AMENDED AND RESTATED UNDERWRITING AGREEMENT

Effective as of November 28, 2013

Madalena Energy Inc.
Suite 200, 707 – 7th Avenue SW
Calgary, Alberta
T2P 3H6

Attention: Mr. Kevin D. Shaw
President and Chief Executive Officer

Dear Sir:

Re: Issue of Common Shares

Mackie Research Capital Corporation and RBC Dominion Securities Inc. (together, the "**Lead Underwriters**") and Haywood Securities Inc., National Bank Financial Inc., Dundee Securities Ltd., Beacon Securities Limited and Cormark Securities Inc. (collectively with the Lead Underwriters, the "**Underwriters**") understand that Madalena Energy Inc. (the "**Corporation**") proposes to issue and sell an aggregate of 17,022,000 common shares in the capital of the Corporation (the "**Firm Shares**") at a price of $0.47 per Firm Share (the "**Offering**"). This Agreement amends, restates and supersedes in its entirety the underwriting agreement dated November 20, 2013 between the Underwriters and the Corporation.

Upon and subject to the terms and conditions hereof, the Underwriters hereby severally, and not jointly and severally, agree to purchase the Firm Shares from the Corporation in the respective percentages set forth in paragraph 18 hereof, and the Corporation hereby agrees to issue and sell to the Underwriters, subject to the terms and conditions of this Agreement, all but not less than all, of the Firm Shares at the purchase price of $0.47 per Firm Share.

In consideration of the Underwriters' agreement to purchase the Firm Shares, the Corporation hereby grants to the Underwriters an option (the "**Over-Allotment Option**") to purchase from the Corporation, at the Underwriters' election, up to an additional 2,553,300 Common Shares (the "**Option Shares**") at a price of $0.47 per Option Share (and, together with the Firm Shares, the "**Offered Shares**") for the purpose of covering over-allotments, if any, and for market stabilization purposes. The Over-Allotment Option may be exercised, in whole or in part, upon written notice to the Corporation by the Lead Underwriters, on behalf of the Underwriters, specifying the number of Option Shares to be purchased, any time until 5:00 p.m. (Calgary time) on that date which is 30 days following the Closing Date (the "**Over-Allotment Option Expiry Date**"). In the event and to the extent that the Underwriters exercise the Over-Allotment Option, subject to the terms and conditions hereof, the Underwriters hereby severally, and not jointly, agree to purchase from the Corporation and offer for sale to the public on the same terms as the Firm Shares, the number of Option Shares as to which the Over-Allotment Option shall have been exercised in the respective percentages set forth in Section 18 hereof, and the Corporation hereby agrees to issue and sell such number of Option Shares to the Underwriters at a purchase price of $0.47 per Option Share. The Underwriters shall not be under any obligation to purchase any of the Option Shares prior to the exercise of the Over-Allotment Option.

With respect to the Offered Shares sold in jurisdictions other than United States (as defined herein), the Corporation understands that the Underwriters will have the right to solicit orders and obtain substituted purchasers (the "**Substituted Purchasers**") for the Offered Shares on behalf of the Corporation and the

obligation of the Underwriters to purchase the Offered Shares shall be reduced by the number of Offered Shares purchased by the Substituted Purchasers.

With respect to Offered Shares sold in the United States pursuant to Rule 144A (as defined in Schedule "A" hereto), the Underwriters shall purchase such Offered Shares from the Corporation for resale in compliance with Rule 144A and in accordance with Schedule "A" hereto, which Schedule is incorporated by reference herein and forms a part of this Agreement.

The Underwriters shall be entitled in connection with the offering and sale of the Offered Shares to retain as sub-agents other registered securities dealers and may receive (for delivery to the Corporation at the Closing Time) subscriptions for Offered Shares from subscribers from other registered dealers. The fees payable to such sub-agents shall be for the account of the Underwriters.

In consideration for their services hereunder, the Underwriters shall be entitled to the fee provided for in Section 2. For greater certainty, the services provided by the Underwriters in connection herewith will not be subject to Goods and Services Tax provided for in the *Excise Tax Act* (Canada) and taxable supplies will be incidental to the exempt financial services provided.

The following are the terms and conditions of this Agreement:

1. **Definitions**

In this Agreement:

(a) "**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

(b) "**Agreement**" means this agreement as amended from time to time and not any particular article or section or other portion except as may be specified, and words such as "**hereof**", "**hereto**", "**herein**" and "**hereby**" refer to this Agreement as the context requires;

(c) "**AIF**" means the amended annual information form of the Corporation dated May 2, 2013 in respect of the year ended December 31, 2012;

(d) "**Applicable Securities Laws**" means, collectively, the Canadian Securities Laws and the U.S. Securities Laws;

(e) "**ASC**" means the Alberta Securities Commission;

(f) "**Business Day**" means a day, other than a Saturday, a Sunday or a day on which chartered banks are not open for business in Calgary, Alberta;

(g) "**Closing Date**" means December 3, 2013 or such other date as the Underwriters and the Corporation may agree;

(h) "**Closing Time**" means 6:00 a.m. (Calgary time) or such other time, on the Closing Date, as the Underwriters and the Corporation may agree;

(i) "**Common Shares**" means the common shares in the capital of the Corporation and, where appropriate in the context, includes the Offered Shares;

(j) "**Continuing Underwriters**" has the meaning ascribed thereto in subsection 18(c) hereof;

(k) "**Corporation**" or "**Madalena**" means Madalena Energy Inc., a corporation duly amalgamated pursuant to the ABCA;

(l) "**Corporation's Auditors**" means KPMG LLP, Chartered Accountants, Calgary, Alberta or such other firm of chartered accountants as the Corporation may have appointed as auditors of the Corporation, including prior auditors of the Corporation;

(m) "**Corporation's counsel**" means Burnet, Duckworth and Palmer LLP or such other legal counsel as the Corporation, with the consent of the Underwriters, may appoint;

(n) "**CSA**" means the Canadian Securities Administrators;

(o) "**Defaulted Securities**" has the meaning ascribed thereto in subsection 18(c) hereof;

(p) "**distribution**" means "**distribution**" or "**distribution to the public**", as the case may be, as defined under the Canadian Securities Laws and "distribute" has a corresponding meaning;

(q) "**Documents**" means all financial statements, management information circulars, annual information forms, material change reports, business acquisition reports or other documents issued by the Corporation, whether before or after the date of this Agreement, that are required by Canadian Securities Laws to be incorporated by reference into the Prospectus;

(r) "**Due Diligence Session**" shall have the meaning set forth in subsection 3(d) hereof;

(s) "**Exchange**" means the TSX Venture Exchange;

(t) "**Final Passport System Decision Document**" means a receipt for the Prospectus issued in accordance with the Passport System;

(u) "**Financial Statements**" means the financial statements contained in, or incorporated by reference into, the Prospectuses, including the notes to such statements and any related auditors' report on such statements;

(v) "**GAAP**" means generally accepted accounting principles in effect from time to time in Canada, including those principles set forth in the Handbook published by the Canadian Institute of Chartered Accountants or any successor institute, consistently applied;

(w) "**Governmental Authority**" means, without limitation, any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing;

(x) "**IFRS**" means International Financial Reporting Standards, at the relevant time applied on a consistent basis;

(y) "**Information Circular**" means the management information circular of the Corporation dated June 25, 2013 for the annual and special meeting of shareholders of the Corporation held on July 30, 2013;

(z) "**Material Adverse Effect**" means any material adverse change in or effect on the business, assets or properties, affairs, liabilities (contingent or otherwise), results of operations, capital or condition (financial or otherwise) of the Corporation and the Subsidiaries, taken as a whole;

(aa) "**material change**", "**material fact**" and "**misrepresentation**" shall have the meanings ascribed thereto under the Canadian Securities Laws;

(bb) "**Material Subsidiary**" means any Subsidiary, the total assets of the which constitute 10% or more of the consolidated assets of the Corporation as at September 30, 2013;

(cc) "**McDaniel**" means McDaniel Petroleum Consultants Ltd.;

(dd) "**McDaniel Report**" means the independent engineering evaluation of the Canadian crude oil, natural gas liquids and natural gas reserves of the Corporation prepared by McDaniel dated April 26, 2013 and effective December 31, 2012;

(ee) "**MI 11-102**" means Multilateral Instrument 11-102 - *Passport System* of the CSA, as amended or replaced;

(ff) "**National Instrument 44-101**" means National Instrument 44-101 - *Short Form Prospectus Distributions*, of the CSA, as amended or replaced;

(gg) "**National Instrument 51-101**" means National Instrument 51-101 - *Standards of Disclosure for Oil and Gas Activities*, of the CSA, as amended or replaced;

(hh) "**NP 11-202**" means National Policy 11-202 - *Process for Prospectus Reviews in Multiple Jurisdictions*, of the CSA, as amended or replaced;

(ii) "**Over-Allotment Option Closing Date**" means the date, which shall be a Business Day, as set out in the Over-Allotment Option Notice, or such other date as the parties hereto may mutually agree upon in writing, provided that in no event shall the Over-Allotment Option Closing Date occur later than the Over-Allotment Option Expiry Date;

(jj) "**Over-Allotment Option Closing Time**" means 6:00 a.m. (Calgary time) or such other time on the Over-Allotment Option Closing Date as the parties hereto may mutually agree;

(kk) "**Over-Allotment Option Notice**" has the meaning set forth in subsection 13(b) of this Agreement;

(ll) "**Passport System**" means the system for review and procedures for the filing of prospectuses and related materials in one or more Canadian jurisdictions pursuant to MI 11-102 and NP 11-202;

(mm) "**Preliminary Passport System Decision Document**" means a receipt for the Preliminary Prospectus issued in accordance with the Passport System;

(nn) "**Preliminary Prospectus**" means the preliminary short form prospectus of the Corporation to be dated November 20, 2013 and any amendments thereto, in respect of the distribution of the Offered Shares, including the Documents;

(oo) "**Preliminary U.S. Placement Memorandum**" means the preliminary U.S. Placement Memorandum, including the Preliminary Prospectus, prepared for the offering of the Offered Shares in the United States, in the form agreed to by the Corporation and the Underwriters;

(pp) "**Prospectus**" means the (final) short form prospectus of the Corporation and any amendments thereto, in respect of the distribution of the Offered Shares, including the Documents;

(qq) "**Prospectuses**" means, collectively, the Preliminary Prospectus and the Prospectus;

(rr) "**Public Record**" means all information filed by or on behalf of the Corporation with the Securities Commissions since December 31, 2010, including without limitation, the Documents, the Prospectuses, any Supplementary Material and any other information filed with any Securities Commission in compliance, or intended compliance, with Canadian Securities Laws, and which is available to the public for review at www.sedar.com;

(ss) "**Qualifying Provinces**" means British Columbia, Alberta, Saskatchewan, Manitoba and Ontario;

(tt) "**Refusing Underwriter**" has the meaning ascribed thereto in subsection 18(c) hereof;

(uu) "**Reserves Evaluators**" means McDaniel and Ryder Scott;

(vv) "**Reserves Reports**" means the McDaniel Report and the Ryder Scott Report;

(ww) "**Responses**" means the responses delivered on behalf of the Corporation by certain officers of the Corporation at the Due Diligence Session excluding the portion of such responses which are forward-looking or otherwise relate to projections, forecasts or estimates of future performance or results;

(xx) "**Ryder Scott**" means Ryder Scott Petroleum Consultants Ltd.;

(yy) "**Ryder Scott Report**" means the independent engineering evaluation of the Argentina crude oil, natural gas liquids and natural gas reserves of the Corporation prepared by Ryder Scott dated April 26, 2013 and effective December 31, 2012;

(zz) "**SEC**" means the United States Securities and Exchange Commission;

(aaa) "**SEDAR**" means the System for Electronic Document Analysis and Retrieval, available at www.sedar.com;

(bbb) "**Securities Commissions**" means the securities commissions or similar regulatory authorities in the Qualifying Provinces;

(ccc) "**Securities Laws**" means, unless the context otherwise requires, all applicable securities laws in each of the Qualifying Provinces and the applicable securities laws of all other jurisdictions other than the Qualifying Provinces in which the Offered Shares are offered for sale, as applicable, and the respective regulations and rules made thereunder, together with applicable published fee schedules, prescribed forms, policy statements, national or

multilateral instruments, orders, blanket rulings and other regulatory instruments of the securities regulatory authorities in such jurisdictions, and "**Canadian Securities Laws**" means the Securities Laws in each of the Qualifying Provinces;

(ddd) "**Selling Dealer Group**" means the dealers and brokers other than the Underwriters who participate in the offer and sale of the Offered Shares pursuant to this Agreement;

(eee) "**Standard Listing Conditions**" has the meaning ascribed thereto in subsection 4(e) hereof;

(fff) "**Stock Option Plan**" means the Corporations' stock option plan;

(ggg) "**subsidiary**" has the meaning ascribed thereto in the ABCA;

(hhh) "**Subsidiary**" or "**Subsidiaries**" have the respective meanings ascribed thereto in subsection 7(b)(ii);

(iii) "**Supplementary Material**" means, collectively, any amendment to the Preliminary Prospectus or Prospectus, any amended or supplemented Preliminary Prospectus or Prospectus or any ancillary material, information, evidence, return, report, application, statement or document which may be filed by or on behalf of the Corporation under the Canadian Securities Laws;

(jjj) "**Swaps**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

(kkk) "**Taxes**" or "**Tax**" means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and withholding taxes, unemployment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, excise taxes, goods and services taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which the Corporation or any of its predecessors, is or was required to pay, withhold or collect;

(lll) "**TMX Group**" has the meaning ascribed thereto in Section 24 hereof;

(mmm) "**Underwriters' counsel**" means Gowling Lafleur Henderson LLP or such other legal counsel as the Underwriters, with the consent of the Corporation, may appoint;

(nnn) "**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

(ooo) "**U.S. Placement Memorandum**" means the U.S. private placement memorandum, including the Prospectus, prepared for the offering of the Offered Shares in the United States, in the form agreed to by the Corporation and the Underwriters;

(ppp) "**U.S. Securities Act**" means the United States Securities Act of 1933, as amended; and

(qqq) "**U.S. Securities Laws**" means the United States federal securities laws, including the U.S. Securities Act, and applicable state securities laws.

In addition, unless otherwise defined herein capitalized terms shall have the meanings ascribed thereto in the Prospectuses.

2. **Underwriting Fee**

In consideration for their services in underwriting the distribution of and purchasing the Offered Shares, the Corporation agrees to pay to the Underwriters at the Closing Time and at any Over-Allotment Option Closing Time, a fee (the "**Underwriting Fee**") equal to 6% of the gross proceeds from the sale of the Offered Shares being the amount of $480,020.40 (and $552,023.46 in the event the Over-Allotment Option is exercised in full). The Underwriting Fee may, at the sole option of the Underwriters, be deducted from the aggregate gross proceeds of the sale of the Offered Shares and withheld for the account of the Underwriters. The Corporation also agrees to pay the Underwriters' expenses as set forth in Section 10 hereof.

3. **Qualification for Sale**

(a) The Corporation represents and warrants to the Underwriters that it is eligible to use the short form prospectus offering qualification system described in National Instrument 44-101 for the distribution of the Offered Shares.

(b) The Corporation shall elect and comply in all material respects with the Passport System and shall:

(i) not later than 5:00 p.m. (Calgary time) on November 20, 2013, have:

(A) prepared and filed the Preliminary Prospectus and other documents required under the Canadian Securities Laws with the Securities Commissions and designated the ASC as the principal regulator under the Passport System; and

(B) obtained from the ASC a Preliminary Passport System Decision Document, evidencing that a receipt for the Preliminary Prospectus has been issued in Alberta and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than Alberta and Ontario (except that such document may be received on November 21, 2013, provided it is dated November 20, 2013);

(ii) forthwith after any comments with respect to the Preliminary Prospectus have been received from the Securities Commissions but not later than November 28,

2013 (or such later date as may be agreed to in writing by the Corporation and the Underwriters), have:

(A) prepared and filed the Prospectus and other documents required under the Canadian Securities Laws with the Securities Commissions; and

(B) obtained from the ASC a Final Passport System Decision Document, evidencing that a receipt for the Prospectus has been issued in Alberta and Ontario and has been deemed to have been issued in each of the Qualifying Provinces other than Alberta and Ontario or otherwise obtained a receipt for the Prospectus from each of the Securities Commissions;

and otherwise fulfilled all legal requirements to enable the Offered Shares to be offered and sold to the public in each of the Qualifying Provinces through the Underwriters or any other investment dealer or broker registered in the applicable Qualifying Province; and

(iii) until the completion of the distribution of the Offered Shares in accordance with the terms hereof, use its reasonable commercial efforts to take such additional steps and proceedings that from time to time may be required under the Canadian Securities Laws in each Qualifying Province to continue to qualify the Offered Shares for distribution or, in the event that the Offered Shares have, for any reason, ceased to so qualify, to again qualify the Offered Shares for distribution and, to the extent within the control of the Corporation, to qualify the Offered Shares to be offered and sold, in accordance with Schedule "A" hereto, in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act.

(c) Prior to the filing of the Prospectuses and, during the period of distribution of the Offered Shares, prior to the filing with any Securities Commissions of any Supplementary Material or any documents incorporated by reference therein after the date hereof, the Corporation shall have allowed the Underwriters and the Underwriters' counsel to participate fully in the preparation of, and to approve the form of, such documents (such approval not to be unreasonably withheld and to be provided in a timely manner in order to allow the Corporation to comply with Applicable Securities Laws) and to have reviewed any documents incorporated by reference therein.

(d) During the period from the date hereof until completion of the distribution of the Offered Shares, the Corporation shall allow the Underwriters to conduct all due diligence which they may reasonably require in order to fulfill their obligations as underwriters and in order to enable the Underwriters responsibly to execute the certificates required to be executed by them in the Prospectuses or in any Supplementary Material. Without limiting the generality of the foregoing, the Corporation shall make available its directors, senior management and audit committee, and shall use its commercially reasonable efforts to cause its auditors (including of any predecessor entity or business), independent engineers (including of any predecessor entity or business), legal counsel and other experts (if any) to be available, to answer any questions which the Underwriters may have and to participate in one or more due diligence sessions to be held prior to the Closing Time (collectively, the "**Due Diligence Session**"). The Underwriters shall distribute a list of written questions to be answered in advance of such Due Diligence

Session and the Corporation shall provide written responses to such questions and shall use its commercially reasonable best efforts to have its auditors, independent engineers, legal counsel and other experts provide written responses to such questions at a reasonable time in advance of the Due Diligence Session.

(e) The Corporation shall take or cause to be taken all such other steps and proceedings, including fulfilling all legal, regulatory and other requirements, as required under the Applicable Securities Laws, to qualify the Offered Shares for distribution to the public in the Qualifying Provinces and, to the extent within the control of the Corporation, to qualify the Offered Shares to be offered and sold, in accordance with Schedule "A" hereto, in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act, and for sale internationally as permitted by applicable laws, including the timely filing of all post-Closing notices and filings and payment of applicable fees required under Applicable Securities Laws.

4. **Delivery of Prospectus and Related Documents**

The Corporation shall deliver or cause to be delivered without charge to the Underwriters and the Underwriters' counsel the documents set out below at the respective times indicated:

(a) prior to or contemporaneously, as nearly as practicable, with the filing with the Securities Commissions of each of the Preliminary Prospectus and the Prospectus:

(i) copies of the Preliminary Prospectus and the Prospectus signed as required by the Canadian Securities Laws;

(ii) copies of the Preliminary U.S. Placement Memorandum and the U.S. Placement Memorandum, respectively, if required by the Underwriters; and

(iii) copies of any documents incorporated by reference therein which have not previously been delivered to the Underwriters;

(b) as soon as they are available, copies of any Supplementary Material, signed as required by the Canadian Securities Laws and including, in each case, copies of any documents incorporated by reference therein which have not been previously delivered to the Underwriters;

(c) prior to the filing of the Prospectus with the Securities Commissions, a "comfort letter" from each of the Corporation's Auditors and any other auditors who have audited any of the financial statements included in or incorporated by reference in the Prospectus, dated the date of the Prospectus, addressed to the Underwriters and satisfactory in form and substance to the Underwriters and the Underwriters' counsel, acting reasonably, to the effect that they have carried out certain procedures performed for the purposes of comparing certain specified financial information and percentages appearing in the Prospectus and the documents incorporated therein by reference with indicated amounts in the financial statements or accounting records of the Corporation or other applicable entity or business and have found such information and percentages to be in agreement, which comfort letter shall be based on the applicable auditors' review having a cut-off date of not more than two Business Days prior to the date of the Prospectus;

(d) comfort letters similar to the foregoing shall be provided to the Underwriters with respect to any Supplementary Material and any other relevant document at the time the same is presented to the Underwriters for their signature or, if the Underwriters' signature is not required, at the time the same is filed. All such comfort letters shall be in form and substance acceptable to the Underwriters and the Underwriters' counsel, acting reasonably; and

(e) copies of correspondence indicating that the Exchange has conditionally accepted the Offering, including the Offered Shares, subject only to satisfaction by the Corporation of customary post-closing conditions imposed by the Exchange (the "**Standard Listing Conditions**").

The deliveries referred to in subsections 4(a) and 4(b) shall also constitute the Corporation's consent to the use by the Underwriters and members of the Selling Dealer Group of the Documents, the Prospectuses, the U.S. Placement Memorandum and any Supplementary Material in connection with the offering and sale of the Offered Shares.

5. **Commercial Copies**

(a) The Corporation shall, as soon as possible but in any event not later than 2:00 p.m. (local time at the place of delivery) on the Business Day following the date of receipt of the Preliminary Passport System Decision Document or the Final Passport System Decision Document, as the case may be (or such other date or time as the Underwriters and the Corporation may agree), from the Securities Commissions and no later than 2:00 p.m. (Calgary time) on the first Business Day after the execution of any Supplementary Material in connection with the Prospectuses, cause to be delivered to the Underwriters, without charge, commercial copies of the Preliminary Prospectus, the Prospectus or such Supplementary Material in such numbers and in such cities as the Underwriters may reasonably request by written instructions to the Corporation or the printer thereof given no later than the time when the Corporation authorizes the printing of the commercial copies of such documents.

(b) The Corporation shall cause to be provided to the Underwriters such number of copies of any documents incorporated by reference in the Preliminary Prospectus, the Prospectus or any Supplementary Materials as the Underwriters may reasonably request.

(c) The Corporation will similarly cause to be delivered to the Underwriters, at those delivery points as the Underwriters may reasonably request, commercial copies of a U.S. Placement Memorandum and any Supplementary Material required to be delivered to purchasers or prospective purchasers of the Offered Shares. Each delivery of the U.S. Placement Memorandum and any such Supplementary Material will constitute consent by the Corporation to the use of the U.S. Placement Memorandum and any such Supplementary Material required to be prepared under U.S. Securities Laws by the U.S. Placement Agents and other members of the Selling Dealer Group (if any) for the offer and sale of the Offered Shares in the United States in accordance with this Agreement.

(d) The Corporation will similarly cause to be delivered to the Underwriters, at those delivery points as the Underwriters may reasonably request, commercial copies of any Supplementary Material required to be delivered to purchasers or prospective purchasers of the Offered Shares.

6. **Material Change and Certain Other Covenants**

(a) During the period of distribution of the Offered Shares (which in any event, shall be no later than the Over-Allotment Option Closing Date), the Corporation will promptly inform the Underwriters in writing of the full particulars of:

(i) any material change (actual, anticipated, threatened, contemplated or proposed by, to, or against) in or affecting the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and the Subsidiaries, taken as a whole;

(ii) the occurrence or discovery of a material fact or event which, in any such case, is, or may be, of such a nature as to:

(A) render the Preliminary Prospectus, the Prospectus or any Supplementary Material untrue, false or misleading in any material respect;

(B) result in a misrepresentation in the Preliminary Prospectus, the Prospectus or any Supplementary Material; or

(C) result in the Preliminary Prospectus, the Prospectus or any Supplementary Material not complying in any material respect with the Applicable Securities Laws,

provided that if the Corporation is uncertain as to whether a material change, change, occurrence or event of the nature referred to in this subsection 6(a) has occurred or been discovered, the Corporation shall promptly inform the Lead Underwriters of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Lead Underwriters as to whether the occurrence is of such nature prior to making any filing referred to in subsection 6(c).

(b) During the period of distribution of the Offered Shares (which in any event, shall be no later than the Over-Allotment Option Closing Date), the Corporation will promptly inform the Underwriters in writing of the full particulars of:

(i) any request of any Securities Commission, the SEC or similar regulatory authority for any amendment to, or to suspend or prevent the use of, the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum or any other part of the Public Record or for any additional information of a material nature;

(ii) the issuance by any Securities Commission, the SEC or similar regulatory authority, the Exchange or any other competent authority of any order to cease or suspend trading of any securities of the Corporation or of the institution or threat of institution of any proceedings for that purpose; and

(iii) the receipt by the Corporation of any communication from any Securities Commission, the SEC or similar regulatory authority, the Exchange or any other competent authority relating to the Preliminary Prospectus, the Prospectus, the

U.S. Placement Memorandum, any part of the Public Record or the distribution of the Offered Shares.

(c) The Corporation will promptly comply to the reasonable satisfaction of the Underwriters and the Underwriters' counsel with Applicable Securities Laws with respect to any material change, occurrence or event of the nature referred to in subsection 6(a) or 6(b) above and the Corporation will prepare and file promptly at the Underwriters' request, acting reasonably, any amendment to the Prospectus, the U.S. Placement Memorandum or Supplementary Material as may be required under Applicable Securities Laws; provided that the Corporation shall have allowed the Underwriters and the Underwriters' counsel to participate fully in the preparation of any Supplementary Material, to have reviewed any other documents incorporated by reference therein and conduct all due diligence investigations which the Underwriters may reasonably require in order to fulfill their obligations as underwriters and in order to enable the Underwriters responsibly to execute the certificate required to be executed by them in, or in connection with, any Supplementary Material, such approval not to be unreasonably withheld and to be provided in a timely manner. The Corporation shall further promptly deliver to each of the Underwriters and the Underwriters' counsel a copy of each Supplementary Material as filed with the Securities Commissions, and of letters with respect to each such Supplementary Material substantially similar to those referred to in Section 4 above.

(d) During the period of distribution of the Offered Shares (which in any event, shall be no later than the Over-Allotment Option Closing Date), the Corporation will promptly provide to the Underwriters for review by the Lead Underwriters and the Underwriters' counsel, prior to filing or issuance:

(i) any financial statement of the Corporation;

(ii) any proposed document, including without limitation any amendment to the AIF, new annual information form, material change report, interim report, or information circular, which may be incorporated, or deemed to be incorporated, by reference in the Prospectus, or is intended to be filed as part of the Public Record;

(iii) any press release of the Corporation (subject to the Corporation's obligations under Applicable Securities Laws to make timely disclosure of material information); and

(iv) any amendment to the Preliminary Prospectus or the Prospectus.

(e) The Corporation will use its commercially reasonable efforts to maintain its status as a "reporting issuer" (or the equivalent thereof) not in default of the material requirements of the applicable Canadian Securities Laws in at least one of the Qualifying Provinces for a period of 12 months following the Closing Date, it being understood that such covenant shall not prevent the Corporation from participating in a merger, amalgamation or other form of business combination transaction which results in the Corporation ceasing to be a reporting issuer.

(f) The Corporation will use its commercially reasonable efforts to maintain the listing of the Common Shares on the Exchange or another recognized stock exchange or quotation system for a period of at least 12 months following the Closing Date, it being understood

that such covenant shall not prevent the Corporation from participating in a merger, amalgamation or other form of business combination transaction which results in the Corporation ceasing to have its Common Shares listed on the Exchange.

(g) The Corporation will ensure that the Firm Shares issuable on the Closing Date and the Option Shares issuable on the Over-Allotment Option Closing Date shall be duly and validly issued as fully paid and non-assessable shares in the capital of the Corporation.

(h) The Corporation will use the net proceeds of the offering of the Offered Shares in the manner specified in the Prospectus.

7. **Representations and Warranties of the Corporation**

(a) Each delivery of the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum and any Supplementary Material pursuant to Section 4 above shall constitute a representation and warranty to the Underwriters by the Corporation (and the Corporation hereby acknowledges that each of the Underwriters is relying on such representations and warranties in entering into this Agreement) that:

(i) all of the information and statements (except information and statements furnished by and relating solely to the Underwriters) contained in the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference, as the case may be:

(A) are at the respective dates of such documents, true and correct in all material respects;

(B) contain no misrepresentation; and

(C) constitute full, true and plain disclosure of all material facts relating to the Corporation and the Offered Shares;

(ii) the Preliminary Prospectus, the Prospectus, or any Supplementary Material, as applicable, including, without limitation, the documents incorporated by reference, as the case may be, comply in all material respects with the applicable Canadian Securities Laws, including without limitation National Instrument 44-101, and the U.S. Placement Memorandum and, to the extent applicable, any related Supplementary Material, complies as to form in all material respects with applicable U.S. Securities Laws; and

(iii) except as is disclosed in the Public Record, there has been no intervening material change (adverse material change until filing of the Prospectus) (actual, proposed or prospective, whether financial or otherwise), from the date of the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum and any Supplementary Material to the time of delivery thereof, in the business, operations, revenues, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation and its Subsidiaries (taken as a whole).

(b) In addition to the representations and warranties contained in subsection 7(a) hereof, the Corporation represents and warrants (and, where applicable, covenants) to the Underwriters, and acknowledges that each of the Underwriters is relying upon such representations and warranties (and, where applicable, covenants) in entering into this Agreement, that:

(i) the Corporation and each of the Subsidiaries is a corporation duly incorporated, continued or amalgamated and validly existing and in good standing under the laws of the jurisdiction in which it was incorporated, continued or amalgamated, as the case may be, has all requisite corporate power, authority and capacity to own, lease or operate its properties and assets as described in the Prospectus and no steps or proceedings have been taken by any person, voluntary or otherwise, requiring or authorizing its dissolution or winding up, and the Corporation has all requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder;

(ii) the Corporation is the registered and beneficial holder of (a) 100% of the issued and outstanding securities of Madalena Ventures International Holding Company Inc. ("**MVIHC**"); (b) 100% of the issued and outstanding securities of Madalena Austral SA (90% directly and 10% indirectly through MVIHC and Madalena Ventures International Inc.); and (c) indirectly through MVIHC, 100% of the issued and outstanding securities of Madalena Ventures International Inc. (individually, each a "**Subsidiary**" and, collectively, the "**Subsidiaries**"), in each case, free and clear of all mortgages, charges, pledges, security interests, encumbrances, claims or demands whatsoever and no person or other entity has any agreement, option, right or privilege (whether pre-emptive or contractual) to purchase or receive (or capable of becoming an agreement or a right to purchase or receive) from the Corporation or the Subsidiaries any issued or unissued securities of the Subsidiaries;

(iii) the Corporation and each of the Subsidiaries is qualified to carry on business as described in the Prospectus under the laws of each jurisdiction in which it carries on its business;

(iv) other than the Subsidiaries, the Corporation has no investment or ownership interest in any legal entity;

(v) the Corporation is a "reporting issuer" under the Canadian Securities Laws of each of the provinces of Alberta, British Columbia, Saskatchewan, Manitoba, New Brunswick, Newfoundland and Labrador, Nova Scotia, Prince Edward Island and Ontario, is not in default of any material requirement of such Canadian Securities Laws, is not included on a list of defaulting reporting issuers maintained by the CSA and will continue to be, at the Closing Time, a reporting issuer under the Canadian Securities Laws of each of the Qualifying Provinces;

(vi) each of the execution and delivery of this Agreement and the performance by the Corporation of its obligations hereunder, including the allotment, reservation, issuance and delivery of the Offered Shares, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under (whether after notice or lapse of time or both), (a) any statute, rule or regulation applicable to the Corporation including, without limitation,

applicable Securities Laws and the rules and regulations of the Exchange; (b) the constating documents or resolutions of the directors or shareholders of the Corporation or a Subsidiary which are in effect at the date hereof; (c) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Corporation or any of the Subsidiaries is a party or by which it is bound; or (d) any judgment, decree or order binding the Corporation or a Subsidiary or the property or assets thereof, which default or breach would reasonably be expected to have a Material Adverse Effect;

(vii) the Corporation is in compliance in all material respects with its continuous disclosure obligations under applicable Securities Laws and the rules and regulations of the Exchange and, without limiting the generality of the foregoing, there has not occurred any material adverse change (actual, anticipated, completed, proposed or threatened), financial or otherwise, in the assets, liabilities (contingent or otherwise), business, affairs, operations, prospects or capital of the Corporation (on a consolidated basis) since December 31, 2011 which has not been publicly disclosed on SEDAR, all statements set forth in all documents publicly filed by or on behalf of the Corporation pursuant to applicable Securities Laws since December 31, 2011, including the Documents, were true, correct, and complete in all material respects and did not contain any misrepresentation as of the date of such statements and the Corporation has not filed any confidential material change reports since the date of such statements which remains confidential as at the date hereof;

(viii) except as disclosed in the Prospectus any and all of the agreements and other documents and instruments, pursuant to which the Corporation and the Subsidiaries hold property and assets (including any interest in, or right to earn an interest in, any property) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with their terms; neither the Corporation nor any Subsidiary, as applicable, is in default and to the Corporation's knowledge none of the other parties thereto are in default, of any of the provisions of any such agreements, documents or instruments, except where any such default would not have a Material Adverse Effect, nor to the Corporation's knowledge has any such default been alleged, and such properties and assets are in good standing under the applicable statutes and regulations of the jurisdictions in which they are situated; all material leases, licenses, concessions, claims or other property rights pursuant to which the Corporation derives the interests thereof in such property and assets are in good standing and there has been no default under any such lease, license concession, claim or property right, except where such default would not have a Material Adverse Effect. Except as disclosed in the Prospectus, to the knowledge of the Corporation, none of the Corporation's material oil and gas assets (including any interest, or right to earn an interest, therein) are subject to any right of first refusal or purchase or acquisition right other than those negotiated in the normal course of business and for the benefit of the Corporation or mandated by the applicable Governmental Authority in the jurisdictions in which such assets are located;

(ix) except as disclosed in the Prospectus, all leases, licenses, concessions, claims or other property rights through which the Corporation and the Subsidiaries hold an

interest (including any interest in, or right to earn an interest in, any property) have been validly recorded in accordance with all applicable laws and are valid and subsisting; and such leases, concessions, claims or other property rights are sufficient to permit the holder thereof to explore for, to produce and sell the petroleum, natural gas and related hydrocarbons relating thereto, free and clear of any liens, charges or encumbrances and no material commission, royalty, license fee or similar payment, other than those previously disclosed in writing to the Underwriters and payable to Governmental Authorities in accordance with applicable laws, is payable to any person in connection therewith;

(x) the Prospectus contains an accurate summary description of all property rights held by the Corporation and the Subsidiaries and no other property or assets are necessary for the conduct of the business of the Corporation and the Subsidiaries as currently conducted, and the Corporation does not know of any claim or the basis for any claim that might or could materially and adversely affect the right thereof to use, transfer or otherwise explore for and produce and sell the petroleum, natural gas and related hydrocarbons in respect of such properties;

(xi) the Corporation made available to each Reserves Evaluator, prior to the issuance of the Reserves Reports and for the purpose of preparing such reports, all information reasonably requested by each Reserves Evaluator, which information did not contain any material misrepresentation at the time such information was so provided. The Corporation has no knowledge of a material adverse change in any information provided to the Reserves Evaluators since that date. The Reserves Evaluators have represented to the Corporation that their respective Reserves Reports fully comply with the requirements of National Instrument 51-101 as at the dates thereof and the Reserves Reports reasonably present the Corporation's proved and probable reserves attributable to the properties evaluated therein, as applicable, as at the dates stated therein, based upon information available at the time the Reserves Reports were prepared and the assumptions as to the commodity prices and costs contained therein;

(xii) each Reserves Report accurately and completely sets forth as at December 31, 2012, the applicable Reserves Evaluator's evaluation of the reserves in respect of the properties that are the subject of the applicable Reserves Report and, since the date of preparation of such Reserves Report, there has been no change of which the Corporation is aware that would render either of the Reserves Reports to be incorrect in any material adverse respect;

(xiii) neither of the Reserves Evaluators nor any other independent evaluator or consultant engaged by the Corporation has updated either Reserves Report or independently evaluated the proved or probable reserves or other resources attributable to the properties evaluated therein (or any part thereof) or the resources attributable to any other properties in which the Corporation has an interest;

(xiv) based upon representations made to the Corporation by each Reserves Evaluator, each Reserves Evaluator is an independent qualified reserves evaluator pursuant to National Instrument 51-101;

(xv) neither the Corporation nor any Subsidiary is in violation of its constating documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party or by which it or its property may be bound, except in each case as would not have a Material Adverse Effect;

(xvi) to the knowledge of the Corporation, no counterparty to any obligation, agreement, covenant or condition contained in any contract, indenture, trust deed, mortgage, loan agreement, note, lease or other agreement or instrument to which it is a party is in material default in the performance or observance thereof which default would have a Material Adverse Effect;

(xvii) except as disclosed in the Prospectus, neither the Corporation nor any Subsidiary has approved, or entered into any agreement in respect of: (a) the purchase of any material property or assets or any interest therein or the sale, transfer or other disposition of any material property or assets or any interest therein currently owned, directly or indirectly, by the Corporation or any Subsidiary, whether by asset sale, transfer of shares or otherwise other than in the ordinary course of business; or (b) any change in control of the Corporation (by sale, transfer or other disposition of shares or sale, transfer, lease or other disposition of all or substantially all of the property and assets of the Corporation); or (c) to the knowledge of the Corporation, a proposed planned disposition of shares by any shareholder who owns, directly or indirectly, 10% or more of the outstanding shares of the Corporation;

(xviii) the Financial Statements have been prepared in accordance with GAAP or IFRS, as applicable, and present fully, fairly and correctly in all material respects, the consolidated financial condition of the Corporation and the Subsidiaries as at the dates thereof and the consolidated results of the operations and the changes in the financial position of the Corporation and the Subsidiaries for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of the Corporation, as applicable, and there has been no material change in accounting policies or practices of the Corporation since June 30, 2013, except as has been disclosed in the Prospectus;

(xix) the AIF is a "current AIF" as such term is defined in National Instrument 44-101 and the Corporation is qualified to file a short form prospectus in accordance with National Instrument 44-101;

(xx) since June 30, 2013, (a) there has been no change in the condition (financial or otherwise), or in the properties, capital, affairs, prospects, operations, assets or liabilities of the Corporation, whether or not arising in the ordinary course of business which would have a Material Adverse Effect; and (b) there have been no transactions entered into by the Corporation, other than those in the ordinary course of business, except as disclosed in the Prospectus;

(xxi) all Taxes due and payable by the Corporation and the Subsidiaries have been paid, except where the failure to pay Taxes would not constitute an adverse material fact in respect of the Corporation or have a Material Adverse Effect. All tax returns, declarations, remittances and filings required to be filed by the

Corporation and the Subsidiaries have been filed with all appropriate Governmental Authorities and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading, except where the failure to file such documents would not constitute an adverse material fact in respect of the Corporation or have a Material Adverse Effect. To the knowledge of the Corporation, no examination of any tax return of the Corporation or any Subsidiary is currently in progress and there are no issues or disputes outstanding with any Governmental Authority respecting any Taxes that have been paid, or may be payable, by the Corporation or the Subsidiaries, in any case, except where such examinations, issues or disputes would not constitute an adverse material fact in respect of the Corporation or have a Material Adverse Effect;

(xxii) based upon representations made by KPMG LLP to the Corporation, the Corporation's Auditors who audited the Financial Statements and who provided their audit report thereon are independent public accountants as required under applicable Securities Laws. There has never been a reportable event (within the meaning of National Instrument 51-102 - *Continuous Disclosure Obligations*) between the Corporation and the Corporation's Auditors or, to the knowledge of the Corporation, any former auditors of the Corporation;

(xxiii) the Corporation maintains a system of internal accounting controls sufficient to provide reasonable assurances that (a) transactions are executed in accordance with management's general or specific authorization, and (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP and to maintain accountability for assets;

(xxiv) other than as set forth in the Prospectus, no person has or will have at the Closing Time any agreement or option, or right or privilege (whether pre-emptive or contractual) to purchase or receive (or capable of becoming an agreement or a right to purchase or receive) from the Corporation any unissued shares or securities of the Corporation;

(xxv) except as disclosed in the Prospectus, to the knowledge of the Corporation, there is no agreement in force or effect which in any material manner affects or will affect the voting or control of any of the securities of the Corporation or of the Subsidiaries;

(xxvi) other than as set forth in the Prospectus, none of the directors, officers or employees of the Corporation, any person who owns, directly or indirectly, more than 10% of any class of securities of the Corporation or securities of any person exchangeable for more than 10% of any class of securities of the Corporation, or any associate or affiliate of any of the foregoing, had or has any material interest, direct or indirect, in any transaction or any proposed transaction (including, without limitation, any loan made to or by any such person) with the Corporation which, as the case may be, materially affects, is material to or will materially affect the Corporation;

(xxvii) other than as disclosed in the Prospectus there are no actions, suits, judgments, investigations, inquiries or proceedings of any kind whatsoever outstanding (whether or not purportedly on behalf of the Corporation or any Subsidiary); or,

to the knowledge of the Corporation, pending or threatened against or affecting the Corporation, any of the Subsidiaries or their respective directors or officers (in their capacities as such), at law or in equity or before or by any commission, board, bureau or agency of any kind whatsoever and, to the knowledge of the Corporation, neither the Corporation nor any of the Subsidiaries is subject to any judgment, order, writ, injunction or decree, award, rule, policy or regulation of any Governmental Authority, which, either separately or in the aggregate, would have a Material Adverse Effect or would adversely affect the ability of the Corporation to perform its obligations under this Agreement;

(xxviii) other than as disclosed in the Prospectus, no legal or governmental proceedings or inquiries by any Governmental Authority are pending to which the Corporation or any of the Subsidiaries is a party or to which any of its property interests or assets is subject that would result in the revocation or modification of any certificate, authority, permit or license necessary to conduct the business now conducted by the Corporation and the Subsidiaries which, if the subject of an unfavourable decision, ruling or finding would have a Material Adverse Effect and, to the knowledge of the Corporation, no such legal or governmental proceedings or inquiries have been threatened against or are contemplated with respect to the Corporation or the Subsidiaries or with respect to any of their properties and assets;

(xxix) (a) neither the Corporation nor any Subsidiary has been nor is in violation of, in connection with the ownership, use, maintenance or operations of its property and assets, any federal, provincial, state, local, municipal or foreign statute, law, rule, regulation, ordinance, code, policy or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to pollution or protection of human health, the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "**Hazardous Materials**") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "**Environmental Laws**"), except as would not have a Material Adverse Effect, (b) the Corporation and the Subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, except as would not have a Material Adverse Effect, and (c) to the knowledge of the Corporation, there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, investigation or proceedings relating to any Environmental Laws against the Corporation or any Subsidiary which, if determined adversely, would have a Material Adverse Effect;

(xxx) the Corporation and each Subsidiary has conducted and is conducting its business in compliance with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any Governmental Authority applicable to it in each jurisdiction in which it carries on business and holds all licenses, registrations, permits, authorities and qualifications (it being understood that permits are

required and will have to be obtained to carry out certain future exploration and other activities) in all jurisdictions in which it carries on business which are necessary to carry on its business as now conducted, except where failure to do so would not have a Material Adverse Effect, and, except as disclosed in the Prospectus, all such licenses, registrations, permits, authorities and qualifications are valid and existing and in good standing, and there is no proceeding, inquiry or action by any Governmental Authority, actual, potential or, to the knowledge of the Corporation, threatened, against the Corporation relating to the revocation or modification of any such licenses, registrations, permits, authorities or qualifications which if the subject of an unfavourable decision, ruling or finding, would have a Material Adverse Effect;

(xxxi) there are no orders, rulings or directives issued or, to the knowledge of the Corporation, pending or threatened against the Corporation or any Subsidiary under or pursuant to any Environmental Laws requiring any work, repairs, construction or capital expenditures with respect to the property or assets of the Corporation or the Subsidiaries which would reasonably be expected to have a Material Adverse Effect;

(xxxii) neither the Corporation nor any Subsidiary is subject to any contingent or other liability relating to the restoration or rehabilitation of land, water or any other part of the environment or noncompliance with Environmental Laws which would reasonably be expected to have a Material Adverse Effect;

(xxxiii) no approval, authorization, consent or other order of, and no filing, registration or recording with, any Governmental Authority or other person is required of the Corporation in connection with the execution and delivery of or with the performance by the Corporation of this Agreement except: (a) those which have been obtained or those which may be required and shall be obtained prior to the Closing Time under applicable Securities Laws or the rules of the Exchange, including in compliance with Canadian Securities Laws with regard to the distribution of the Offered Shares in the Qualifying Provinces, and (b) such post-Closing notice, fee and filings with the Securities Commissions and the Exchange as may be required in connection with the Offering;

(xxxiv) the execution and delivery of this Agreement and the performance of the transactions contemplated hereunder have been duly authorized by all necessary corporate action of the Corporation, and this Agreement has been duly executed and delivered by the Corporation and constitutes valid and binding obligations of the Corporation, enforceable against the Corporation in accordance with their terms, except as enforcement thereof may be limited by (i) applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally, (ii) equitable remedies, including the remedies of specific performance and injunctive relief, being available only in the discretion of the applicable court; (iii) the statutory and inherent powers of a court to grant relief from forfeiture, to stay execution of proceedings before it and to stay executions on judgments; (iv) the applicable laws regarding limitations of actions; (v) enforceability of provisions which purport to sever any provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of such documents would be determined only in the discretion of the courts; (vi) enforceability of the

provisions exculpating a party from liability or duty otherwise owned by it may be limited under applicable law; and (vii) that rights to indemnity, contribution and waiver under the documents may be limited or unavailable under applicable law;

(xxxv) all necessary corporate action will have been taken by the Corporation to carry out its obligations hereunder and to allot and authorize the issuance of the Offered Shares, and upon payment therefor, the Offered Shares will have been validly issued as fully paid and non-assessable shares in the capital of the Corporation;

(xxxvi) the Common Shares are listed and posted for trading on the Exchange and the Corporation has applied to the Exchange to list the Offered Shares which listing will be subject to fulfilling the Standard Listing Conditions;

(xxxvii) no order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of the Corporation has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of the Corporation, are pending, contemplated or threatened by any regulatory authority;

(xxxviii) the authorized capital of the Corporation consists of an unlimited number of Common Shares without nominal or par value of which, as at the close of business on November 19, 2013, 338,697,650 Common Shares were issued and outstanding as fully paid and non-assessable shares in the capital of the Corporation and except for (a) such shares; (b) 20,229,999 Common Shares reserved for issuance upon the exercise of outstanding stock options under the Stock Option Plan; (c) up to 6,000,000 CDE "flow-through" Common Shares issuable pursuant to the non-brokered private placement announced concurrently with the Offering; and (d) securities issuable pursuant to this Agreement, there are no securities of the Corporation outstanding or reserved for issuance;

(xxxix) all of the properties and assets of the Corporation and the Subsidiaries and their business and operations are insured against loss or damage with responsible insurers on a basis consistent with insurance obtained by reasonably prudent participants in comparable businesses, and such coverage is in full force and effect except where the failure to be in full force and effect would not have a Material Adverse Effect and the Corporation has not failed to promptly give any notice of any material claim thereunder;

(xl) Alliance Trust Company, at its principal office in Calgary, Alberta, has been duly appointed as registrar and transfer agent for the Common Shares;

(xli) the minute books and records of the Corporation and the Subsidiaries made available for counsel to the Underwriters in connection with its due diligence investigation of the Corporation are all of the minute books and records of the Corporation and the Subsidiaries, respectively, and contain copies of all material proceedings of the shareholders, the directors and all committees of directors of the Corporation and the Subsidiaries to the date of review of such corporate records and minute books and there have been no other meetings, resolutions or proceedings (some of which minutes are in draft form) of the shareholders,

directors or any committees of the directors of the Corporation or any Subsidiary to the date hereof not reflected in such minute books and other records, other than those which are not material to the Corporation and the Subsidiaries, taken together as a whole;

(xlii) the Corporation and the Subsidiaries are in compliance with all laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages, except where non-compliance with such laws could not reasonably be expected to have a Material Adverse Effect, and has not and is not engaged in any unfair labour practice;

(xliii) the Prospectus discloses, to the extent required by applicable Securities Laws, each material plan for retirement, bonus, stock purchase, profit sharing, stock option, deferred compensation, severance or termination pay, insurance, medical, hospital, dental, vision care, drug, sick leave, disability, salary continuation, legal benefits, unemployment benefits, vacation, incentive or otherwise contributed to, or required to be contributed to, by the Corporation for the benefit of any current or former director, officer, employee or consultant of the Corporation (the "**Employee Plans**"), each of which has been maintained in all material respects with its terms and with the requirements prescribed by any and all statutes, orders, rules and regulations that are applicable to such Employee Plans;

(xliv) all information which has been prepared by the Corporation relating to the Corporation, the Subsidiaries and the business, property and liabilities thereof and either provided or made available to the Underwriters, including the Prospectus and all financial and operational information provided to the Underwriters is, as of the date of such information, true and correct in all material respects, taken as a whole, and no fact or facts have been omitted therefrom which would make such information materially misleading;

(xlv) the Corporation has not completed any "significant acquisition" nor is it proposing any "probable acquisitions" (as such terms are used in National Instrument 44-101) that would require the inclusion of any additional financial statements or pro forma financial statements in the Prospectus pursuant to applicable Securities Laws;

(xlvi) the Corporation is eligible to file a short form prospectus in each of the Qualifying Provinces pursuant to Canadian Securities Laws and, on the date of and upon filing of the Prospectus, there will be no documents required to be filed under applicable Securities Laws in connection with the Offering that will not have been filed as required;

(xlvii) other than the Underwriters and members of the Selling Dealer Group, there is no person acting or purporting to act at the request or on behalf of the Corporation that is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement;

(xlviii) the books of account and other records of the Corporation and its Subsidiaries, whether of a financial or accounting nature or otherwise, have been maintained, in all material respects, in accordance with prudent business practices;

(xlix) the Corporation is not a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the Corporation, applicable laws, indemnification provisions under agency agreements, underwriting agreements, transfer agency agreements, the farmout agreement with Apache Engergia Argentina S.R.L. with respect to the Cortadera Block in the Neuquen Province of Argentina, the farmout agreement with APCO Oil and Gas International Inc., Sucursal Argentina with respect to the Coiron Amargo Block in the Neuquen Province of Argentina, the joint operating agreement with ROCH S.A. and Hidrocarburos Del Neuquen S.A. ("**Hidrocarburos**") dated November 9, 2007, the joint operating agreement with ROCH S.A. and Hidrocarburos dated December 12, 2007 and the joint operating agreement with Estrella Servicious Petroleros S.A. and Hidrocarbous dated October 26, 2007) or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person (other than between the Corporation and a Subsidiary);

(l) the Corporation does not have any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with the Corporation;

(li) other than the non-brokered private placement of up to 6,000,000 CDE "flow-through" Common Shares announced concurrently with the Offering and the issuance of 11,695,000 CEE "flow-through" Common Shares and 4,780,000 CDE "flow-through" Common Shares on July 11, 2013 the Corporation currently has no plan to issue and has not in 2012 or thus far in 2013 issued any Common Shares or securities of the Corporation on a "flow-through basis" pursuant to the provisions of the *Income Tax Act* (Canada);

(lii) no Securities Commission, other securities commission or similar regulatory authority, the Exchange or other exchange in Canada, Argentina, Barbados or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of the Corporation, no such proceeding is, to the knowledge of the Corporation, pending, contemplated or threatened and the Corporation is not in default of any material requirement of applicable Securities Laws, including, without limitation, the applicable Securities Laws of the United States, Argentina or Barbados;

(liii) although it does not warrant title, except as disclosed in the Prospectus, the Corporation does not have any reason to believe that the Corporation and its Subsidiaries do not have good and marketable title to or the right to explore for, produce and sell their respective petroleum, natural gas and related hydrocarbons pursuant to concessions granted by applicable Governmental Authorities (for the purposes of this subsection, the foregoing are referred to as the "**Interests**"), and, except as disclosed on the Public Record or arising in the ordinary course of the oil and gas business, the Corporation represents and warrants that the Interests are free and clear of all liens, charges, encumbrances, restrictions or adverse claims created by, through or under the Corporation or its Subsidiaries;

(liv) neither the Corporation nor its Subsidiaries have received notice of any proceedings relating to the revocation or modification of any of its oil and gas assets or any related registrations, permits, authorities or qualifications which, if

the subject of an unfavourable decision, ruling or finding, would have a Material Adverse Effect;

(lv) all filings by the Corporation or its Subsidiaries, pursuant to which the Corporation has received or is entitled to receive government incentives or rights to explore for and develop oil and natural gas, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact nor omit to state any material fact which would reasonably be expected to cause any amount previously paid to the Corporation or its Subsidiaries, or previously accrued on the accounts thereof to be recovered or disallowed;

(lvi) any and all operations of the Corporation and its Subsidiaries and to the Corporation's knowledge, any and all operations by third parties, on or in respect of the assets and properties of the Corporation and its Subsidiaries, have been conducted in accordance with good oil and gas industry practices and in material compliance with applicable laws, rules, regulations, orders and directions of applicable Governmental Authorities;

(lvii) the Responses given by the Corporation in the Due Diligence Sessions were true and correct in all material respects as at the time such responses were given and such responses taken as a whole shall not omit any fact or information necessary to make the responses not misleading in light of the circumstances in which such responses are given;

(lviii) other than as disclosed in the Prospectus, there are no material contracts or agreements to which the Corporation or its Subsidiaries are a party or by which they are bound. For the purposes of this subparagraph, any contract or agreement pursuant to which the Corporation or its Subsidiaries is, or may reasonably be expected to result in, a requirement of the Corporation or its Subsidiaries to expend more than an aggregate of $500,000, or receive or be entitled to receive revenue of more than $500,000 in either case in the next 12 months, or is out of the ordinary course of business of the Corporation and its Subsidiaries, shall be considered to be material;

(lix) other than as set forth in the Public Record or in the Responses, neither the Corporation nor any Subsidiary is a party to any written consulting contracts or written contracts of employment which may not be terminated on one month's, or less, notice or which provide for payments occurring on a change of control of the Corporation;

(lx) neither the Corporation nor any Subsidiary has a Swap outstanding and no Swaps will be entered into by the Corporation or any of its Subsidiaries prior to the Closing Time;

(lxi) no officer, director, employee or any other person not dealing at arm's length with the Corporation or its Subsidiaries or, to the knowledge of the Corporation, any associate or affiliate of any such person, owns, has or is entitled to any royalty, net profits interest, carried interest or any other encumbrances or claims of any nature whatsoever which are based on production from the Corporation's

and its Subsidiaries' on a consolidated basis (taken as a whole), properties or assets or any revenue or rights attributed thereto;

(lxii) neither the Corporation nor, to its knowledge, any of its shareholders, is a party to any unanimous shareholders agreement, pooling agreement, voting trust, shareholder rights protection plan or other similar type of arrangements in respect of outstanding securities of the Corporation;

(lxiii) there is not now, and there has never been, any employment by the Corporation of an individual who was, at such time, a governmental or political official in any country in the world. Neither the Corporation nor any Subsidiary nor, to the knowledge of the Corporation, any director, officer, employee or other person acting on behalf of the Corporation has (a) used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity; (b) made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; (c) violated or is in violation of any provision of any applicable laws relating to the bribery or corruption of governmental authorities, representatives of governmental authorities or other public officials, including but not limited to the *United States Foreign Corrupt Practices Act of 1977*, as amended, and the *Corruption of Foreign Public Officials Act* (Canada) and similar laws of other jurisdictions; or (d) made any unlawful bribe, rebate, payoff, influence payment, kickback or other unlawful payment;

(lxiv) the operations of the Corporation and its Subsidiaries are and have been conducted at all times in compliance, in all material respects, with applicable financial recordkeeping and reporting requirements and money laundering statutes and the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Corporation with respect to the Money Laundering Laws is, to the knowledge of the Corporation, pending or threatened; and

(lxv) none of the Corporation nor any of its Subsidiaries is currently subject to any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of Treasury.

8. **Indemnity**

(a) The Corporation shall indemnify and save each of the Underwriters, and each of the Underwriters' agents, affiliates, partners, directors, officers, shareholders and employees, harmless against and from all liabilities, claims, suits, proceedings, demands, losses (other than losses of profit), costs (including, without limitation, legal fees and disbursements on a full indemnity basis), damages and expenses to which the Underwriters, or any of the Underwriters' agents, directors, officers, shareholders or employees may be subject or which the Underwriters, or any of the Underwriters' agents, directors, officers, shareholders or employees may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of:

(i) any information or statement contained in the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum, any Supplementary Material, any part of the Public Record or in any other document or material filed or delivered by or on behalf of the Corporation pursuant hereto (other than any information or statement relating solely to the Underwriters and furnished to the Corporation by the Underwriters expressly for inclusion in the Preliminary Prospectus, Prospectus, the U.S. Placement Memorandum or any Supplementary Material or such other document or material) which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact (other than any information or fact relating solely to the Underwriters) the omission of which makes or is alleged to make any such information or statement untrue or misleading in light of the circumstances in which it was made;

(ii) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating solely to the Underwriters and furnished to the Corporation by the Underwriters expressly for inclusion in the Preliminary Prospectus, Prospectus, U.S. Placement Memorandum, any Supplementary Material or in any document or other part of the Public Record) contained in the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum, any Supplementary Material or in any other document or any other part of the Public Record filed by or on behalf of the Corporation;

(iii) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Shares (not based upon the activities or alleged activities of the Underwriters or the Selling Dealer Group members, if any) imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in subsection 8(a)(ii);

(iv) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any one or more competent authorities (not based upon the activities or the alleged activities of the Underwriters or their banking or Selling Dealer Group members, if any) prohibiting, restricting, relating to or materially affecting the trading or distribution of the Offered Shares;

(v) any breach of, default under or non-compliance by the Corporation with any requirements of the applicable Securities Laws, the by-laws, rules or regulations of the Exchange or any representation, warranty, term or condition of this Agreement or in any certificate or other document delivered by or on behalf of the Corporation hereunder or pursuant hereto; or

(vi) the exercise by any subscriber for Offered Shares of any contractual or statutory right of rescission for damages in connection with the purchase of the Offered Shares (other than based on any information or statements relating solely to the Underwriters or based solely upon any act or inaction of the Underwriters);

provided, however, no party who has engaged in any fraud, wilful misconduct or gross negligence, as determined by a court of competent jurisdiction in a final judgment that has become non-appealable, shall be entitled, to the extent that the liabilities, claims, losses, costs, damages or expenses were caused solely by such activity, to claim

indemnification from any person who has not engaged in such fraud, wilful misconduct or gross negligence (provided that for greater certainty, the foregoing shall not disentitle an Underwriter from claiming indemnification hereunder to the extent that the gross negligence, if any, relates to the Underwriter's failure to conduct adequate "due diligence").

(b) If any claim contemplated by subsection 8(a) shall be asserted against any of the persons or corporations in respect of which indemnification is or might reasonably be considered to be provided for in such subsections, such person or corporation (the "**Indemnified Person**") shall notify the Corporation (provided that failure to so notify the Corporation of the nature of such claim in a timely fashion shall relieve the Corporation of liability hereunder only if and to the extent that such failure materially prejudices the Corporation's ability to defend such claim) as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim, provided however, that the defence shall be through legal counsel selected by the Corporation and acceptable to the Indemnified Person acting reasonably and that no admission of liability or settlement may be made by the Corporation or the Indemnified Person without the prior written consent of the other, such consent not to be unreasonably withheld. The Indemnified Person shall have the right to retain its own counsel in any proceeding relating to a claim contemplated by subsection 8(a) if:

(i) the Indemnified Person has been advised by counsel that there may be a reasonable legal defense available to the Indemnified Person which is different from or additional to a defense available to the Corporation and that representation of the Indemnified Person and the Corporation by the same counsel would be inappropriate due to the actual or potential differing interests between them (in which case the Corporation shall not have the right to assume the defense of such proceedings on the Indemnified Person's behalf);

(ii) the Corporation shall not have taken the defense of such proceedings and employed counsel within ten (10) days after notice has been given to the Corporation of commencement of such proceedings; or

(iii) the employment of such counsel has been authorized by the Corporation in connection with the defense of such proceedings;

and, in any such event, the reasonable fees and expenses of such Indemnified Person's counsel (on a solicitor and his client basis) shall be paid by the Corporation, provided that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate law firm (in addition to any local counsel) for all such Indemnified Persons.

(c) The Corporation hereby waives its rights to recover contribution from the Underwriters with respect to any liability of the Corporation by reason of or arising out of any misrepresentation in the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record provided, however, that such waiver shall not apply in respect of liability caused directly or incurred directly by reason of: (i) any misrepresentation which is based upon information relating solely to the Underwriters contained in such document and furnished

to the Corporation by the Underwriters expressly for inclusion in the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record; or (ii) any failure by the Underwriters to provide to prospective purchasers of Offered Shares any document which the Corporation is required to provide to such prospective purchasers pursuant to Applicable Securities Law and which the Corporation has provided to the Underwriters to forward such prospective purchasers, provided that the Corporation has complied with Section 6.

(d) If any legal proceedings shall be instituted against the Corporation in respect of the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record or the Offered Shares or if any regulatory authority or stock exchange shall carry out an investigation of the Corporation in respect of the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum, any Supplementary Material or any other part of the Public Record or the Offered Shares and, in either case, any Indemnified Person is required to testify, or respond to procedures designed to discover information, in connection with or by reason of the services performed by the Underwriters hereunder, the Indemnified Persons may employ their own legal counsel and the Corporation shall pay and reimburse the Indemnified Persons for the reasonable fees, charges and disbursements (on a full indemnity basis) of such legal counsel, the other expenses reasonably incurred by the Indemnified Persons in connection with such proceedings or investigation and a fee at the normal per diem rate for any director, officer or employee of the Underwriters involved in the preparation for or attendance at such proceedings or investigation.

(e) The rights and remedies of the Indemnified Persons set forth in Sections 8, 9 and 11 (in the case of the Underwriters) hereof are to the fullest extent possible in law cumulative and not alternative and the election by any Underwriter or other Indemnified Person to exercise any such right or remedy shall not be, and shall not be deemed to be, a waiver of any other rights and remedies.

(f) The Corporation hereby acknowledges that the Underwriters are acting as agents for the Underwriters' respective agents, directors, officers, shareholders and employees under this Section 8 and under Section 9 with respect to all such agents, directors, officers, shareholders and employees.

(g) The Corporation waives any right it may have of first requiring an Indemnified Person to proceed against or enforce any other right, power, remedy or security or claim or to claim payment from any other person before claiming under this indemnity. It is not necessary for an Indemnified Person to incur expense or make payment before enforcing such indemnity.

(h) The rights of indemnity contained in this Section 8 shall not apply if the Corporation has complied with the provisions of Sections 3, 4 and 5 and the person asserting any claim contemplated by this Section 8 was not provided with a copy of the Prospectus or any amendment to the Prospectus or other document which corrects any misrepresentation or alleged misrepresentation which is the basis of such claim and which was required, under Applicable Securities Laws, to be delivered to such person by the Underwriters.

(i) If the Corporation has assumed the defense of any suit brought to enforce a claim hereunder, the Indemnified Person shall provide the Corporation copies of all documents and information in its possession pertaining to the claim, take all reasonable actions

necessary to preserve its rights to object to or defend against the claim, consult and reasonably cooperate with the Corporation in determining whether the claim and any legal proceeding resulting therefrom should be resisted, compromised or settled and reasonably cooperate and assist in any negotiations to compromise or settle, or in any defense of, a claim undertaken by the Corporation.

9. **Contribution**

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is, for any reason, held by a court to be unavailable from the Corporation on grounds of policy or otherwise, the Corporation and the party or parties seeking indemnification shall contribute to the aggregate liabilities, claims, demands, losses (other than losses of profit), costs (including, without limitation, legal fees and disbursements on a full indemnity basis), damages and expenses (or claims, actions, suits or proceedings in respect thereof) to which they may be subject or which they may suffer or incur:

(a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand, and by the Underwriters on the other hand, from the offering of the Offered Shares; or

(b) if the allocation provided by subsection 9(a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subsection 9(a) above but also to reflect the relative fault of the Underwriters on the one hand, and the Corporation, on the other hand, in connection with the statements, commissions or omissions or other matters which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Underwriters, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the Offering received by the Corporation (net of fees but before deducting expenses) bear to the fees received by the Underwriters. In the case of liability arising out of the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum or any Supplementary Material, the relative fault of the Corporation, on the one hand, and of the Underwriters, on the other hand, shall be determined by reference, among other things, to whether the misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 8 relates to information supplied or which ought to have been supplied by, or steps or actions taken or done on behalf of or which ought to have been taken or done on behalf of the Corporation or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing referred to in Section 8.

The amount paid or payable by an Indemnified Person as a result of liabilities, claims, demands, losses (other than losses of profit), costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) referred to above shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) whether or not resulting in any action, suit, proceeding or claim.

Each of the Corporation and the Underwriters agree that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding

Sections. The rights to contribution provided in this Section 9 shall be in addition to, and without prejudice to, any other right to contribution which the Underwriters or other Indemnified Persons may have.

Any liability of the Underwriters under this Section 9 shall be limited to the amount actually received by the Underwriters under Section 2.

10. **Expenses**

Whether or not the transactions contemplated herein shall be completed all costs and expenses (including applicable GST) of or incidental to the transactions contemplated hereby including, without limitation those relating to the creation, issue, sale or distribution of the Offered Shares, shall be borne by the Corporation including, without limitation:

(a) all costs and expenses of or incidental to the preparation, filing, reproduction (including the commercial copies thereof) of the Preliminary Prospectus, the Prospectus, the U.S. Placement Memorandum, any Supplementary Material and the delivery thereof to the Underwriters;

(b) the fees and expenses of the Corporation's counsel;

(c) the fees and expenses of agent counsel retained by the Corporation or the Corporation's counsel;

(d) the fees and expenses of the Corporation's transfer agent and any auditors, engineers and other outside consultants;

(e) all stock exchange listing fees;

(f) the reasonable fees (to a maximum of $65,000) and the reasonable disbursements of Underwriters' counsel together with applicable GST; and

(g) the reasonable out-of-pocket expenses of the Underwriters plus any applicable provincial sales tax and GST.

Payment of any expenses of the Underwriters that are reimbursable hereunder shall be made by certified cheque or bank draft to Mackie Research Capital Corporation (or as the Lead Underwriters may direct) at the Closing Time or the Over-Allotment Option Closing Time, as applicable (or such amounts may be deducted from the subscription proceeds from the issuance of the Offered Shares hereunder and deliver a net certified cheque, bank draft or wire transfer as contemplated by subsection 13(a) hereof) as a prepaid estimate of the legal fees and disbursements of Underwriters' counsel (and out-of-pocket expenses of the Underwriters), such amount to be disbursed by Mackie Research Capital Corporation on behalf of the Underwriters. Any balance remaining after payment of all invoices will be returned by Mackie Research Capital Corporation to the Corporation.

11. **Termination**

(a) The Underwriters, or any of them, may, without liability, terminate their obligations hereunder, by written notice to the Corporation in the event that after the date hereof and at or prior to the Closing Time:

(i) any order to cease or suspend trading in any securities of the Corporation or prohibiting or restricting the distribution of any of the Offered Shares or the Common Shares is made, or proceedings are announced, commenced or threatened for the making of any such order, by any Securities Commission or similar regulatory authority, the Exchange or any other competent authority, and such order or proceeding has not been rescinded, revoked or withdrawn;

(ii) any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to the Corporation or any of its directors or senior officers is announced, commenced or threatened by any Securities Commission or similar regulatory authority, the Exchange or any other competent authority or there is a change in law, regulation or policy or the interpretation or administration thereof, if, in the sole opinion of the Underwriters or any one of them, acting reasonably, the change, announcement, commencement or threatening thereof adversely affects the trading, distribution or marketability of the Offered Shares;

(iii) there shall have occurred or be discovered any adverse change, as determined by the Underwriters or any one of them in their sole discretion, acting reasonably, in the business, operations, capital or condition (financial or otherwise), of the Corporation or its properties, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) or there shall be discovered any previously undisclosed material fact required to be disclosed in the Preliminary Prospectus, Final Prospectus or any amendment thereto or there should occur a change in any material fact contained in the Preliminary Prospectus, Final Prospectus or amendment thereto in each case which in the sole opinion of the Underwriters or any one of them, acting reasonably, would reasonably be expected to have a Material Adverse Effect on the market price, value or marketability of the Offered Shares;

(iv) there should develop, occur or come into effect or existence, or be announced, any event, action, state, condition or occurrence of national or international consequence, or any law, action, regulation or other occurrence of any nature whatsoever, which, in the sole opinion of the Underwriters or any one of them, acting reasonably, seriously adversely affects or involves, or will seriously adversely affect or involve, the financial markets generally or the business, operations or affairs of the Corporation;

(v) the Underwriters shall become aware of any material information with respect to the Corporation which had not been publicly disclosed or disclosed in writing to the Underwriters at or prior to the date hereof and which in the sole opinion of the Underwriters or any one of them, acting reasonably, would be expected to have a Material Adverse Effect on the market price or value of the Offered Shares or the marketability of the Offered Shares; or

(vi) the Corporation shall be in breach of, default under or non-compliance with any representation, warranty, covenant, term or condition of this Agreement in any material respect.

(b) The Underwriters, or any of them, may exercise any or all of the rights provided for in subsection 11(a) or Sections 12 or 16 notwithstanding any material change, event or state of facts and (except where the Underwriter purporting to exercise any of such rights is in

breach of its obligations under this Agreement) notwithstanding any act or thing taken or done by the Underwriters or any inaction by the Underwriters, whether before or after the occurrence of any material change, event or state of facts including, without limitation, any act of the Underwriters related to the offering or continued offering of the Offered Shares for sale and any act taken by the Underwriters in connection with any amendment to the Prospectus (including the execution of any amendment or any other Supplementary Material) and the Underwriters shall only be considered to have waived or be estopped from exercising or relying upon any of their rights under or pursuant to subsection 11(a) or Sections 12 or 16 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.

(c) Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation provided that no termination shall discharge or otherwise affect any obligation of the Corporation under Sections 8, 9, 10 or 17. The rights of the Underwriters to terminate their obligations hereunder are in addition to, and without prejudice to, any other rights or remedies they may have.

(d) If an Underwriter elects to terminate its obligation to purchase the Offered Shares as aforesaid, whether the reason for such termination is within or beyond the control of the Corporation, the liability of the Corporation hereunder with respect to such Underwriter shall be limited to the indemnity referred to in Section 8, the contribution rights referred to in Section 9 and the payment of expenses referred to in Section 10.

12. **Closing Documents**

The obligations of the Underwriters hereunder to purchase the Offered Shares at the Closing Time and any Over-Allotment Option Closing Time, as applicable, shall be conditional upon all representations and warranties and other statements of the Corporation herein being, at and as of the Closing Time and any Over-Allotment Option Closing Time, as applicable, true and correct in all material respects, the Corporation having performed in all material respects, at the Closing Time and any Over-Allotment Option Closing Time, as applicable, all of its obligations hereunder theretofore to be performed and the Underwriters receiving at the Closing Time and any Over-Allotment Option Closing Time, as applicable:

(a) favourable legal opinions of the Corporation's counsel addressed to the Underwriters and the Underwriters' Counsel, in form and substance reasonably satisfactory to the Underwriters, with respect to such matters as the Underwriters may reasonably request relating to the Corporation, the offering of the Offered Shares and the transactions contemplated hereby, including, without limitation, that:

(i) the Corporation has the capacity and power to own and lease its properties and assets and to conduct its business as described in the Prospectuses;

(ii) the Corporation has been duly incorporated, amalgamated or continued and is validly subsisting and has all requisite corporate capacity, power and authority to carry on its business as now conducted by it and to own its properties and assets and is qualified to carry on business under the laws of each of the jurisdictions in which it carries on a material portion of its business;

(iii) the Corporation has full corporate power and authority to enter into this Agreement and to perform its obligations set out herein and this Agreement has been duly authorized, executed and delivered by the Corporation and constitutes

a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms, except that the validity, binding effect and enforceability of the terms of agreements and documents are subject to the qualification that such validity, binding effect and enforceability may be limited by: (i) applicable bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally; (ii) equitable remedies, including the remedies of specific performance and injunctive relief, being available only in the discretion of the applicable court; (iii) the statutory and inherent powers of a court to grant relief from forfeiture, to stay execution of proceedings before it and to stay executions on judgments; (iv) the applicable laws regarding limitations of actions; (v) enforceability of provisions which purport to sever any provision which is prohibited or unenforceable under applicable law without affecting the enforceability or validity of the remainder of such document would be determined only in the discretion of the court; (vi) enforceability of the provisions exculpating a party from liability or duty otherwise owned by it may be limited under applicable law; and (vii) the rights to indemnity, contribution and waiver under the documents which may be limited or unavailable under applicable law;

(iv) the execution and delivery of this Agreement and the fulfillment of the terms hereof by the Corporation, and the performance of and compliance with the terms of this Agreement by the Corporation does not and will not result in a breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under: (a) any applicable laws of the Province of Alberta or the federal laws of Canada applicable therein; (b) any term or provision of the articles, by-laws or other constating documents, as applicable, of the Corporation; (c) of which counsel is aware, any resolutions of the shareholders or directors of the Corporation; (d) of which counsel is aware, any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound; or (e) of which counsel is aware, any judgment, decree or order, of any court, governmental agency or body or regulatory authority having jurisdiction over or binding the Corporation or its properties or assets;

(v) the Offered Shares have been validly issued as fully paid and non-assessable Common Shares of the Corporation;

(vi) the Corporation is a "reporting issuer" not in default of any requirement of the *Securities Act* (Alberta) and the regulations thereunder and has a similar status under the Canadian Securities Laws of each of the Qualifying Provinces where Offered Shares were distributed and is eligible to participate in National Instrument 44-101 in each Qualifying Province;

(vii) the attributes of the Offered Shares conform in all material respects with the description thereof contained in the Prospectuses;

(viii) the Offered Shares are eligible investments as set out under the heading "Eligibility for Investment" in the Prospectuses;

(ix) all necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under the Canadian Securities Laws of each of the Qualifying Provinces in order to qualify the Offered Shares for distribution and sale to the public in each of such Qualifying Provinces by or through investment dealers and brokers duly registered under the applicable laws of such provinces who have complied with the relevant provisions of such Canadian Securities Laws;

(x) the Corporation has the necessary corporate power and authority to execute and deliver the Prospectuses and all necessary corporate action has been taken by the Corporation to authorize the execution and delivery by it of the Prospectuses and the filing thereof, as the case may be, in each of the Qualifying Provinces in accordance with Canadian Securities Laws;

(xi) subject only to the Standard Listing Conditions, the Offered Shares have been conditionally accepted for listing on the Exchange and upon notice to the Exchange shall be posted for trading as at the opening of business on the Closing Date, or any Over-Allotment Option Closing Date, if applicable;

(xii) Alliance Trust Company has been duly appointed by the Corporation as the transfer agent and registrar for the Common Shares (including the Offered Shares);

(xiii) the form and terms of the definitive certificates representing the Common Shares have been duly approved and adopted by the board of directors of the Corporation and comply with all legal requirements (including the requirements of the Exchange) relating thereto;

(xiv) the authorized and issued capital of the Corporation;

and as to all other legal matters, including compliance with Canadian Securities Laws in any way connected with the issuance, sale and delivery of the Offered Shares as the Underwriters may reasonably request.

It is understood that the respective counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than where they are qualified to practice law, and on certificates of officers of the Corporation, the transfer agent and the Corporation's Auditors as to relevant matters of fact. It is further understood that the Underwriters' counsel may rely on the opinion of the Corporation's counsel as to matters which specifically relate to the Corporation or the Offered Shares, including the issuance of the Offered Shares;

(b) the Underwriters shall have received legal opinions addressed to the Underwriters and the Underwriters Counsel in form and substance satisfactory to the Underwriters, acting reasonably, dated as of the Closing Date, from counsel to each of the Material Subsidiaries, which counsel in turn may rely, as to matters of fact, on certificates of auditors, public officials and officers of the Material Subsidiaries, as appropriate, with respect to the following matters: (i) each of the Material Subsidiaries is a corporation existing under the laws of the jurisdiction in which it was incorporated, amalgamated or continued, as the case may be, and has all requisite corporate power to carry on its business as now conducted and to own, lease and operate its property and assets; and

(ii) the percentage of the issued and outstanding shares of each of the Material Subsidiaries set forth in subsection 7(b)(ii) are registered, directly or indirectly, in the name of the Corporation;

(c) if any Offered Shares are sold in the United States, a favourable legal opinion of Dorsey & Whitney LLP, the Corporation's special United States counsel, dated the Closing Date, in form and substance reasonably satisfactory to the Underwriters, which opinion may be subject to usual and customary qualifications for opinions of this type, to the effect that no registration under the U.S. Securities Act is required for: (i) the offer and sale of the Offered Shares by the Corporation to the Underwriters; and (ii) the initial offer and sale of the Offered Shares by the Underwriters or their U.S. Placement Agents in the United States pursuant to and in accordance with the terms of this Agreement, including Schedule "A" attached hereto;

(d) a certificate of the Corporation dated the Closing Date, and any Over-Allotment Option Closing Date, if applicable, addressed to the Underwriters and signed on behalf of the Corporation by the President and Chief Executive Officer and the Chief Financial Officer of the Corporation or such other officers of the Corporation satisfactory to the Underwriters, acting reasonably, certifying that:

(i) the Corporation has complied with and satisfied, in all material respects, all terms and conditions of this Agreement on its part to be complied with or satisfied at or prior to the Closing Time, or any Over-Allotment Option Closing Time, if applicable;

(ii) the representations and warranties of the Corporation set forth in this Agreement are true and correct, in all material respects, at the Closing Time, or any Over-Allotment Option Closing Time, if applicable as if made at such time; and

(iii) no event of a nature referred to in subsection 6(a), 6(b), 11(a)(i), 11(a)(ii), 11(a)(iii) or 11(a)(vi) has occurred or to the knowledge of such officer is pending, contemplated or threatened (excluding any requirement to make any determination as to any Underwriter's opinion);

and each such statement shall be true and the Underwriters shall have no knowledge to the contrary;

(e) a comfort letter of the Corporation's Auditors and those other auditors required to provide a "comfort letter" pursuant to subsection 4(c) addressed to the Underwriters and dated the Closing Date, or any Over-Allotment Option Closing Date, if applicable, satisfactory in form and substance to the Underwriters, acting reasonably, bringing the information contained in the comfort letters referred to in subsection 4(c) hereof up to the Closing Time, or any Over-Allotment Option Closing Time, if applicable, which comfort letters shall be not more than two Business Days prior to the Closing Date, or any Over-Allotment Option Closing Date, if applicable;

(f) evidence satisfactory to the Underwriters, acting reasonably, that the Offered Shares have been conditionally accepted by the Exchange and upon notice to the Exchange the Offered Shares shall be posted for trading as at the opening of business on the Closing Date, or any Over-Allotment Option Closing Date, if applicable; and

(g) such other certificates and documents as the Underwriters may request, acting reasonably.

13. **Deliveries**

(a) The sale of the Firm Shares to be purchased hereunder shall be completed at the Closing Time at the offices of the Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Underwriters may agree. Subject to the conditions set forth in Section 12, the Underwriters, on the Closing Date, shall deliver to the Corporation, by certified cheque, bank draft or wire transfer, the amount of $0.47 per Firm Share (being an aggregate amount of $8,000,340) against delivery by the Corporation of:

(i) the opinions, certificates and documents referred to in Section 12;

(ii) definitive certificates or proof of deposit, as applicable, representing, in the aggregate, all of the Firm Shares sold hereunder registered, subject to subsection 13(d) below, in the name of CDS & Co. or in such name or names as the Underwriters shall notify the Corporation in writing not less than 24 hours prior to the Closing Time; and

(iii) payment to Mackie Research Capital Corporation by certified cheque, bank draft or wire transfer or such other means as the Corporation and the Lead Underwriters may agree, of the Underwriting Fee provided for in Section 2 in respect of the Firm Shares and the expenses payable to the Underwriters pursuant to Section 10;

or the Underwriters may, in their discretion, deliver by certified cheque, bank draft or wire transfer the net amount of the amount in respect of the Firm Shares referred to above and the amount referred to in (iii) above.

(b) The sale of the Option Shares, if any, shall be completed at the offices of the Corporation's counsel in Calgary, Alberta, or at such other place as the Corporation and the Underwriters may agree, on the Over-Allotment Option Closing Date and at the Over-Allotment Option Closing Time specified by the Underwriters in the written notice delivered to the Corporation which also shall specify the number of Option Shares in respect of which the Over-Allotment Option is being exercised (an "**Over-Allotment Option Notice**"); in no event shall the Over-Allotment Option Closing Date be earlier than two Business Days or later than seven Business Days after delivery of the Over-Allotment Option Notice unless the parties otherwise agree. The Underwriters, at the Over-Allotment Option Closing Time, shall pay the Corporation, by wire transfer or such other means as the Corporation and the Lead Underwriters may agree, the amount of $0.47 per Option Share purchased (being an aggregate amount of $1,200,051 if the Over-Allotment Option is exercised in full), against delivery by the Corporation of:

(i) to the extent applicable, the opinions, certificates and documents referred to in Section 12 (with the references therein to the Closing Time and Closing Date changed to Over-Allotment Option Closing Time and Over-Allotment Option Closing Date respectively);

(ii) subject to subsection 13(d) below, definitive certificates or proof of deposit, as applicable, representing the Option Shares agreed to be purchased by the

Underwriters from the Corporation pursuant to the exercise of the Over-Allotment Option, registered, in such name or names as the Underwriters shall notify the Corporation in writing not less than 24 hours prior to the Over-Allotment Option Closing Time and payment to Mackie Research Capital Corporation, on behalf of the Underwriters, by bank draft, certified cheque or wire transfer or such other means as the Corporation and the Underwriters may agree, of the Underwriting Fee provided in Section 2 and to expenses payable to the Underwriters pursuant to Section 10;

or the Underwriters may, in their discretion, deliver the amount in respect of the Option Shares referred to above net of the amount referred to in subsection 13(b)(ii) above.

(c) Subject to Section 13(d) below, if the Corporation determines to issue the Offered Shares as a book-entry only security in accordance with the rules and procedures of The Canadian Depository for Securities Limited ("**CDS**"), then, as an alternative to the Corporation delivering to the Underwriters definitive certificates representing the Offered Shares in the manner and at the times set forth in this Section 13:

(i) the Underwriters will provide a direction to CDS with respect to the crediting of the Offered Shares to the accounts of the participants of CDS as shall be designated by the Underwriters in writing in sufficient time prior to the Closing Date or the Over-Allotment Option Closing Date, if applicable, to permit such crediting; and

(ii) the Corporation shall cause Alliance Trust Company as registrar and transfer agent of the Offered Shares, to deliver to CDS, on behalf of the Underwriters, one fully registered global certificate for the Offered Shares to be purchased hereunder, registered in the name of "CDS & Co." as the nominee of CDS, to be held by CDS as a book-entry only security in accordance with the rules and procedures of CDS.

(d) Notwithstanding anything to the contrary contained herein and for greater certainty, all Offered Shares sold pursuant to Rule 144A shall be issued under a separate, restricted CUSIP number.

14. **Restrictions on Offerings and Transactions**

The Corporation agrees that, other than the non-brokered private placement of up to 6,000,000 CDE "flow-through" Common Shares of the Corporation announced concurrently with the Offering, from the date hereof and ending on the date that is 90 days following the Closing Date that it will not offer, or announce the offering of, or make or announce any agreement to issue, sell, or exchange Common Shares or securities convertible or exchangeable into Common Shares without the prior consent of the Lead Underwriters, on behalf of the Underwriters, not to be unreasonably withheld, provided that notwithstanding the foregoing, the Corporation may, without such consent, grant options to directors, officers, consultants or employees of the Corporation, issue Common Shares on exercise of options under the Stock Option Plan and issue securities to acquire oil and gas assets.

Until completion of the Offering, the Corporation agrees not to sell or negotiate or enter into an arrangement to sell all or substantially all of the assets of the Corporation or enter into a merger or other business combination with a third party or similar transaction, which transaction does not provide for the completion of the Offering (an "**Alternative Transaction**"). In the event the Corporation enters into an

agreement or makes a public announcement with respect to an Alternative Transaction prior to the completion of the Offering, the Corporation agrees to make payment to the Underwriters forthwith upon entering into such agreement or making such announcement in the amounts as described in Section 2 to this Agreement as if the Offering was completed on a fully-subscribed basis.

15. **Notices**

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation be addressed to the Corporation, c/o Mr. Thomas Love, Vice-President Finance and Chief Financial Officer, Suite 200, 707 – 7th Avenue SW, Calgary, Alberta T2P 3H6, at the above address, Fax No. (403) 262-1905, with a copy to:

Burnet, Duckworth & Palmer LLP
2400, 525 - 8th Avenue SW
Calgary, Alberta T2P 1G1
Attention: Jay P. Reid
Fax No.: (403) 260-0332

and, in the case of notice to be given to the Underwriters, be addressed to:

Mackie Research Capital Corporation
Suite 4500, 199 Bay Street
Toronto, Ontario M5L 1G2
Attention: Gage Jull
Fax No.: (416) 860-7674

RBC Dominion Securities Inc.
Suite 3900, Bankers Hall West
888 – 3rd Street SW
Calgary, Alberta T2P 5C5
Attention: Darrell Law
Fax No.: (403) 299-6900

Haywood Securities Inc.
Suite 301, 808 First Street SW
Calgary, Alberta T2P 1M9
Attention: Jeff Reymer
Fax No.: (403) 509-1911

National Bank Financial Inc.
Intact Place, 18th Floor
311 – 6th Avenue SW
Calgary, Alberta T2P 3H2
Attention: Tom MacInnis
Fax No.: (403) 265-0543

Dundee Securities Ltd.
Suite 3600, 350 – 7th Avenue SW
Calgary, Alberta T2P 3N9
Attention: James Heaps
Fax No.: (403) 264-6331

Beacon Securities Limited
2013, 355 – 4th Avenue SW
Calgary, Alberta T2P 0J1
Attention: Kirk Wilson
Fax No.: (416) 646-3379

Cormark Securities Inc.
Suite 1800, 300 - 5th Avenue SW
Calgary, Alberta T2P 3C4
Attention: Chris Burchell
Fax No.: (403) 266-4222

and a copy to:

Gowling Lafleur Henderson LLP
Suite 1400, 700 - 2nd Street SW
Calgary, Alberta T2P 4V5
Attention: Stuart Olley
Fax No.: (403) 695-3486

or to such other address as the party may designate by notice given to the other. Each communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee, and:

(a) a communication which is personally delivered shall, if delivered before 4:00 p.m. (local time at the place of delivery) on a Business Day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first Business Day following the day on which it is delivered; and

(b) a communication which is sent by facsimile transmission shall, if sent on a Business Day before 4:00 p.m. (local time at the place of receipt), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first Business Day following the day on which it is sent.

16. **Conditions**

All terms, covenants and conditions of this Agreement to be performed by the Corporation shall be construed as conditions, and any breach or failure to comply with any material terms and conditions which are for the benefit of the Underwriters shall entitle the Underwriters to terminate their obligations to purchase the Offered Shares, by written notice to that effect given to the Corporation prior to the Closing Time. The Underwriters may waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, term or condition hereof, or extend the time for compliance therewith, without prejudice to any of their rights in respect of any other representation, warranty, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, term or condition hereof, provided that any such waiver or extension shall be binding on the Underwriters only if the same is in writing.

17. **Survival of Representations and Warranties**

All representations, warranties, terms and conditions herein (including, without limitation, those contained in Section 7) or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive the payment by the Underwriters for the Offered

Shares and the distribution of the Offered Shares pursuant to the Prospectus and the U.S. Placement Memorandum and shall continue in full force and effect for the benefit of the Underwriters regardless of any investigation by or on behalf of the Underwriters with respect thereto.

18. **Several Liability of Underwriters**

The Underwriters' rights and obligations under this Agreement are several and not joint and several including, without limitation, that:

(a) each of the Underwriters shall be obligated to purchase only the following percentage of the total number of Firm Shares at the Closing Time and, if applicable, the Option Shares at the Over-Allotment Option Closing Time set forth opposite their names;

Mackie Research Capital Corporation	35%
RBC Dominion Securities Inc.	35%
Haywood Securities Inc.	10%
National Bank Financial Inc.	10%
Dundee Securities Ltd.	5%
Beacon Securities Limited	2.5%
Cormark Securities Inc.	2.5%

(b) subject to subsection 18(c), if any one or more of the Underwriters shall not purchase its applicable percentage of the Firm Shares at the Closing Time and, if applicable, the Option Shares at the Over-Allotment Option Closing Time, then the other Underwriter shall have the right, but not the obligation, to purchase all of the percentage of the Firm Shares and, if applicable, the Option Shares, which would otherwise have been purchased by such Underwriter; the Underwriter exercising such right shall purchase such Offered Shares *pro rata* to their respective percentages aforesaid or in such other proportions as they may otherwise agree. In the event such right is not exercised, the Underwriter which is not in default shall, subject to subsection 18(c), be entitled by written notice to the Corporation to terminate this Agreement without liability.

(c) if each of Dundee Securities Ltd., Beacon Securities Limited or Cormark Securities Inc. Underwriter (each a "**Refusing Underwriter**") does not complete the purchase and sale of the Firm Shares which that Underwriter has agreed to purchase under this Agreement (the "**Defaulted Securities**"), the Lead Underwriters may delay the Closing Date for not more than five (5) days and the remaining Underwriters (the "**Continuing Underwriters**"") will be entitled, at their option, to purchase all but not less than all of the Defaulted Securities *pro rata* according to the number of Firm Shares to have been acquired by the Continuing Underwriters under this Agreement or in any proportion agreed upon, in writing, by the Continuing Underwriters. If no such arrangement has been made and provided that the number of Defaulted Securities to be purchased by the Refusing Underwriters does not exceed in aggregate 10% of the Firm Shares, the Continuing Underwriters will be obligated to purchase the Defaulted Securities on the terms set out in this Agreement in proportion to their obligations under this Agreement. If the number of Defaulted Securities to be purchased by Refusing Underwriters exceeds in aggregate 10% of the Firm Shares, the Continuing Underwriters will not be obliged to purchase the Defaulted Securities and, if the Continuing Underwriters do not elect to purchase the Defaulted Securities:

(i) the Continuing Underwriters will not be obliged to purchase any of the Firm Shares;

(ii) the Corporation will not be obliged to sell less than all of the Firm Shares;

(iii) the Corporation will be entitled to terminate its obligations under this Agreement, in which event there will be no further liability hereunder on the part of the Corporation or the Continuing Underwriters, except pursuant to the provisions of Sections 8, 9 or 10; and

(iv) any liability of a Refusing Underwriter for breach of this Agreement will remain.

Nothing in this Agreement shall obligate the Corporation to sell less than all of the Offered Shares or shall relieve any Underwriter in default from liability to the Corporation or any non-defaulting Underwriter or Continuing Underwriter in respect of the defaulting Underwriter's default hereunder. In the event of a termination by the Corporation of its obligations under this Agreement there shall be no further liability on the part of the Corporation to the Underwriters except in respect of any liability which may have arisen or may thereafter arise under Sections 8, 9 or 10.

19. **Authority to Bind Underwriters**

The Corporation shall be entitled to and shall act on any notice, waiver, extension or communication given by or on behalf of the Underwriters by the Lead Underwriters, which shall represent the Underwriters, and which shall have the authority to bind the Underwriters in respect of all matters hereunder, except in respect of any settlement under Section 8 or 9, any matter referred to in Section 11 or any agreement under Section 18. While not affecting the foregoing, the Lead Underwriters shall consult with the other Underwriters with respect to any such notice, waiver, extension or other communication.

20. **Underwriters' Covenants**

Each of the Underwriters, severally and not jointly and severally, covenants and agrees with the Corporation that it will:

(a) offer the Offered Shares for sale to the public in the Qualifying Provinces and may, subject to the terms of this Agreement, offer and sell the Offered Shares in the United States, all in the manner contemplated by Schedule "A" attached hereto;

(b) conduct activities in connection with the proposed offer and sale of the Offered Shares in compliance with all the Applicable Securities Laws and cause a similar covenant to be contained in any agreement entered into with any Selling Dealer Group established in connection with the distribution of the Offered Shares;

(c) use all reasonable efforts to complete the distribution of Offered Shares as soon as possible;

(d) not solicit offers to purchase or sell the Offered Shares or otherwise conduct activities so as to require registration of the Offered Shares or the filing of a prospectus, registration statement or other notice or document with respect to the distribution of the Offered Shares under the laws of any jurisdiction other than the Qualifying Provinces except in any jurisdiction outside of Canada in compliance with the applicable laws thereof and provided that the Underwriter may so solicit, trade or act within such jurisdiction only if

such solicitation, trade or act is in compliance with Applicable Securities Laws in such jurisdiction and does not require the qualification or registration of the Offered Shares in that jurisdiction or the filing of a prospectus, registration statement or other notice or document with respect to the distribution of the Offered Shares under the laws of such jurisdiction and will cause a similar covenant to be contained in any agreement entered into with any Selling Dealer Group established in connection with the distribution of the Offered Shares. All offers and sales of Common Shares and Over-Allotment Shares made by the Underwriter or its U.S. Placement Agent shall comply with the requirements set forth in Schedule "A" hereto. The Underwriter shall be entitled to assume that the Offered Shares are qualified for distribution in the Qualifying Provinces where the Final Passport System Decision Document has been issued signifying that a receipt, deemed or otherwise, for the Prospectus has been obtained from the Securities Commissions following the filing of the Prospectus unless the Underwriter receives notice to the contrary from the Corporation or the Securities Commissions;

(e) except as permitted hereunder (including pursuant to Schedule "A" hereto), not offer or sell the Offered Shares within the United States; and

(f) as soon as reasonably practicable after the Closing Date and the Over-Allotment Option Closing Date, if applicable (and in any event within 30 days thereof) provide the Corporation with a break down of the number of Offered Shares sold in each of the Qualifying Provinces and, upon completion of the distribution of the Offered Shares, provide to the Corporation and to the Securities Commissions notice to that effect, if required by Canadian Securities Laws.

No Underwriter will be liable to the Corporation under this Section 20 with respect to a default by any of the other Underwriters or their U.S. Placement Agents but will be liable to the Corporation only for its own default and for the default of its U.S. Placement Agent.

21. **Severance**

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

22. **Relationship Between the Corporation and the Underwriters**

The Corporation: (i) acknowledges and agrees that the Underwriters have certain statutory obligations as registrants under the Canadian Securities Laws and have fiduciary relationships with their clients; (ii) acknowledges and agrees that the Underwriters are neither the agents of the Corporation nor otherwise fiduciaries of the Corporation; and (iii) consents to the Underwriters acting hereunder while continuing to act for their clients. To the extent that the Underwriters' statutory obligations as registrants under the Canadian Securities Laws or fiduciary relationships with their clients conflicts with their obligations hereunder the Underwriters shall be entitled to fulfil their statutory obligations as registrants under the Canadian Securities Laws and their duties to their clients. Nothing in this Agreement shall be interpreted to prevent the Underwriters from fulfilling their statutory obligations as registrants under the Canadian Securities Laws or to act as a fiduciary of their clients.

23. **Stabilization**

In connection with the distribution of the Offered Shares, the Underwriters may effect transactions which stabilize or maintain the market price of the Common Shares at levels other than those which might otherwise prevail on the open market, but in each case only as permitted by applicable law. Such stabilizing transactions, if any, may be discontinued at any time.

24. **No Requirement to List Securities as a Condition to Services Provided**

National Bank Financial Inc., or an affiliate thereof, owns or controls an equity interest in TMX Group Limited ("**TMX Group**") and may have a nominee director serving on TMX Group's board of directors. As such, National Bank Financial Inc. may be considered to have an economic interest in the listing of securities on any exchange owned or operated by TMX Group, including the Toronto Stock Exchange, the Exchange and the Alpha Exchange. No person or company is required to obtain products or services from TMX Group or its affiliates as a condition of any such dealer supplying or continuing to supply a product or service. National Bank Financial Inc. does not require the Corporation to list securities on any exchange owned or operated by TMX Group as a condition of supplying or continuing to supply underwriting and/or any other services, including any services provided pursuant to the terms hereof.

25. **Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein. Each of the Corporation and the Underwriters hereby attorn to the non-exclusive jurisdiction of the courts of the Province of Alberta.

26. **Time of the Essence**

Time shall be of the essence of this Agreement.

27. **Counterpart Execution**

This Agreement may be executed in one or more counterparts each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement. Delivery of counterparts may be effected by facsimile transmission.

28. **Further Assurances**

Each party to this Agreement covenants and agrees that from time to time, it will, at the request of the requesting party, execute and deliver all such documents and do all such other acts and things as any party hereto, acting reasonably, may from time to time request be executed or done in order to better evidence or perfect or effectuate any provision of this Agreement or of any agreement or other document executed pursuant to this Agreement or any of the respective obligations intended to be created hereby or thereby.

29. **Use of Proceeds**

The Corporation agrees to use the proceeds from the issuance and sale of the Offered Shares in accordance with the disclosure in the Prospectuses.

30. **U.S. Offers**

(a) The Underwriters make the representations, warranties, covenants and agreements applicable to them in Schedule "A" hereto, which is incorporated by reference and forms part of this Agreement, for the benefit of the Corporation, to comply with the U.S. selling restrictions imposed by the laws of the United States and set forth in Schedule "A" hereto. Notwithstanding the foregoing provisions of this Section 30, no Underwriter or its U.S. Placement Agent will be liable to the Corporation under this Section 30 or Schedule "A" hereto with respect to a violation by another Underwriter or its U.S. Placement Agent of the provisions of this Section 30 or Schedule "A" hereto if the former Underwriter or its U.S. Placement Agent is not itself also in violation.

(b) The Corporation makes the representations, warranties, covenants and agreements applicable to it in Schedule "A" hereto.

31. **Entire Agreement**

It is understood that the terms and conditions of this Agreement supersede any previous verbal or written agreement between the Underwriters and the Corporation, including the underwriting agreement dated November 20, 2013 between the Underwriters and the Corporation, except for the agreement entered into on November 14, 2013 between the Corporation and Mackie Research Capital Corporation (in its capacity as a Lead Underwriter) in connection with the use of "standard term sheets" and "marketing materials" pursuant to National Instrument 41-101 – *General Prospectus Requirements*.

[*Remainder of page intentionally blank; signature page follows*.]

If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this letter at the place indicated and by returning the same to Mackie Research Capital Corporation.

MACKIE RESEARCH CAPITAL CORPORATION

By: (signed) "*Gage Jull*"

RBC DOMINION SECURITIES INC.

By: (signed) "*Darrell Law*"

HAYWOOD SECURITIES INC.

By: (signed) "*Jeff Reymer*"

NATIONAL BANK FINANCIAL INC.

By: (signed) "*Tom MacInnis*"

DUNDEE SECURITIES LTD.

By: (signed) "*James Heaps*"

BEACON SECURITIES LIMITED

By: (signed) "*Kirk Wilson*"

CORMARK SECURITIES INC.

By: (signed) "*Chris Burchell*"

ACCEPTED AND AGREED to as of the date of this Agreement. **MADALENA ENERGY INC.**

By: (signed) "*Kevin Shaw*"

SCHEDULE "A"
COMPLIANCE WITH UNITED STATES SECURITIES LAWS

1. For the purposes of this Schedule "A", the following terms have the meanings indicated

1.1 "**Directed Selling Efforts**" means "directed selling efforts" as defined in Regulation S and, without limiting the foregoing, but for greater clarity, it means, subject to the exclusions from the definition of directed selling efforts contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for the Offered Shares, and includes the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Offered Shares;

1.2 "**FINRA**" means the Financial Industry Regulatory Authority, Inc.

1.3 "**Foreign Issuer**" means a "foreign issuer" as that term is defined in Regulation S. Without limiting the foregoing, but for greater clarity in this Schedule "A", it means any issuer that is (a) the government of any country, or of any political subdivision of a country, other than the United States; or (b) a corporation or other organization incorporated or organized under the laws of any country other than the United States, except an issuer meeting the following conditions as of the last business day of its most recently completed second fiscal quarter: (1) more than 50 percent of the outstanding voting securities of such issuer are directly or indirectly owned of record by residents of the United States; and (2) any of the following: (i) the majority of the executive officers or directors are United States citizens or residents, (ii) more than 50 percent of the assets of the issuer are located in the United States, or (iii) the business of the issuer is administered principally in the United States;

1.4 "**General Solicitation or General Advertising**" means "general solicitation or general advertising", as used in Rule 502(c) of Regulation D, including, but not limited to, advertisements, articles, notices or other communications published on the Internet or in any newspaper, magazine or similar media or broadcast over radio, television or on the Internet, or any seminar or meeting whose attendees had been invited by general solicitation or general advertising;

1.5 "**Qualified Institutional Buyer**" means a "qualified institutional buyer" as defined in Rule 144A;

1.6 "**Regulation D**" means Regulation D promulgated under the U.S. Securities Act;

1.7 "**Regulation S**" means Regulation S promulgated under the U.S. Securities Act;

1.8 "**Rule 144A**" means Rule 144A promulgated under the U.S. Securities Act;

1.9 "**SEC**" means the United States Securities and Exchange Commission;

1.10 "**Substantial U.S. Market Interest**" means "substantial U.S. market interest" as defined in Regulation S;

1.11 "**U.S. Placement Agents**" means the U.S. registered broker-dealer affiliates of the Underwriters that make offers and/or sales in the United States; and

1.12 "**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended.

Capitalized terms used in this Schedule "A" but not defined herein have the meanings ascribed to them in the Underwriting Agreement to which this Schedule "A" is attached.

2. The Underwriters may offer and sell the Offered Shares on the terms and subject to the conditions of this Schedule "A". In connection therewith, the Corporation represents, warrants and covenants that:

2.1 the Corporation is, and at the Closing Time and any Over-Allotment Option Closing Time will be, a Foreign Issuer and reasonably believes there is and will be at such times no Substantial U.S. Market Interest in the Common Shares;

2.2 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Underwriters, U.S. Placement Agents, any members of the Selling Dealer Group, and any person acting on their behalf, as to which the Corporation makes no representation, warranty or covenant) has engaged or will engage in any Directed Selling Efforts;

2.3 the Corporation is not, and following the application of the proceeds of the sale of the Offered Shares in the manner described in the U.S. Placement Memorandum and the Prospectus, will not be, registered or required to be registered as an "investment company" under the United States Investment Company Act of 1940, as amended;

2.4 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Underwriters, U.S. Placement Agents, any members of the Selling Dealer Group, and any person acting on their behalf, as to which the Corporation makes no representation, warranty or covenant) has engaged or will engage in any form of General Solicitation or General Advertising or in any conduct involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with any offer or sale of the Offered Shares in the United States;

2.5 so long as any of the Offered Shares are outstanding and are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and not eligible for resale pursuant to Rule 144(b)(1) under the U.S. Securities Act, the Corporation will, if it is neither subject to and in compliance with the reporting requirements of Section 13 or Subsection 15(d) of the U.S. Exchange Act nor exempt from such requirements pursuant to Rule 12g3-2(b) thereunder, provide to any holder of those restricted securities, or to any prospective purchaser of those restricted securities designated by a holder, upon the request of that holder or prospective purchaser, at or prior to the time of sale, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act (so long as that requirement is necessary in order to permit holders of the restricted securities to effect resales under Rule 144A);

2.6 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Underwriters, U.S. Placement Agents, any members of the Selling Dealer Group, and any person acting on their behalf, as to which the Corporation makes no representation, warranty or covenant), have taken, or will take, any action that would cause the exclusion from registration provided by Rule 903 of Regulation S, or the exemption from registration provided by Rule 144A, to be unavailable for the offer and

sale of the Offered Shares pursuant to this Schedule "A" and the Underwriting Agreement to which it is attached;

2.7 the Offered Shares are not, and as of the Closing Time and any Over-Allotment Option Closing Time the Offered Shares will not be, and no securities of the same class as the Offered Shares are or will be, listed on a national securities exchange in the United States registered under Section 6 of the U.S. Exchange Act, quoted in an "automated inter-dealer quotation system", as such term is used in Rule 144A(d)(3), or convertible or exchangeable at an effective conversion premium (calculated as specified in Section (a)(6) or (a)(7) of Rule 144A) of less than ten percent for securities so listed or quoted;

2.8 the Corporation will, within prescribed time periods, prepare and file any forms or notices required under the U.S. Securities Act or applicable state securities laws to be filed by it in connection with the offer and sale of the Offered Shares;

2.9 the Corporation will make available to purchasers of Offered Shares in the Offering who are subject to United States federal income taxation (a "**U.S. Holder**"), upon their written request, for each year in which the Corporation has determined that the Corporation is a "passive foreign investment company" within the meaning of the U.S. Internal Revenue Code of 1986, as amended, provide to a U.S. Holder all information and documentation that a U.S. Holder making a "qualified electing fund" election under Section 1295 of the U.S. Internal Revenue Code with respect to the Corporation is required to obtain for U.S. federal income tax purposes;

2.10 in connection with offers and sales of Offered Shares outside the United States, the Corporation, its affiliates and any person acting on its or their behalf (other than the Underwriters, U.S. Placement Agents, any members of the Selling Dealer Group, and any person acting on their behalf, as to which the Corporation makes no representation, warranty or covenant) have complied and will comply with the requirements for an "offshore transaction", as such term is defined in Regulation S, and all such offers and sales have otherwise been and will be made in accordance with the requirements of Rule 903 of Regulation S; and

2.11 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Underwriters, U.S. Placement Agents, or any members of the Selling Dealer Group and any person acting on their behalf, as to whom the Corporation makes no representation, warranty or covenant), have taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the offer or sale of the Offered Shares.

3. Each Underwriter acknowledges that the Offered Shares have not been and will not be registered under the U.S. Securities Act or applicable state securities laws and may be offered and sold only in transactions exempt from or not subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, each Underwriter, severally and not jointly and severally represents, warrants and covenants, and will cause its U.S. Placement Agent to comply with such representations, warranties and covenants, that:

3.1 it has not offered or sold, and will not offer or sell, any Offered Shares constituting part of its allotment except (i) within the United States in accordance with this Schedule "A", or (ii) in an "offshore transaction" within the meaning of such term in Regulation S, and otherwise in accordance with Rule 903 of Regulation S. Accordingly, none of it, its

affiliates or any person acting on its or their behalf has engaged or will engage in (except as permitted in Sections 3.2 through 3.12 below): (i) any offer to sell or any solicitation of an offer to buy, any Offered Shares to any person in the United States, (ii) any sale of Offered Shares to any purchaser unless, at the time the buy order was or will have been originated, the purchaser was outside the United States, or such Underwriter, affiliate or person acting on behalf of either reasonably believed that such purchaser was outside the United States, or (iii) any Directed Selling Efforts;

3.2 none of it, its affiliates or any person acting on its or their behalf has engaged or will engage in any form of General Solicitation or General Advertising or in any conduct involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act in connection with its offers or sales of the Offered Shares in the United States;

3.3 all offers and sales of the Offered Shares in the United States have been and will be effected through its U.S. Placement Agent, which shall be duly registered with the SEC under the U.S. Exchange Act, registered in all applicable states pursuant to such states' broker-dealer laws (unless exempted from the applicable state's broker-dealer registration requirements) and be a member in good standing with FINRA, in each case, on the date hereof and at the date of any offer or sale of Offered Shares in the United States, and such offers and sales have been and will be made in compliance with all applicable United States federal and state broker-dealer requirements;

3.4 its U.S. Placement Agent is on the date hereof and will be at the Closing Date and any Over-Allotment Option Closing Date, a Qualified Institutional Buyer;

3.5 in connection with the offer and sale of the Offered Shares in the United States, it has not used and will not use any written material other than the Preliminary U.S. Placement Memorandum and the U.S. Placement Memorandum;

3.6 each offeree in the United States has been or will be provided by the Underwriter through its U.S. Placement Agent with a copy of one or both of the Preliminary U.S. Placement Memorandum and the U.S. Placement Memorandum, and each purchaser in the United States or who was offered Offered Shares in the United States shall be provided with a copy of the U.S. Placement Memorandum at or prior to the time of purchase of any Offered Shares by such purchaser;

3.7 all purchasers of the Offered Shares in the United States or who were offered Offered Shares in the United States who are purchasing pursuant to Rule 144A shall purchase such shares from an Underwriter acting as principal;

3.8 any offer, sale or solicitation of an offer to buy Offered Shares that has been made or will be made in the United States was or will be made only to a person it reasonably believes to be a Qualified Institutional Buyer who is acquiring the Offered Shares (i) for its own account or (ii) for the account of a Qualified Institutional Buyer with respect to which it exercises sole investment discretion in a transaction that is in compliance with the exemption from registration under the U.S. Securities Act available under Rule 144A and in compliance with, or pursuant to an exemption from, the registration or qualification requirements of all applicable state securities laws;

3.9 all purchasers of the Offered Shares who are buying such securities pursuant to Rule 144A shall be informed that the Offered Shares are being offered and sold to such

purchasers in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A and similar exemptions from the registration requirements of applicable state securities laws;

3.10 immediately prior to soliciting offerees in the United States and at the time of completion of each sale to a person in the United States or who was offered Offered Shares in the United States, the Underwriter had or shall have reasonable grounds to believe and did or will believe that each such offeree and purchaser of Offered Shares was a Qualified Institutional Buyer; and

3.11 none of it, any of its affiliates or any person acting on any of its or their behalf has taken or will take, directly or indirectly, any action in violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Offered Shares.

4. Each Underwriter agrees, severally and not jointly and severally, that:

4.1 it will request its U.S. Placement Agent to provide the Corporation or Alliance Trust Company, at least one business day prior to the Closing Date and any applicable Over-Allotment Option Closing Date, with a list of all purchasers of the Offered Shares in the United States and all purchasers that were offered Offered Shares in the United States;

4.2 at Closing Time and any applicable Over-Allotment Option Closing Time, it, together with its U.S. Placement Agent offering or selling Offered Shares in the United States, will provide a certificate, substantially in the form of Exhibit A to this Schedule "A" relating to the manner of the offer and sale of the Offered Shares in the United States or will be deemed to have represented that neither it nor its U.S. Placement Agent offered or sold Offered Shares in the United States;

4.3 the Underwriters will cause each member of the Selling Dealer Group to acknowledge in writing, for the benefit of the Corporation, its agreement to be bound by the provisions of this Schedule "A" in connection with all offers and sales of the Offered Shares. It has not and will not make any other contractual arrangement for the distribution of the Offered Shares in the United States without the prior written consent of the Corporation;

4.4 all Offered Shares sold in the United States as part of this offering will bear a legend to the effect contained in the U.S. Placement Memorandum.

5. It is understood and agreed by each of the Underwriters, severally but not jointly and severally, that the Offered Shares may be offered and resold by the Underwriters, the U.S. Placement Agents and members of the Selling Dealer Group in the United States pursuant only to the provisions of Rule 144A to persons who are, or are reasonably believed by them to be, Qualified Institutional Buyers in transactions meeting the requirements of Rule 144A and in compliance with, and pursuant to an exemption from, all applicable state securities laws of the United States and this Schedule "A" and the Underwriting Agreement to which it is attached.

EXHIBIT A
UNDERWRITERS' CERTIFICATE

In connection with the private placement in the United States of the Offered Shares of Madalena Energy Inc. (the "**Corporation**") pursuant to the amended and restated underwriting agreement dated effective November 28, 2013, among the Corporation and the Underwriters named therein (the "**Underwriting Agreement**"), each of the undersigned does hereby certify in favour of the Corporation as follows:

1. the undersigned U.S. Placement Agent is on the date hereof, and was on the date of each offer and sale of Offered Shares in the United States, duly registered as a broker or dealer with the SEC under the U.S. Exchange Act and in each applicable state pursuant to such state's broker-dealer laws (unless exempted from the respective state's broker-dealer registration requirements), and a member of and in good standing with FINRA, and all offers and sales of Offered Shares in the United States have been effected by the U.S. Placement Agent in accordance with all U.S. federal and state broker-dealer requirements and in compliance with, and pursuant to an exemption from, the registration or qualification requirements of all applicable state securities laws;

2. the Offered Shares have been offered in the United States only by the U.S. Placement Agent and were sold by an Underwriter through the U.S. Placement Agent to Qualified Institutional Buyers;

3. each offeree was provided with a copy of one or both of the Preliminary U.S. Placement Memorandum and the U.S. Placement Memorandum, and we provided each purchaser of Offered Shares in the United States or who was offered Offered Shares in the United States, prior to the sale of Offered Shares to such purchaser, with a copy of the U.S. Placement Memorandum, and no other written material has been used by us;

4. immediately prior to our transmitting any such materials to an offeree of Offered Shares in the United States, we had reasonable grounds to believe and did believe that each such offeree was a Qualified Institutional Buyer, and, on the date hereof, we continue to believe that each person purchasing Offered Shares from or through us who is in the United States or who was offered Offered Shares in the United States is a Qualified Institutional Buyer;

5. no form of General Solicitation or General Advertising was used by us in connection with offers and sales of the Offered Shares in the United States, nor have we solicited offers for or offered to sell the Offered Shares by any means involving a public offering within the meaning of Section 4(a)(2) of the U.S. Securities Act;

6. we have reasonable grounds to believe and do believe that each purchaser of Offered Shares in the United States or that was offered Offered Shares in the United States is a Qualified Institutional Buyer, and such person is deemed to have made, at the time of purchase, the representations, warranties and agreements set forth in the U.S. Placement Memorandum;

7. neither we nor any member of the Selling Dealer Group nor any of our or their affiliates, have taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act; and

8. the offer and sale of the Offered Shares has been conducted by us in accordance with the terms of the Underwriting Agreement, including Schedule "A" attached thereto.

Unless otherwise defined, capitalized terms used in this certificate have the meanings given to them in the Underwriting Agreement, including Schedule "A" attached thereto.

Dated December ___, 2013.

[UNDERWRITER]

By: _____
Name:
Title

[U.S. BROKER-DEALER AFFILIATE]

By: _____
Name:
Title