PRE-ACQUISITION AGREEMENT

THIS AGREEMENT made as of May 16, 2016;

BETWEEN:

FIRST MOUNTAIN EXPLORATION INC., a corporation governed by the laws of the Province of Alberta (hereafter referred to as "**First Mountain**")

- and -

POINT LOMA ENERGY LTD., a corporation governed by the laws of the Province of Alberta (hereafter referred to as "**Point Loma**")

WHEREAS the board of directors of each of Point Loma and First Mountain has determined that it is in the best interests of their respective corporations that First Mountain purchase all of the outstanding shares of Point Loma, including the shares of Point Loma issuable: (i) upon conversion of the outstanding Subscription Receipts (as defined herein); and (ii) upon the purchase by Point Loma of certain petroleum and natural gas assets from Madalena Energy Inc. ("**Madalena**");

AND WHEREAS the board of directors of Point Loma has determined to unanimously recommend acceptance of First Mountain's Offer (as defined herein) to the shareholders of Point Loma;

AND WHEREAS First Mountain is willing to make the Offer (as defined herein) subject to the terms and conditions of this Agreement;

NOW THEREFORE IN CONSIDERATION OF the mutual covenants hereinafter contained and other good and valuable consideration (the receipt and adequacy whereof is hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

"**Act**" means the *Business Corporations Act* (Alberta) as the same has been and may hereafter from time to time be amended;

"**Affiliate**" has the meaning set forth in the *Securities Act* (Alberta);

"**Agreement**", "**this Agreement**", "**herein**", "**hereto**", and "**hereof**" and similar expressions refer to this Agreement, as the same may be amended or supplemented from time to time and, where applicable, to the appropriate Schedules hereto;

"**Alternative Transaction Proposal**" means a proposal or offer (other than by Point Loma), whether or not subject to a due diligence condition, whether or not in writing, to acquire in any manner, directly or indirectly, beneficial ownership of all or a material portion of the assets of First Mountain or to acquire in any manner, directly or indirectly, beneficial ownership or control or direction over more than 20% of the outstanding voting shares of First Mountain whether by an arrangement, amalgamation, merger, consolidation or other business combination, by means of a sale of shares of capital stock, sale of assets, tender offer or exchange offer or similar transaction involving First Mountain including without limitation any single or multi-step transaction or series of related transactions which is structured to permit such third party to acquire beneficial ownership of all or a material portion of the assets of First Mountain or to acquire in any manner, directly or indirectly, more than 20% of the outstanding voting shares of First Mountain (other than the transactions contemplated by this Agreement);

"**Broker Warrant Agreements**" means, in connection with the private placement of Subscription Receipts, the agreements entered into between Point Loma and certain financial brokers pursuant to which Point Loma or an entity acquiring Point Loma, such as First Mountain, will be obligated to issue Broker Warrants exercisable for up to 100,235 Point Loma Shares or its acquiring company equivalent, in favour of such brokers;

"Broker Warrants" means the broker warrants issuable pursuant to the Broker Warrant Agreements;

"**Business Day**" means any day excepting a Saturday, Sunday or other day on which banks are not open for commercial banking business during normal banking hours in Calgary, Alberta;

"**Common Share Subscription Receipts**" means the subscription receipts for Point Loma Shares, each such Common Share Subscription Receipt being exercisable to receive one Point Loma Shares for no additional consideration and evidencing rights provided in the Subscription Receipt Agreement in respect of the Subscription Receipts;

"**Confidentiality Agreement**" means the confidentiality agreement entered into between Point Loma and First Mountain dated October 5, 2015;

"**Consolidation**" means the proposed consolidation of the First Mountain Shares, on the basis of 10 pre-consolidation First Mountain Shares to each post-consolidation First Mountain Share, to take place prior to the take up and payment by First Mountain of any Point Loma Shares;

"**CRA**" means Canada Revenue Agency;

"**Effective Time**" means the time that First Mountain shall have acquired ownership of and paid for at least 66 2/3% of the issued and outstanding Point Loma Shares pursuant to the terms of the Offer;

"**Exchange**" means the TSX Venture Exchange;

"**Expiry Time**" means the Initial Expiry Time unless the Offer has been or is required to be extended, in which case it means the expiry time of the Offer as extended, or required to be extended, from time to time;

"**First Mountain**" has the meaning ascribed to it in the preamble hereto;

"**First Mountain Governing Documents**" means the Articles of Incorporation and By-Laws of First Mountain, and any amendments thereto;

"**First Mountain Shares**" means the common shares in the capital of First Mountain;

"**Financing Debentures**" means the junior subordinate secured convertible debentures of First Mountain to be issued in favour of certain investors in the amount of $650,000;

"**Flow-Through Share Subscription Receipts**" means the subscription receipts for Flow-Through Shares, each such Flow-Through Share Subscription Receipt being exercisable to receive one Flow-Through Shares for no additional consideration and evidencing rights provided for in the Subscription Receipt Agreement in respect of the Subscription Receipts;

"**Flow-Through Shares**" means the Point Loma Shares issued on a "flow-through" basis pursuant to the *Income Tax Act* (Canada);

"**IFRS**" means accounting principles generally accepted in Canada applicable to public companies at the relevant time and which incorporates International Financial Reporting Standards as adopted by the Canadian Accounting Standards Boards;

"**Initial Expiry Time**" means 10:00 a.m. (Calgary time) on June 1, 2016, or such later date as the parties may agree;

"**Madalena**" has the meaning ascribed to it in the preamble hereto;

"**Madalena Acquisition**" means the proposed acquisition of Madalena's petroleum and natural gas rights and interests in Canada for consideration consisting of an aggregate of 14,522,823 Point Loma Shares and the Madalena Debenture;

"**Madalena Debenture**" means the senior subordinate secured convertible debenture of First Mountain to be issued in favour of Madalena in consideration of receiving the Point Loma Debenture and making up partial consideration for the Madalena Assets in the amount of $3,000,000 with a five-year term accruing interest at 3% per annum;

"**Material Adverse Effect**" means, in respect of a Person, any change, effect, event, occurrence, condition or development that has (or could reasonably be expected to have), individually or in the aggregate, a material and adverse impact on the business, prospects, operations, results of operations, assets, capitalization or financial condition of such Person and its Subsidiaries, if any, taken as a whole, or on the ability of such Person to consummate the transactions contemplated by this Agreement, other than any change, effect, event, occurrence, condition or development resulting from:

(a) conditions affecting the oil and gas industry generally;

(b) changes in the market price of crude oil or natural gas;

(c) general economic, financial, currency exchange, securities or commodity market conditions in Canada or elsewhere; or

(d) any action or inaction taken by a party to this Agreement to which the other party to this Agreement has consented in writing, and

"**Non-Resident**" means: (a) a person who is not resident in Canada for the purposes of the Tax Act; or (b) a partnership that is not a "Canadian partnership" within the meaning of the Tax Act;

"**Offer**" has the meaning set forth in Section 2.1(a);

"**Offer Documents**" means the offer to purchase pursuant to which the Offer will be made and related letter of transmittal, all as attached hereto as Schedule B;

"**Option Termination Agreements**" means the agreements to be entered into by Point Loma and each of the holders of Point Loma Options in a form satisfactory to First Mountain, acting reasonably, pursuant to which holders of Point Loma Options have agreed or shall agree to surrender effective immediately before the Effective Time all Point Loma Options, for cancellation for an aggregate payment of $1.00 to each holder of Point Loma Options, regardless of the number of Point Loma Options held by such holder;

"**Person**" means and includes an individual, limited or general partnership, corporation, limited liability company, joint stock company, association, trust, joint venture, unincorporated organization and any government, governmental department or agency or political subdivision thereof or any other type of organization or entity, whether or not a legal entity;

"**Point Loma**" has the meaning ascribed to it in the preamble hereto;

"**Point Loma Debenture**" means debenture, promissory note or other instrument of indebtedness of Point Loma to be issued in favour of First Mountain as consideration for First Mountain issuing the Madalena Debenture as partial consideration of the Madalena Acquisition in the amount of $3,000,000;

"**Point Loma Governing Documents**" means the Articles of Incorporation and By-laws of Point Loma, and any amendments thereto;

"**Point Loma Options**" means the outstanding options to acquire Point Loma Shares under Point Loma's stock option plan;

"**Point Loma Shareholders**" means the holders of Point Loma Shares;

"**Point Loma Shares**" means the common shares in the capital of Point Loma;

"**Representatives**" means the officers, directors, employees, agents, attorneys, accounts, consultants, financial advisors and other representatives of a Person;

"**Second Stage Transaction**" means, if First Mountain takes up and pays for the Point Loma Shares pursuant to the terms of the Offer, and thereby acquires less than all but at least 66 2/3% of the outstanding Point Loma Shares, the acquisition of the balance of the Point Loma Shares by way of statutory arrangement, amalgamation, merger, reorganization, consolidation, recapitalization or other type of acquisition transaction or transactions;

"**Securities Authorities**" means the securities commissions or similar regulatory authorities in Canada and each of the provinces and territories thereof having jurisdiction;

"**Securities Laws**" means, collectively, and as the context may require, applicable securities legislation in each of the provinces and territories of Canada and the rules, regulations and policies published and/or promulgated thereunder, as such may be amended from time to time;

"**Share Consideration**" means the First Mountain Shares to be issued to the Point Loma Shareholders pursuant to the Offer, on the basis of 0.43 of a First Mountain Share for each Point Loma Share (on a post-consolidated basis) at a deemed price of $0.40 per First Mountain Share;

"**Subsidiary**" has the meaning set forth in the *Securities Act* (Alberta);

"**Subscription Receipts**" means, collectively, the Common Share Subscription Receipts and the Flow-Through Share Subscription Receipts;

“Subscription Receipt Agreement” means the agreement entered into between Point Loma and the escrow agent governing the terms of the Subscription Receipts;

“**Support Agreements”** means the agreements between directors and officers and certain other shareholders of Point Loma and First Mountain in substantially the form set forth in Schedule A hereto, pursuant to which such holders agree to tender their Point Loma Shares under the Offer;

“**Take-up Date**” means the date that First Mountain first takes up and pays for Point Loma Shares pursuant to the Offer;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, all as amended from time to time; and

“**Transaction Costs**” means all of the obligations and liabilities (contingent or otherwise) of First Mountain or Point Loma, as applicable, for financial advisory fees, legal fees, printing costs or other similar costs with respect to the transactions contemplated herein, as well as previously accrued but unpaid legal fees of First Mountain or Point Loma, as applicable.

1.2 Singular, Plural, etc.

Words importing the singular number include the plural and vice versa and words importing gender include the masculine, feminine and neuter genders.

1.3 Deemed Currency

In the absence of a specific designation of any currency any undescribed dollar amount herein shall be deemed to refer to Canadian dollars.

1.4 Headings, etc.

The division of this Agreement into Articles and Sections and the insertion of the recitals and headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement and, unless otherwise stated, all references in this Agreement or in the Schedules to Articles, Sections and Schedules refer to Articles, Sections and Schedules of and to this Agreement or of the Schedules in which such reference is made.

1.5 Date for any Action

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

1.6 Governing Law

This Agreement shall be governed by and interpreted in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.7 Attornment

The parties hereby irrevocably and unconditionally submit to the jurisdiction of the courts of the Province of Alberta for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against either party in such court. The parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Alberta and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

1.8 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement in respect of Point Loma shall have the meanings attributable thereto under IFRS, and all determinations of an accounting nature in respect of Point Loma required to be made shall be made in a manner consistent with IFRS consistently applied.

1.9 Knowledge

Where in this Agreement a representation or warranty is made on the basis of the knowledge or awareness of Point Loma or First Mountain, such knowledge or awareness consists of the actual knowledge or awareness, as of the date of the representation, of the senior officers of Point Loma or First Mountain, respectively.

1.10 Interpretation Not Affected by Party Drafting

The parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

1.11 Include

The words “include” or “including” shall not denote or imply any limitation or restriction.

1.12 Incorporation of Schedules

The Schedules attached hereto and described below shall, for all purposes hereof, form an integral part of this Agreement.

Schedule A	Form of Support Agreement
Schedule B	Offer Documents
Schedule C	Representations and Warranties of First Mountain
Schedule D	Representations and Warranties of Point Loma

ARTICLE 2
THE OFFER

2.1 The Offer

(a) Subject to the terms and conditions of this Agreement, First Mountain shall, as soon as practicable upon execution of this Agreement, deliver to holders of Point Loma Shares, an offer to purchase all of the outstanding Point Loma Shares on the basis set forth below. The Offer shall be made in accordance with this Agreement, the Act and Securities Laws and be subject to the conditions set forth in the Offer Documents (the "**Offer**", which term shall include any amendments to, or extensions of, such Offer, including, without limitation, increasing the consideration, removing or waiving any condition or extending the date by which Point Loma Shares may be tendered). The consideration payable by First Mountain to Point Loma Shareholders will be the Share Consideration.

(b) The Offer shall be in the form of the Offer Documents, and First Mountain shall not amend any term or condition of the Offer or the Offer Documents (which, for greater certainty, does not include waiving, in whole or in part, a condition of the Offer) without the prior written consent of Point Loma, such consent not to be unreasonably withheld. The Offer shall expire at the Initial Expiry Time, except that the Offer may be extended by First Mountain at any time and from time to time prior to the Expiry Time with the prior written consent of Point Loma, such consent not to be unreasonably withheld. Subject to the satisfaction or waiver of the conditions set forth in the Offer Documents:

(i) First Mountain shall forthwith after the Expiry Time:

A. take up and pay for all Point Loma Shares validly tendered (and not properly withdrawn) pursuant to the Offer; and

B. assume the obligations of Point Loma under the Broker Warrant Agreements provided not less than 50% of the outstanding Point Loma Shares are taken up and paid for by First Mountain.

No fractional First Mountain Shares will be issued. Any Point Loma Shareholders that would otherwise be entitled to a fractional First Mountain Share will be entitled to receive the nearest whole number of First Mountain Shares.

(ii) Point Loma shall forthwith, upon the take up and payment for all the Point Loma Shares validly tendered (and not properly withdrawn) pursuant to the Offer, deliver and release the Point Loma Debenture to First Mountain.

(iii) In consideration of receiving the Point Loma Debenture, First Mountain shall forthwith issue, deliver and release the Madalena Debenture to Madalena.

(c) Each of First Mountain and Point Loma acknowledge and agree that the Offer will be made to Point Loma Shareholders pursuant to the exemption from the formal bid rules described in section 4.3 of Multilateral Instrument 62-104 *Take-Over Bid and Issuer Bids* and other analogous laws adopted by the Securities Authorities.

(d) If any Point Loma Shareholder has not given the representation and warranty contained in the letter of transmittal (which accompanies the Offer) that such holder is not a "Non-Resident" (defined as a Point Loma Shareholder who either: (i) is not a resident of Canada for purposes of the Tax Act; or (ii) is a partnership that is not a Canadian partnership for purposes of the Tax Act, then First Mountain shall withhold twenty five percent (25%) of the total consideration payable to such Point Loma Shareholder, unless a clearance certificate is provided to First Mountain by the holder on or before the Take-up Date, which certificate has been issued pursuant to subsection 116(2) or subsection

116(4) of the Tax Act, in which case First Mountain shall withhold share consideration representing twenty-five (25%) percent of the fair market value of the consideration to be given to such holder in excess of the certificate limit of such clearance certificate. Any amounts withheld by First Mountain shall be held by First Mountain in trust and such amounts shall be remitted to the CRA on the 30th day of the month following the month in which the Take-up Date occurs (or such later Business Day as the CRA advises First Mountain and the applicable Point Loma Shareholder) if First Mountain has not received a clearance certificate prior to such Business Day. If a clearance certificate is received by First Mountain prior to such Business Day with a certificate limit not less than the fair market value of the consideration (valued as at the Take-up Date) to be given to the Point Loma Shareholder, such amounts, less any applicable withholding tax, shall be released to the Point Loma Shareholder.

(e) Notwithstanding the above, a Point Loma Shareholder whose consideration would be subject to the twenty-five percent (25%) withholding as described above, may deposit cash with First Mountain or with First Mountain's counsel, in an amount equal to twenty five percent (25%) of the total consideration payable to such Point Loma Shareholder, and First Mountain will substitute such deposited cash in place of the share consideration that would otherwise be withheld, and such deposited cash will be subject to the same treatment as described above in respect of withheld amounts.

(f) Point Loma agrees to provide such assistance as First Mountain or its agents may reasonably request in connection with communicating the Offer and any amendments and supplements thereto to the holders of the Point Loma Shares and to such other persons as are entitled to receive the Offer under Securities Laws, including providing lists and updated or supplemental lists of the holders of Point Loma Shares as soon as possible after the date of this Agreement, but in any event no later than the close of business in Calgary on May 18, 2016 and updates or supplements thereto from time to time as may be requested by First Mountain.

2.2 Point Loma Board of Directors' Approval and Recommendation

Point Loma hereby consents to the Offer as set forth in Section 2.1 and confirms that its board of directors has resolved to unanimously recommend acceptance of the Offer by the holders of Point Loma Shares.

2.3 Support Agreements

Each director and officer and certain shareholders of Point Loma holding an aggregate of not less than 30% of the Point Loma Shares shall enter into Support Agreements with First Mountain, whereby such parties shall agree to accept the Offer by depositing all of their Point Loma Shares to the Offer and not to withdraw the Point Loma Shares from the Offer.

2.4 Outstanding Point Loma Options

Point Loma will enter into the Option Termination Agreements with all holders of Point Loma Options.

2.5 Transaction Costs

The Parties each covenant to and in favour of the other Party that the total amount of Transaction Costs of each Party will not exceed [**redacted - dollar amount - sensitive business information**], exclusive of reasonable disbursements and GST. Notwithstanding the provisions of this Section 2.5, the Transaction

Costs shall not include any agreement entered into with Mr. William Slipp in respect of transitional services provided by Mr. Slipp upon completion of the transactions contemplated by this Pre-Acquisition Agreement.

2.6 Second Stage Transaction

(a) If First Mountain takes up and pays for Point Loma Shares pursuant to the terms of the Offer, and thereby acquires at least 66 2/3% of the Point Loma Shares but not all of the Point Loma Shares, Point Loma agrees to use all reasonable best efforts to assist First Mountain in acquiring, should it determine to do so, the balance of the Point Loma Shares by way of a Second Stage Transaction for consideration per Point Loma Share not less than the consideration paid pursuant to the Offer (it being understood that First Mountain shall be under no obligation to pay more than that amount). Nothing herein shall be construed to prevent First Mountain from acquiring, directly or indirectly, additional Point Loma Shares in privately negotiated transactions, in another take-over bid, tender or exchange offer, or otherwise in accordance with Securities Laws (including by way of compulsory acquisition) following completion of the Offer.

(b) Without limiting Section 2.6(a), Point Loma agrees that if First Mountain is required to effect a Second Stage Transaction which requires approval of Point Loma shareholders at a meeting of Point Loma's shareholders, Point Loma shall take all action necessary in accordance with Securities Laws, other applicable Canadian laws and the Point Loma Governing Documents to duly call, give notice of, convene and hold a meeting of its shareholders as promptly as practicable to consider and vote upon the action proposed by First Mountain. In the event of such a meeting or meetings, Point Loma shall use all commercially reasonable efforts to mail to its shareholders an information circular with respect to the meeting of Point Loma shareholders.

ARTICLE 3
PUBLICITY

3.1 Publicity

Each of Point Loma and First Mountain hereby agree that it shall not, and will cause its Representatives not to, make a public disclosure of any kind regarding this Agreement or the Offer, other than upon execution of this Agreement and except as otherwise expressly permitted by this Agreement or by mutual consent or as required by applicable law.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF FIRST MOUNTAIN

4.1 Representations

First Mountain hereby represents and warrants to Point Loma as set forth in Schedule C to this Agreement and acknowledges that Point Loma is relying upon those representations and warranties in connection with the execution and delivery of this Agreement.

4.2 Investigation

Any investigation by Point Loma and its Representatives shall not mitigate, diminish or effect the representations and warranties of First Mountain provided pursuant to this Agreement.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF POINT LOMA

5.1 Representations

Point Loma hereby represents and warrants to First Mountain as set forth in Schedule D to this Agreement and acknowledges that First Mountain is relying upon those representations and warranties in connection with the execution and delivery of this Agreement in the making of the Offer.

5.2 Investigation

Any investigation by First Mountain and its Representatives shall not mitigate, diminish or effect the representations and warranties of Point Loma provided pursuant to this Agreement.

ARTICLE 6
CONDUCT OF BUSINESS BY POINT LOMA

6.1 Conduct of Business by Point Loma

Unless: (a) First Mountain shall otherwise agree in writing; (b) an action is required by law; or (c) an action is expressly permitted or specifically contemplated by this Agreement, Point Loma covenants and agrees that, during the period from the date of this Agreement until the earlier of either the Take-up Date or the termination of this Agreement by its terms, Point Loma shall not (directly or indirectly):

(a) amend the Point Loma Governing Documents;

(b) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its securities;

(c) other than the Point Loma Shares to be issued in connection with the Madalena Acquisition and the Point Loma Shares and Flow-Through Shares issuable upon the exercise of the Subscription Receipts, issue, grant, sell or pledge or agree to issue, grant, sell or pledge any securities or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Point Loma Shares;

(d) redeem, purchase or otherwise acquire any of its securities;

(e) reduce the stated capital of Point Loma;

(f) split, combine or reclassify any of its securities;

(g) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Point Loma;

(h) create any new employment obligations or any other similar severance obligations and not grant to any officer or director an increase in compensation in any form, or grant to any consultant any increase in compensation in any form other than routine increases in the ordinary course of business consistent with past practices;

(i) enter into any non-arm's length transactions including with any officers, directors, consultants or employees (if any) of Point Loma or transfer any property or assets of Point Loma to any such person;

(j) adopt or make any contribution to any plan, agreement, trust, fund or arrangements for the benefit of consultants, directors or employees, outside of payments and contributions in the ordinary course consistent with past practice;

(k) adopt any shareholder rights plan or similar plan; or

(l) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing.

6.2 Provision of Information and Access

Immediately upon acceptance of this Agreement, Point Loma shall, subject to the Confidentiality Agreement, provide to First Mountain and its Representatives such information as is reasonably requested by First Mountain to enable it to confirm Point Loma's compliance with the representations, warranties and covenants of Point Loma described herein and Point Loma shall permit:

(a) First Mountain and its Representatives to have reasonable access to the books, contracts and records of Point Loma and such other information and personnel of Point Loma as may be reasonably requested by First Mountain; and

(b) First Mountain and its Representatives to be informed of the operations of Point Loma to ensure compliance with Section 6.1 hereof.

First Mountain and Point Loma acknowledge that the purpose of this clause is to permit First Mountain to confirm Point Loma's compliance with the representations, warranties and covenants of Point Loma described herein without causing any unreasonable disruptions to the business or operations of Point Loma.

6.3 Financial and Other Information

Point Loma shall make available to First Mountain, and consents to the use of, all financial statements, reserve information and other information of Point Loma which may be required to be disclosed in the Offer or in other First Mountain documents, including any proxy statement of First Mountain or disclosure document of First Mountain, and amendments thereto, as required under applicable law. Such financial statements shall be prepared in accordance with Canadian accounting standards for private enterprises. If required by applicable law, such financial statements shall be audited by Point Loma's auditors. Point Loma shall use its best efforts to have its auditors, to the extent required under applicable law, provide their consent to the use of their report and the use of their name in connection with any disclosure by First Mountain of such financial statements.

ARTICLE 7
COVENANTS OF FIRST MOUNTAIN

7.1 Conduct of Business by First Mountain

Unless: (i) Point Loma shall otherwise agree in writing; (ii) an action is required by law; or (iii) an action is expressly permitted or specifically contemplated by this Agreement, First Mountain covenants and agrees that, during the period from the date of this Agreement until the earlier of either the Take-up Date or the termination of this Agreement by its terms, First Mountain shall not (directly or indirectly):

(a) amend the First Mountain Governing Documents, other than in respect of the Consolidation and the Name Change;

(b) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its securities;

(c) other than the Madalena Debenture, the Financing Debenture and such broker warrants issuable pursuant to the Broker Warrant Agreements, issue, grant, sell or pledge or agree to issue, grant, sell or pledge any securities or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, First Mountain Shares (other than First Mountain Shares to be issued pursuant to the terms of options previously granted under the stock option plan of First Mountain);

(d) redeem, purchase or otherwise acquire any of its securities;

(e) reduce the stated capital of First Mountain;

(f) other than the Consolidation, split, combine or reclassify any of its securities;

(g) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of First Mountain;

(h) create any new employment obligations or any other similar severance obligations and not grant to any officer or director an increase in compensation in any form, or grant to any consultant any increase in compensation in any form other than routine increases in the ordinary course of business consistent with past practices;

(i) enter into any non-arm's length transactions including with any officers, directors, consultants or employees (if any) of First Mountain or transfer any property or assets of Point Loma to any such person;

(j) hire any employees or retain any new consultants;

(k) adopt or make any contribution to any plan, agreement, trust, fund or arrangements for the benefit of consultants, directors or employees, outside of payments and contributions in the ordinary course consistent with past practice;

(l) authorize, recommend or propose any release or relinquishment of any material contract right;

(m) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document;

(n) enter into or terminate any hedges, swaps or other financial instruments or like transactions;

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

(p) adopt any shareholder rights plan or similar plan;

(q) sell, pledge, dispose of or encumber any assets whatsoever;

(r) acquire any assets whatsoever;

(s) incur any indebtedness for borrowed money whatsoever;

(t) incur any other material liability or obligation;

(u) issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances;

(v) enter into commitments of a capital expenditure nature including Crown lease purchases and freehold lease acquisitions or incur any contingent liability; or

(w) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing.

7.2 Reservation of First Mountain Shares

First Mountain covenants and agrees that at all times when the Offer is outstanding, First Mountain shall not take any action, or fail to take any action, which would or could reasonably be expected to result in the representation and warranty set out in Section 5 of Schedule C being untrue at any time while the Offer is outstanding.

7.3 No Solicitation

(a) First Mountain, and its Representatives shall immediately cease and cause to be terminated any existing solicitation, initiation, encouragement, activity, discussion or negotiation with any parties conducted heretofore by First Mountain or its Representatives with respect to an Alternative Transaction Proposal whether or not initiated by First Mountain and in connection therewith, First Mountain and its Representatives shall not release any third party from any confidentiality or standstill agreement to which First Mountain and such third party is a party or amend any of the foregoing and shall exercise all rights to require the return of information regarding First Mountain.

(b) From and after the date hereof, First Mountain will not, and will not authorize or permit any of its Representatives to, directly or indirectly, solicit, initiate or encourage (including by way of furnishing information) or participate in or take any other action to facilitate any inquiries or the making of any proposal which constitutes or may reasonably be expected to lead to an Alternative Transaction Proposal from any person, or engage in any discussion, negotiations or inquiries relating thereto or accept any Alternative Transaction Proposal; provided, however, that First Mountain and Representatives may:

(i) engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by First Mountain, or its Representatives after the date hereof) seeks to initiate such discussions or negotiations and may furnish such third party information concerning First

Mountain and its business, properties and assets which has previously been provided to Point Loma if, and only to the extent that:

A. the third party has first made a bona fide written Alternative Transaction Proposal that is financially superior to the Offer (as determined in good faith by First Mountain's board of directors after receiving the advice of its financial advisors) (a "**Superior Proposal**") and First Mountain's board of directors has concluded in good faith, after considering provisions of applicable law and receiving the advice of outside counsel that such action is required by the First Mountain board of directors to comply with fiduciary duties under applicable law;

B. prior to furnishing such information to or entering into discussions or negotiations with such person or entity, receives from such person or entity an executed confidentiality agreement having confidentiality and standstill terms the same as or more onerous than those contained in the Confidentiality Agreement (and, at the same time, provides a complete copy of such agreement to Point Loma), provided that such confidentiality agreement may not include any provision calling for an exclusive right to negotiate with First Mountain and may not restrict First Mountain from complying with this Section 7.3;

C. First Mountain provides prompt notice to Point Loma at such time as it or such person or entity terminates any such discussions or negotiations; and

D. First Mountain immediately provides to Point Loma any information provided to any such person or entity if not previously provided to Point Loma;

(ii) comply with applicable Securities Laws (to the extent applicable to First Mountain) relating to the provision of directors' circulars, and make appropriate disclosure with respect thereto to First Mountain's shareholders; and

(iii) accept, recommend, approve or implement a Superior Proposal contemplated in clause (i)(A), but only (in the case of this clause (iii)) if prior to such acceptance, recommendation, approval or implementation, First Mountain's board of directors shall have concluded in good faith, after considering provisions of applicable law and after giving effect to all proposals to adjust the terms and conditions of this Agreement and the Offer which may be offered by Point Loma during the notice period set forth below in Section 7.4 and after receiving the advice of outside counsel, that such action is required by the First Mountain board of directors to comply with fiduciary duties under applicable law and First Mountain terminates this Agreement in accordance with Sections 9.1(h).

7.4 Notice to Point Loma

First Mountain shall give Point Loma orally and in writing at least 3 Business Days advance notice of any decision by the board of directors of First Mountain to accept, recommend, approve or implement a Superior Proposal which notice shall identify the party making the Superior Proposal and shall provide a true and complete copy and any amendments thereto. In the event that Point Loma proposes in writing to

First Mountain to amend this Agreement to provide superior value to that provided under the Superior Proposal within the 3 Business Day time period specified above, then First Mountain shall not enter into any agreement regarding the Superior Proposal for a further period of 3 Business Days from the date of Point Loma's proposal negotiate in good faith and First Mountain shall, and shall cause its respective financial and legal advisors to, with Point Loma to make such adjustments on the terms and conditions of this Agreement as would enable First Mountain to proceed with the Offer as amended rather than the Superior Proposal.

Each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for the purposes of this Article and shall require an additional 3 Business Day notice period from the time such amendment is communicated to Point Loma and an additional 3 Business Day negotiation period, if Point Loma makes a proposal to provide superior value with the 3 Business Day notice period.

7.5 First Mountain Board of Directors

The board of directors of First Mountain immediately following the acquisition by First Mountain of more than 50% of the outstanding Point Loma Shares pursuant to the Offer shall be reconstituted through: (a) the resignations of William Slipp, Wayne Murphy, Douglas Stuve and Farhiyah Shariff; (b) the appointments of Terry Meek, Jay Reid, Steve Dabner and Douglas Dafoe in their stead. First Mountain and Point Loma shall provide mutual releases as between each resigning director of First Mountain in a mutually agreeable form.

7.6 Provision of Information and Access

Immediately upon acceptance of this Agreement, First Mountain shall, subject to the Confidentiality Agreement, provide to Point Loma and its Representatives such information as is reasonably requested by Point Loma to enable it to quickly and efficiently integrate the business and affairs of First Mountain with Point Loma following the Effective Time and to confirm First Mountain's compliance with the representations, warranties and covenants of First Mountain described herein and First Mountain shall permit:

(a) Point Loma and its Representatives to have reasonable access to First Mountain's books, contracts and records and such other information and personnel of First Mountain as may be reasonably requested by Point Loma; and

(b) Point Loma and its Representatives to be informed of the operations of First Mountain to ensure compliance with Sections 7.1 and 7.2 hereof.

First Mountain and Point Loma acknowledge that the purpose of this clause is to permit Point Loma to be in a position to expeditiously integrate the business and operations of First Mountain with that of Point Loma immediately upon but not prior to, the Effective Time and confirm First Mountain's compliance with the representations, warranties and covenants of First Mountain described herein without causing any unreasonable disruptions to First Mountain's business or operations.

7.7 Expenditure Control

First Mountain agrees that all field operating decisions involving expenditures or commitments by it of more than $10,000 (individually or in the aggregate) will be made only with the written approval of Point Loma, acting reasonably.

ARTICLE 8
MUTUAL COVENANTS

8.1 Filings

First Mountain shall, as promptly as practicable hereafter, prepare and file any filings required under any Securities Law or any other applicable law relating to the transactions contemplated herein, including an application to the Exchange for the listing of the First Mountain Shares comprising the Share Consideration. Point Loma shall use its commercially reasonable efforts to provide information regarding Point Loma as may reasonably be required by First Mountain in connection with the foregoing.

8.2 Additional Agreements

Subject to the terms and conditions herein provided and to fiduciary obligations under applicable law as advised by counsel in writing, each of the parties hereto agrees to use all commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this Agreement and to cooperate with each other in connection with the foregoing, including using commercially reasonable efforts:

(a) to obtain all necessary waivers, consents and approvals from other parties to material agreements, leases and other contracts;

(b) to obtain all necessary consents, approvals and authorizations as are required to be obtained under any federal, provincial or foreign law or regulations;

(c) to defend all lawsuits or other legal proceedings challenging this Agreement or the consummation of the transactions contemplated hereby;

(d) to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the transactions contemplated hereby;

(e) to effect all necessary registrations and other filings and submissions of information requested by governmental authorities; and

(f) to fulfill all conditions and satisfy all provisions of this Agreement and the Offer.

For purposes of this Agreement, the obligation to use “commercially reasonable efforts” to obtain waivers, consents, approvals and authorizations to loan agreements, leases and other contracts or under laws or regulation shall not include any obligation to agree to a materially adverse modification of the terms of such documents or to prepay or incur additional material obligations.

8.3 Notice of Material Adverse Effect

From the date hereof until the termination of this Agreement, each of First Mountain and Point Loma shall promptly notify the other of them in writing of:

(a) any matter which does, or would reasonably be expected to, give rise to a Material Adverse Effect in respect of it;

(b) any inaccuracy in any representation or warranty given by it in this Agreement which is or may be of such a nature as to render any such representation or warranty misleading or untrue in a material respect; or

(c) any breach of its covenants hereunder.

Each of First Mountain and Point Loma shall in good faith discuss with the other of them any change in circumstances (actual, anticipated, contemplated or, to its knowledge, threatened, financial or otherwise) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other of them pursuant to this Section 8.3.

8.4 Confirmation

(a) On the Take-up Date (but prior to the Expiry Time), each of First Mountain and Point Loma will deliver a certificate of a senior officer thereof to the other party certifying, for and on behalf of First Mountain or Point Loma, as applicable, and not in his or her personal capacity, that:

(i) such party has complied with its covenants contained in this Agreement; and

(ii) such party's representation and warranties contained in this Agreement (without reference to any qualification as to materiality in such representation and warranties) are true and correct as though they were made on and as of the Take-up Date,

except for such breaches or inaccuracies which, alone or in combination with other breaches and inaccuracies, do not have or could not reasonably be expected to have a Material Adverse Effect in respect of such party.

(b) The officer's certificate referred to in Section 8.4(a) given by First Mountain shall be delivered to Point Loma.

ARTICLE 9
TERMINATION, AMENDMENT AND WAIVER

9.1 Termination

Subject to Section 9.2, this Agreement may be terminated by written notice promptly given to the other party hereto, at any time prior to the Effective Time:

(a) by mutual written agreement by First Mountain and Point Loma; or

(b) by Point Loma, if First Mountain has not delivered the Offer Documents to holders of Point Loma Shares on or before 5:00 p.m. (Calgary time) on the third Business Day following execution of this Agreement; or

(c) by either First Mountain or Point Loma, if the Offer terminates or expires at the Expiry Time without First Mountain taking up and paying for any of the Point Loma Shares as a result of the failure of any condition to the Offer to be satisfied or waived unless the failure of such condition shall be due to the failure of the party seeking to terminate this

Agreement to perform the obligations required to be performed by it under this Agreement; or

(d) by either First Mountain or Point Loma, if there shall exist any prohibition at law against First Mountain making the Offer or taking up and paying for all of the Point Loma Shares under the Offer; or

(e) by either First Mountain or Point Loma, if any act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or government agency or other regulatory authority or administrative agency or commission or by any elected or appointed public official or private person (including, without limitation, any individual, corporation, firm, group or other entity) in Canada or elsewhere, whether or not having the force of law, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, whether or not having the force of law which has the effect (or may reasonably be expected to have the effect) to cease trade, enjoin or prohibit the sale to First Mountain of the Point Loma Shares, the right of First Mountain to own or exercise full rights of ownership of the Point Loma Shares, or the issuance by First Mountain to Point Loma Shareholders of the Share Consideration; or

(f) by Point Loma, if the Share Consideration has not been conditionally accepted for listing on the Exchange (subject only to customary conditions) prior to the Effective Time; or

(g) by either First Mountain or Point Loma, if there shall have occurred any circumstance or circumstances which, individually or collectively, constitute a Material Adverse Effect in respect of the other party (other than due to a breach of any representation, warranty or covenant) that was not (or were not) disclosed in writing to such other party prior to the execution of this Agreement;

(h) by First Mountain, pursuant to the provisions of Section 7.3 hereof; or

(i) by either First Mountain or Point Loma, if there has been a breach by the other party of, or inaccuracy in, any representation or warranty (without reference to any qualification as to materiality in such representation and warranty) or covenant of such party contained in this Agreement, or if any representation or warranty (without reference to any qualification as to materiality in such representation and warranty) shall have become untrue or incorrect prior to the Expiry Time, which breaches or inaccuracies, alone or in combination with other breaches and inaccuracies, do not have or could not reasonably be expected to have a Material Adverse Effect in respect of such party, provided the breaching party has been given notice of and five (5) Business Days to cure any such breach (and if notice of such breach is given within five (5) Business Days of the Expiry Time, the Expiry Time shall be automatically extended until the same time on the fifth (5th) Business Day following the date of such notice).

9.2 Effect of Termination

In the event of the termination of this Agreement as provided in Section 9.1 hereof, this Agreement shall forthwith have no further force or effect and there shall be no obligation on the part of First Mountain or Point Loma hereunder except as set forth in Sections 1.2 through 1.8, 1.10, 1.11, 3.1, 9.3, 9.4, 10.1 through 10.4 and 10.6 hereof, and any other provision required to give effect to the foregoing, which provisions shall survive the termination of this Agreement. Nothing in this Section 9.2 shall relieve any party from liability arising prior to termination of this Agreement under Section 9.1.

9.3 Amendment

This Agreement may be amended by mutual agreement between the parties hereto. This Agreement may not be amended except by an instrument in writing signed by the appropriate officers on behalf of each of the parties hereto.

9.4 Waiver

First Mountain, on the one hand, and Point Loma, on the other hand: may (a) extend the time for the performance of any of the obligations or other acts of the other; (b) waive compliance with any of the other's agreements or the fulfillment of any conditions to its own obligations contained herein; or (c) waive inaccuracies in any of the other's representations or warranties contained herein or in any document delivered by the other party hereto; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

ARTICLE 10
GENERAL PROVISIONS

10.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be sent or delivered to the parties at their respective addresses or facsimile numbers set forth below (or at such other addresses as shall be specified by the parties by like notice):

(a) if to First Mountain:

First Mountain Exploration Inc.
500, 633 – 6th Ave S.W.
Calgary, Alberta T2P 2Y5

Attention: William Slipp
Email: bill.slipp@first-mountain.com

with a copy to:

Burstall Winger Zammit LLP
1600 Dome Tower, 333 – 7th Ave S.W.
Calgary, Alberta T2P 2Z1

Attention: Douglas Stuve
Email: dstuve@burstall.com

if to Point Loma:

Point Loma Energy Ltd.
500, 633 – 6th Ave S.W.
Calgary, Alberta T2P 2Y5

Attention: Terry Meek
Email: terry.meek@pointlomaenergy.com

with a copy to:

McCarthy Tétrault LLP
4000, 421 – 7th Avenue S.W.
Calgary, Alberta T2P 4K9

Attention: Gordon Cameron
Email: gcameron@mccarthy.ca

Any notice and communications shall be effective:

(b) if delivered by hand, sent by certified or registered mail or sent by an overnight courier service, when received; and, provided that if such date is a day other than a Business Day, where the recipient party is located, then such notice shall be deemed to have been given and received on the first Business Day, where the recipient party is located, following the date of such delivery; and

(c) if sent by facsimile and successfully transmitted before 5:00 p.m. on a Business Day, where the recipient party is located, then on that Business Day, and if transmitted after 5:00 p.m. on that day or on a day that is not a Business Day, then on the first Business Day, where the recipient party is located, following the date of transmission.

10.2 Miscellaneous

This Agreement constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof; and shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The parties hereto shall be entitled to rely upon delivery of an executed facsimile or electronic copy of this Agreement, and such facsimile or electronic copy shall be legally effective to create a valid and binding agreement among the parties hereto. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

10.3 Assignment

Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other party.

10.4 Expenses

All fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such cost or expense, whether or not the Offer is consummated.

10.5 Survival of Representations and Warranties

The representations and warranties of First Mountain and Point Loma contained in this Agreement shall survive the completion of the Offer.

10.6 Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. Any provision of this Agreement that is invalid or unenforceable in any jurisdiction shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.7 Time of Essence

Time shall be of the essence of this Agreement.

[Balance of page intentionally left blank.]

10.8 Counterpart Execution

This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original instrument but all such counterparts together shall constitute one agreement.

IN WITNESS WHEREOF, First Mountain and Point Loma have caused this Agreement to be executed as of the date first written above by their respective duly authorized officers.

FIRST MOUNTAIN EXPLORATION INC.

By: *"William Slipp"*
William Slipp
President and Chief Executive Officer

POINT LOMA ENERGY LTD.

By: *"Terry Meek"*
Terry Meek
President and Chief Executive Officer

SCHEDULE A

FORM OF SUPPORT AGREEMENT

[See attached.]

SCHEDULE B

OFFER DOCUMENTS

[*See attached*.]

SCHEDULE C
REPRESENTATIONS AND WARRANTIES OF FIRST MOUNTAIN

For purposes of this Schedule C, the following capitalized terms have the meanings set forth below. Capitalized terms used in this Schedule C not defined herein have the meaning given to them in the attached Pre-Acquisition Agreement dated May 16, 2016 (the "**Agreement**") between First Mountain and Point Loma. References to "Sections" in Schedule C are to sections contained in this Schedule C.

"**Business**" means the oil and gas exploration, development and production business and any other related or ancillary activities carried on by First Mountain or Point Loma, as applicable, whether carried on directly by such parties or indirectly through contractual arrangements with other Persons.

"**Environmental Laws**" means all policies, guidelines, by-laws, and any applicable statutes, regulations, rules, ordinances, codes, licenses, permits, orders, approvals, plans, authorizations, concessions, and similar items of all governmental authorities having jurisdiction and all applicable judicial, administrative and regulatory decrees, judgments and orders, any of which relate to the protection of human health or the environment from the effects of Hazardous Substances, including, but not limited to, those pertaining to reporting, licensing, permitting, investigating and remediating emissions, discharges, releases or threatened releases of Hazardous Substances into the air, surface water, groundwater or land, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Substances.

"**Environmental Liabilities**" means, as to any Person, all liabilities, obligations, responsibilities, remedial actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including, without limitation, all reasonable fees, disbursements and expenses of counsel, expert and consulting fees and costs of investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any claim or demand, by any Person, whether based in contract, civil liability or tort, legal or contractual warranty or criminal, penal or civil statute, including, without limitation, any Environmental Law, Permit, order or agreement with any governmental or regulatory authority or other Person, arising from environmental, health or safety conditions or the release or threatened release of a Hazardous Substance into the environment.

"**Hazardous Substances**" means (but is not limited to) substances that are defined or listed in, or otherwise classified pursuant to, any applicable Environmental Laws as "hazardous substances", "hazardous materials", "hazardous wastes" or "toxic substances", "liquid industrial waste", "contaminants" or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, radioactivity, carcinogenicity, reproductive toxicity or "EP toxicity," and petroleum and drilling fluids, produced waters and other wastes associated with the exploration, development, or production of crude oil, natural gas or geothermal energy.

"**Permits**" means all permits, certificates, certificates of authorization, approvals, orders, licenses or other authorizations.

"**First Mountain Securities Documents**" has the meaning ascribed therein in Section 23 hereof.

"**Tax**" or "**Taxes**" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative net worth, transfer, profits, withholding, payroll, employer health, excise, immovable property and moveable property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax whether direct or indirect including Canada Pension Plan and provincial pension plan contributions and workers compensation premiums, together with any interest, fines and penalties imposed by any governmental authority (including federal, provincial, municipal and foreign governmental authorities), and whether disputed or not.

As of the date hereof, First Mountain hereby represents and warrants to Point Loma as follows and acknowledges that Point Loma is relying upon these representations and warranties in connection with the entering into of this Agreement:

1. Organization and Qualification

First Mountain is a corporation duly incorporated and organized and validly existing under the laws of Alberta and has the requisite corporate power and authority to own or lease its property and assets and to carry on its business as it is now being conducted. First Mountain is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing does not have a Material Adverse Effect.

2. Authority Relative to this Agreement

First Mountain has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by First Mountain of the transactions contemplated hereby have been duly authorized by the board of directors of First Mountain and no other corporate proceedings on its part are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by First Mountain and constitutes a legal, valid and binding obligation of First Mountain enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.

3. No Violations

(a) Neither the execution and delivery of this Agreement by First Mountain, the consummation by it of the transactions contemplated hereby nor compliance by it with any of the provisions hereof will:

(i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of First Mountain under, any of the terms, conditions or provisions of (x) First Mountain Governing Documents or (y) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which First Mountain is a party or to which any of them, or any of their respective properties or assets, may be subject or by which First Mountain is bound; or

(ii) subject to compliance with the statutes and regulations referred to in Section 3(b) of this Schedule C, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to First Mountain.

(b) Other than compliance with the rules of the Exchange: (i) there is no legal impediment to First Mountain's consummation of the transactions contemplated by this Agreement; and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary in connection with First Mountain entering into this Agreement, performing its obligations hereunder, or consummating the transactions contemplated hereby.

4. Subsidiaries

First Mountain has no Subsidiaries and does not hold any shares or securities of any other entity and is not affiliated with, nor is it a holding corporation of, any other body corporate nor is First Mountain a partner in any partnership.

5. Reservation of First Mountain Shares

The First Mountain Shares to be issued to Point Loma Shareholders pursuant to and in accordance with the terms of the Offer have been authorized for issuance and when issued in accordance with the terms of the Offer will be duly and validly issued as fully paid and non-assessable common shares of First Mountain and such First Mountain Shares.

6. Capitalization

As of the date hereof, the authorized share capital of First Mountain consists of an unlimited number of First Mountain Shares and an unlimited number of preferred shares of which 31,840,613 First Mountain Shares and nil preferred shares are issued and outstanding. As of the date hereof, 2,890,000 First Mountain Shares are issuable pursuant to the exercise of outstanding options to acquire First Mountain Shares. Except as set forth above, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale, transfer, purchase or redemption by First Mountain of any securities of First Mountain or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any common or other shares of First Mountain. All outstanding First Mountain Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all First Mountain Shares issuable upon exercise of outstanding stock options in accordance with their respective terms will be duly authorized and validly issued, fully paid and non-assessable and are not subject to, nor will they be issued in violation of, any pre-emptive rights.

7. Impairment

The making or consummation of the Offer will not result in a Material Adverse Effect on First Mountain.

8. Conduct of Business

Since December 31, 2015, no Material Adverse Effect in respect of First Mountain has occurred except as disclosed in the First Mountain Securities Documents.

9. Litigation

Except as disclosed in the First Mountain Securities Documents, there is no suit, claim, action, proceeding or investigation pending or to the knowledge of First Mountain threatened against or affecting First Mountain's assets or properties, or any officer, director, or consultant thereof in their capacity as an officer, director, or consultant thereof, which could reasonably be expected to have a Material Adverse

Effect on First Mountain, at law or in equity or before any governmental authority or agency or before any arbitrator of any kind and, to the knowledge of First Mountain, there is no reasonable basis for any such suit, claim, action, proceeding or investigation. First Mountain is not a party to or subject to any judgment, order, writ, injunction or decree affecting it or any of its assets or properties.

10. Residency

First Mountain is not a Non-Resident.

11. Taxes

(a) First Mountain has prepared and filed on time with all appropriate governmental authorities all Tax returns and other material documents that it has been required to file in respect of any Canadian (federal or provincial) or foreign income or similar Taxes for all fiscal periods ending on or prior to the date hereof and all such returns or other material documents are correct, complete and up to date in all material respects;

(b) First Mountain has paid in full all Canadian (federal or provincial) and foreign income or similar Taxes accruing due on or before the date hereof and, in the case of such income Taxes accruing on or before the date hereof that are not due on or before the date hereof, First Mountain has made adequate provision in its books and records and financial statements including the balance sheets included in the First Mountain Financial Statements for such payment. First Mountain has paid all of its other Taxes which are due;

(c) First Mountain has withheld from each payment made to any of its present or former employees, officers, directors, and to all persons who are non-residents of Canada for purposes of the Tax Act all material amounts required by law to be withheld or remitted. First Mountain has remitted, in all material respects, all Canada Pension Plan and provincial pension plan contributions, unemployment insurance premiums, employer health Taxes and other Taxes payable by it in respect of its employees. First Mountain has charged, collected and remitted, in all material respects, all Taxes as required under applicable legislation on any sale, supply, or delivery whatsoever, made by First Mountain or such Subsidiary, or their respective predecessors, as the case may be; and

(d) there are no reassessments of Taxes of First Mountain or any predecessors that have been issued and are outstanding. No governmental authority has challenged or threatened to challenge First Mountain or any predecessors in respect of Canadian (federal or provincial) or foreign income or similar Taxes or of any income Tax returns, filings or other reports filed under any statute providing for such Taxes.

12. Material Contracts and Obligations

All material agreements and contracts entered into by First Mountain are valid and binding on the other parties thereto (subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity) and in full force and effect and none of First Mountain, or to First Mountain's knowledge, any other party thereto, is in breach or violation of, or default under, nor is there any reasonable basis for a claim of breach or violation by such Person of, or default by, such Person under, the terms of any such contract, agreement, or commitment, and no event has occurred which constitutes or, with the lapse of time or the giving of notice, or both, would constitute, such a breach, violation or default by such Person.

13. Compliance with Law

First Mountain has complied with and is in compliance with all laws and regulations applicable to the operation of its business, except where such non-compliance would not, considered individually or in the aggregate, have a Material Adverse Effect on the business, affairs, operations, assets, prospects or financial conditions of First Mountain or on the ability of First Mountain to consummate the transactions contemplated hereby and First Mountain has not received any notifications alleging any material non-compliance with any laws and regulations applicable to the operation of its business.

14. Environmental Matters

(a) Except to the extent that any violation or other matter referred to in this Section 14(a) would not have a Material Adverse Effect on First Mountain and except as disclosed in the First Mountain Securities Documents, First Mountain's properties and operations are in compliance with all Environmental Laws; and there are no past or present conditions, events, activities, practices or incidents which may interfere with or prevent the compliance or continued compliance by First Mountain with all Environmental Laws;

(b) Except as disclosed in the First Mountain Securities Documents, First Mountain has not received any written notice of any of the matters of non-compliance described in Section 14(a), whether or not the properties are operated by them;

(c) First Mountain has obtained all material Permits that are required under all applicable Environmental Laws in respect of the oil and natural gas properties operated by them, and all such material Permits are in good standing and First Mountain is in compliance with all of the terms and conditions thereof;

(d) To the knowledge of First Mountain, there is no fact associated with the currently or previously owned or leased properties or operations of First Mountain that will give rise to, or could reasonably be expected to give rise to any Environmental Liabilities or claims resulting in any Environmental Liabilities, except to the extent that any such Environmental Liabilities or claim referred to in this Section 14(d) would not have a Material Adverse Effect on First Mountain or except as disclosed in the First Mountain Securities Documents; and

(e) First Mountain is not subject to, nor has it received any written notice of any claim from any Person alleging that First Mountain will be subject to any Environmental Liabilities, except as disclosed in the First Mountain Securities Documents.

15. Insurance

First Mountain maintains such policies of insurance as are appropriate to their respective operations, property and assets, in such amounts and against such risks as a prudent corporation in Alberta engaged in the Business would carry and insure against in similar or comparable circumstances.

16. Books and Records

The corporate records and minute books of First Mountain have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects.

17. Reporting Issuer Status

(a) First Mountain is a "reporting issuer" or has equivalent status in each of the provinces of British Columbia and Alberta.

(b) Other than the trading halt imposed for the First Mountain Shares in connection with the execution of the letter of intent between First Mountain and Point Loma dated February 8, 2016, no securities commission or similar regulatory authority has issued any order preventing or suspending the trading of any First Mountain Shares and First Mountain is not in default of Securities Laws in any material respect.

18. Listing on Exchange

The First Mountain Shares are listed on the Exchange and First Mountain is not in default, in any material respect, of any of the rules, policies or by-laws of the Exchange.

19. Prior Sales

All offers, sales or grants of securities in the capital of First Mountain, including the First Mountain Shares, and the First Mountain Shares issuable on exercise of outstanding options to acquire First Mountain Shares, have been made in compliance with Securities Laws.

20. No Limitations

There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which First Mountain is a party or by which it is otherwise bound that would now or hereafter in any way limit the Business of First Mountain in a particular manner or to a particular locality or geographic region or for a limited period of time and the execution, delivery and performance of this Agreement does not and will not result in the restriction of First Mountain from engaging in its existing Business or from competing with any person or in any geographic area.

21. Disclosure

To the knowledge of First Mountain, the data and information provided to First Mountain's independent engineers in respect of First Mountain's assets and reserves, and the data and information in respect of First Mountain's liabilities, business, operations and capital provided by First Mountain or its Representatives to Point Loma or its Representatives is true and correct in all material respects, as at the respective dates thereof and does not omit any data or information necessary to make the data and information provided, taken as a whole, not misleading in any material respect.

22. Exchange Listing

At the Effective Time, the First Mountain Shares comprising the Share Consideration will have been conditionally listed on the Exchange.

23. First Mountain Securities Documents

First Mountain has filed, on a timely basis, all required reports, schedules, financial statements, forms, registrations, certifications and other documents together with any amendments required to be made with respect thereto with the Securities Authorities and the Exchange since December 31, 2015 (together with the exhibits and other information incorporated therein, the "**First Mountain Securities Documents**") and paid all fees and assessments due and payable in connection therewith; as of their respective dates of filing (or, if amended or superseded by a filing prior to the date hereof, as of the date of such filing), the First Mountain Securities Documents complied in all material respects with the requirements of Securities Laws and none of the First Mountain Securities Documents contained any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they are made, not misleading; First Mountain has not filed any confidential material change reports which continue to be confidential.

SCHEDULE D
REPRESENTATIONS AND WARRANTIES OF POINT LOMA

For purposes of this Schedule D, the following capitalized terms have the meanings set forth below. Capitalized terms used in this Schedule D not defined herein have the meaning given to them in the attached Pre-Acquisition Agreement dated May 16, 2016 (the "**Agreement**") between First Mountain and Point Loma, including Schedule C thereto. References to "Sections" in Schedule D are to sections contained in this Schedule D.

As of the date hereof, Point Loma hereby represents and warrants to First Mountain as follows and acknowledges that First Mountain is relying upon these representations and warranties in connection with the entering into of this Agreement:

1. Organization and Qualification

Point Loma is a corporation duly incorporated and organized and validly existing under the laws of Alberta and has the requisite corporate power and authority to own or lease its property and assets and to carry on its business as it is now being conducted. Point Loma is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing does not have a Material Adverse Effect.

2. Authority Relative to this Agreement

Point Loma has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the board of directors of Point Loma, and no other corporate proceedings on the part of Point Loma are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Point Loma and constitutes a legal, valid and binding obligation of Point Loma enforceable against Point Loma in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors rights generally and to general principles of equity. The board of directors of Point Loma has unanimously approved this Agreement and has unanimously resolved to recommend acceptance of the Offer by the holders of Point Loma Shares.

3. No Violations

(a) Neither the execution and delivery of this Agreement by Point Loma, the completion by it of the transactions contemplated hereby nor the compliance by Point Loma with any of the provisions hereof will:

(i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Point Loma under, any of the terms, conditions or provisions of (x) the Point Loma Governing Documents or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Point Loma is a party or to which either of them, or any of their respective properties or assets, may be subject or by which Point Loma is bound; or

(ii) subject to compliance with statutes and regulations referred to in Section 3(b) of this Schedule D, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Point Loma.

(b) Other than compliance with the rules of the Exchange: (i) there is no legal impediment to Point Loma's consummation of the transactions contemplated by this Agreement; and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary in connection with Point Loma entering into this Agreement, performing its obligations hereunder, or consummating the transactions contemplated hereby.

4. Subsidiaries

Point Loma has no Subsidiaries and does not hold any shares or securities of any other entity and is not Affiliated with, nor is it a holding corporation of, any other body corporate nor is Point Loma a partner in any partnership.

5. Capitalization

(a) As of the date hereof: (i) the authorized share capital of Point Loma consists of an unlimited number of Point Loma Shares of which 19,649,738 Point Loma Shares are issued and outstanding; (ii) 800,000 Point Loma Shares are issuable pursuant to the exercise of outstanding options to acquire Point Loma Shares; (iii) 7,551,576 Point Loma Shares are issuable pursuant to the conversion of Subscription Receipts; (iv) 14,522,823 Point Loma Shares are issuable pursuant to agreement relating to the Madalena Acquisition; and (v) up to 100,235 Point Loma Shares are issuable pursuant to the Broker Warrant Agreements. Except as set forth above, there are no options, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale, transfer, purchase or redemption by Point Loma of any securities of Point Loma or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any common or other shares of Point Loma, nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the book value, income or other attribute of Point Loma. All outstanding Point Loma Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.

(b) The number of beneficial holders of Point Loma Shares does not and will not exceed fifty (50), exclusive of holders who (i) are in the employment of Point Loma or an Affiliate of Point Loma; or (ii) were formerly in the employment of Point Loma or in the employment of an entity that was an Affiliate of Point Loma at the time of that employment, and who while in that employment were, and have continued after that employment to be, Point Loma Shareholders.

6. Conduct of Business

Since December 31, 2015, no Material Adverse Effect in respect of Point Loma has occurred.

7. Environmental Matters

(a) Except to the extent that any violation or other matter referred to in this Section 7(a) would not have a Material Adverse Effect on Point Loma, Point Loma's properties and operations are in compliance with all Environmental Laws; and there are no past or present conditions, events, activities, practices or incidents which may interfere with or prevent the compliance or continued compliance by Point Loma with all Environmental Laws;

(b) Point Loma has not received any written notice of any of the matters of non-compliance described in Section 7(a), whether or not the properties are operated by them;

(c) Point Loma has obtained all material Permits that are required under all applicable Environmental Laws in respect of the oil and natural gas properties operated by them, and all such material Permits are in good standing and Point Loma is in compliance with all of the terms and conditions thereof;

(d) To the knowledge of Point Loma, there is no fact associated with the currently or previously owned or leased properties or operations of Point Loma that will give rise to, or could reasonably be expected to give rise to any Environmental Liabilities or claims resulting in any Environmental Liabilities, except to the extent that any such Environmental Liabilities or claim referred to in this Section 7(d) would not have a Material Adverse Effect on Point Loma; and

(e) Point Loma is not subject to, nor has it received any written notice of any claim from any Person alleging that Point Loma will be subject to any Environmental Liabilities.

8. Litigation

Other than as disclosed in writing by Point Loma to First Mountain, there is no suit, claim, action, proceeding or investigation pending or to the knowledge of Point Loma threatened against Point Loma which could reasonably be expected to result in liability to Point Loma, or the consummation of the transactions contemplated hereby, at law or in equity or before any governmental authority or agency or before any arbitrator of any kind and, to the knowledge of Point Loma, there is no reasonable basis for any such suit, claim, action, proceeding or investigation. Point Loma is not a party to or subject to any judgment, order, writ, injunction or decree.

9. Residency

Point Loma is not a Non-Resident.

10. Taxes

(a) Point Loma, has prepared and filed on time with all appropriate governmental authorities all Tax returns and other material documents that it has been required to file in respect of any Canadian (federal or provincial) or foreign income or similar Taxes for all fiscal periods ending on or prior to the date hereof and all such returns or other material documents are correct, complete and up to date in all material respects;

(b) Point Loma, has paid in full all Canadian (federal or provincial) and foreign income or similar Taxes accruing due on or before the date hereof. Point Loma has paid all of the other Taxes which are due on or before the date hereof;

(c) Point Loma has withheld from each payment made to any of its present or former employees, officers, directors, and to all persons who are non-residents of Canada for purposes of the Tax Act all material amounts required by law to be withheld or remitted. Point Loma and its predecessors have remitted, in all material respects, all Canada Pension Plan and provincial pension plan contributions, unemployment insurance premiums, employer health Taxes and other Taxes payable by it in respect of its employees. Point Loma has charged, collected and remitted, in all material respects, all Taxes as required under applicable legislation on any sale, supply, or delivery whatsoever, made by Point Loma or its predecessors; and

(d) there are no reassessments of Taxes of Point Loma or any of its predecessors that have been issued and are outstanding, no governmental authority has challenged or threatened to challenge Point Loma or any of its predecessors in respect of Canadian (federal or provincial) or foreign income or similar Taxes or of any income Tax returns, filings or other reports filed under any statute providing for such Taxes.

11. Material Contracts and Obligations

All material agreements and contracts entered into by Point Loma are valid and binding on the other parties thereto (subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity) and in full force and effect and none of Point Loma, or to Point Loma's knowledge, any other party thereto, is in breach or violation of, or default under, nor is there any reasonable basis for a claim of breach or violation by such Person of, or default by, such Person under, the terms of any such contract, agreement, or commitment, and no event has occurred which constitutes or, with the lapse of time or the giving of notice, or both, would constitute, such a breach, violation or default by such Person.

12. Prior Sales

All offers, sales or grants of securities in the capital of Point Loma, including the Point Loma Shares, and the Point Loma Shares issuable on exercise of outstanding options to acquire Point Loma Shares, have been made in compliance with Securities Laws.

13. Encumbered Point Loma Shares

To the best of Point Loma's knowledge, neither Point Loma nor any of its shareholders is a party to any security agreement or other similar type of arrangement in respect of which Point Loma Shares have been charged, encumbered or otherwise provided as collateral, other than the Point Loma Shares encumbered pursuant to loan agreements between Point Loma as lender and certain officers and employees.

14. Private Issuer

Point Loma is not a reporting issuer in any jurisdiction in Canada and there is no published market in respect of the Point Loma Shares.

15. Entitlements to Point Loma Securities

Point Loma is not party to any shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Point Loma Shares or other Point Loma Shares or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement.

16. Escrowed Securities

To the knowledge of Point Loma, none of the Point Loma Shares are the subject of any escrow, voting trust or other similar agreement.

17. Compliance with Law

Point Loma has complied with and is in compliance with all laws and regulations applicable to the operation of its business, except where such non-compliance would not, considered individually or in the aggregate, have a Material Adverse Effect on the business, affairs, operations, assets, prospects or financial conditions of Point Loma or on the ability of Point Loma to consummate the transactions contemplated hereby and Point Loma has not received any notifications alleging any material non-compliance with any laws and regulations applicable to the operation of its business.

18. No Limitations

There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which Point Loma is a party or by which it is otherwise bound that would now or hereafter in any way limit the Business of Point Loma in a particular manner or to a particular locality or geographic region or for a limited period of time and the execution, delivery and performance of this Agreement does not and will not result in the restriction of Point Loma from engaging in its existing Business or from competing with any person or in any geographic area.

19. Disclosure

To the knowledge of Point Loma, the data and information provided to Point Loma's independent engineers in respect of Point Loma's assets and reserves, and the data and information in respect of Point Loma's liabilities, business, operations and capital provided by Point Loma or its Representatives to Point Loma or its Representatives is true and correct in all material respects, as at the respective dates thereof and does not omit any data or information necessary to make the data and information provided, taken as a whole, not misleading in any material respect.