

FARMOUT AND OVERRIDING ROYALTY AGREEMENT

THIS AGREEMENT dated the 5th day of February, 2016.

BETWEEN:

REDHILL RESOURCES CORP., a body corporate, having an office
in the City of Calgary, in the Province of Alberta

(hereinafter referred to as "Redhill")

- and —

████████████████████ a body corporate, having an office in the City
of Calgary, in the Province of Alberta

(hereinafter referred to as "██████████")

WHEREAS the Farmor has agreed to farmout their interest in the Farmout Lands to the Farmee under the terms and conditions set out herein;

NOW THEREFORE, THIS AGREEMENT WITNESSETH that, in consideration of the premises and of the mutual covenants herein set forth and provided for, the parties agree as follows:

1. DEFINITIONS

In this Agreement, unless the context otherwise requires, or unless otherwise defined herein, the definitions contained in Clause 1.01 of the Farmout & Royalty Procedure shall apply and, in addition, the following definitions shall apply.

- (a) "Agreement" means this Farmout and Overriding Royalty Agreement including the attached Schedules;
- (b) "Contract Depth" means the actual depth drilled for a Test Well;
- (c) "Drilling Notice" means Farmee's written notice of its intention to drill a Test Well, which shall include all relevant particulars of Farmee's proposed well and will specifically outline the preselected Eamed Lands to be earned pursuant to Clauses 5 and 6 of this Agreement;
- (d) "Encumbrances" means any and all royalties, overriding royalties, production payments, net profits interests or other charges of a similar nature including lessor royalties, which encumber or burden the Pre-Farmout Working Interest as of the date of this agreement, as set out on Schedule "A";
- (e) "Farmee" means ██████████;
- (f) "Farmor" means Redhill;

- (g) "Farmout Lands" means those lands and rights more fully described in Schedule "A" attached hereto and so much thereof as from time to time remain subject to this;
- (h) "Farmout & Royalty Procedure" means the standard form 1997 CAPL Farmout & Royalty
- (i) Procedure, the elections and amendments of which are attached as Schedule "B";
- (j) "Overriding Royalty" means that certain non-convertible Overriding Royalty more fully described in Schedule B,
- (k) "Test Well" means any well drilled pursuant to Clause 4 of this Agreement;
- (l) "Title Documents" means the documents of title more fully described in Schedule "A", (together with any leases or licenses selected or derived therefrom) and any renewals or extensions thereof insofar as they relate to the Farmout Lands;
- (m) "Well Requirement Sheet" means the document specifying the type of information required to be supplied by the Farmee to the Farmor pursuant to the Farmout & Royalty Procedure, attached hereto as Schedule "C".

2. SCHEDULES

The following schedules are attached hereto and made a part of this Agreement.

- (a) Schedule "A" which describes the Farmout Lands, Encumbrances, Title Documents and PreFarmout Working Interests
- (b) Schedule "B" which sets forth the rates, elections and amendments to the Farmout & Royalty Procedure
- (c) Schedule "C" which is the Well Requirement Sheet

3. WARRANTY OF TITLE

- (a) The Farmor does not warrant title to the Title Documents, nor agree to convey to the Farmee any better title than the Farmor has on the date of this Agreement. The Farmor covenants that the Title Documents have not been encumbered by, through or under Farmor and that Farmor has complied with the terms of the Title Documents to the extent necessary to keep them in force and that it has not made any agreement whereby any person firm or corporation other than the Farmee has acquired or may acquire an interest therein.
- (b) The Farmor shall not do or cause to be done any act, nor make nor cause to be made any omission whereby the Title Documents become encumbered, terminated or forfeited.
- (c) The Farmee shall have the right to examine the Title Documents pertaining to the Farmout Lands.

(d) If the interest of any party in the Farmout Lands is now or hereafter shall become encumbered by any royalty, production payment or other charge of a similar nature, other than the royalty as set forth under the terms of this Agreement, or the Title Documents covering those lands, such royalty, production payment or other charge shall be charged to and paid entirely by the party whose interest is or becomes thus encumbered and such party shall hold the other parties harmless from any and all claims and demands for payment arising from such royalty.

4. TEST WELLS

On or before September 30, 2016, subject to surface access, rig availability, regulatory approval and completion of a spacing unit through pooling or otherwise, Farmee shall, at its sole cost, risk and expense, spud one (1) Test Well at a location of its choice on the Farmout Lands and thereafter diligently and continuously drill such Test Well and complete, cap or abandon such well pursuant to the Farmout & Royalty Procedure as the case may be.

Farmee shall provide a Drilling Notice to Farmor at least seven (7) days prior to the spudding of such Test Well.

5. TEST WELL EARNING

Subject to Article 3.00 of the Farmout & Royalty Procedure, and provided Farmee is not otherwise in default, Farmee shall earn one hundred (100%) percent of the Farmor's Pre-Farmout Working Interest in the Farmout Lands subject to the Overriding Royalty.

Following earning, the Farmor will execute and deliver to the Farmee appropriate assignments, transfers, trust agreements or other documentation to confirm earning. In the event registration or transfer is not reasonably completed, Farmor shall hold the interest in the Title Documents in trust for the benefit of the Farmee to the extent of the interest earned.

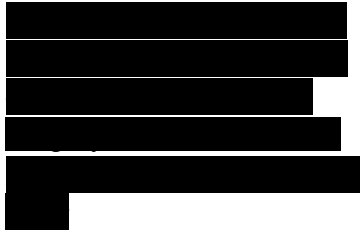
6. LIMITATIONS

The two (2) year period for seeking a remedial order under section 3(1) of the *Limitations Act*, R.S.A. 2000 c. L 12, as amended or replaced from time to time, for any claim (as defined in the Act) arising in connection with this Agreement is extended to:

- (a) for claims disclosed by an audit, two (2) years after the time this Agreement permitted that audit to be performed; or
- (b) for all other claims, four (4) years

7. ADDRESS FOR NOTICE

The address for service of notices hereunder for each party is as follows:



REDHILL RESOURCES
CORP.
720, 444 7 Avenue SW
Calgary, AB Canada, T2P0X8

Attention: Jamie Carlson

8. CONFLICTS

- (a) If any provision in this Agreement conflicts with any provision in an exhibit or schedule attached hereto (other than any Title Documents), the provision of this Agreement shall prevail.
- (b) If there is any conflict between any provision of the Agreement and the Regulations or the Title Documents, then the Regulations or the Title Documents, as the case may be, shall govern. except that: (i) as between the parties in their capacities or as working interest owners, the working interests shall prevail if there is a difference between the working interests and the registered interests in the Title Documents; and (ii) the allocation of responsibility for losses as provided herein shall govern the relationship of the parties.
- (c) If there is a conflict as provided in any subclause above, this Agreement (excluding Title Documents) shall be modified accordingly in writing to the extent necessary to resolve such conflict, and, as so modified, shall continue in full force and effect.

9. MISCELLANEOUS

- (a) The terms of this Agreement express and constitute the entire agreement between the Parties with respect to the specific subject matter contained in this Agreement. No implied covenant or liability of any kind on the part of the Parties is created or shall arise by reason of these presents or anything contained in this Agreement.
- (b) The headings of the clauses of this Agreement are inserted for convenience of reference only and shall not affect the meaning or construction thereof.
- (c) Whenever the plural or masculine or neuter is used in this Agreement, the same shall be construed as meaning singular or feminine or body politic or corporate and vice versa where the context so requires.
- (d) Any references in this Agreement to "hereunder", "herein", and "hereof" refer to the provisions of this Agreement and unless otherwise stated any reference to a clause, subclause or Schedule refers to the clause, subclause or Schedule of this Agreement.

- (e) This Agreement may be executed by the Parties in as many counterparts as are required and when each party has executed a counterpart, all counterparts together shall constitute one agreement.
- (f) Should any clause, provision or condition of this Agreement become illegal or unenforceable, it shall be considered separate and severable from this Agreement and the remaining provisions and conditions shall continue in full force and be binding upon the Parties as though the said clause, provision or conditions had never been included.
- (g) So long as this Agreement is in full force and effect, Farnnee will make best efforts to comply with any and all Regulations and all the laws of the Lands with respect to its operations pursuant to this Agreement.
- (h) No waiver by any Party of any term of this Agreement shall take effect or be binding upon that Party unless the same is expressed in writing and any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other or future breach.
- (i) The terms, covenants and conditions of this Agreement shall extend and enure to the benefit of and be binding upon the Parties and their respective heirs, executors, administrators, legal representatives, successors and assigns, as the case may be.
- (j) Time shall be of the essence in this Agreement.
- (k) This Agreement may only be amended in writing by mutual consent of the parties hereto.
- (l) The parties hereto represent and warrant that they have the requisite capacity, power and absolute authority to execute this Agreement and to perform the obligations to which they thereby become subject.
- (m) The parties shall from time to time and at all times do all such further acts and execute and deliver all such further deeds and documents as shall be reasonably required in order to perform fully and carry out the terms of this Agreement.

10. JURISDICTION

This Agreement shall be subject to and interpreted, construed and enforced in accordance with the laws in effect in the Province of Alberta. Each party accepts the jurisdiction of the courts of the Province of Alberta and all courts of appeal therefrom.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first set out above.

████████████████████

REDHILL RESOURCES CORP.

“Jamie Carlson”

Per: JAMIE CARLSON Feb. 9, 2016

Schedule "A"

Attached to and forming part of a Farmout and Overriding Royalty Agreement
dated February 5, 2016 between Redhill Resources Corp. and [REDACTED]

4 YEAR NORTHERN PETROLEUM AND NATURAL GAS LICENCE NO.
[REDACTED]

TERM COMMENCEMENT DATE:
SEPTEMBER 18, 2014

AGGREGATE AREA:
[REDACTED]

DESCRIPTION OF LOCATION AND LICENSED SUBSTANCES
[REDACTED]
[REDACTED]

PETROLEUM AND NATURAL GAS

SPECIAL PROVISIONS:
NIL

REMAINDER OF SCHEDULE "A" AND SCHEDULE "B" REDACTED

Schedule "C"

Attached to and forming part of a Farmout and Overriding Royalty Agreement dated February 5, 2016 between Redhill Resources Corp. and [REDACTED]

WELL REQUIREMENT SHEET

Vertical or Horizontal

Farmee will drill, at its option and in consultation with Farmor management, either:

- (a) a vertical core well; or
- (b) a horizontal well, including core tests.

Formation

Montney formation.