

Tenth Avenue Petroleum Corp.

TAPC Acquires Assets producing 1,800 mcf/d and 17 b/ngl/d near Fox Creek, Alberta

FOR IMMEDIATE RELEASE

August 1, 2017

Calgary, Alberta – Tenth Avenue Petroleum Corp. (“TAPC”)(TSXV: TPC) wishes to announce that on July 31, 2017 it has acquired oil and gas mineral rights from surface to base of the Bluesky Bullhead Group in 22 sections (gross 14,080 acres and net 9,726 acres) located near Fox Creek, Alberta. The assets consist of 8 vertical wells producing approximately 1,800 mcf/d of dry sweet natural gas and 17 b/ngl/d of NGL from the Dunvegan/Gething formations (“Waskahigan Assets”). There are 4 shut in wells with 2 to come on line in Q3 2017. The purchase price for the Waskahigan Assets was \$1,400,000. The acquisition was effective as of May 1, 2017. On July 31, 2017, TAPC paid \$1,326,593 (cash to close based on interim statement of adjustments) which included \$41,928 in natural gas liquids inventory and \$14,000 in GST on tangibles. The present value before tax of the Waskahigan Assets as prepared by GLJ Petroleum Consultants Ltd. for proved producing assets is \$2,114,000 with a discount rate of 10% and \$3,503,000 for total proved plus probable with a discount rate of 10% effective December 31, 2016. The AER LLR is approximately 4.5.

Concurrent with closing, TAPC entered into a Loan and Participation Agreement with Smoky Oil & Gas Corp (“Smoky”) and Batoche Oil & Gas Exploration Ltd. (“Batoche”). Smoky is 65% owned by family members of Gregory J. Leia. Batoche is owned by Gregory J. Leia. Gregory J. Leia is an officer and director of TAPC and its largest shareholder. Pursuant to the terms of the Loan and Participation Agreement (“LPA”), Smoky lent TAPC the sum of \$1,326,593 to make the acquisition. The interest rate on the loan principal is 6% per annum. All obligation owing are secured by a general security agreement charging all of the assets of TAPC. Subject to an agreed upon general and administrative expense payment, Smoky shall be entitled to all net cash flow from the Waskahigan Assets until the loan is repaid. While loans are outstanding, TAPC shall be restricted to charging general and administrative costs to a maximum of \$75,000 per year for administration of the Waskahigan Assets and charging general and administrative costs to a maximum of \$75,000 per year for administration of the Waskahigan Participation Assets (as defined below).

TAPC has agreed to farmout to Batoche the Waskahigan Assets (other than existing wells and applicable spacing units)(“Waskahigan Participation Assets”) on the terms and conditions set out in the Batoche Farmout Agreement. If Batoche defaults under the terms of the Batoche Farmout Agreement, and if TAPC is unable to farmout to a third party, then TAPC has agreed to farmout the Waskahigan Participation Assets to Smoky (if Smoky chooses to farmin) on terms and conditions equivalent to the farmout terms set out in Batoche Farmout Agreement. The Batoche Farmout Agreement contains a 3 well requirement to earn a 70% working interest in all Waskahigan Participation Asset mineral rights. The Batoche Farmout Agreement requires Batoche to be drill ready (Well #1) by June 30, 2019. Terms are: Batoche is to pay 100% of all costs to drill, complete and equip Well #1 to earn 70% in spacing unit associated with Well #1 subject to payout. The working interest participants are required to pay their proportionate share of Well #2 and Well #3. If Batoche drills Well #2, Batoche will earn 70% in the spacing unit associated with Well #2. If Batoche drills Well #3, Batoche will earn 70% working interest in all Waskahigan Participation Assets and any other lands acquired by TAPC in Waskahigan area. Assuming Batoche earns 70% working interest in the Waskahigan Participation Assets, TAPC will have a 6% working interest and Smoky will have a 24% working interest in the 3 wells and future developments.

Pursuant to the LPA, as additional consideration, Smoky shall be entitled to receive: (a) 80% of net cash flow from the Waskahigan Assets (less agreed general and administrative expenses) until December 31, 2021 (subject to farmout rights); (b) 80% of net sale proceeds of Waskahigan Assets (subject to farmout rights); (c) right to compel TAPC to buy Smoky's right to 80% of the net cash flow from the Waskahigan Assets (subject to farmout rights) for 2.5 times net cash flow; and (d) right to compel TAPC to buy Smoky's right to 24% of the net cash flow from the Waskahigan Participation Assets (subject to farmout rights) for 2.5 times net cash flow from the Waskahigan Participation Assets. TAPC shall have the right to: (a) right to compel Smoky to sell its right to 80% of the net cash flow from the Waskahigan Assets (subject to farmout rights) for 2.5 times net cash flow; and (d) right to compel Smoky to sell its right to 24% of the net cash flow from the Waskahigan Participation Assets for 2.5 times net cash flow from the Waskahigan Participation Assets.

An annual and special meeting of shareholders has been called for September 29, 2017 at which time shareholders will be asked to ratify the LPA. If for any reason, TAPC is not able to obtain regulatory approval (including from TSXV or AER) or shareholder ratification, TAPC is obligated to assign any and all rights and benefits derived under June 2, 2017 purchase and sale agreement to Smoky for \$1.00 and account to Smoky for any benefit obtained to date of assignment.

About Tenth Avenue Petroleum Corp

Tenth Avenue Petroleum Corp. is a junior oil and gas exploration company. For further information, please contact:

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