board;
- c) is a manager or co-manager of a soliciting dealer group for the Proposed Transactions or a member of a soliciting dealer group for the Proposed Transactions;
- d) is the external auditor of Tribute or Tocardo; or,
- e) has a financial incentive with respect to the conclusions reached in this Formal Valuation or has a material financial interest in the completion of the Proposed Transactions.



To the best of our knowledge, neither KPMG nor its affiliates have conducted any prior valuations of Tribute, Tocardo or their respective assets during the previous three years. Neither KPMG nor its affiliates has a material financial interest in future business under an arrangement, commitment or understanding involving Tribute, Tocardo or any other Interested Party. The fees paid to KPMG pursuant to the Engagement Agreement are not financially material to KPMG, and do not give KPMG any financial incentive in respect of the conclusions reached in the Formal Valuation. KPMG may in the future, in the ordinary course of its business, perform financial advisory or tax services for Tribute, Tocardo or any other Interested Party.

KPMG is familiar with the independence and qualification requirements of the Securities Rules and confirms that, to the best of our knowledge, we have disclosed all material facts that could reasonably be considered to be relevant to our qualifications and independence for the purposes of this engagement.

SCOPE OF REVIEW

In preparing this Formal Valuation, KPMG has reviewed and relied upon certain information in respect of Tribute and its investments. A summary of the information reviewed and relied upon is summarized in Appendix B.

PRIOR VALUATIONS

Tribute has represented to KPMG after due enquiry that there have not been any prior valuations (as defined in the Securities Rules) of the Company or its material assets or its securities in the past 24-month period.

ASSUMPTIONS AND LIMITATIONS

The Formal Valuation has been provided for use by the Board of Tribute and for inclusion in the Circular and Directors' Circular, and may not be used by any person or relied upon by any person without the express prior written consent of KPMG. KPMG will assume no responsibility for losses incurred by Tribute, its shareholders, directors, or any other parties as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

KPMG has relied upon the completeness, accuracy and fair presentation of all of the financial and other factual information, data, advice, opinions or representations obtained by it from public sources, obtained by or on behalf of the management teams of Tribute and Tocardo, or otherwise obtained by KPMG, including the representation letter identified below (collectively, the "Information"). This Formal Valuation is conditional upon the completeness, accuracy and fair presentation of such Information. Subject to the exercise of professional judgment, KPMG has not attempted to verify independently the completeness, accuracy or fair presentation of any of the Information.

Management of Tribute have represented to KPMG in a representation letter dated May 26, 2017, among other things, that the Information provided to KPMG in connection with the Proposed



Transactions was, at the date the Information was provided, and is complete, true and correct in all material respects and does not omit to state any material fact. Further, Management of Tribute have represented that there have been no material changes, financial or otherwise, in the financial condition, assets, liabilities, business, operations or prospects of Tribute which would reasonably be expected to have a material effect on the Formal Valuation. They have also represented they have no knowledge of any facts which would reasonably be expected to materially affect the Formal Valuation and that there are not any material contingent liabilities or actions, suits, proceedings or investigations or enquiries pending or threatened against or affecting the Proposed Transactions, Tribute, Tocardo or any of their affiliates which may in any way materially affect Tribute and its affiliates or the Proposed Transactions.

KPMG's conclusions are rendered on the basis of securities markets, economic, financial and general business conditions prevailing as at May 24, 2017 and the condition and prospects, financial and otherwise, of Tribute and Tocardo as they were reflected in the Information and as they have been represented to KPMG in discussions with management of Tribute and Tocardo.

In preparing the Formal Valuation, KPMG has made several assumptions, including that all final or executed versions of documents will conform in all material respects to the drafts provided to KPMG, conditions precedent to the completion of the Proposed Transactions can be satisfied in due course, all consents, permissions, exemptions or orders of relevant regulatory authorities or third parties will be obtained, without adverse condition or qualification, the procedures being followed to implement the Proposed Transactions are valid and effective, the Circular and Directors' Circular will be distributed to the holders of the Common Shares of Tribute in accordance with all applicable laws, the Circular and Directors' Circular will be accurate, in all material respects, and will comply, in all material respects, with the requirements of all applicable laws.

In its analyses and in preparing the Formal Valuation, KPMG has made various assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of KPMG, Tribute, Tocardo or any other Interested Party.

The Formal Valuation is given as of May 24, 2017. KPMG disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Formal Valuation, which would have been known or expected to be known as of the date hereof, but may come or be brought to KPMG's attention after such date, or which occurs after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Formal Valuation which would have been known or expected to be known as of the date hereof, but may come or be brought up to KPMG's attention after such date, or which occurs after the date hereof, KPMG reserves the right to change, modify or withdraw the Formal Valuation and disclaims any undertaking or obligation to update the Formal Valuation after such date. Moreover, KPMG reserves the right, but will be under no obligation, to complete any additional analyses that might subsequently be required, following the receipt of additional information.



The Formal Valuation has been provided for the use of the Board and is intended to be, and does not constitute, a recommendation to the Minority Shareholders of Tribute with respect to the Proposed Transactions. The Formal Valuation does not address the relative merits of the Proposed Transactions as compared to other transactions or business strategies that might be available to Tribute. KPMG expresses no opinion with respect to future trading prices of the Common Shares or any other securities of Tribute. Additionally, KPMG has not been engaged to determine the fairness, from a financial point of view, of the Proposed Transactions to the Minority Shareholders and did not consider the specific circumstances of any particular shareholder, including with regard to income tax considerations.

No opinion, counsel, or interpretation is intended in matters that require legal or appropriate professional advice. It is assumed that such opinions, counsel or interpretations have been or will be obtained from the appropriate professional sources.

KPMG believes that the Formal Valuation should be considered as a whole and that selecting portions of our analyses could create a misleading view of the methodologies and approaches underlying our conclusions. The preparation of a Formal Valuation is a complex process and not necessarily susceptible to a partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

Other assumptions in respect of the Formal Valuation are attached as Appendix C.

CORPORATE OVERVIEW

Tribute is a Canadian energy company that was incorporated under the Business Corporations Act of the Province of Alberta on May 15, 1997. The Company is publically listed on the TSX Ventures Exchange and its common shares trade under the name TRB. Tribute's focus is to add value to shareholders by developing and maintaining a long-term interest in renewable electricity, natural gas and energy storage projects in Canada. Tribute's past focus was to develop and maintain an interest in market-based, competitively priced underground natural gas storage. Recognizing that the natural gas storage market in Ontario has become uneconomic since the discovery of previously unrecoverable regional shale gas properties, Tribute's business plan has evolved to substantially reduce its dependency on the gas storage market. The Company has effectively taken these assets into a dormant or maintenance-only status, while preparing to transform them into future reservoirs for Compressed Air Energy Storage ("CAES"), where feasible.

Tribute is concurrently and proactively pursuing wind, marine, river, and tidal power renewable energy projects. The Company has reorganized its wind projects on the Bruce Peninsula to better prepare for any future competitive bidding process conducted by the Independent Electricity System Operator ("IESO"). More recently, Tribute has entered into negotiations to complete transactions in three commercial marine and tidal power projects in Nova Scotia. In July 2016, Tribute also acquired a 46.5% ownership interest in Tocardo, a Netherlands-based company engaged in tidal energy technology development and turbine manufacturing.



Tribute will continue to transition throughout 2017 from a natural gas storage company to an integrated renewable energy company, with ties to CAES on a utility scale and at an industrial and smaller modular scale. In addition, in Ontario, there is a growing demand for energy storage, and Tribute intends to participate actively in that development, given its high level of expertise in underground reservoirs and its relationship with a leading CAES technology developer.

Tribute's investments are directly held by a number of individual subsidiary companies and limited partnerships. In general, the Company is organized into two broad business units as follows:

- a gas storage and oil and gas production business unit; and,
- a renewable energy business unit.

A corporate organization chart of Tribute and its affiliates is attached as Appendix A.

An overview of the Canadian and Ontario economies as at the Valuation Date is presented in Appendix D.

Overview of the Gas Storage and Oil and Gas Production Business Unit

The gas storage market has changed dramatically since Tribute first considered development of these assets. One of the fundamental changes has been the reversal of the gas flows exported from Ontario to gas flowing into Ontario from the bordering United States regions which produce shale gas. As a result, the demand for gas storage has decreased, which is reflected in lower prices for storage facilities and operations. Due to poor storage market pricing, Tribute has decided to pursue renewable energy opportunities, including CAES, and has placed the development of additional natural gas storage pools on hold pending an improvement in gas storage market conditions.

An overview of the gas storage industry in Ontario is provided in Appendix E.

Huron County Phase 2 Project

Tribute owns six potential gas storage pools in Huron County, Ontario with a total estimated potential working storage capacity of approximately eight billion cubic feet ("BCF"). In September 2009, Tribute and its Bayfield subsidiaries submitted applications to the Ontario Energy Board ("OEB") for approvals to designate two pools in Huron County, the Bayfield and Stanley pools, as natural gas storage reservoirs for the second phase of the Company's natural gas storage development plan at the time. Applications were also filed to inject and withdraw natural gas and for a leave to construct a pipeline to connect these two pools to market. These pools have a projected combined working storage capacity of six BCF. The development of these pools will require the construction of a 70 kilometer storage pipeline to tie into Union Gas' high pressure transmission system near London, Ontario. Tribute staff completed the initial up-front work on the design and routing of this pipeline, the design of storage injection wells, and environmental assessments with the assistance of third party consultants. In early 2010, the application to the OEB was placed in abeyance pending the resolution of a legal dispute involving the validity of two



of the leases in the Stanley Pool. The initial application was withdrawn in March 2011. In December 2012, the OEB approved Tribute's updated applications for the project, which included longer completion timelines due to the depressed condition of the current storage market. However, as a result of the decline in the demand for gas storage, Tribute has approached its landowners to inquire as to their interest in converting one or more of these pools into CAES facilities. Furthermore, Tribute owns storage rights to two additional pools in the Chatham-Kent County area that may be suitable for conversion to natural gas or CAES.

Magnum Gas Corp. ("Magnum")

Historically, Tribute produced natural gas and a small amount of oil from five wells in Ontario. On September 24, 2014, Tribute completed the purchase of 71 Ontario natural gas wells, pipelines and production assets of Magnum Gas Corp. ("Magnum"). The assets purchased included natural gas reserves estimated at 1.5 billion cubic feet with production of approximately 450 thousand cubic feet per day. Tribute paid \$2.629 million for the natural gas assets, \$10,000 for related equipment and incurred closing costs of \$131,000 for a total purchase price of \$2.77 million.

Subsequent to the purchase of Magnum assets, Tribute believed that the property taxes charged by several municipalities were exorbitant and likely a possible contributor towards the unprofitability of Magnum. In mid-2014, Tribute appealed the municipal taxation amounts for the Magnum pipelines to the Assessment Review Board ("ARB"). Tribute, Municipal Property Assessment Corporation ("MPAC"), and counsel engaged in discussions leading up to the ARB hearings and determined that the ARB does not have jurisdiction to decide the matter raised by Tribute. Subsequently, in July of 2015, Tribute made an application to the OEB to seek a determination as to the status of the gathering pipelines prior to the Union Gas meter station. The purpose was to determine whether the gas gathering lines should be charged the taxation rates of utility-type transmission pipelines, or whether they are not properly classified as transmission pipelines and therefore charged a much lower rate, if charged at all. The OEB issued its decision in May of 2016 and ruled that the pipelines were properly assessed under the Assessment Act. Tribute is appealing the OEB decision.

Liberty Oil & Gas Storage Development ("Liberty")

On April 30, 2015, Tribute completed the acquisition of 99.9% of the issued and outstanding common shares of Liberty Oil & Gas Ltd. ("Liberty"), a company that owned 21 wells producing approximately 35 barrel of oil equivalents per day in southwestern Ontario. The total consideration paid for the shares of Liberty was \$258,777 and was paid for in cash. In addition, Tribute made \$516,423 in advances to Liberty to pay out its existing debts. Therefore, the total cash consideration paid by Tribute as part of the acquisition was \$775,200. Liberty owns potential storage development acreage with estimated storage potential of three BCF. In addition, the assets purchased included oil and natural gas reserves with an estimated 133,000 barrels of oil equivalent, 3,000 acres of petroleum and natural gas leased lands in the Dover East and West pools near Chatham, Ontario, and 1,200 acres of natural gas storage leases at Dover East adjacent to the OEB designated Union Gas Jacob Storage Pool. The gas storage assets are



believed to be suitable for CAES. Therefore, Tribute is actively allocating resources to investigating the possibility of converting its gas storage pools into CAES facilities.

Overview of the Renewable Energy Business Unit

Tribute's second key business unit is engaged in the early stage development of renewable energy projects. Tribute's Board and Management made a strategic decision in 2005 to pursue a strategy of diversification and integration of energy forms. With the 2009 introduction of the "Green Energy and Green Economy Act" in Ontario, Management believed that renewable energy project development had become increasingly feasible and Tribute took steps to move forward with both wind power developments and water power developments.

A description of the Company's various investments in the renewable energy sector is presented in the following pages. An overview of the renewable energy sector in Canada is presented in Appendix E.

Mar Silver Birch Wind Project ("Mar LP")

In June 2010, Tribute formed the Mar Silver Birch Limited Partnership ("Mar LP") as the development vehicle for a proposed 240 MW wind project (the "Mar Silver Birch Wind Project") to be located near Mar, Ontario. Tribute has gathered approximately 11 years of wind data from the area acquired between 2005 and 2016. Ongoing wind resource measurements throughout 2017 to 2018 are planned with one existing and three new anemometers.

On June 4, 2010, Mar LP filed an application with the Ontario Power Authority ("OPA") for a Feed-In Tariff ("FIT") contract which would grant Mar LP a 20-year power purchase contract for a 240 MW wind farm. In August of 2011, Tribute entered into a financing and development agreement with Access Capital for the wind project. In January of 2012, Tribute entered into an option agreement with Budd Energy and Colmac Power granting them the right to purchase up to a 50% interest in the units of Mar LP in consideration for contributing \$2.0 million of cash to fund development in 2012 and beyond. The Himmelsbach Group from Western Canada also purchased units in Mar LP on March 31, 2014. As at December 31, 2016, the unit breakdown was as follows:

- Tribute – 83.7 units for a 56.3% ownership interest
- Colmac Power – 35.8 units for a 24.1% ownership interest
- The Himmelsbach Group – 23.8 units for a 16.0% ownership interest
- Budd Energy – 5.4 units for a 3.6% ownership interest

Tribute has options to lease lands on which it proposes to place turbines on approximately 10,000 acres in the area. Since the Ontario government replaced its FIT program for all wind projects with a competitive bidding procurement process beginning in the third quarter of 2016, Tribute has decided to await further significant project advancement until the process is announced and implemented and until additional new wind data is acquired and analyzed. Due to the cancellation of the Large Renewable Procurement ("LRP") II program in October 2016, Tribute has written



down its investment in the Mar Silver Birch Wind Project to a net book value of \$nil. Tribute continues to hold the wind leases and monitor the wind resource.

The Bruce Peninsula wind projects will participate in, prepare and submit a response application under whatever new IESO competitive bidding process replaces the LRP II rules, when it is deemed optimal, with an expanded land base and additional investors, who are supportive of an expanded and reorganized project. Tribute will reorganize its peninsula wind projects into one or more optimally sized projects, to be determined closer to the procurement period, redesigned to meet prospective incremental Request for Proposal ("RFP") project size requirements with grid conditions at the proposed interconnection.

In 2014, in response to requests from local residents in the Ferndale, Ontario area, Tribute formed a new wind project company, Ferndale Power Corp., to expand its project footprint in the area. Ferndale Power Corp. has signed approximately 4,200 acres in options for future wind power development. In the fourth quarter of 2014, Tribute also acquired the Windstream Bruce project with its two anemometers and associated data for a nominal consideration, under the name Limberlost Wind Corp., which optioned additional lands to secure the interior of the Bruce Peninsula for future wind developments. The three projects will adhere to internal guidelines of development wherein they will not develop towers within two kilometres of any Great Lakes or Georgian Bay shoreline and will remain within a corridor for future transmission of the power output to the Ontario grid. As at the Valuation Date, there has been minimal activity related to these two wind development projects.

International Marine Energy Inc. ("IME")

Tribute has been active in tidal and marine power development since June 2012. In October 2014, Tribute formed IME as the development vehicle for future tidal power projects. Tribute invested \$1.0 million in IME in exchange for common shares and sold its interest in Western Tidal Holdings Ltd. ("Western Tidal") to IME for future milestone payments based upon the success of future developments in British Columbia. In November 2014, Mark and Chad Himmelspace and related entities invested \$1.0 million in exchange for a 50% stake in IME. IME is now owned 50% by Tribute and 50% by the Himmelspace family. IME has invested in the development of tidal and marine energy projects in Canada.

During 2015 and 2016, IME held discussions with Tocardo, a Dutch tidal power turbine and foundation equipment supplier, initially for the British Columbia projects, but mainly for three contracted Nova Scotia Bay of Fundy tidal power projects. In the first quarter of 2016, IME negotiated terms with Minas Energy Inc. to purchase Berth A of the Fundy Ocean Research Center for Energy ("FORCE"). Financial close occurred in March 2016, with the Minas FIT contract holders taking over project development, with anticipated in-service commercial operation dates from 2018 to 2020 for the first 4 MW of these projects. IME currently holds 400,000 limited partnership units in the Minas Tidal Limited Partnership ("Minas Tidal LP"). In addition, Tribute directly holds 815,000 units in Minas Tidal LP, which it received as compensation for funds invested directly to date in the tidal power projects.



Fundy Tidal Inc. ("Fundy")

Fundy is a Community Economic-Development Corporation ("CEDC") based in Digby County, Nova Scotia, established on Brier Island in 2006 as a result of local interest in generating marine renewable energy from the tidal currents of the Outer Bay of Fundy, Nova Scotia including Digby Gut, Grand Passage and Petit Passage. Fundy's focus is small-scale tidal energy projects that involve community ownership and local benefits. Current activities include the development of five tidal power projects through the Community Feed-In-Tariff ("COMFIT") program. Fundy received COMFIT approvals from the Province of Nova Scotia for projects in Digby County (1.95 MW in Digby Gut and 500 kW in each of Grand Passage and Petit Passage). Capacity at Grand Passage will be transferred to the Petit Passage project.

In November 2013, Tribute signed a term sheet with Fundy outlining the terms for an ownership position in Fundy and participation through a limited partnership structure in the projects developed by Fundy. Since that time, Tribute and Fundy have been working together to complete final agreements and determine the structure for the financing of the Fundy projects. Tribute and Fundy formed the Digby Gut Limited Partnership ("Digby Gut LP") as the development vehicle for the 1.95 MW small-scale tidal COMFIT project. Further development activities are actively underway in the Grand and Petit Passages. In November of 2014, Tribute transferred all of its ownership interests in Fundy and its projects to IME. IME has been working with Tocardo to commission the Digby Gut LP project, which may include the installation of 10 T200 turbines and the design and development of a floating platform to house them.

Since 2015, Tribute and IME have been in discussions with a representative of Katalyst to form another CEDC to raise funds to develop 0.9 MW of contracted power production to be located at Petit Passage, using Tocardo turbine equipment. IME and Tocardo revised their joint offer to the Board of Fundy in June 2016, which was accepted by the Board in July 2016. IME is planning to combine CAES technology with the 750 kW wind turbine currently connected to the distribution grid at the Petit Passage location. Once operational, this combined project would represent the first known tidal/wind/CAES project in Canada, connected to the Nova Scotia power grid. Fundy shareholders will have a continued opportunity to participate in the new combined energy project and will receive 500,000 limited partnership units in the Petit Passage project, which would be capable of delivering firm dispatchable power to the grid operators.

Western Tidal Holdings Ltd. ("Western Tidal")

In August 2013, Tribute and Western Tidal entered into a share exchange agreement resulting in Tribute acquiring 100% of the issued and outstanding shares of Western Tidal and its tidal operations.

Western Tidal remains active as a private company registered in British Columbia. Western Tidal has successfully received 12 completed site licenses representing 243.5 MW of tidal development potential through the accepted application stage. Western Tidal intends to continue to pursue local First Nations as full business partners in its project ventures. Together with its First Nations partners, Western Tidal will pursue the establishment of a regulatory structure and is in a position



to propose draft power purchase agreements to the appropriate agencies and government officials as these opportunities arise. In addition, Western Tidal has met with British Columbia Hydro and government representatives to engage in discussions about supplying tidal power to remote non-grid connected communities along the British Columbia coast.

In November of 2014, Tribute transferred all of the shares of Western Tidal to IME for future milestone payments and financing commitments. Since the British Columbia government has not yet implemented above-market power purchase rates to promote marine and tidal energy projects, but has only begun to issue licenses for seabed locations, Western Tidal remains a long-term prospect. As at December 31, 2016, no value was assigned to Tribute's investment in Western Tidal or any potential milestone payments receivable.

Tocado International B.V. ("Tocado")

In July 2016, Tribute purchased a 46.5% equity interest in Tocardo, a private tidal and free-flow water turbine developer and manufacturer based in the Netherlands. Tribute acquired its equity interest in Tocardo from a subsidiary of Huisman Equipment B.V. ("Huisman") for \$101,390. Management has advised that Huisman was seeking to exit from its investment in Tocardo to focus on its core business operations, which were economically depressed due to low global oil and gas prices.

Tocado, located in Den Oever, the Netherlands, has been developing and deploying its tidal turbines in rivers and ocean environments for over a decade. Tocardo's most recent project in the Netherlands was the design, production and installation of five tidal turbines in the Eastern Scheldt storm surge barrier (Oosterschelde barrier) to generate clean energy. This installation is the largest tidal energy project in the Netherlands as well as the world's largest commercial tidal installation of five turbines in an array. This project has been in operation since the fourth quarter of 2015.

Tocado owns the exclusive project development rights for three projects in the United Kingdom plus one project in the Netherlands having a combined potential of 24 MW. These tidal projects are expected to be installed over the next three to five years. Moreover, Tocardo's turbine technology will be installed at the Minas Tidal LP project in the Bay of Fundy during 2018 and 2019. This project is being jointly developed by Tocardo and Tribute. Tribute is committed to working with the Tocardo management team and has identified over 90 MW of turbine projects for installation over the next five years.



Shareholdings as at Valuation Date

Tribute's capital consists of Common Shares and stock options. As at the Valuation Date, there were approximately 73,022,673 issued and outstanding Common Shares, and 5.6 million stock options with a weighted average exercise price of \$0.12 per share. Over 75% of the Common Shares of Tribute are held by five investors, such that the public float consists of approximately 18.0 million Common Shares.

Consolidated Financial Position of Tribute

Table 1 below presents a summary of the audited consolidated balance sheet position of Tribute for the five years ended December 31, 2012 through 2016. In general, the historical financial position of Tribute reflects the Company's investment in various gas storage and energy development projects over the past five years. Due to the periodic investment in, divestiture, abandonment and impairment of various development projects, Tribute's reported net asset value has trended downwards over the past three years.

Table 1 - Consolidated Financial Position						
As at December 31	(\$ 000's)	2012	2013	2014	2015	2016
Assets						
Cash and cash equivalents	\$	67	2,974	344	409	285
Accounts receivable		127	29	148	135	522
Prepaid expenses and security deposits		78	78	86	182	172
Total current assets		272	3,081	578	726	979
Note receivable from a related party		-	-	109	105	-
Long-term investments		2,434	2,250	3,233	159	991
Energy projects under development		2,627	3,635	744	688	-
Property and equipment		357	325	2,755	3,069	2,961
	\$	5,690	9,291	7,419	4,747	4,931
Liabilities						
Accounts payable & accrued liabilities	\$	294	279	292	430	589
Short-term note		120	-	-	-	-
Loan from a director		-	-	-	-	159
Term loans		1,500	-	24	16	1,773
Total current liabilities		1,914	279	316	446	2,521
Long-term debt		500	-	-	-	-
Provisions		137	143	411	1,073	1,016
Total liabilities		2,551	422	727	1,519	3,537
Shareholders' Equity						
Share capital		10,336	10,731	10,656	10,513	10,435
Contributed surplus		3,522	3,682	3,682	3,682	3,682
Deficit		(10,842)	(5,843)	(7,905)	(11,155)	(12,684)
Equity of the owners of the Company		3,016	8,570	6,433	3,040	1,433
Non-controlling interest		123	299	259	188	(39)
Total shareholders' equity		3,139	8,869	6,692	3,228	1,394
Total liabilities & equity	\$	5,690	9,291	7,419	4,747	4,931

Source: Audited financial statements as prepared by NPT LLP for FY 2012 to FY 2015 and as prepared by BDO LLP for FY 2016.



As at December 31, 2016, the reported consolidated book value of the shareholders' equity of Tribute approximated \$1.394 million, inclusive of non-controlling interests of \$(39,000). The assets of the Company consisted of current assets of \$979,000, long-term investments of \$991,000, and property and equipment of \$2.961 million. As at the Valuation Date, Tribute had liabilities of approximately \$3.537 million, consisting of third-party term loans of \$1.773 million, provisions for decommissioning obligations of \$1.016 million, accounts payable and accrued liabilities of \$589,000, and a loan from a director of \$159,000.

The Company's investment in various oil and gas operations, natural gas storage reservoirs, and renewable energy projects (e.g. wind, tidal power, CAES) and technologies are recorded as long-term investments, energy projects under development, and property and equipment. The carrying values of many of these investments have been written down to nominal value for financial reporting purposes due to recent operating losses, limited short-term economic prospects and limited active operations.

Consolidated Operating Results of Tribute

Table 2 below presents a summary of the audited consolidated operating results of Tribute for the five years ended December 31, 2012 through 2016. As a gas storage and early stage energy project development company, Tribute has limited recurring revenue streams and records periodic revenue and expenses associated with the disposition or impairment of its various development projects.

A few observations in respect of Tribute's reported operating results are as follows:

- Tribute has recorded a net loss in four of the past five years (i.e., 2012 and 2014 to 2016); and,
- Tribute posted a net income of \$5.7 million in 2013 in conjunction with the realization of a \$7.8 accounting gain on the sale of certain long-term investments.



Table 2 - Consolidated Financial Results					
For the Fiscal Years Ended December 31					
	2012	2013	2014	2015	2016
in \$000's					
Revenue					
Petroleum and natural gas sales	\$ 98	118	850	925	932
Less: Royalties paid	(16)	(19)	(66)	(82)	(86)
Total revenue	82	99	784	843	846
Operating expenses					
Well operations	69	81	318	533	470
Municipal taxes	-	-	157	216	174
Amortization and depletion	57	51	363	497	332
General and administrative	423	1,360	1,601	867	891
Interest and service charges	173	162	106	20	79
Management fees	78	115	441	373	114
Director fees	-	-	90	85	-
Stock based compensation expense	135	160	-	-	-
Accretion of asset retirement obligation	6	6	18	24	11
Total operating expenses	941	1,935	3,094	2,615	2,070
Loss before other income and taxes	(859)	(1,836)	(2,310)	(1,772)	(1,224)
Other income (loss)					
Interest income	-	1	35	13	2
Gain (loss) on sale of long-term investments	-	7,782	4,475	-	-
Gain on bargain purchase of investment	-	-	-	869	-
Loss on settlement of ARO	-	-	-	(42)	(1)
Project management fees	3	-	-	-	(85)
Share of income (loss) from long-term investment	(301)	(499)	(17)	(711)	(601)
Gain on issuance of partnership units	463	218	-	-	-
Unrealized loss on step acquisition of subsidiary	-	(91)	-	-	-
Reversal or (provision for) impairment in value of as	(7,283)	167	(3,632)	(1,932)	-
Comprehensive net income (loss) for the year	\$ (7,977)	5,742	(1,449)	(3,575)	(1,908)
Attributable to:					
Non-controlling interest	\$ (469)	160	(140)	(231)	(319)
Owners of the parent Company	(7,508)	5,582	(1,308)	(3,345)	(1,590)
Comprehensive net income (loss) for the year	\$ (7,977)	5,742	(1,448)	(3,576)	(1,909)

Source: Audited financial statements as prepared by NPT LLP for FY 2012 to FY 2015 and as prepared by BDO LLP for FY 2016.

Revenues

During the past five years, the revenues of Tribute have largely been derived from petroleum and natural gas production revenues, net of royalties. The increase in revenues commencing in 2014 is directly related to the Company's acquisition of Magnum and Liberty.

Operating Expenses

Tribute's operating expenses consist of two types of costs - recurring operating-related expenses and periodic costs associated with compensating the Company's management.



Recurring operating expenses consist of petroleum and gas well operating costs, municipal taxes, lease costs, amortization and depletion expense associated with the Company's oil and gas properties and capital assets, general and administrative expenses associated with operating a publicly-listed company, interest and service charges, management fees paid in respect of personnel who manage the Company's operations and accretion expense associated with asset retirement obligations.

Periodic compensation-related costs include director fees and stock-based compensation expense.

Other Income and Losses:

Other income and losses consist of gains and losses arising from the disposition of investments, impairment losses arising from the periodic write-down of the carrying value of investments, the Company's proportionate share of the losses from investments accounted for on an equity basis, and other miscellaneous income and expenses.

Future Outlook:

Management has advised that the operating results of Tribute will continue to fluctuate significantly in the medium term since the Company has limited recurring revenue streams. Moreover, periodic accounting gains and losses will continue to be realized from the Company's investment in a portfolio of early stage development projects.

FORMAL VALUATION

Definition of Fair Market Value

For the purpose of the Formal Valuation and pursuant to the Securities Rules, fair market value is defined as the monetary consideration that, in an open and unrestricted market, a prudent and informed buyer would pay to a prudent and informed seller, each acting at arm's length with the other and under no compulsion to act.

Consistent with the Securities Rules, in determining the fair market value of the Common Shares, we have not included a downward adjustment to reflect the liquidity of the Common Shares, the effect of the Proposed Transactions on the Common Shares or the fact that the Common Shares do not form part of a controlling interest.

Valuation Approaches

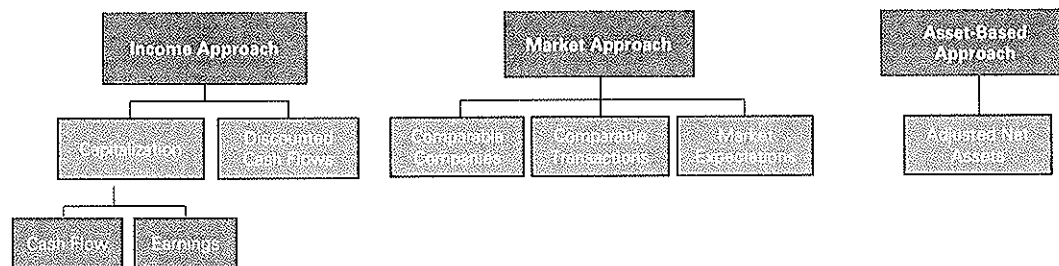
The Formal Valuation is based upon methodologies and assumptions that KPMG considered appropriate in the circumstances for the purposes of arriving at an opinion as to the range of fair market value of the Common Shares as at the Valuation Date.

The fair market value of a business generating a level of profitability commensurate with the assets employed should be based on a going concern approach. If, on the other hand, it is determined that a business cannot be anticipated to produce a sufficient level of discretionary cash flow or income in relation to its tangible operating assets and that the investors would benefit more by liquidating the business than by operating it, then the value to be placed on the business should be based on the liquidation approach.

Based upon our discussions with Management and our review of the reported financial position and historical and projected operating results of Tribute and its investees, it was concluded that the Company should be valued using a going concern approach. The going concern approach assumes that the business being valued will continue to operate profitably or will operate with a potential for future profits and positive cash flows.

In determining the fair market value of a business and/or asset under the going concern approach, three different approaches may be employed: the income approach, the market approach, and/or the cost approach. While each of these approaches is initially considered, the nature and characteristics of the company and/or asset will indicate which approach or approaches are most appropriate.

Exhibit 1: Valuation Approaches



(i) Income Approach

Discounted Cash Flow Method

This income approach is predicated upon the value of the future cash flows that a company and/or asset will generate over its remaining life. This approach begins with the estimation of the annual cash flows that a prudent investor would expect the subject business and/or asset to generate over a discrete projection period.

The cash flows for each of the years in the discrete projection period are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving the projected cash flows.

The present value of the cash flows is then added to the present value equivalent of the residual value of the business at the end of the discrete projection period to determine fair market value.



Capitalized Earnings Method

An alternative under the income approach is the Capitalized Earnings method. Under this approach, a valuator must first determine an entity's maintainable future earnings. This is the level of earnings that can reasonably be expected to be achieved on a continuing basis in future years. It does not necessarily represent a level of earnings that will be achieved in each and every year, but rather a reasonably maintainable earnings level.

Once the appropriate maintainable earnings of a business is determined, it is then capitalized by appropriate capitalization rates that reflect both the industry-related and the company-specific risks and opportunities associated with the business. Any expected future growth or decline in operating earnings should be considered in the selection of appropriate multiples to apply to maintainable earnings. The resultant value is then adjusted for any other redundant assets or liabilities associated with the business as at the valuation date.

(ii) Market Approach (Market Multiples Method)

The market approach could also be considered in the valuation of businesses, business ownership interests, and/or securities, to the extent that adequate and relevant information is available. Comparable market multiples are those that provide a reasonable basis for comparison to the investment characteristics of the company being valued and comparable market multiples can provide insight into valuing a subject company, or may be used for corroborative purposes.

Market approaches based on the market multiples method can also provide objective, empirical data for developing valuation ratios for use in business valuation, and can be classified into the following two methods:

- Comparable Public Company Multiples Method – An analysis of multiples based on the publicly traded equity prices for the securities (e.g., common shares) of a public company listed on a given stock exchange.
- Precedent Transaction Multiples Method – Multiples are based on open market transactions, whether public or private, in which relevant financial information has been disclosed.

The value measure, or valuation multiple, is determined by dividing the price of the comparable company shares and/or transaction by a financial variable (such as earnings, cash flow, EBITDA, or revenue), calculated from the financial data of the comparable company. The valuation multiples are then reviewed and used as comparables in applying valuation ratios to the subject company, after making appropriate adjustments to ensure consistency in accounting conventions, the timing of the price data used in the valuation ratios, and the selection of the underlying data used to compute the valuation ratios.



Comparable Public Company Multiples Method

The comparable public company multiples method requires the development of relevant valuation ratios (i.e., public company multiples) derived from a review of transactional pricing information and underlying financial data of publicly-traded comparable companies engaged in similar lines of business that are actively traded in a free and open market, and then applying these ratios to the corresponding data of the subject company to arrive at a value.

Under the comparable public company multiples method, the value of the subject company can be determined using two basic approaches:

- **Business Enterprise Value** – This is a “debt-free” approach, which is based on the multiples of the comparable companies calculated using the business enterprise value of the comparables (i.e., the market value of the shares plus the market value of net debt). Once business enterprise value is calculated by applying “debt-free” multiples to the subject company's EBIT, EBITDA, or revenues, a deduction is made for actual net debt in order to estimate the equity value of the subject company.
- **Equity Value** – This approach is based on the market capitalization of the selected comparable public companies (i.e., market value of equity).

Precedent Transaction Multiples Method

In the precedent transaction multiples method, valuation multiples are derived from open-market transactions of companies engaged in the same or similar line(s) of business as the subject company.

This method is very similar to the public company multiples method, except that instead of looking at public companies trading on a stock market, the valuation specialist develops valuation multiples by reviewing and analyzing companies that have recently been bought or sold in the marketplace. As a result, a precedent transaction analysis involves a review of recent precedent transactions of similar companies to provide indicators of rates of returns required by investors in the open market.

(iii) Asset-Based Approach (Cost Approach)

The adjusted net assets method is a methodology based on the cost approach. Under this method, a valuation analysis is performed on a company's identified fixed, financial and other assets. The value of all the existing and potential liabilities is then subtracted from the aggregate value of the assets.

Typically, an ongoing business is worth more than the fair market value of its underlying tangible assets. This additional value is the result of several factors: the assets valued independently may not reflect the economic value related to the prospective cash flows that they could generate; the synergy of the assets may not be reflected in their independent values; and intangible assets



inherent in the business such as reputation, superior management, proprietary procedures or systems, or superior growth opportunities are very difficult to measure independent of the cash flows generated by various assets.

Selection of Valuation Approach for Tribute

Based on a review of the business operations of Tribute and its investees, a going-concern approach was considered to be appropriate. More specifically, in determining the fair market value of the Common Shares of Tribute, KPMG has employed the Adjusted Net Assets Approach for the following reasons:

- The Adjusted Net Assets Approach represents the approach most commonly used in valuing companies that own a number of disparate investments;
- The activities of Tribute do not extend beyond holding and managing its interests in its underlying investments; and,
- The earnings and cash flows of Tribute may not always be representative of an appropriate rate of return relative to the value of its underlying investments depending on the current asset mix.

Under the Adjusted Net Assets Approach, the equity value of a company is determined by restating the reported net book value of all the assets and liabilities of a company to their respective fair market values.

Moreover, KPMG has determined the fair market value of the Company's assets and liabilities based on the following approaches:

- The Cost Approach was used to determine the fair market value of Tribute's financial and working capital assets and liabilities and certain of the Company's energy projects under development.
- The Income Approach was used to determine the fair market value of some of the renewable energy projects of the Company. Specifically, the discounted cash flow approach ("DCF Approach") was the primary Income Approach used to value Tribute's investment in various marine / tidal projects.

Adjusted Net Assets Value of Tribute

Tribute operates as a company with various active and passive investments. The key components comprising the Adjusted Net Assets Value of Tribute are the following:

- A. Various financial and working capital assets and liabilities;
- B. Long-term investments, which represent the Company's non-controlling ownership interests in International Marine Energy Inc. (50.0%), Minas Tidal Limited Partnership



(67.1%), Spray Energy Limited Partnership (99.99% non-voting interest) and Tocardo International B.V. (46.5%);

- C. Energy projects under development, which consists of the Company's majority ownership interest in Mar Silver Birch Limited Partnership (56.3%) plus various natural gas storage reservoirs (Stanley and Bayfield pools, Chatham C and Canton Shoals pools, and Zurich pool);
- D. Property and equipment, which consists of capital assets plus the Company's producing oil and gas assets;
- E. Corporate debt;
- F. Decommissioning obligations relating to the Company's producing oil and gas properties and gas storage assets under development;
- G. Corporate tax loss carry-forward and tax pool balances; and,
- H. Portfolio discount. Due to the disparate nature of the investments held by Tribute and the ongoing costs of maintaining these investments, a portfolio discount was applied to the fair market value of the Company's long-term investments. This portfolio discount reflects the view that prospective investors may not be interested in all the investments owned by Tribute, the lack of marketability of certain of Tribute's investments, and the ongoing costs of maintaining certain investments.



May 24, 2017

Page 21

Table 3 below summarizes the valuation of the individual assets and liabilities of Tribute under the Adjusted Net Assets Approach as at the Valuation Date.

Tribute Resources Inc.		Fair Market Value			
Table 3 - Adjusted Net Assets Value (\$ 000's)		Net Book			
As at December 31, 2016		Value	Low	Midpoint	High
Assets					
Cash and cash equivalents	\$	285	285	285	285
Accounts receivable		522	522	522	522
Prepaid expenses and security deposits		172	172	172	172
Total current assets		979	979	979	979
Long-term investments		991	7,323	7,800	8,277
Energy projects under development		-	568	1,262	1,956
Property and equipment		2,961	2,640	3,045	3,450
Value of tax losses and tax pools		-	950	1,100	1,250
Total long-term investment assets		3,952	11,481	13,207	14,933
Total assets	\$	4,931	12,460	14,186	15,912
Liabilities					
Accounts payable and accrued liabilities	\$	589	589	589	589
Loan from a director		159	159	159	159
Term loans		1,773	1,773	1,773	1,773
Total current liabilities		2,521	2,521	2,521	2,521
Provision - decommissioning obligations		1,016	150	175	200
Non-controlling interests		(39)	-	-	-
Total liabilities		3,498	2,671	2,696	2,721
Net Assets - as at December 31, 2016	\$	1,433	9,789	11,490	13,191
Fair market value of net assets before portfolio discount					
	\$		9,800	11,500	13,200
Portfolio discount			(2,300)	(2,650)	(3,000)
Fair market value of Common Shares	\$		7,500	8,850	10,200
Common shares outstanding - December 31, 2016			73,022,673	73,022,673	73,022,673
Fair market value per Common Share (cents)	¢		10.27	12.12	13.97

As summarized above, the Adjusted Net Assets Value of the Common Shares of Tribute was determined to be in the range of \$7.5 million to \$10.2 million as at December 31, 2016. The midpoint of this fair market value range is \$8.85 million.

We note that the Adjusted Net Assets Value presented above does not consider the dilutive impact of outstanding stock options. This issue is described later in this report, and was not considered to be material to our valuation conclusions.

A detailed description of the various components that comprise the Adjusted Net Assets Value of Tribute is described in the following sections of the report.

A. Financial and Working Capital Assets and Liabilities

As at December 31, 2016, Tribute and its consolidated subsidiaries had cash balances of \$285,000, accounts receivable of \$522,000, prepaid expenses and security deposits of \$172,000 and accounts payable and accrued liabilities of \$589,000. These working capital assets and liabilities were valued at their respective book values as they will be fully realized or paid out in



the normal course of Tribute's operations over the next few months. The aggregate fair market value of these working capital assets and liabilities amounted to \$390,000.

B. Long-Term Investments

As at the Valuation Date, Tribute held an interest in four long-term investments, which represent the Company's investment in the tidal energy and turbine technology sectors. Table 4 below provides a summary of the reported net book values and the fair market values of these four long-term investments as at December 31, 2016:

Table 4 - Fair Market Value of Long-Term Investments (In \$000's)	Ownership Percentage	Net Book Value	Fair Market Value		
			Low	Midpoint	High
Long-Term Investments					
1. International Marine Energy Inc. - shares	50.00%	\$ 189	240	255	270
2. Minas Tidal LP (815,000 units)	67.08%	802	973	1,040	1,107
3. Spray Energy Limited Partnership (100,000 units)	99.99%	-	1,500	1,600	1,700
4. Tocardo International B.V. - shares	46.50%	-	4,610	4,905	5,200
Total Fair Market Value of Long-Term Investments		\$ 991	7,323	7,800	8,277

The total fair market value of Tribute's long-term investments was determined to fall in the range of \$7.323 million to \$8.277 million as at December 31, 2016, with a midpoint fair market value of \$7.800 million. A brief description of the fair market value of the individual long-term investments is provided below.

1. International Marine Energy Inc. ("IME")

Tribute has been active in tidal power development since June 2012. In October 2014, Tribute formed IME as the development vehicle for its future tidal power projects. IME is currently owned 50% by Tribute and 50% by members of the Himmelspach family. IME has invested in the development of various tidal and marine energy projects in Canada.



May 24, 2017

Page 23

Table 5 below summarizes the valuation of the individual assets and liabilities of IME as determined under the Adjusted Net Assets Approach as at the Valuation Date.

International Marine Energy Inc.				
Table 5 - Adjusted Net Assets Value (\$ 000's)	Net Book	Fair Market Value		
As at December 31, 2016	Value	Low	Midpoint	High
Assets				
Accounts receivable	\$ 11	11	11	11
Due from Western Tidal Holdings Ltd.	123	-	-	-
Due from Fundy Tidal Inc.	207	-	-	-
Total current assets	341	11	11	11
Shares - Fundy Tidal Inc. (10%)	598	-	-	-
Units - Digby Gut LP (182,013 units)	182	-	-	-
Shares - Western Tidal Holdings Ltd. (100%)	-	-	-	-
Shares - Quemar Grand-Nord Inc. (100%)	-	-	-	-
Units - Spray Energy General Partner Limited (50%)	-	-	-	-
Units - Minas Tidal LP (400,000 units - 32.92%)	400	477	510	543
Total long-term investment assets	1,180	477	510	543
Total assets	\$ 1,521	488	521	554
Liabilities				
Accounts payable and accrued liabilities	\$ 12	12	12	12
Total liabilities	12	12	12	12
Net Assets - as at December 31, 2016	\$ 1,509	476	509	542
Fair market value of shares - rounded	\$ 480	510	540	
Share interest held by Tribute Resources Inc.	50.0%	50.0%	50.0%	
Fair market value of shares held by Tribute Resources Inc.	\$ 240	255	270	

The fair market value of Tribute's 50% interest in the shares of IME was determined to fall in the range of \$240,000 to \$270,000 as at December 31, 2016, with a midpoint fair market value of \$255,000. The primary investments owned and related fair market values are described below:

- Spray Energy General Partner Limited ("Spray Energy GP") – IME owned 50% of the shares of Spray Energy GP, which owned 1 (or 0.001%) of the issued and outstanding units of Spray Energy Limited Partnership ("Spray Energy LP"). As at the Valuation Date, Spray Energy LP was engaged in the early stage development of a tidal energy project located near Petite Passage, Nova Scotia, on the eastern shore of the Bay of Fundy. IME's 50% equity investment was valued at \$nil, since almost all value was allocated to the units held by Tribute. This project is more fully described later in this report.
- Minas Tidal LP – IME owned 415,000 units in Minas Tidal LP, representing an approximate 32.92% ownership position. Minas Tidal LP was engaged in the early stage development of a tidal energy project located at the mouth of the Minas Basin of Nova Scotia, within the Bay of Fundy. This 32.92% equity investment was valued in a range from \$477,000 to \$543,000, and is more fully described later in this report.
- Western Tidal – As at the Valuation Date, IME owned 100% of the shares plus a \$123,000 loan receivable from Western Tidal. The shares and loan receivable were valued at \$nil as the 12 tidal licenses held by Western Tidal had limited economic prospects for

development as at the Valuation Date, due to the lack of financial incentive programs (e.g. power purchase agreements with above market pricing) from the British Columbia government.

- Fundy and Digby Gut LP – As at the Valuation Date, IME owned 10% of the shares of Fundy, a \$207,000 advance receivable from Fundy, and 182,013 units in Digby Gut LP. These companies were engaged in the early stage development on a tidal energy project located near Digby, Nova Scotia, on the eastern side of the Bay of Fundy. The equity interests in Fundy and Digby Gut LP and the advances receivable from Fundy were valued at \$nil at the Valuation Date since this tidal energy project was at an early stage of development, had experienced some development difficulties and delays to date, and was mired in internal litigation. The Digby Gut LP project is more fully described later in this report.
- Shares in Quemar Grand-Nord Inc. ("Quemar") – IME owned 100% of the shares of Quemar, which was inactive as at the Valuation Date. The shares of Quemar were valued at \$nil.

Based on the foregoing and in consideration of IME's working capital balances, the fair market value of Tribute's long-term investment in 50% of the shares of IME was determined to fall in the range of \$240,000 to \$270,000, with a midpoint fair market value of \$255,000.

2. Minas Tidal Project

Overview

As at the Valuation Date, Tribute owned 815,000 limited partnership units in Minas Tidal LP, which represented approximately 67.08% of the total partnership units of the limited partnership. As previously noted, Tribute was actively engaged in the development of this tidal energy project (the "Minas Tidal Project"), which had secured a 15-year power purchase agreement with a fixed above-market price for power and a site berth that was connected to the electricity grid of Nova Scotia. The valuation of the Minas Tidal Project is described below.

Cash Flow Projections

The valuation of the Minas Tidal Project was based on cash flow projections for the fiscal years 2017 to 2039 as contained in the Minas financial model (the "Minas Model") prepared by Management of Tribute. We performed certain analytical review procedures to assess the overall reasonableness of the projections, along with an assessment of the risks associated with achieving projected results. Our observations on the projections in the Minas Model follow:

- Projected revenues were based on a 15-year power purchase agreement ("PPA") with Nova Scotia Power Inc. at \$0.53 per kWh. Five T2 turbines will be mounted on each anchored floating Universal Foundation System ("UFS") designed by Tocardo. The Minas Tidal Project requires three UFSs, each with the capability of supporting approximately



1.25 MW of turbines. The first phase of the Minas Tidal Project is scheduled to deploy the first UFS in late 2018 with a scheduled COD of January 1, 2019. The second phase plans for the deployment of the second and third UFS units during the second quarter of 2019, with a COD in early 2020.

- No allowance for sustaining capital investments was incorporated in the Minas Model. Instead, all maintenance-type capital expenditures were treated as operating expenditures in arriving at EBITDA. In our view, this approach is reasonable given the limited post-PPA terminal period ascribed to the Minas Tidal Project as well as the estimated 20-year useful life of the T2 turbines and UFS assets.
- Operating costs consist of variable and fixed operating costs including insurance, system monitoring and lease expense. Variable costs are estimated at \$60 per MWh.
- All operating costs have been increased at an average annual inflation rate of 2.0%. Revenues are fixed during the 15-year life of the PPA, with no inflationary increases. This results in a gradual reduction in the EBITDA generated by the project.
- A five-year terminal period has been added to the projections after the expiry of the initial 15-year PPA with Nova Scotia Power. This terminal period extends the revenue generation term of the Minas Tidal Project to 20 years, which is consistent with the expected 20-year lifespan of the tidal energy assets. Revenues in the terminal period are projected to fall to approximately 30% of the pricing embedded in the initial PPA.

A summary of the projected operating results for the Minas Tidal Project is presented below:

(In \$000's)	2017	2018	2019	2020	2021	2022	2023		2025	2026	2027	2028	2029	
Revenue														
Electricity (Note 1)	\$	-	-	2,332	7,066	7,066	7,066	7,066		2,120	2,152	2,184	2,217	1,500
Other		-	-	-	-	-	-	-		-	-	-	-	-
Total revenue		-	-	2,332	7,066	7,066	7,066	7,066		2,120	2,152	2,184	2,217	1,500
Operating expenses														
General and administrative		-	-	292	882	900	918	936		1,175	1,193	1,211	1,229	831
Lease		-	-	300	300	306	312	318		399	405	411	417	282
Insurance		-	-	68	200	204	208	212		266	270	274	278	188
Monitoring		-	-	100	100	102	104	106		130	132	134	136	92
Total operating expenses		-	-	760	1,482	1,512	1,542	1,572		1,970	2,000	2,030	2,060	1,394
EBITDA	\$	-	-	1,572	5,584	5,554	5,524	5,494		150	152	154	157	106

Source: Unaudited financial projections as prepared by Management.

Note 1: Revenues were estimated to decrease to approximately 30% of previous levels after the end of the 15 year term of the FIT contract.



Discounted Cash Flow Analysis

Based on our analyses, we concluded that the projections contained in the Minas Model were reasonable and formed an appropriate basis for the valuation of the Minas Tidal Project. The free cash flow of the Minas Tidal Project was based on projected EBITDA (as previously discussed), less the following adjustments:

- Capital expenditures, less related capital grants, represent the amount of net capital investment required to construct and install the three UFSs and related turbine arrays. An aggregate capital investment of approximately \$48.1 million was estimated by Management based on its discussions with Tocardo, which has experience in constructing and installing the UFS platforms and turbine arrays. No sustaining capital expenditures were projected for the remaining lifespan of the Minas Tidal Project.
- Interest and principal payments associated with the projected financing arrangements for the Minas Tidal Project. Specifically, Management projected that primary financing would consist of a 13.5-year term loan bearing interest at 6.0% per annum. In addition, a crowd funding loan of \$4.0 million is projected as a source of financing, consisting of a 15-year term loan bearing interest at 6.0% per annum with a principal repayment bullet at maturity.
- While tidal energy projects may face some decommissioning costs at the end of their useful lives, no allowances have explicitly been included in the valuation analysis. Based on discussions with Management, these costs would largely be offset by the scrap value of the tidal energy assets. Based on our experience in valuing similar infrastructure projects, we view this assumption to be reasonable.
- Principal and dividend payments in respect of two tranches of preferred equity financing. Tranche one of the preferred equity financing is projected to be \$500,000 and will pay a dividend rate of 12.0%, while tranche two of the preferred equity financing is projected to be \$4.0 million, paying a dividend rate of 8.0%.
- No income taxes have been incorporated in the cash flow projections since it is expected that sufficient tax shield will be afforded to the Minas Tidal Project through tax depreciation or CCA available as a result of the large initial capital investment required. Income taxes, if any, would only arise in the latter years of the Minas Tidal Project and the impact on fair market value would not be material.

Cost of Equity – Minas Tidal Project

As noted above, the cash flows of the Minas Tidal Project are presented on a post-debt or levered basis, reflecting Management's projected debt structure and terms for the project. Accordingly, in determining the fair market value of the Minas Tidal Project, we applied an after-tax levered cost of equity to the projected cash flows of the Minas Tidal Project. The cost of equity ("Ke") was determined based on Capital Asset Pricing Model ("CAPM") and was determined to be in the range of 14.6% to 16.1%, or a midpoint of 15.3% for the Minas Tidal Project. CAPM theory



suggests that the cost of equity for a company is equal to the risk-free rate of return, plus the product of the company's beta coefficient and the risk-premium of the market as a whole, plus a size premium, and a company-specific risk factor: **$Ke = Rf + \beta (RP) + Size + SpR$** :

- **Rf** – The risk free rate was determined to be 2.31% based on the yield of long-term Government of Canada bonds as at the Valuation Date.
- **β** – The beta is a measure of risk based on the volatility of a company's return in relation to that of a market portfolio. We have selected a re-levered beta in the range of 0.83 to 0.94 based on an analysis of the average of five-year betas of public companies that are in the North American renewable energy sector, which we considered to be the most comparable to the Minas Tidal Project.
- **RP** – We have selected an equity risk premium of 5.0%, which is based on the Duff & Phelps 2016 Valuations Handbook, rounded to the nearest full percentage point.
- **Size** – The size premium was assessed at 3.58% based on Duff & Phelps 2016 Valuation Handbook for micro-capitalization companies in deciles 9 & 10. We utilized this size premium as, in our experience, purchasers of renewable energy assets often either (a) do not explicitly consider a size premium, or (b) measure the premium by reference to the size of the (larger) overall portfolio into which the specific asset (in this case, Minas Tidal Project) would ultimately reside. Offsetting, in part, the potential conservatism in the size premium selection is the fact that the prevailing risk free rates are near historic lows.
- **SpR** – The specific risk premium was selected to be in the range of 4.0% to 6.0% based on our assessment of the risk profile of the Minas Tidal Project. Specifically, we note that since this is a new generation facility with new tidal turbine technology, it does not yet have an operating history or track record. While construction risk can be managed, there is a residual commissioning and operating risk. For example, a power plant that had been operating for a number of years would likely be assessed a lower specific risk rating than the Minas Tidal Project, which is under development.

The cost of equity to apply to projections for the Minas Tidal Project was determined to range from 14.6% to 16.1%, with a midpoint cost of equity of 15.3%. A summary of the build-up of the cost of equity for the Minas Tidal Project is presented below



Table 7 - Minas Tidal LP - Cost of Equity				
Cost of Equity		Low	High	
Risk-free rate [1]	Rf	2.31%	2.31%	
Market risk premium [2]	Rm	5.0%	5.0%	
Beta [3]	β	0.94	0.83	
Size premium [4]	S	3.58%	3.58%	
Specific risk premium [5]	Rs	4.0%	6.0%	
Cost of equity	$Rf + (Rm \times \beta) + S + Rs$	14.6%	16.1%	

Notes:

[1] Based on the yield on long-term Government of Canada bonds at the Valuation Date, as per the Bank of Canada

[2] KPMG consensus of the long-term average market risk premium for equity investments in Canada.

[3] Betas as calculated in Table 8 below.

[4] As per Duff & Phelps 2016 Valuations Handbook.

[5] The specific risk premium represents non-diversifiable risk. The selected range was based on our understanding of the business, as well as discussions with Management.

Table 8 Minas Tidal LP - Beta Analysis	Levered (Equity) Beta (β_{lev})	5-Yr Avg Debt to Equity	5-Yr Avg Debt to Capital	Estimated Marginal Tax Rate	Unlev'd Beta (β_{u})
	[1]	[2]	[3]	[4]	[5]
Algonquin Power & Utilities Corp.	0.73	66.6%	40.0%	26.5%	0.49
Innervex Renewable Energy Inc.	0.60	146.1%	59.4%	26.5%	0.29
Capstone Turbine Corporation	nmf	9.8%	8.9%	40.0%	n/a
Boralex Inc.	0.51	201.5%	66.8%	26.5%	0.20
Alterra Power Corp.	nmf	142.3%	58.7%	26.5%	n/a
NRG Yield, Inc.	1.49	430.6%	81.2%	40.0%	0.41
Brookfield Renewable Partners L.P.	0.64	82.8%	45.3%	26.5%	0.39
Northland Power Inc.	0.80	101.6%	50.4%	26.5%	0.46
TransAlta Renewables Inc.	0.67	102.2%	50.5%	26.5%	0.38
Pattern Energy Group Inc.	0.92	199.7%	66.6%	40.0%	0.42
TerraForm Power, Inc.	1.60	437.2%	81.4%	40.0%	0.44
Atlantic Power Corporation	1.36	270.0%	73.0%	26.5%	0.46
U.S. Geothermal Inc.	3.06	187.0%	65.2%	40.0%	1.44
TerraForm Global, Inc.	1.68	607.4%	85.9%	40.0%	0.36
Ormat Technologies, Inc.	0.93	71.8%	41.8%	40.0%	0.65
NextEra Energy Partners, LP	0.69	491.3%	83.1%	40.0%	0.18
Calpine Corporation	1.05	156.1%	61.0%	40.0%	0.54
NRG Energy, Inc.	1.19	252.5%	71.6%	40.0%	0.47
Fortis Inc.	0.59	98.9%	49.7%	26.5%	0.34
8point3 Energy Partners LP	0.79	242.7%	70.8%	40.0%	0.32
Vivint Solar, Inc.	0.83	191.7%	65.7%	40.0%	0.39
Atlantica Yield plc	1.33	368.9%	78.7%	40.0%	0.41
Average	1.07	220.9%	61.6%	34.5%	0.45
Median	0.88	189.4%	65.4%	40.0%	0.41
Selected beta: low	0.94		65.0%	31.0%	0.41
Selected beta: high	0.83		55.0%	31.0%	0.45

Source: Bloomberg & Capital IQ

Notes:

[1] Five-year weekly raw betas as reported in Bloomberg

[2] Five-year average net debt-equity ratios based on Capital IQ quarterly data

[3] Five-year average net debt-capital ratios based on Capital IQ quarterly data

[4] Per KPMG analysis. The selected tax rate represents the corporate tax rate in Nova Scotia.

[5] $\beta_u = \beta_{lev} \div [1 + (1 - \text{tax rate}) \times \text{debt-equity ratio}]$



May 24, 2017

Page 29

Discounted Cash Flow Valuation

Our DCF valuation of the Minas Tidal Project was determined by discounting the free cash flow at the selected cost of equity. Presented below is our detailed DCF analysis.

Table 9 - Discounted Cash Flow Analysis Minas Tidal LP Project (in \$000's)	2017	2018	2019	2020	2021	2035	2036	2037	2038	2039	Terminal Value
Gross revenues	\$ -	-	2,332	7,066	7,066	2,120	2,152	2,184	2,217	1,500	-
Operating expenses	-	-	(760)	(1,482)	(1,512)	(1,970)	(2,000)	(2,030)	(2,060)	(1,394)	-
EBITDA	-	-	1,572	5,584	5,554	150	152	154	157	106	-
Initial capital expenditures [1]	(12,545)	(14,082)	(18,883)	(2,632)	-	-	-	-	-	-	-
Capital grant / (repayment)	2,750	-	-	-	-	-	-	-	-	-	-
Crowd funding loan [2]	-	4,000	-	-	-	-	-	-	-	-	-
Crowd funding loan - interest payments [2]	-	(180)	(240)	(240)	(240)	-	-	-	-	-	-
Term debt financing [3]	-	-	33,698	-	-	-	-	-	-	-	-
Term debt - principal and interest payments [3]	-	-	-	(3,632)	(3,632)	-	-	-	-	-	-
Preferred equity financing [4]	3,500	2,000	-	-	-	-	-	-	-	-	-
Preferred equity repayment [5]	(160)	(460)	(460)	(658)	(658)	-	-	-	-	-	-
Working capital [6]	-	-	-	-	-	-	-	-	-	-	-
Free cash flow	(6,455)	(8,722)	15,687	(1,578)	1,024	150	152	154	157	106	-
Discount period	0.75	1.5	2.5	3.5	4.5	18.5	19.5	20.5	21.5	22.5	-
PV Factor @ 15.3%	0.8985	0.8073	0.7000	0.6069	0.5262	0.0714	0.0619	0.0537	0.0465	0.0403	-
Present value of free cash flow	\$ (5,800)	(7,042)	10,981	(958)	539	11	9	8	7	4	-
Fair market value of the Minas Tidal LP project											\$ 216
Add: Development costs incurred through December 31, 2016 [7]											1,731
Less: Minas Tidal LP liabilities at December 31, 2016 - loan payable to Tribute Resources Inc. plus bank indebtedness											(401)
Fair market value of equity of Minas Tidal LP											\$ 1,546
											Low Midpoint High
Fair market value of equity - rounded (\$000's)											\$ 1,450 1,550 1,650

Notes:

- [1] Maintenance capital expenditures are assumed to be nominal over life of the project based on discussions with Management.
- [2] Crowd funding raised in 2018; annual interest payments only assuming a coupon rate of 6.0% and a term of 15 years.
- [3] Term debt financing will be secured in 2019, with blended annual principal and interest payments assuming a coupon rate of 6.0% and a term of 13.5 years.
- [4] Tranche One of preferred equity financing of \$500,000 in 2017 and Tranche Two of preferred equity financing of \$5,000,000 (in two phases in 2017 and 2018).
- [5] Blended principal and dividend payments on Tranche One and Tranche Two of preferred equity, based on coupon rates of 12.0% and 8.0%, respectively, and a term of 15 years.
- [6] Working capital investment assumed to be nominal over life of the project based on discussions with Management.
- [7] Project development costs incurred by Minas Tidal LP through December 31, 2016, which are included in total capital expenditures for the project.

The DCF valuation incorporates the add-back of \$1.731 million of development costs that had already been incurred by Minas Tidal LP as at the Valuation Date. These costs were included in the \$12,545 million of capital expenditures projected for 2017. A deduction of \$401,000 was also made to reflect the outstanding indebtedness of Mars Tidal LP as at the Valuation Date.

Valuation Conclusion

As summarized above, the fair market value of the equity of the Minas Tidal LP was determined to be in the range of \$1.450 million to \$1.650 million as at the Valuation Date, with a midpoint fair market value of \$1.550 million. This fair market value conclusion was derived as the sum of the discounted cash flows for the 23-year period from 2017 to 2039, plus \$1.731 million of capital costs incurred prior to the Valuation Date, less \$401,000 of outstanding financing liabilities on the December 31, 2016 balance sheet of Minas Tidal LP.

Table 10 below provides an allocation of the fair market value of the equity of Minas Tidal LP, allocated on a proportionate basis between its equity holders.



May 24, 2017

Page 30

Table 10 - Minas Tidal LP Valuation (\$ 000's)	# of Units	% Ownership	Fair Market Value (\$000's)		
			Low	Midpoint	High
Minas Tidal LP - Fair market value of equity			\$ 1,450	1,550	1,650
Allocation of Fair Market Value by Equity Holder					
Tribute Resources Inc.	815,000	67.0781%	973	1,040	1,107
International Marine Energy Inc.	400,000	32.9218%	477	510	543
Minas Tidal Inc. (nominal equity value - GP)	1	0.0001%	-	-	-
Totals	1,215,001	100.0000%	\$ 1,450	1,550	1,650

As presented above, the fair market value of Tribute's 67.08% equity interest in Minas Tidal LP was determined to be in the range of \$973,000 to \$1.107 million as at December 31, 2016, with a midpoint fair market value of \$1.040 million.

In addition, the fair market value of IME's 32.92% equity interest in Minas Tidal LP was determined to be in the range of \$477,000 to \$543,000 as at December 31, 2016, with a midpoint fair market value of \$510,000.

Spray Energy Project

Overview

As at the Valuation Date, Tribute owned a 99.99% limited partnership interest in Spray Energy LP. As previously noted, Tribute was actively engaged in the development of this tidal energy project (the "Spray Energy Project"), which had secured a 20-year power purchase agreement with a fixed above-market price for power that will be sold into the electrical grid of Nova Scotia. The valuation of the Spray Energy Project is described below.

Cash Flow Projections

Our valuation analysis of the Spray Energy Project was based on cash flow projections for fiscal years 2017 to 2040 as contained in the Spray Energy financial model (the "Spray Energy Model") as prepared by Management. We performed certain analytical review procedures to assess the overall reasonableness of the projections, along with an assessment of the risks associated with achieving projected results. Our observations on the projections in the Spray Energy Model follow.

- Projected revenues are based on a 20-year power purchase contract with Nova Scotia Power at \$0.65 per kWh. Five T2 turbines will be mounted on an anchored, floating, UFS structure designed by Tocardo. The Spray Energy Project requires one UFS, with the capability of supporting approximately 1.25 MW. The anticipated COD of the Spray Energy Project will be mid-year in 2020.
- No allowance for sustaining capital investments was incorporated in the Spray Energy Model. Instead, all maintenance-type capital expenditures were treated as operating expenditures in arriving at EBITDA. In our view, this approach is reasonable given the



May 24, 2017

Page 31

lack of a post-PPA terminal period for the Spray Energy Project as well as the estimated 20-year useful life of the T2 turbines and UFS assets.

- Operating costs consist of variable and fixed operating costs including insurance, system monitoring and lease expense. Variable costs are estimated at \$80 per MWh.
- All operating costs have been increased at an average annual inflation rate of 2.0%. Revenues are fixed during the 20-year life of the PPA, with no inflationary increases. This results in a gradual reduction in the amount of EBITDA generated by the project.

~~A summary of the projected operating results for the Spray Energy Project is presented below:~~

(In 000s)											
Revenue											
Other											
Operating expenses											
Capital expenditures											
Depreciation											
Marketing											
Total operating expenses											
EBITDA											

Source: Unaudited financial projections as prepared by Management.

Discounted Cash Flow Analysis

Based on our analyses, we concluded that the projections contained in the Spray Energy Model were reasonable and formed an appropriate basis for the valuation of the Spray Energy Project. The free cash flow of the Spray Energy Project was based on projected EBITDA (as previously discussed), less the following adjustments:

- Capital expenditures, less related capital grants, represent the amount of net capital investment required to construct and install the one UFS and related turbine arrays. An aggregate capital investment of approximately \$18.1 million was estimated by Management based on its discussions with Tocardo, which has experience in constructing and installing the UFS platforms and turbine arrays. No sustaining capital expenditures were projected for the remaining lifespan of the Spray Energy Project.
- Interest and principal payments associated with the projected Spray Energy Project financing arrangements. Specifically, Management projected that primary financing would consist of a 18-year term loan bearing interest at 6.0% per annum. In addition, a crowd funding loan of \$4.0 million is projected as a source of financing, consisting of a 15-year term loan bearing interest at 6.0% per annum with a principal repayment bullet at maturity.



- While tidal energy projects may face some decommissioning costs at the end of their useful lives, no allowances have explicitly been included in the valuation analysis. Based on discussions with Management, these costs would largely be offset by the scrap value of the tidal energy assets. Based on our experience in valuing similar infrastructure projects, we view this assumption to be reasonable.
- Principal and dividend payments in respect of two tranches of preferred equity financing. Tranche one of the preferred equity financing is projected to be \$500,000 and will pay a dividend rate of 12.0%, while tranche two of the preferred equity financing is projected to be \$2.0 million, paying a dividend rate of 10.0%.
- No income taxes have been incorporated in the cash flow projections since it is expected that sufficient tax shield will be afforded to the Spray Energy Project through tax depreciation or CCA available as a result of the large initial capital investment required. Income taxes, if any, would only arise in the latter years of the Spray Energy Project and the impact on fair market value would not be material.

Cost of Equity – Spray Energy Project

Like the Minas Tidal Project, the cash flows of the Spray Energy Project are presented on a post-debt or levered basis, reflecting Management's projected debt structure and terms for the project. Accordingly, in determining the fair market value of the Spray Energy Project, we applied an after-tax levered cost of equity to the projected cash flow of the Spray Energy Project. The cost of equity was determined based on CAPM and was determined to be in the range of 18.6% to 22.1%, or a midpoint of 20.3% for the Spray Energy Project. CAPM theory suggests that the cost of equity for a company is equal to the risk-free rate of return, plus the product of the company's beta coefficient and the risk-premium of the market as a whole, plus a size premium, and a company-specific risk factor: **$K_e = R_f + \beta (RP) + \text{Size} + \text{SpR}$** :

- **Rf** – The risk free rate was determined to be 2.31% based on the yield of long-term Government of Canada bonds as at the Valuation Date.
- **β** – The beta is a measure of risk based on the volatility of a company's return in relation to that of a market portfolio. We have selected a re-levered beta in the range of 0.83 to 0.94 based on an analysis of the average of five-year betas of public companies that are in the North American renewable energy sector, which we considered to be the most comparable to the Spray Energy Project.
- **RP** – We have selected an equity risk premium of 5.0%, which is based on the Duff & Phelps 2016 Valuations Handbook, rounded to the nearest full percentage point.
- **Size** – The size premium was assessed at 3.58% based on Duff & Phelps 2016 Valuation Handbook for micro-capitalization companies in deciles 9 & 10. We selected this size premium as, in our experience, purchasers of renewable energy assets often either (a) do not explicitly consider a size premium or (b) measure the premium by reference to size of



the (larger) overall portfolio into which the specific asset (in this case, the Spray Energy Project) will ultimately reside. Offsetting, in part, the potential conservatism in the size premium selection is the fact that the prevailing risk free rates are near historic lows.

- **SpR** – The specific risk premium was selected to be in the range of 8.0% to 12.0% based on our assessment of the risk profile of the Spray Energy Project. Specifically, we note that since this is a new generation facility with new tidal turbine technology, it does not yet have an operating history or track record. While construction risk can be managed, there is a residual commissioning and operating risk. For example, a power plant that had been operating for a number of years would likely be assessed a lower specific risk rating than the Spray Energy Project, which is under development.

Based on the foregoing and as presented below, we have determined the cost of equity of the Spray Energy Project to be in the range of 18.6% to 22.1%, with a midpoint of 20.3%.

Table 12 - Spray Energy LP - Cost of Equity				
Risk-free rate [1]	Rf	2.31%	2.31%	
Market risk premium [2]	Rm	5.0%	5.0%	
Beta [3]	β	0.94	0.83	
Size premium [4]	S	3.58%	3.58%	
Specific risk premium [5]	Rs	8.0%	12.0%	
Cost of equity	$Rf + (Rm * \beta) + S + Rs$	18.6%	22.1%	

Notes:

[1] Based on the yield on long-term Government of Canada bonds at the Valuation Date, as per the Bank of Canada

[2] KPMG consensus of the long-term average market risk premium for equity investments in Canada.

[3] Betas as calculated in Table 13 below.

[4] As per Duff & Phelps 2016 Valuations Handbook.

[5] The specific risk premium represents non-diversifiable risk. The selected range was based on our understanding of the business, as well as discussions with Management.

Table 13 Spray Energy LP - Beta Analysis	Levered (Equity) Beta (β_{lev})	5-Yr Avg Debt to Equity	5-Yr Avg Debt to Capital	Estimated Marginal Tax Rate	Unlev'd (Asset) Beta (β_u)
	(1)	(2)	(3)	(4)	(5)
Algonquin Power & Utilities Corp.	0.73	66.6%	40.0%	26.5%	0.49
Innervex Renewable Energy Inc.	0.60	146.1%	59.4%	26.5%	0.29
Capstone Turbine Corporation	n/m	9.8%	8.9%	40.0%	n/a
Boralex Inc.	0.51	201.5%	66.8%	26.5%	0.20
Alterra Power Corp.	n/m	142.3%	58.7%	26.5%	n/a
NRG Yield, Inc.	1.49	430.6%	81.2%	40.0%	0.41
Brookfield Renewable Partners L.P.	0.64	82.8%	45.3%	26.5%	0.39
Northland Power Inc.	0.80	101.6%	50.4%	26.5%	0.46
TransAlta Renewables Inc.	0.67	102.2%	50.5%	26.5%	0.38
Pattern Energy Group Inc.	0.92	199.7%	66.6%	40.0%	0.42
TerraForm Power, Inc.	1.60	437.2%	81.4%	40.0%	0.44
Atlantic Power Corporation	1.36	270.0%	73.0%	26.5%	0.46
U.S. Geothermal Inc.	3.06	187.0%	65.2%	40.0%	1.44
TerraForm Global, Inc.	1.68	607.4%	85.9%	40.0%	0.36
Ormat Technologies, Inc.	0.93	71.8%	41.8%	40.0%	0.65
NextEra Energy Partners, LP	0.69	491.3%	83.1%	40.0%	0.18
Calpine Corporation	1.05	156.1%	61.0%	40.0%	0.54
NRG Energy, Inc.	1.19	252.5%	71.6%	40.0%	0.47
Fortis Inc.	0.59	98.9%	49.7%	26.5%	0.34
8point3 Energy Partners LP	0.79	242.7%	70.8%	40.0%	0.32
Vivint Solar, Inc.	0.83	191.7%	65.7%	40.0%	0.39
Atlantica Yield plc	1.33	368.9%	78.7%	40.0%	0.41
Average	1.07	220.9%	61.6%	34.5%	0.45
Median	0.88	189.4%	65.4%	40.0%	0.41
Selected beta: low	0.94		65.0%	31.0%	0.41
Selected beta: high	0.83		55.0%	31.0%	0.45

Source: Bloomberg & Capital IQ

Notes:

(1) Five-year weekly raw betas as reported in Bloomberg

(2) Five-year average net debt-equity ratios based on Capital IQ quarterly data

(3) Five-year average net debt-capital ratios based on Capital IQ quarterly data

(4) Per KPMG analysis. The selected tax rate represents the corporate tax rate in Nova Scotia.

(5) $\beta_u = \beta_{lev} \div [1 + (1 - \text{tax rate}) \times \text{debt-equity ratio}]$ *Discounted Cash Flow Valuation*

Our DCF valuation of the Spray Energy Project was determined by discounting the free cash flow at the selected cost of equity. Illustrated below is our detailed DCF analysis.



Digby Gut LP Project / Fundy Tidal Inc.

Valuation Analysis

Fundy is a Community Economic-Development Corporation based in Digby County, Nova Scotia that was established in 2006 as a result of local interest in generating marine renewable energy from the tidal currents of the Outer Bay of Fundy, Nova Scotia including Digby Gut, Grand Passage and Petit Passage. Fundy's focus is small-scale tidal energy projects that involve community ownership and local benefits. Current activities include the development of five tidal power projects through the COMFIT program. Fundy received COMFIT approvals from the Province of Nova Scotia for projects in Digby County (1.95 MW in Digby Gut and 500 kW in each of Grand Passage and Petit Passage).

As at the Valuation Date, the Digby Gut/Fundy tidal energy projects were still in the early development stage and were subject to internal disputes. Due to the complexity of this project and its early stage of development, all loans and equity interests in both Fundy and Digby Gut LP were valued at \$nil as at the Valuation Date.

Western Tidal

Western Tidal is a private company registered in British Columbia that owns 12 site licenses representing 243.5 MW of tidal development potential. Based on discussions with Management, the fair market value of IME's loans receivable from Western Tidal as well as its 100% share interest in the company were valued at \$nil as at the Valuation Date. This valuation conclusion was considered appropriate since there are no current financial subsidization programs for tidal power projects in British Columbia, which results in these potential energy projects being uneconomical.

Quémar

Quémar was inactive as at the Valuation Date; accordingly, no fair market value has been ascribed to IME's equity investment in this company.

3. Spray Energy Limited Partnership

As at the Valuation Date, Tribute owned 100,000 (or 99.99%) of the issued and outstanding units of Spray Energy LP. As presented in Table 15, the fair market value of Tribute's 99.99% interest in Spray Energy LP was determined to be in the range \$1.5 million to \$1.7 million as at the Valuation Date. The midpoint of this fair market value range is \$1.6 million.

4. Tocardo International B.V.

In July 2016, Tribute purchased a 46.5% equity interest in Tocardo, a private tidal and free-flow water turbine developer and manufacturer based in the Netherlands. As at the Valuation Date, Tocardo had various commercial interests, including the following:



May 24, 2017

Page 37

- Intellectual property rights in respect of various turbine technologies and foundation support systems (T1, T2 and T3 turbines, UFS);
- A tidal energy project operating in the Eastern Scheldt storm surge barrier in the Netherlands;
- Exclusive project development rights for three tidal projects in the United Kingdom plus one project in the Netherlands having a combined potential of 24 MW; and,
- Opportunities to install Tocardo tidal energy technologies in several tidal projects that will be developed in the Bay of Fundy.

In the table below, we have presented a summary of our valuation of Tribute's 46.5% common share interest in Tocardo as at the Valuation Date.

Table 15B - Fair Market Value of Tocardo Shares (in \$000's)	Ownership Percentage		Fair Market Value		
			Low	Midpoint	High
FMV of shares of Tocardo International B.V. - 100% (in Euros)	100.00%	€	7,000	7,450	7,900
Euro to Canadian dollar exchange rate as at December 31, 2016			1.4169	1.4169	1.4169
FMV of Tocardo International B.V. - 100% (in Canadian dollars)		\$	9,918	10,556	11,194
FMV of Tribute's share interest in Tocardo International B.V.	46.50%		4,612	4,909	5,205
FMV of 46.5% share interest in Tocardo International B.V. - rounded		\$	4,610	4,905	5,200

KPMG prepared a Formal Valuation of Tocardo, dated May 16, 2017, which determined that the fair market value of all the issued and outstanding common shares of Tocardo was in the range of €7.0 million to €7.9 million as at December 31, 2016. The midpoint of this value range is €7.45 million. After adjusting for the Euro to Canadian dollar exchange rate of 1.4169 as at the Valuation Date, the fair market value of all the common shares of Tocardo was determined to be in the approximate range of \$9.9 million to \$11.2 million as at the Valuation Date. The midpoint of this fair market value range is \$10.55 million.

On a pro rata basis, the fair market value of Tribute's 46.5% common share interest in Tocardo fell in the range of \$4.61 million to \$5.20 million as at December 31, 2016. The midpoint of this fair market value range is \$4.905 million.

We understand that Tribute acquired its equity interest in Tocardo from a subsidiary of Huisman for \$101,390 in July 2016. Management has advised that Huisman was seeking to exit from its investment in Tocardo to focus on its core business operations, which were economically depressed due to low global oil and gas prices. Based upon discussions with Management and our analysis of the business prospects of Tocardo, we considered the increase in the fair market value of Tocardo to be reasonable.



C. Energy Projects Under Development

As at the Valuation Date, Tribute held an ownership interest in various wind and energy storage development projects. Table 16 below provides a summary of the book value and the fair market value of these investments as at December 31, 2016:

Table 16 – Fair Market Value of Energy Projects (In \$000's)		Net Book Value	Fair Market Value			Notes
Cost	Low	Midpoint	High			
Wind Projects Under Development						
Total Wind Projects under development	\$ 2,683	-	-	269	537	1
Storage Projects Under Development						
Stanley and Bayfield Pools	5,677	-	568	993	1,419	2
Chatham C and Canton Shoals Pools	1,734	-	-	-	-	3
Zurich Pool	733	-	-	-	-	3
Total Natural Gas storage projects	\$ 8,144	-	568	993	1,419	
Fair market value of energy projects under development		\$	568	1,262	1,956	
Notes:						
(1) The investment in wind projects was valued at 0% to 20% of total capitalized costs (e.g. wind studies, development studies) incurred in respect of the wind sites due to the current moratorium on new renewable feed-in-tariff contracts in Ontario.						
(2) The investment in the Stanley and Bayfield storage pools was valued at 10% to 25% of the total capitalized costs of these sites due to their longer-term potential as Compressed Air Energy Storage sites.						
(3) These gas storage reservoirs are inactive and were valued at \$nil due to their current lack of economic viability.						

Wind Projects Under Development

As at the Valuation Date, Tribute had a 56.3% ownership interest in Mar LP, which is engaged in the development of a 240 MW wind power project located on the Bruce Peninsula in Ontario. Tribute has been involved in the development of the Mar Silver Birch Wind Project since the installation of an anemometer in Mar, Ontario in 2005. Tribute has collected over eleven years of wind resource data at this site, created preliminary wind turbine layouts, completed a receptor study, engaged engineers to advise on interconnection options and conducted a preliminary Hydro One interconnection study.

In the third quarter of 2016, the Ontario government announced a moratorium on new renewable energy projects in Ontario. The Province has indicated that a new competitive bidding procurement process will be announced in the near future. As at the Valuation Date, Tribute has decided to delay further project advancement until the process is announced and implemented by the Province. Until such time, Tribute will continue to gather and analyze new wind data from the project site.

Based on our analysis, the fair market value of Tribute's 83.7 units in Mar LP (i.e., a 56.3% equity interest) was determined to fall in the approximate range of \$nil to \$537,000, with a midpoint fair market value of \$269,000. The low end of the range reflects a nominal value for Tribute's investment due to the moratorium on renewable energy projects in Ontario and the high capital cost associated with construction of a transmission line from the Bruce Peninsula (where the project is situated) to a suitable connection point on the Ontario electricity grid. The high end of



the range approximates 20% of the capitalized costs incurred by Tribute related to the Mar Silver Birch Wind Project as at the Valuation Date. The high end value approximates the fair market value that a buyer would be willing to pay for all the wind data collected and engineering studies completed by Tribute as at the Valuation Date.

Gas Storage Projects Under Development

Tribute owns six potential gas storage pools with a total estimated potential working storage capacity of 12 BCF, which is summarized below. Tribute has prioritized the development of two pools, Bayfield and Stanley.

Table 17 Gas Storage Potential As at December 31, 2016		Working Storage Capacity (BCF)	Status
Gas Storage Capacity			
Bayfield Pool - Huron County		4.7	Approved by OEB for gas storage; now considered for CAES
Stanley Pool - Huron County		1.3	Approved by OEB for gas storage, now considered for CAES
Zurich Pool		1.0	Abandoned
Chatham C and Canton Shoals Pool		1.0	Inactive due to poor industry economics
Magnum Pools		3.0	Inactive due to poor industry economics
Liberty Oil & Gas Pools		1.0	Inactive, possible conversion for CAES use
Total capacity		12.0	
Total working storage in operation		-	No storage reservoirs are in use

Huron County Phase 2 Project

On December 21, 2012, the OEB approved Tribute's final application to develop two pools, Bayfield and Stanley, which have a combined working storage capacity of approximately 6 BCF, and to construct a 16 inch, 70 kilometer pipeline to tie these gas storage facilities to the Union Dawn-Trafalgar high pressure transmission system located near Lobo, Ontario. As at the Valuation Date, Tribute had all necessary approvals to develop these two pools into gas storage pools; however, due to the poor gas storage spreads, Tribute has decided to pursue renewable energy opportunities, including CAES. Tribute has approached its landowners to inquire as to their interest in possibly converting one or more of these pools to CAES.

As at the Valuation Date, Tribute had invested approximately \$5.677 million in the development of the Stanley and Bayfield storage pools. As a result of the depressed state of gas storage markets, the book value of the Stanley and Bayfield storage pools was written down to \$nil as at December 31, 2016 for financial reporting purposes.

Among the key considerations with respect to our valuation of the Stanley and Bayfield storage pools were the following:

- The economics of the unregulated Ontario gas storage industry were depressed as at the Valuation Date, and the near term prospects were not promising. The low price differential



between winter and summer gas prices did not make it economically attractive to develop and open new gas storage facilities;

- These gas storage pools require the construction of a 70-kilometer pipeline to tie into larger transmission pipelines. The cost of constructing the gas pipeline are significant and are not justified in the current industry environment;
- The OEB-approved construction deadline expired in December of 2016;
- Tribute has limited financial resources and will require one or more financial partners in order to successfully develop the Huron County Phase 2 Project. These new partners will undoubtedly extract a significant portion of the future value of the Huron County Phase 2 Project, should it be developed; and,
- The Huron County Phase 2 storage pools are embedded within the gas distribution territory of Union Gas, which represents the most logical financial partner and customer for the gas storage reservoirs. MHP, an affiliate of Union Gas, withdrew its financial support for the development of the Bayfield and Stanley pools in January 2013, and confirmed that it does not wish to continue with the proposed project.

Based on the foregoing considerations, the short and medium-term prospects of the Huron County Phase 2 Project were not favourable as at the Valuation Date. However, the conversion of these gas reservoirs into CAES facilities is being investigated at an early stage. Accordingly, we determined the fair market value of the Stanley and Bayfield pools as at December 31, 2016 to fall in the approximate range of \$568,000 to \$1.419 million, with a midpoint fair market value of \$993,000. This range of fair market value represents 10% to 25% of the capitalized costs of the Stanley and Bayfield pools, and reflects both the current depressed economic fundamentals of the gas storage industry and the development potential of converting these gas reservoirs into CAES facilities.

Table 18 below provides a summary of the book value and the fair market value of the Company's gas storage projects under development as at December 31, 2016:

Table 18 – Fair Market Value of Storage Pools Under Development (In \$ 000's)		Cost	Net Book Value	Fair Market Value		
				Low	Midpoint	High
Storage Projects Under Development						
Stanley and Bayfield Pools	\$	5,677	-	568	993	1,419
Chatham C and Canton Shoals Pools		1,734	-	-	-	-
Zurich Pool		733	-	-	-	-
Total NG storage projects	\$	8,144	-	568	993	1,419

The Chatham C and Canton Shoals pools are inactive and have been written off for financial reporting purposes due to the current depressed gas storage prices and uncertainty as to whether these pools will ever be developed. Tribute has maintained the storage rights to these pools in anticipation that they might be converted into CAES pools or be developed at some point in the



future when market conditions improve. Due to the uncertain future prospects of these two inactive pools, no fair market value has been ascribed to these two pools. In addition, the Zurich pool is also inactive and has been written off for financial reporting purposes. Tribute has encountered hardships in the development stages of this pool with local residents and has therefore decided to abandon this storage project completely. Accordingly, we have similarly ascribed a fair market value of \$nil to the Zurich Pool.

D. Property and Equipment

As at the Valuation Date, Tribute owned some minor fixed assets as well as a small portfolio of producing oil and gas wells located in Southwestern Ontario. Table 19 below provides a summary of the book value and the fair market value of the Company's property and equipment as at December 31, 2016:

Table 19 - Fair Market Value of Property and Equipment (in \$000's)		Net Book Value	Fair Market Value		
			Low	Midpoint	High
Fixed Assets					
Office equipment	\$	12	12	12	12
Vehicle		24	24	24	24
Equipment		190	-	95	190
Total capital assets	\$	226	36	131	226
Oil and Gas Properties					
Total oil and gas properties	\$	2,736	2,604	2,914	3,224
Fair market value of property & equipment		\$	2,640	3,045	3,450

Fixed Assets

Tribute owned certain office equipment and leasehold improvements at its leased head office premises located in London, Ontario. Based on discussion with Management, we determined the fair market value of office equipment and a vehicle to approximate their respective net book values. Equipment, consists of oil and gas servicing equipment and an 18-kilometer pipeline between Tillsonburg and Port Burwell, Ontario. The fair market value of this asset was assessed between 0% and 100% of net book value, reflecting the high operating costs associated with retaining these assets.

Producing Oil & Gas Properties

Tribute has ownership interests in one producing Silurian-aged Guelph gas pool, two shut-in Silurian-aged Guelph gas pools, three Cambrian gas wells, one Ordovician-aged oil well, and 61 Silurian-aged Thorold gas wells. All of Tribute's oil and natural gas assets are located in Southwestern Ontario. These oil and natural gas assets provide the Company with monthly revenues and related operating expenses. Tribute retained the services of Jim McIntosh Petroleum Engineering Ltd., an independent qualified reserves evaluator, to prepare two Form 51-101F1 - Statement of Reserves Data and Other Oil and Gas Information (collectively the



"McIntosh Report") that summarizes the proved and probable reserves associated with Tribute's and Liberty's producing oil and gas properties as at December 31, 2016, as well as the present value of these reserves under various sets of assumptions.

Tables 20 summarizes the proved and probable net reserves of Tribute as at December 31, 2016 as outlined in the McIntosh Report:

Table 20 - Estimated Gross Reserves		
Total	Oil Barrels (000's)	Gas MMcf
Proved	60.0	1,194.1
Probable	9.8	298.0
Proved and probable	69.8	1,492.1
Proved / Proved and Probable Ratio	86.0%	80.0%

Source: Based on McIntosh Reports dated March 10 and March 31, 2017.

It should be noted that no value was included in the McIntosh Report for the gas storage potential of the currently operating or shut-in Guelph pools that may be converted to gas storage reservoirs within the next few years.

The McIntosh Report also estimates the present value of the proved and probable net reserves of Tribute as at December 31, 2016 based on the expected cash flows from future production activities. The DCF analysis considers future revenues, operating costs, capital costs and well closure costs, and applies discount factors ranging from 0% to 20% to projected net cash flows.

The McIntosh Report determined the fair market value of the oil and gas properties of Tribute to range from \$2.604 million to \$3.224 as at the Valuation Date based on the projected pre-tax cash flows as summarized in the McIntosh Report and the application of discount rates of 10% to 15%.

It should be noted that the \$2.914 million midpoint of the fair market value range is slightly greater than the reported \$2.736 million net book value of the Company's oil and gas properties at the Valuation Date.

E. Corporate Debt

As at the Valuation Date, Tribute had outstanding corporate indebtedness of \$1.773 million as outlined in the following table:

Table 21 - Summary of Corporate Debt (in \$ 000's)		Fair Market Value	Interest Rate	Maturity Date
	Book Value			
Corporate Debt				
Vehicle loan	\$ 8	8	3.99%	Dec 26, 2017
Line of credit	821	821	7.25%	Demand
Term loan	944	944	7.25%	Demand
Total Debt	\$ 1,773	1,773		



The Company has secured a total credit facility in the amount of \$1.8 million from Pace Credit Union ("Pace"). Per the terms of the credit agreement with Pace, Tribute must maintain a debt service coverage ratio of 1.25; as at the Valuation Date, the Company was not in compliance with this covenant. As security for the credit facility, Tribute has pledged the following:

- A fixed and floating demand debenture in the amount of \$1.8 million in first position registered against all of the oil and gas assets of Tribute and Liberty;
- General Security Agreement over the assets of Tribute and Liberty;
- Pledge of 1,000,000 shares of IME;
- Pledge of 800,000 units of Minas Tidal LP; and
- Assignment of insurance over all oil and gas lease lands.

Due to the relative short-term maturities of corporate indebtedness, the book value of these liabilities was considered to be representative of fair market value at the Valuation Date.

F. Provisions (Decommissioning Obligations)

As at the Valuation Date, Tribute had accrued a long-term decommissioning obligation of \$1.016 million for financial reporting purposes to reflect the present value of the estimated remediation obligations flowing from the Company's ownership interest in petroleum and natural gas assets, including well sites and gathering systems. The total decommissioning obligation was estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim the wells and facilities, and the estimated timing of the costs to be incurred in future periods.

For purposes of this Valuation, most decommissioning obligations were incorporated in the valuation of oil and gas reserves included in Section D - Property and Equipment. For purposes of our Valuation, we included an incremental decommissioning reserve in the range of \$150,000 to \$200,000 for other corporate assets (e.g. natural gas storage sites, pipelines) owned by Tribute Resources.

G. Tax Loss Carry-Forward and Tax Pool Balances

As at the Valuation Date, Tribute had the following approximate tax loss carry-forward and tax pool balances:

Table 22 - Fair Market Value of Tax Loss and Pool Balances (in \$'000's)		Face Value
Canadian exploration expenditure pool	\$	5,310
Non-capital losses		9,180
Total loss and pool balances - December 31, 2016	\$	14,490



These tax loss carry-forward and tax pool balances are available to Tribute to offset future taxable income generated from business operations.

The tax loss carry-forward and tax pool balances was estimated at \$14.490 million, and would be available to offset future taxable income of Tribute generated from active operations and asset dispositions. It should be noted that the utilization of oil and gas tax pools is generally restricted to future profits generated from the same oil and gas properties.

Based on the current operations of Tribute, which has generated tax losses in recent years, the remaining tax loss carry-forward and tax pool balances are not expected to be utilized by the Company for a number of years unless the Company is able to trigger a large gain on the disposal of existing development assets. Moreover, the corporate tax rate of Tribute and its affiliates is expected to approximate the current Ontario corporate tax rate of 26.5%.

KPMG considered an income approach, specifically, a net present value approach in determining the fair market value of the tax loss carry-forward and tax pool balances. The net present value approach reflects the likelihood of generating future taxable income and takes into account the amount, timing and relative certainty of generating future taxable income. The net present value approach requires that certain assumptions be made regarding, among other things, the amount of future taxable income, appropriate discount rates and the time horizon until utilization.

Based on this approach, KPMG determined the present value of the tax loss carry-forward and tax balances to fall within a range of \$950,000 to \$1.250 million as at the Valuation Date, with a midpoint value of \$1.100 million. This value range approximates 6.6% to 8.6% of the face value of the tax loss carry-forward and tax pool balances.

Table 23 - Fair Market Value of Tax Loss and Pool Balances				
Fair Market Value of Tax Losses (in \$000's)		Low	Midpoint	High
Available tax losses and tax pools - Dec 31, 2016	\$	14,490	14,490	14,490
General tax rate - Ontario		26.5%	26.5%	26.5%
Full value of tax losses		3,840	3,840	3,840
Present value factors [Note 1]		24.7%	28.7%	32.7%
Fair market value of tax losses	\$	949	1,102	1,255
Rounded	\$	950	1,100	1,250
FMV as a % of the face value of tax losses		6.6%	7.6%	8.6%

Note 1: Present value factors reflect the usage of tax losses and pool balances 8 to 10 years after the Valuation Date, based on a discount factor of 15%.

H. Portfolio Discount

When valuing the shares of a company that owns a number of individual investments or properties, it is often appropriate to apply a portfolio discount to the total value of the investments or assets in the portfolio. This discount reflects the concept that a portfolio of investments, which may be comprised of a mix of different investments, is worth less to a notional purchaser of the



portfolio than the 'en bloc' value of the portfolio as determined by individually valuing each investment or property at its fair market value.

Although a notional purchaser may be interested in some of the assets of the portfolio, he or she may wish to dispose of certain assets that are not desirable. The purchaser would need to incur carrying costs, management time, and possible disposition and tax costs in monetizing the undesirable assets of the portfolio in order to reduce the portfolio to the desired assets. Moreover, certain of Tribute's investments represent minority ownership interests, such that the Company does not have voting control over the strategic direction of the underlying investee.

For Tribute, a portfolio discount of 20% was applied to the aggregate fair market value of those long-term investments that were not considered to be financial in nature. Specifically, the portfolio discount was applied to all long-term investments held by Tribute.

The following table summarizes the determination of the portfolio discount applied to the long-term investments of Tribute as at the Valuation Date:

Table 24 - Portfolio Discount (in \$000's)	Net Book Value	Fair Market Value		
		Low	Midpoint	High
Assets Subject to Portfolio Discount				
FMV of Long-Term Investment Assets	\$ 3,952	11,481	13,207	14,933
Portfolio Discount Factor		20.0%	20.0%	20.0%
Portfolio Discount - Rounded	\$	2,300	2,650	3,000

The resultant portfolio discount of \$2.3 million to \$3.0 million was considered appropriate for Tribute due to the ongoing administrative costs of maintaining the portfolio, the professional fees and commissions associated with disposing of certain of the investments, the minority ownership position in some investments, and the disparate nature of the investments within the portfolio.

The midpoint of the portfolio discount range represents a discount of 18.7% of the total fair market value of the gross assets of Tribute as at the Valuation Date.

Fair Market Value of Common Shares before Consideration of Outstanding Options

Before consideration of the Company's outstanding stock options, the fair market value of the Common Shares of Tribute was determined to be in the range of \$7.5 million to \$10.2 million or \$0.1027 to \$0.1397 per Common Share as at the Valuation Date. The midpoint of this value range is \$8.35 million or \$0.1143 per Common Share.

The following table summarizes the determination of the fair market value of the Common Shares of Tribute, before consideration of outstanding options, as at December 31, 2016:



May 24, 2017

Page 46

Tribute Resources Inc.				
Table 25 - Adjusted Net Assets Value (\$'000's)		Net Book	Fair Market Value	
As at December 31, 2016		Value	Low	High
Assets				
Cash and cash equivalents	\$	285	285	285
Accounts receivable		522	522	522
Prepaid expenses and security deposits		172	172	172
Total current assets		979	979	979
Long-term investments		991	7,323	8,277
Energy projects under development		-	568	1,956
Property and equipment		2,961	2,640	3,450
Value of tax losses and tax pools		-	950	1,250
Total long-term investment assets		3,952	11,481	14,933
Total assets	\$	4,931	12,460	15,912
Liabilities				
Accounts payable and accrued liabilities	\$	589	589	589
Loan from a director		159	159	159
Term loans		1,773	1,773	1,773
Total current liabilities		2,521	2,521	2,521
Provision - decommissioning obligations		1,016	150	200
Non-controlling interests		(39)	-	-
Total liabilities		3,498	2,671	2,721
Net Assets - as at December 31, 2016	\$	1,433	9,789	13,191
Fair market value of net assets before portfolio discount	\$	9,800	11,500	13,200
Portfolio discount		(2,300)	(2,650)	(3,000)
Fair market value of Common Shares	\$	7,500	8,850	10,200
Common shares outstanding - December 31, 2016		73,022,673	73,022,673	73,022,673
Fair market value per Common Share (cents)	¢	10.27	12.12	13.97

Fair Market Value of Common Shares after Consideration of Outstanding Options

Prior to the Valuation Date, Tribute had issued certain stock options which, if exercised, could result in the issuance of additional Common Shares from treasury. Specifically, there were 5.6 million outstanding fully-vested stock options that were held by management and directors of the Company as at the Valuation Date.

Table 26 below provides a summary of outstanding options and their related features as at the Valuation Date.

Table 26 - Summary of Stock Options		# of	Exercise	Expiry
Grant Date	Options	Price	Date	
Stock Options				
March 5, 2012	1,600,000	\$0.12	March 5, 2017	
April 24, 2012	1,200,000	\$0.12	April 24, 2017	
August 21, 2013	2,800,000	\$0.12	August 21, 2018	
	5,600,000			



Based on the fair market value conclusions before consideration of outstanding options, the stock options had a slight dilutive impact on the fair market value attributable to the Common Shares of Tribute at per share values in excess of \$0.12 per Common Share.

The fair market value conclusions are unchanged at the lower end of the valuation range. However, at the high end of the fair market value range, the dilutive impact of the outstanding options was as follows:

Table 27 - Dilutive Impact of Stock Options on Fair Market Value Per Share		Fair Market Value	
	# of Options	Low	High
in \$000's			
FMV of Common Shares before dilution - rounded	\$	7,500	10,200
Proceeds from exercise of March 5, 2012 issued stock options - 12 cents		-	192
Proceeds from exercise of April 24, 2012 issued stock options - 12 cents		-	144
Proceeds from exercise of August 21, 2013 issued stock options - 12 cents		-	336
Total FMV of Common Shares on a diluted basis	\$	7,500	10,872
Fair Market Value per Common Share before Dilution (cents)			
	\$	10.271	\$ 13.968
Common shares outstanding - December 31, 2016		73,022,673	73,022,673
Exercise of March 5, 2012 issued stock options - 12 cents	1,600,000	-	1,600,000
Exercise of April 24, 2012 issued stock options - 12 cents	1,200,000	-	1,200,000
Exercise of August 21, 2013 issued stock options - 12 cents	2,800,000	-	2,800,000
Number of Common Shares - Diluted Basis	5,600,000	73,022,673	78,622,673
Fair Market Value per Common Share after Dilution (cents)			
	\$	10.271	\$ 13.828

Due to the minor dilutive impact of outstanding stock options (i.e., only impacts at the high end of the fair market value range) and the expiry of 50% of the stock options in early 2017, we have not made any adjustments to our overall fair market value conclusion to account for the outstanding stock options.

Absence of a Liquid Market for the Common Shares of Tribute

As at the Valuation Date, the market capitalization of Tribute was approximately \$2.6 million based on a closing trading price of 3.5 cents per Common Share.

KPMG determined that the use of a Market Approach to value the Common Shares of Tribute was not appropriate in that a liquid market for the Common Shares does not exist. Our view regarding the absence of a liquid market is supported by the definition of a liquid market as proscribed in the Securities Rules. We have noted that during the period of 12 months prior to the Valuation Date:



- There were 146 trades of Common Shares of Tribute on the TSX-V, which is below the proscribed minimum of 1,000 trades;
- The aggregate market value of Common Share trades on the TSX-V was equal to approximately \$60,717, which is below the proscribed minimum of \$15.0 million; and,
- The total market value of the Common Shares on the TSX-V approximated \$2.6 million at the Valuation Date, which is below the proscribed minimum of \$75.0 million.

The following table summarizes the monthly trading prices and volumes of the Common Shares of Tribute during the 24 month period prior to the Valuation Date:



Table 28: Tribute Common Shares Trading Prices and Volumes				
Period	TSX-V Closing Price		Volume	
	High	Low	Monthly Volume	% of Public Float [1]
2016				
December	0.060	0.030	67,000	0.37%
November	0.055	0.035	123,186	0.69%
October	0.055	0.040	35,500	0.20%
September	0.075	0.050	156,000	0.87%
August	0.080	0.050	91,500	0.51%
July	0.060	0.035	125,151	0.70%
June	0.045	0.035	7,000	0.04%
May	0.060	0.040	35,420	0.20%
April	0.060	0.030	124,500	0.70%
March	0.040	0.030	45,571	0.25%
February	0.040	0.030	150,218	0.84%
January	0.035	0.030	524,362	2.93%
Total 2016			1,485,408	8.31%
2015				
December	0.040	0.025	587,000	3.28%
November	0.050	0.035	576,344	3.22%
October	0.060	0.045	584,700	3.27%
September	0.080	0.045	58,500	0.33%
August	0.050	0.045	1,000	0.01%
July	0.105	0.045	23,490	0.13%
June	0.065	0.055	60,000	0.34%
May	0.070	0.055	100,062	0.56%
April	0.090	0.055	15,000	0.08%
March	0.100	0.085	61,265	0.34%
February	0.085	0.040	340,030	1.90%
January	0.095	0.085	1,000	0.01%
Total 2015			2,408,391	13.47%

Source Capital IQ

[1] Public float consists of approximately 18 million Common Shares of Tribute that are not owned by the five largest shareholders.



May 24, 2017
Page 50

Formal Valuation Conclusion

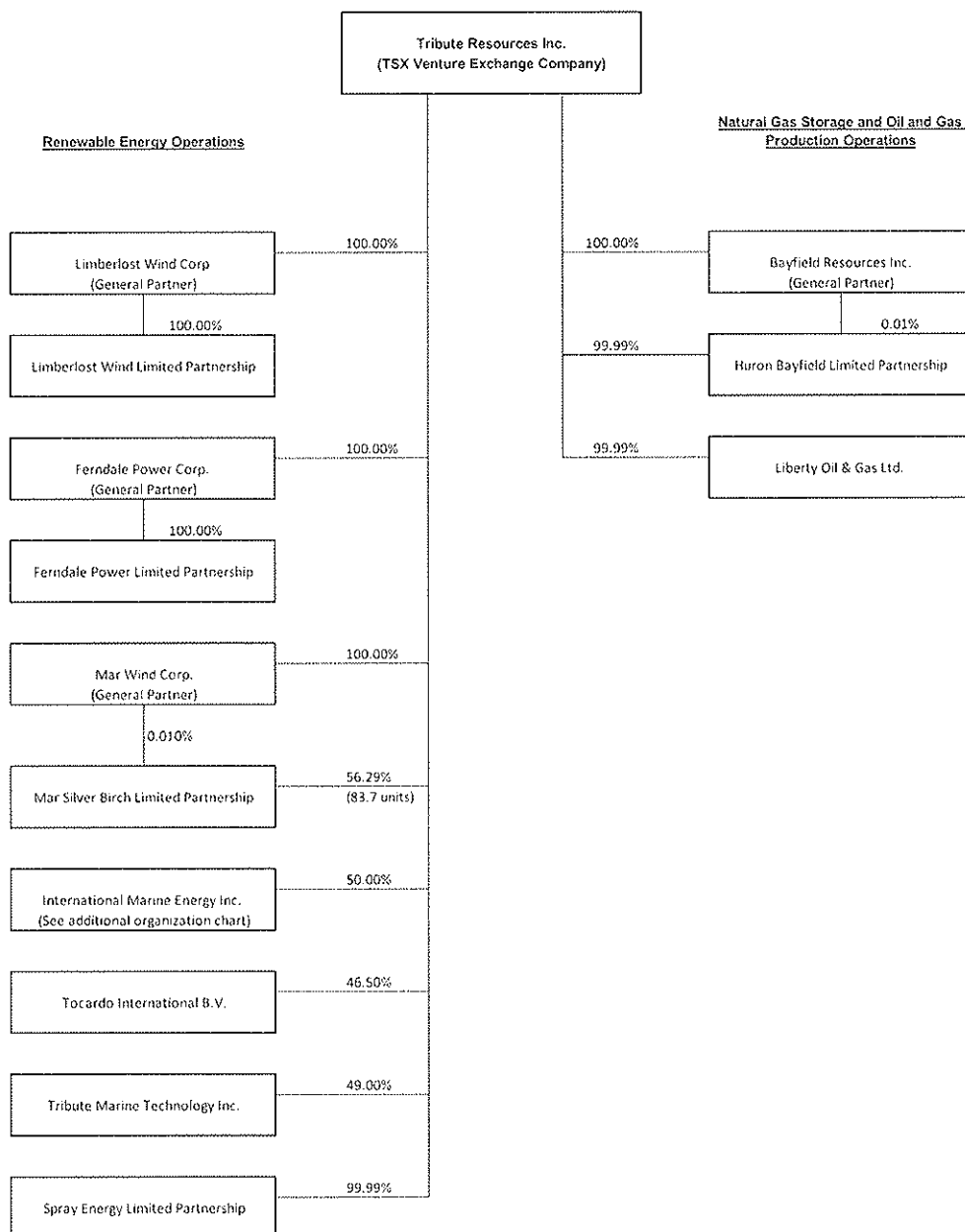
Based upon the scope of our review and subject to the assumptions and restrictions as noted herein, KPMG is of the opinion that the 'en bloc' fair market value of all the Common Shares of Tribute was in the range of \$7.5 million to \$10.2 million as at the Valuation Date, or \$0.1027 to \$0.1397 per Common Share. The midpoint of this fair market range is \$8.85 million, or \$0.1212 per common share.

Yours very truly,

KPMG LLP



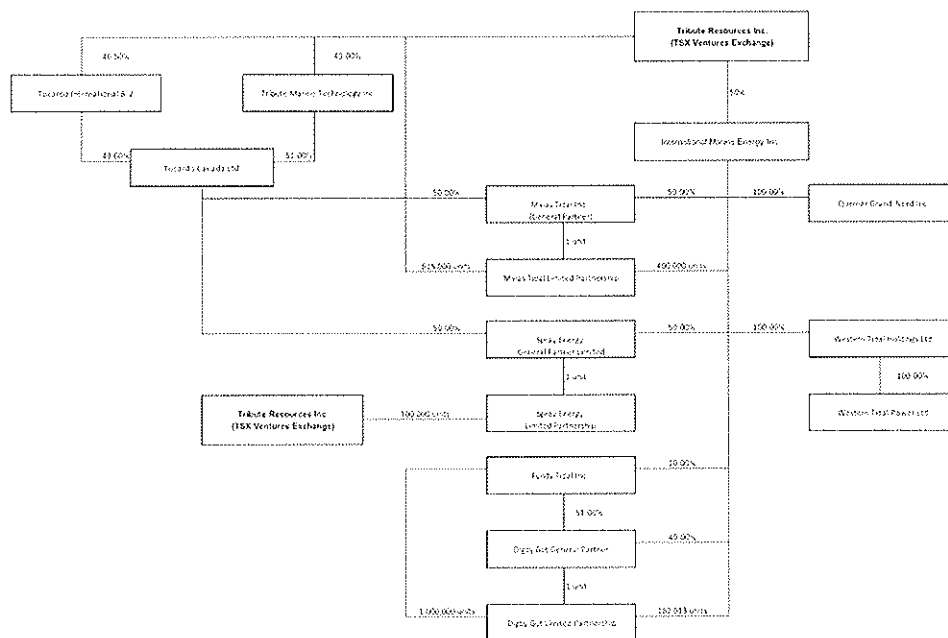
Appendix A – Corporate Organization Chart





May 24, 2017
Page 52

Appendix A – Corporate Organization Chart – Tidal Energy Operations





Appendix B – Scope of Review

In preparing the Formal Valuation, KPMG has reviewed and relied upon the following information in respect of Tribute and its investees:

Tribute:

- Publicly traded share prices, trading volumes and other financial information;
- Historical audited consolidated financial statements and annual reports of the Company for the five years ended December 31, 2012 through December 31, 2016;
- Interim unaudited consolidated financial statements and reports to shareholders for the quarters ended December 31, 2012 through December 31, 2016;
- Management's Discussion and Analysis for the quarters ended December 31, 2012 through December 31, 2016;
- Other public information in respect of Tribute as posted on SEDAR;
- Financial and operational information, including internally-prepared unaudited financial statements of the underlying investees controlled by Tribute;
- The 2015 Canadian corporate tax returns of the Company;
- Information relating to the share structure of Tribute as at December 31, 2016, including the number of common shares outstanding, details of the Company's recent share purchases pursuant to its normal course issuer bid, and the number of stock options outstanding;
- Management's consolidation spreadsheets for the two years ended December 31, 2015 to 2016;
- Details of individual account balances at December 31, 2016;
- Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, dated March 10, 2017, for Tribute as prepared by Jim McIntosh Petroleum Engineering Ltd;



- Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, dated March 31, 2017, for Liberty as prepared by Jim McIntosh Petroleum Engineering Ltd;

Minas Tidal LP and Spray Energy LP:

- The unaudited internal financial statements of Minas Tidal LP and Spray Energy LP for the year ended December 31, 2016;
- Management's cash flow projections for Minas Tidal LP and Spray Energy LP for 2017 to 2039;
- A copy of various documents in respect of the tidal power development projects in the Bay of Fundy;

Tocado:

- A copy of KPMG's Formal Valuation of the shares of Tocardo, dated May 16, 2017;

General Corporate:

- Discussions with certain representatives of the Board;
- Discussions with management of the Company relating to the current business, plans, financial conditions, prospects and other issues considered relevant;
- Representations contained in a representation letter dated May 26, 2017, addressed to KPMG from senior officers of the Company;
- Various other financial and operational information and documents in respect of Tribute, Tocardo and their investees; and,
- Such other information, investigations, analyses and discussions as we considered necessary or appropriate in the circumstances.

We also relied upon a representation letter executed by Jane Lowrie, the President and CEO of Tribute, and Jennifer Nisker, the Treasurer and CFO of Tribute, which confirms certain representations and warranties that Management has made to us, including a general representation that they:

- have reviewed a copy of this report in draft form and have discussed it fully with us, to their satisfaction.



- are satisfied with our explanation of the valuation concepts and approaches adopted by us and set out herein.
- have no information or knowledge of any facts not disclosed in this report which could reasonably be expected to affect the conclusions noted herein.

In addition to the foregoing, we have generally discussed the history, current status and future prospects of Tribute and its investees with the following individuals from Tribute and its investees:

- Ms. Jane Lowrie, President and CEO of Tribute
- Ms. Jennifer Nisker, Treasurer and CFO of Tribute
- Mr. J.W. (Hans) van Breugel, CEO of Tocardo
- Mr. Pieter de Haas, Chief Technical Officer and co-founder of Tocardo
- Mr. Jack Schoenmakers, Board member of Tribute
- Mr. Peter Budd, Consultant to Tribute

We refer to the individuals above on a collective basis as "Management" within this report.

In preparing our conclusions, KPMG has necessarily relied on information provided by, and representations made by Management regarding the Company. KPMG's reliance on this information is based on Management's representations as to its completeness and accuracy, including a general representation that they have no knowledge of facts not contained in or referred to in the information provided to KPMG verbally or in writing by management which would reasonably be expected to affect the Formal Valuation, including the assumptions used, concepts and approaches adopted or the scope of the review undertaken by KPMG.



Appendix C – Other Assumptions

In addition to the assumptions and limitations as contained within the body of this Formal Valuation, KPMG has relied upon the following assumptions as at the Valuation Date:

- 1 Tribute and its investees had no contingent liabilities, unusual contractual obligations, warranty claims, environmental liabilities, substantial commitments or litigation pending or threatened, other than in the ordinary course of business or as disclosed herein;
- 2 There were no bona fide offers to purchase a controlling interest in the Common Shares of Tribute, or any bona fide offers to purchase any of the assets and operations of the Company or its investees, during the two years prior to the Valuation Date;
- 3 The consolidated financial statements of Tribute as at December 31, 2016 represent an accurate reflection of the Company as at the Valuation Date;
- 4 All tangible assets, wherever located, to which Tribute had ownership rights of any nature were recorded in the accounts of the Company and represented a continuing benefit to the Company, and all liabilities of the Company were recorded in the accounts of the Company.
- 5 All plans and forecasts provided to KPMG relating to the expected future operating and financial performance of the Company and its investees have been prepared on a reasonable basis and reflect the current best assumptions, estimates and judgments of Management;
- 6 No value, positive or negative, was attributable to Tribute's acquisition of the Rowe storage pool and related natural gas production assets in a transaction that closed in January 2017;
- 7 The present value of the oil and gas reserves of Tribute and Liberty as detailed in the oil and gas reserve reports prepared by Jim McIntosh Petroleum Engineering Ltd were complete and accurate as at the Valuation Date; and,
- 8 Since the Valuation Date and other than as referred to in the Formal Valuation, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities, business operations or prospects of Tribute or its investees, and no material change has occurred in the any information or any part thereof which would have or which would reasonably be expected to have a material effect on the Formal Valuation.



May 24, 2017

Page 57

Should any of the above assumptions not be accurate or should any of the information provided to us not be factual or correct, the conclusions of our Formal Valuation could be different and the differences could be material.

Appendix D – General Economic Conditions

Canadian Economic Overview¹

After a promising start to the year, the Canadian economy experienced a terrible second quarter, with GDP falling at an annual pace of 1.6%. The Fort McMurray wildfires drove large drops in output, employment and real exports in the spring and early summer. However, they can't be blamed for all of the second quarter weakness. Excluding the impacts of the wildfires, GDP would have expanded at an annual rate of just 0.4%. Although the economy is expected to bounce back somewhat, with annualized real growth of nearly 4% in the third quarter, the trend remains weak. It is expected that growth for 2016 will come in at just 1.3%. That is barely above the disappointing 1.1% growth in 2015, which itself was the lowest since the 2008–09 recession.

Since the 2008–09 recession, non-residential business investment has been a drag on the Canadian economy. While energy investment has been responsible for the majority of the recent decline in business investment, the lack of non-energy investment also remains a serious issue. A turnaround in business investment will be critical to putting Canada's economy back on a sustainable path to growth. Unfortunately, recent indicators suggest business investment will decline by 6.9% in 2016 and manage only a modest recovery of 2.2% in 2017 and 2.3% in 2018.

In early 2014, oil and gas investment was responsible for 28% of all non-residential business investment in Canada. However, since the collapse in oil prices, energy investment has fallen by half and now represents just 17.8% of total non-residential business investment. It is expected that prices will remain around US\$50 a barrel through the end of 2016.

In 2017, steady demand gains and tightening supply will support some price appreciation, but this will not be enough to get investment flowing again. As Canada's oil sands producers continue to struggle with marginal extraction costs that are higher than current oil prices, it will remain a challenge to attract energy investment away from the U.S., where oil producers face lower marginal extraction costs. In addition, many of the large oil sands projects that were under way before the recent price collapse are winding down, which will continue to subtract from construction levels. Given the weak price environment, it is expected that future investments will go mainly toward the maintenance and expansion of existing projects. Overall, investment in the oil and gas industry (which includes investment in engineering structures, machinery and equipment, and exploration) is set to decline by 26% in 2016, followed by a small contraction in 2017.

¹ Information directly cited from, or based on public information provided within "Canadian Outlook Executive Summary – Autumn 2016"; published by the Conference Board of Canada on October 27, 2016.

Non-mining engineering investment (a category that includes investment in electric power generation, transmission and distribution, and pipelines and transportation infrastructure) is expected to enjoy some growth over the next two years, but that won't be enough to compensate for declines in mining investment. Consequently, after rising by an average of 8.6% per year between 2003 and 2013, engineering investment will decline by 11.8% in 2016. In 2017, engineering investment will manage some marginal growth as the energy sector bottoms out and modest growth becomes evident in the non-mining sectors.

Non-residential building construction will also post another decline in 2016. Weak job growth and rising vacancy rates, particularly in the commercial segment of the market, will cap building construction growth over the next five years as excess supply is incrementally absorbed. Next year, it is expected that building construction will increase again in line with stronger economic growth and job creation. However, the increases will remain muted, with construction levels unlikely to surpass their 2012 high throughout the medium term.

Total machinery and equipment investment spending has also disappointed recently, falling below what is required just to maintain the level of capital stock. However, investment in machinery and equipment is expected to turn the corner in the fourth quarter of 2016, with spending accelerating into 2017. Similar to last year, Canadian energy firms are projected to cut machinery and equipment spending by 29% in 2016. However, the energy sector will subtract less from total investment going forward and the outlook beyond the energy sector is considerably less pessimistic.

Consumer spending will remain a key driver of growth over the next few years. Job growth is expected to be tepid in 2016, with the economy adding only 107,000 jobs. However, labour force growth is also expected to pick up as discouraged workers re-enter the workforce, and this will keep the unemployment rate from showing much improvement. Over the next two years, the unemployment rate is expected to fall by just 0.2 percentage points from its September 2016 level of 7%. The persistent slack in the labour market will keep wage growth modest through the medium term. Add to that the high levels of consumer debt, and consumer spending is expected to slow over the next few years.

At the national level, the weakness in the rest of the economy has not yet hit the housing sector. The national average resale price rose 12.6% in the second quarter of 2016. For the country as a whole, it is expected that there will be a gradual easing in the housing market. It is expected that the average price growth will slow to a much more sustainable 4.7% in 2017. Meanwhile, total housing starts are projected to decline to about 193,500 units in 2016 just below last year's 195,500. In 2017, housing starts are expected to drop further, to 178,600 units.

The outlook calls for exports to improve over the near term. However, a lack of investment and increased competition in key industries suggests growth will remain well below the average seen over the last five years. One factor that is expected to give a boost to economic growth in 2017 is the beginning of federal stimulus funds. Increased funding for infrastructure and families with children is expected to boost GDP growth by 0.4 percentage points in 2017. However, some of this impact will be offset by the provinces' efforts to balance their books. Given the continued weakness in the economy, the central bank is expected to hold off on any interest rate hikes until 2018. Even then, rate increases will only be gradual.

Ontario Economic Overview²

Amid the difficult and low economic-growth environment for Canada, Ontario and British Columbia have been the pillars of growth. Ontario has benefited over the last few years from a solid performance in the auto and auto parts industry as well as a robust domestic economy led by a hot residential housing market in the Greater Toronto Area. Ontario's economy will continue to advance at a good pace over the near term but economic momentum will nonetheless ease as a number of industries are operating at or near capacity.

The Ontario consumer will underpin the province's strong growth showing over the next two years. With employment forecast to outpace the national average, and wage and salary increases of 2.8% expected over the next two years, Ontario consumers will contribute greatly to the province's economic growth in the near term. In sharp contrast, government austerity measures will mean that government consumption will contribute only modestly to GDP growth.

In Toronto, continued home equity appreciation has driven a strong residential investment outlook at the provincial level for three consecutive years. A double-digit decline in total housing starts in 2017 will feed into softer residential investment. However, there is upside potential that the housing market continues to perform well. Moreover, a handful of large commercial development projects in downtown Toronto will help improve business investment, mainly in non-residential structures. Investment in machinery and equipment will also improve as firms are more confident about investing as capacity constraints in a number of sectors have been felt.

With the Canadian dollar forecast to remain below US\$0.80, international exports will be a critical contributor to the Ontario economy. In addition, stability in the automotive sector, including General Motors' new product mandate at its Oshawa plant, will ensure international trade in goods remains strong through the medium term.

² Information directly cited from, or based on public information provided within "Provincial Outlook Executive Summary – Autumn 2016"; published by the Conference Board of Canada on December 2, 2016.



May 24, 2017

Page 61

Bottom-line real GDP growth of 2.4% in 2017 will earn Ontario first place, tied with British Columbia, among the provinces in 2017, followed by 2% growth in 2018.

Appendix E – Industry Overview

The Ontario Natural Gas Storage Industry³

Natural gas storage facilities help to safeguard gas supplies and meet seasonal natural gas demands within the Province of Ontario. Natural gas storage facilities are essential to balance the large divergence between the seasonal and daily variability of gas consumption and the inflexibility of gas production.

The development of natural gas storage is extremely capital intensive with lengthy development time-lines and stringent regulatory requirements. The first stage in the development of storage is to evaluate projects for suitability by reviewing geology, conducting 3D seismic programs, verifying land position, conducting environmental studies, re-completing or abandoning existing wells, and designing facilities and pipelines. If the project is determined to be economically feasible and geologically suitable, an application is filed with the Ontario Energy Board (“OEB”) for designation as a natural gas storage reservoir. Applications are also filed for permission to construct pipelines and inject natural gas into the pools.

The seasonal nature of gas markets in eastern Canada and U.S. northeast led to the development of natural gas storage in Ontario, primarily located near Dawn, in Lambton County. Natural gas is injected into depleted reservoirs during low demand periods and withdrawn when demand increases. Dawn area storage is designed to meet peak winter demand within Ontario and in downstream markets in both the U.S. and Canada. The availability of underground natural gas storage, combined with access to pipelines connecting supply from several different supply areas and pipelines delivering to several market regions, led to the development of the Dawn Hub. The Dawn Hub is the major trading point for natural gas in Ontario.

The past decade has ushered in dramatic changes in the North American natural gas production and supply industry. Major technological advancements have led to rapidly increasing unconventional gas production. Unconventional gas, which includes shale and tight gas, is a low cost alternative compared to conventional gas. Unconventional gas production has grown to half of North American gas supply, and will eventually comprise the lion’s share of gas production. Unconventional gas production growth has occurred in many non-traditional areas where low cost supply is now being developed. Producers have diverted capital investments out of many traditional areas, including western Canada where costs are higher. Furthermore, supply will continue to grow in low cost areas and decline in high cost areas. Low cost supply from U.S. supply basins is increasingly accessing Ontario

³ Information directly cited from, or based on the information provided by Tribute Resources; U.S. Energy Information Administration; Ontario Energy Board.

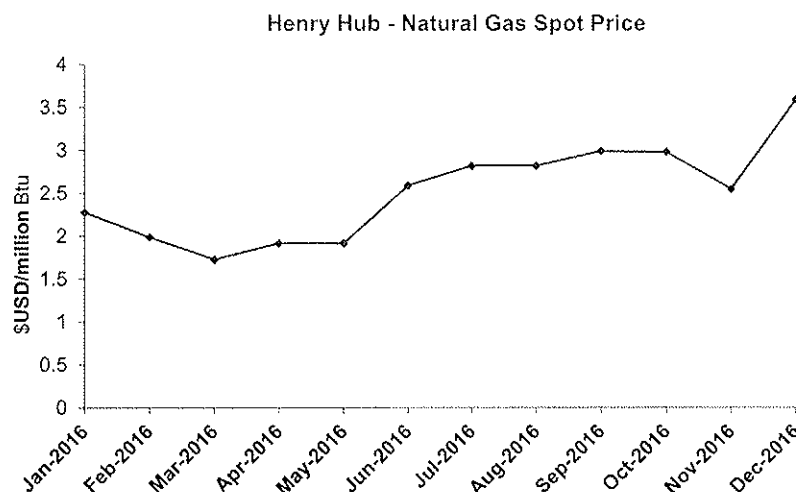


markets. This gas is displacing western Canada supply delivered via the TransCanada Mainline. As a result, gas prices are expected to remain near historic lows for some time. This will tempt industrial users especially to move towards gas as a feedstock fuel. The power-generation sector is also likely to shift to gas, as this fuel remains price competitive.

According to the 2015, Natural Gas Market Review Summary Report, prepared by Navigant for the OEB, the proportion of Ontario gas usage coming from the U.S. Appalachian Basin (i.e., Marcellus and Utica plays) is expected to increase from 0.4 billion cubic feet per day ("Bcfd") currently to more than 2 Bcfd by 2021. In addition, Navigant forecasts the Appalachian Basin share of supplies to Ontario going from an 18% share in 2016 all the way up to a 71% share in 2021. There is considerable scope for Canada to continue to grow its gas output. Large shale gas resources have been found in Quebec, Alberta and British Columbia, but have been developed only in British Columbia.

The Henry Hub monthly natural gas spot prices for 2016 are shown in the graph below. The natural gas spot price has increased approximately 57% from January 2016 to \$3.59/million British thermal unit ("MMBtu") in December 2016. The average natural gas spot price for 2016 was \$2.52/MMBtu. According to the U.S. Energy Information Administration, Henry Hub spot prices are forecasted to average \$3.02/MMBtu in 2017. In addition, according to the U.S. Energy Information Administration's Annual Energy Outlook 2016 report, only IHS Global Insight ("IHSGI"), Energy Ventures Analysis ("EVA"), and ICF provide projections for Henry Hub natural gas spot prices. Prices in the IHSGI, EVA, and ICF outlooks are lower than those in the report's reference case from 2015 to 2030. After 2030, the EVA, IHSGI, and ICF prices are above \$5.00/MMBtu, while, with the exception of 2031 and 2032, the price in the report's reference case remains below \$5.00/MMBtu throughout the projection period. EVA projects the highest Henry Hub prices through 2035, followed closely by IHSGI, with EVA having a projected 2035 spot natural gas price of \$5.93/MMBtu, IHSGI \$5.73/MMBtu, and ICF \$5.20/MMBtu, all in real 2015 dollars.⁴

⁴ Information directly cited from, or based on the information provided by Tribute Resources; U.S. Energy Information Administration; Ontario Energy Board.

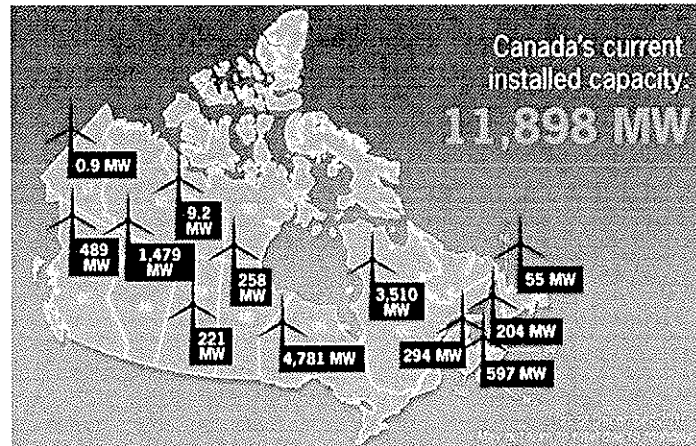


The Ontario Wind Energy Industry⁵

The Wind Sector is focused on using wind turbines to harvest the energy of the wind and converting it into electricity. According to the Canada Wind Energy Association, ("CanWEA"), wind energy is one of the fastest growing major sources of new electricity around the world. In 2015, clean wind energy in Canada grew by 23%, bringing total capacity to 11,205 MW, which represented approximately 5% of Canadian electricity generation. Canada's large land mass and long coastlines provide the country with substantial wind power potential, and it is expected to see capacity rise to about 17,424 MW of power-generating capacity by 2020. Ontario remains the largest wind market in Canada, having the highest current installed capacity and capturing approximately 5% of electricity demand.

Ontario is at the forefront of wind energy in Canada and well positioned for considerable growth in this industry with many promising areas ideal for wind energy generation. According to CanWEA, as at December 2016, there were 2,465 wind turbines creating 4,781 MW of wind generation capacity in the province. As can be seen from the map below, Ontario accounts for about 40% of installed wind farm capacity in Canada.

⁵ Information directly cited from, or based on information provided by IESO; Canadian Wind Energy Association; Ontario Energy Board.

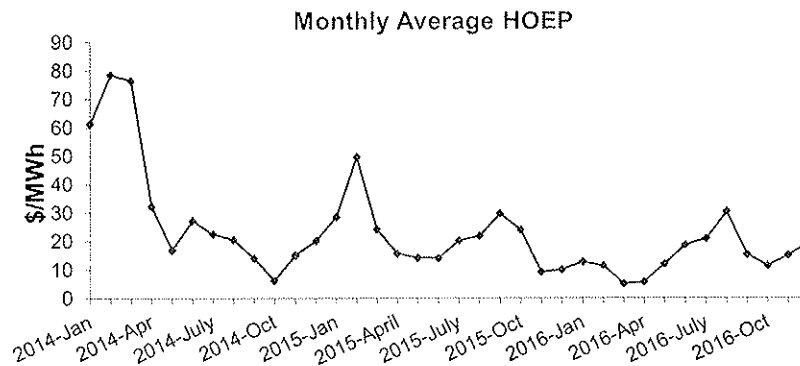


Ontario's FIT program has enabled the development of a high number of smaller wind projects, creating a fragmented domestic market. This has caused rapid consolidation to providers of cheaper sources of capital. Also, Ontario is seen as a strategic market for global investors. The capital supply to project availability imbalance is resulting in lower equity return expectations. The low interest rate environment is also pushing investors to look into other means of securing yield, such as contracted renewable energy assets. Strategists continue to actively pursue consolidation opportunities. However, on September 27, 2016, the Ministry of Energy of Ontario suspended the LRP II process. As a result, the IESO cancelled the first phase of the LRP II (the request for qualifications) and will not commence with the second phase of the process (request for proposals). The LRP II was announced on April 5, 2016 with procurement targets of 600 MW of wind, 250 MW of solar, 50 MW of waterpower, 30 MW of bioenergy and 50 MW for technical upgrades and optimization of existing facilities.⁶

An important measure of the productivity of wind turbines is the capacity factor. Since wind speed is not constant, a wind turbine's production is never the same as its theoretical maximum. The capacity factor is the ratio of actual productivity to the theoretical maximum. Typical capacity factors are 15% to 50%, with values at the upper end of the range at favourable sites. The optimum capacity factor is between 40% and 50% due to the fact that a smaller turbine could achieve a higher capacity factor, but would not produce as much electricity in high winds.

The average Hourly Ontario Energy Price ("HOEP") in December 2016 was \$19.43/MWh. The following graph shows the average HOEP from January 2014 to December 2016.

⁶ Information directly cited from, or based on information provided by IESO; Wikipedia, and the Ontario Energy Board.



The Ontario Energy Board estimates the average HOEP from May 2017 to October 2017 to be \$16.82. This forecast is based on various assumptions regarding gas prices, hourly loads, and generator availabilities.

The Canadian Tidal Energy Industry⁷

There are five different energy technologies under development aimed to extract energy from the oceans; however, none of these technologies is widely deployed as of yet.

- 1 **Tidal power:** the potential energy associated with tides can be harnessed by building a barrage or other forms of construction across an estuary.
- 2 **Tidal (marine) currents:** the kinetic energy associated with tidal (marine) currents can be harnessed using modular systems.
- 3 **Wave power:** the kinetic and potential energy associated with ocean waves can be harnessed by a range of technologies under development.
- 4 **Temperature gradients:** the temperature gradient between the sea surface and deep water can be harnessed using different ocean thermal energy conversion processes.
- 5 **Salinity gradients:** at the mouth of rivers, where freshwater mixes with saltwater, energy associated with the salinity gradient can be harnessed using the pressure-retarded reverse osmosis process and associated conversion technologies.

⁷ Information directly cited from, or based on information provided by International Energy Association; Nova Scotia Tidal Research Summary Report: Researching Tidal Energy – Marine Life: the Nova Scotia Experience, May 2016; Nova Scotia: Marine Renewable Energy Strategy, 2012; Energy BC;

Tidal and wave power have been under development since the 1970s. Many design concepts are still being researched, and the leading designs concepts have now reached the point where megawatt scale installations are being demonstrated, and initial deployment plans involving arrays of devices are being developed. Although devices are under development in many countries, a concentration of effort in both development and demonstration is under way in the United Kingdom, and particularly in Scotland. In addition, dedicated efforts are being made in the New England region of the United States and the province of Nova Scotia in Canada. In 2014, global ocean power capacity was 0.53 GW.

Tidal projects produce variable, but highly predictable, energy flows. Generation from wave power will be variable, depending on the sea state. The engineering challenges associated with efficiently intercepting energy from wave or tidal power are significant, particularly given the need to survive and operate in difficult conditions. Other issues that need to be considered include impacts on marine life, the marine environment and other marine users such as shipping, the fishing industry, etc.

There are two ways in which electricity can be obtained from tidal movements. One is to build an impoundment that becomes filled with water on the rising tide, and, when the sea level has fallen sufficiently on the ebb tide, the retained water is allowed to flow out only through turbines. The turbines can be operated both during the rising tide and the falling tide if there is sufficient difference in water levels inside and outside the impoundment. This is referred to as tidal range generation. The alternative, known as tidal stream generation, is more analogous to a wind farm: a number of turbines are placed in areas of strong tidal flow and the turbines are driven by the force of the water against the blades. In this case, there is no large dam or impoundment wall. The total potential of tidal stream technologies will likely change as the technology matures and more countries begin carefully mapping their tidal resources, a task the leading countries only began recently.

For most of the last century, ideas for tidal energy generation involved the first of these approaches: building one or more barrages (i.e., dams) across a tidal estuary or between the islands in a tidal bay. The present approach in Nova Scotia is based upon the conversion of the kinetic energy of flowing water. Tidal stream (or hydrokinetic) turbines are analogous to windmills in that they are driven by the forces of flowing water, rather than the 'head' or pressure of water stored behind a dam. Since the new tidal stream devices do not require construction of barrages, they are somewhat less efficient at converting the energy of tidal flows into electricity, but their environmental implications are substantially different and potentially more acceptable.

In Canada, in-stream tidal technology was first installed in 2006 at Race Rocks on southern Vancouver Island. In Nova Scotia, the Fundy Ocean Research Centre for Energy, located in the Minas Passage, was created in 2009 to deploy and test in-stream technologies. The value proposition for investing in tidal energy is considered the strongest in Nova Scotia. The province is well positioned to be a significant player given the immense resource potential in the Bay of Fundy, relatively low access costs to the grid, and legislated emission reduction targets already in place. In addition, over the next 25 years, the tidal energy industry could contribute up to \$1.7 billion to Nova Scotia's gross domestic product and create up to 22,000 full time positions.

In Nova Scotia, a major facility for testing commercial scale tidal stream devices has been established, with five berths, four of which are cable-connected, and assignments made for the initial berth holders to deploy their turbines or small arrays. The first deployment is expected by mid-year of 2016, and the others in the following two to five years. Once these are installed, some of the remaining questions regarding durability, performance, and environmental effects can be addressed.

Currently, there is limited experience in assessing the costs associated with large-scale tidal energy. As of May 2012, costs have been high (in the range of \$0.44 to \$0.51 per kWh) for initial deployments. It is anticipated that costs will decrease significantly once more devices are deployed and technological innovation improves efficiencies. Costs per kilowatt tend to be higher for smaller projects (due to economies of scale); at a community scale, smaller devices in Nova Scotia can apply to receive a feed-in-tariff of \$0.652 per kWh. However, this price is also expected to fall once technology and methods become more mature.

