

AGENCY AGREEMENT

Dated Effective March 16, 2011

Porto Energy Corp.
Suite 350, 24 Waterway
The Woodlands, Texas
77380

Attention: Joseph P. Ash

Dear Sirs:

Re: Initial Public Offering

Raymond James Ltd. together with TD Securities Inc. (the "**Lead Agents**"), FirstEnergy Capital Corp. and Haywood Securities Inc. (collectively, the "**Agents**") understand that Porto Energy Corp. (the "**Corporation**") proposes to raise funds through the sale and issue (the "**Offering**") of a minimum of 60,000,000 and a maximum of 70,000,000 common shares of the Corporation (the "**Offered Shares**") at a price of \$1.00 per Offered Share (the "**Offering Price**"), to public subscribers (the "**Subscribers**") for gross proceeds to the Corporation of a minimum of \$60,000,000 and a maximum of \$70,000,000.

We also understand that if the maximum Offering is completed, the Corporation shall grant the option (the "**Over-Allotment Option**") to the Agents pursuant to which the Agents will have the option to offer additional Common Shares in an amount equal to up to 15% of the aggregate number of Common Shares sold on the Closing Date (as defined herein) of the Offering at the Offering Price. The Over-Allotment Option shall be exercisable in whole or in part in the sole discretion of the Agents, at any time on or before the date that is 30 days following the Closing Date of the Offering. The Over-Allotment Option may be exercised by written notice to the Corporation by the Lead Agents in their sole discretion, specifying the number and type of Common Shares to be issued and sold pursuant to the Over-Allotment Option and the Over-Allotment Closing Date (as defined herein).

We also understand that the Corporation has prepared and filed a preliminary prospectus dated February 1, 2011 with respect to the distribution of the Offered Shares and the Over-Allotment Option (collectively, the "**Offered Securities**") in the Qualifying Provinces (as defined herein) and has received the Preliminary Receipt (as defined herein). We further understand that the Corporation will prepare and file, without delay and on terms and conditions set forth herein, a final prospectus (the "**Prospectus**") and all necessary related documents in order to qualify the Offered Securities for distribution in each of the Qualifying Provinces.

If, for whatever reason, the Offering is not completed by the date which is 90 days from the issuance of a Final Receipt for the Prospectus, or such later date as agreed to by the Corporation and the Agents and on such terms as may be prescribed by the relevant securities regulatory authorities, all subscription funds shall be returned to the Subscribers without interest or deduction.

Subject to the terms and conditions hereof, the Agents hereby agree to act as, and the Corporation by its acceptance hereof agrees to appoint the Agents as, the sole and exclusive agents of the Corporation to offer the Offered Securities for sale to Subscribers in the Qualifying Provinces at the price of \$1.00 per Offered Security. The Agents agree to use their reasonable commercial efforts to secure subscriptions for the Offered Securities, provided that the Agents shall not be under any obligation to purchase any of the Offered Securities as principal, although the Agents may subscribe for Offered Securities if they so desire.

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

In consideration of the agreement of the Agents to distribute the Offered Securities in the manner set forth herein, the Corporation agrees to pay to the Agents at the Closing Time the fee specified in paragraph 8.1 of this Agreement and all reasonable costs and expenses specified in paragraph 8.2 of this Agreement. For greater certainty, the services provided by the Agents 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. However, in the event that any governmental body determines that the Goods and Services Tax provided for in the *Excise Tax Act* (Canada) is exigible on the fee payable to the Agents in paragraph 8.1 of this Agreement, the Corporation agrees to pay the amount of Goods and Services Tax forthwith upon the request of the Agents, and hereby indemnifies and saves harmless the Agents in respect of such Goods and Services Tax and any penalties, fines, claims, costs, expenses or other losses in relation thereto.

The Corporation and Agents understand and agree that Offered Securities may be offered and sold in the United States (as defined herein) only to Institutional Accredited Investors (as defined herein) in transactions in compliance with the exemption from the registration requirements of the U.S. Securities Act (as defined herein) provided by Rule 506 of Regulation D (as defined herein) and similar exemptions under applicable state securities laws, and in the manner described in Schedule "A" to this agreement. The Corporation and Agents further agree that offers and sales of Offered Securities will be conducted in such a manner so as not to require registration thereof under the U.S. Securities Act or applicable state securities laws, and will be conducted by the Agents through their U.S. Placement Agents (as defined herein) in compliance with all other United States federal and state securities laws, including, without limitation, applicable laws and regulations governing the registration and conduct of brokers and dealers.

The following are the further terms and conditions of this Agreement:

ARTICLE 1 INTERPRETATION

1.1 In this agreement:

- (a) "**Agents' Counsel**" means Heenan Blaikie LLP, or such other legal counsel as the Agents, with the consent of the Corporation, may appoint;
- (b) "**Agreement**" means this agency agreement dated effective March 16, 2011 among the Agents and the Corporation;
- (c) "**Applicable Securities Laws**" includes, without limitation, all applicable securities, corporate and other laws, rules, regulations, notices, policies and rulings of the Selling Jurisdictions;
- (d) "**ASC**" means the Alberta Securities Commission;
- (e) "**business day**" means a day, other than Saturdays, Sundays and statutory holidays, when the banks conducting business in the City of Calgary are generally open for the transaction of banking business;
- (f) "**Charter Documents**" means an entity's certificate or articles of incorporation, certificate defining the rights and preferences of securities, bylaws, stockholders' agreement, articles or certificate of organization, articles of certificate of formation, general or limited partnership agreement, certificate of limited partnership, limited liability company agreement, joint venture agreement or similar document governing the entity, in each case as may be amended;
- (g) "**Closing Date**" means March 24, 2011 or such later date as the Agents and the Corporation may agree upon in writing;
- (h) "**Closing Time**" means 6:30 a.m. (Calgary time) or such other time, on the Closing Date, as the Agents and the Corporation may agree upon;

- (i) "**Common Shares**" means the common shares in the capital of the Corporation as constituted on the date hereof;
- (j) "**Concessions**" means the five concessions granted to the Corporation by the Portuguese government on August 3, 2007 located in the Lusitanian Basin in Portugal, namely, the Aljubarrota-3, Torres Vedras-3, São Pedro de Muel-2, Cabo Mondego-2 and Rio Maior-2 concessions;
- (k) "**Corporation's Counsel**" means McCarthy Tétrault LLP, or such other legal counsel as the Corporation, with the consent of the Agents, may appoint;
- (l) "**Due Diligence Session**" has the meaning ascribed thereto in Section 3.1;
- (m) "**Exchange**" means the TSX Venture Exchange;
- (n) "**Final Receipt**" means a receipt for the Prospectus issued by the Securities Commissions in accordance with the Prospectus Review Procedures;
- (o) "**Final U.S. Private Placement Memorandum**" means the final U.S. private placement memorandum, including the Prospectus, prepared for use in connection with the offer and sale of Offered Securities in the United States, in the form agreed to by the Corporation and the Agents;
- (p) "**Financial Statements**" means the financial statements of the Corporation as contained in the Prospectus;
- (q) "**Governmental Authority**" means any domestic or foreign legislative, executive, judicial or administrative body or person having or purporting to have jurisdiction in the relevant circumstances;
- (r) "**Institutional Accredited Investor**" means an institutional "accredited investor" that satisfied one or more of the criteria set forth in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the U.S. Securities Act;
- (s) "**Material Agreements**" means each of the agreements and other documents and instruments listed under the heading "Material Contracts" in the Prospectus;
- (t) "**NSAI**" means Netherland, Sewell & Associates, Inc. of Dallas, Texas;
- (u) "**NSAI Report**" means the contingent and prospective petroleum resources report prepared for the Company by NSAI dated January 28, 2011 with an effective date of August 31, 2010;
- (v) "**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 30 days after the Closing Date;
- (w) "**Over-Allotment Option Closing Time**" means 6:30 a.m. (Calgary time) or such other time on the Over Allotment Closing Date as the Agents and the Corporation may agree;
- (x) "**Over-Allotment Option Notice**" has the meaning set forth in Section 6.2 of this Agreement;
- (y) "**Predecessor Entity**" means any entity that is succeeded directly or indirectly by the Corporation or the Subsidiary;
- (z) "**Preliminary Prospectus**" means the preliminary long form prospectus of the Corporation dated February 1, 2011 and any amendments thereto in respect of the distribution of the Common Shares in the Qualifying Provinces;

- (aa) "**Preliminary Receipt**" means a receipt for the Preliminary Prospectus issued by the Securities Commission in accordance with the Prospectus Review Procedures;
- (bb) "**Preliminary U.S. Private Placement Memorandum**" means the preliminary U.S. private placement memorandum containing the Preliminary Prospectus prepared for use in connection with the offer and sale of Offered Securities in the United States, in the form agreed to by the Corporation and the Agents;
- (cc) "**Prospectus**" means the (final) long form prospectus of the Corporation dated the date hereof and any amendments thereto in respect of the distribution of the Offered Securities in the Qualifying Provinces;
- (dd) "**Prospectus Review Procedures**" means the procedures of prospectus review in multiple jurisdictions provided for under National Policy 11-202 - *Process for Review in Multiple Jurisdictions of the Securities Commissions* and Multilateral Instrument 11-102 - *Passport System of the Securities Commissions* (other than Ontario);
- (ee) "**Prospectuses**" means, collectively, the Preliminary Prospectus and the Prospectus;
- (ff) "**Public Record**" means all information filed by or on behalf of the Corporation with the Securities Commissions and accessible on the System for Electronic Document Analysis and Retrieval at www.sedar.com, including without limitation, the Preliminary Prospectus, the Prospectus, Supplementary Material and any other information filed with any Securities Commission in compliance, or intended compliance, with any Applicable Securities Laws;
- (gg) "**Qualifying Provinces**" means the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, and Ontario;
- (hh) "**Regulation D**" means Regulation D adopted by the SEC under the U.S. Securities Act;
- (ii) "**Responses**" means the oral and written responses delivered by the President, Chief Executive Officer, Chairman and/or Chief Financial Officer and other directors and officers of the Corporation at the Due Diligence Session (other than any such responses or portion of such responses which are forward-looking or relate to projections or forecasts);
- (jj) "**Securities Commissions**" means the securities commissions or similar regulatory authorities in the Qualifying Provinces;
- (kk) "**SEDAR**" means the System for Electronic Document Analysis and Review, accessed by way of www.sedar.com;
- (ll) "**Selling Dealer Group**" means dealers and brokers other than the Agents and their U.S. Placement Agents (as defined in Schedule "A" hereto) who participate in the offer and sale of Offered Securities pursuant to this Agreement;
- (mm) "**Selling Jurisdictions**" means the Qualifying Provinces, the U.S. and jurisdictions outside of North America;
- (nn) "**Subscribers**" means the purchasers of the Common Shares;
- (oo) "**Subsidiary**" means Mohave Oil and Gas Corporation;
- (pp) "**Supplementary Material**" means, collectively, any amendment to the Preliminary Prospectus or Prospectus, any amended or supplemented Preliminary Prospectus or Prospectus or any ancillary material, financial statements, information circulars, annual information forms, material change

reports, press releases, evidence, returns, reports, applications, statements or other documents which may be filed by or on behalf of the Corporation under the Applicable Securities Laws which are, or are deemed to be, incorporated by reference into the Preliminary Prospectus or the Prospectus;

- (qq) "**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);
- (rr) "**Taxes**" means all federal, state, provincial, territorial, county, municipal, local or foreign taxes, duties, imposts, levies, assessments, tariffs and other charges imposed, assessed or collected by a Governmental Authority including, (i) any gross income, net income, gross receipts, business, royalty, capital, capital gains, goods and services, value added, severance, stamp, franchise, occupation, premium, capital stock, sales and use, real property, land transfer, personal property, ad valorem, transfer, licence, profits, windfall profits, environmental, payroll, employment, employer health, pension plan, anti-dumping, countervail, excise, severance, stamp, occupation, or premium tax, (ii) all withholdings on amounts paid to or by the relevant person, (iii) all employment insurance premiums and any other pension plan contributions or premiums, (iv) any fine, penalty, interest, or addition to tax, (v) any tax imposed, assessed, or collected or payable pursuant to any tax-sharing agreement or any other contract relating to the sharing or payment of any such tax, levy, assessment, tariff, duty, deficiency, or fee, and (vi) any liability for any of the foregoing as a transferee, successor, guarantor, or by contract or by operation of law;
- (ss) "**Tax Returns**" means all returns, reports, declarations, statements, bills, schedules, forms or written information of, or in respect of, Taxes that are, or are required to be, filed with or supplied to any Taxation Authority;
- (tt) "**Taxation Authority**" means any domestic or foreign government, agency or authority that is entitled to impose Taxes or to administer any applicable Tax legislation;
- (uu) "**Transfer Agent**" means Olympia Trust Company, the registrar and transfer agent of the Common Shares;
- (vv) "**TSXV**" means the TSX Venture Exchange;
- (ww) "**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;
- (xx) "**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*, as amended;
- (yy) "**U.S. Placement Agents**" means the United States registered broker-dealer affiliates of the Agents;
- (zz) "**U.S. Private Placement Memorandum**" means, collectively, the Preliminary U.S. Private Placement Memorandum and the Final U.S. Private Placement Memorandum;
- (aaa) "**U.S. Purchaser**" means any Purchaser of the Offered Securities that is (a) a person that receives or received an offer to purchase Offered Securities while in the United States or (b) a person that is in the United States at the time the Purchaser's buy order was made or the Purchaser's U.S. Purchaser's Letter was executed or delivered;
- (bbb) "**U.S. Purchaser's Letter**" means a representation letter in the form agreed by the Corporation and the Agents and attached to the Final U.S. Private Placement Memorandum, to be executed by all U.S. Purchasers prior to any sale of Offered Securities to such U.S. Purchasers; and

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

- 1.2 In addition, the terms "misrepresentation", "material change" and "material fact" shall have the meanings ascribed thereto under the Applicable Securities Laws of the Qualifying Provinces, "distribution" or "distribution to the public", as the case may be, shall also have the meaning as defined under the Applicable Securities Laws of the Qualifying Provinces and "distribute" has corresponding meaning.
- 1.3 "to the best of the knowledge of", "to the best of its knowledge" or "to its knowledge" means, unless otherwise expressly stated, a statement of the declarant's knowledge of the facts or circumstances to which such phrase related, after having made due and applicable inquiries and investigations in connection with such facts and circumstances; and "to the best of the knowledge of the Corporation" or "to the best of the Corporation's knowledge" means, unless otherwise expressly stated, a statement as to the best knowledge of each of the senior officers of the Corporation about the facts or circumstances to which such phrase related, after such officers having made due and applicable inquiries and investigations in connection with such facts and circumstances that would ordinarily be made in the discharge of each such officer's duties.
- 1.4 The terms "this agreement", "hereto", "wherein", "hereby", "hereunder", "hereof" and similar expressions refer to the agreement of the parties set forth herein and not to a particular Section or other portion of this agreement.

ARTICLE 2 OFFERING OF THE OFFERED SECURITIES

- 2.1 The Corporation agrees that the Offered Securities will, at the Closing Time or Over-Allotment Option Closing Time, as applicable, be duly and validly created and, upon receipt of full payment therefore, issued as fully paid and non-assessable shares of the Corporation.
- 2.2 The Agents covenant and agree that the subscription funds received from the sale of the Offered Securities to Subscribers will, subject to the terms and condition of this Agreement, be released to the Corporation at the Closing Time or the Over-Allotment Option Closing Time, as the case may be.

ARTICLE 3 DUE DILIGENCE REVIEW

- 3.1 Prior to the Closing Time and during the period from the effective date hereof until the Closing Date, the Corporation shall allow the Agents the opportunity to conduct required due diligence and to obtain, acting reasonably, satisfactory results therefrom and in particular, the Corporation shall allow the Agents and Agents' Counsel to conduct all due diligence which the Agents may reasonably require in order to confirm the Prospectuses are accurate, complete and current in all material respects and to fulfill the Agents' obligations as registrants and, in this regard, without limiting the scope of the due diligence inquiries the Agents may conduct, the Corporation shall make available its senior management, directors and legal counsel and shall use its reasonable commercial efforts to make available its auditors, NSAI and other advisors, as applicable, to answer any questions which the Agents may have and to participate in one or more due diligence sessions to be held prior to the Closing Date (all of such sessions referred to as the "**Due Diligence Session**"). The Agents 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 reasonable commercial efforts to have its auditors, NSAI and other advisors, as applicable, provide written responses to such questions in advance of the Due Diligence Session.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

- 4.1 The Corporation represents and warrants to the Agents, and acknowledges that the Agents are relying upon such representations and warranties, that:

- (a) each delivery of the Preliminary Prospectus, the Prospectus or any Supplementary Material pursuant to this paragraph 4.1 shall constitute a representation and warranty to the Agents by the Corporation (and the Corporation hereby acknowledges that the Agents are relying on such representations and warranties in entering into this Agreement) that:
- (i) the Preliminary Prospectus, the Prospectus 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) contain full, true and plain disclosure of all material facts relating to the Corporation and the Offering as required under Applicable Securities Laws of the Qualifying Provinces;other than any information or statements relating solely to the Agents and furnished to the Corporation by the Agents expressly for inclusion in the Preliminary Prospectus, the Prospectus or any Supplementary Material;
 - (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, complies in all material respects with the Applicable Securities Laws, including without limitation National Instrument 41-101 – *General Prospectus Requirements*;
 - (iii) there has been no intervening material change (actual, proposed or prospective, whether financial or otherwise), from the date of the Preliminary Prospectus, the Prospectus and any Supplementary Material to the time of delivery thereof in the business, operations, capital, properties, assets, liabilities (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of operations of the Corporation;
- (b) each of the Corporation and the Subsidiary have been duly incorporated and organized and is validly subsisting under the laws of the jurisdiction of its incorporation and has all requisite corporate capacity, authority and power to carry on its business, as now conducted and as presently proposed to be conducted by it, and to own, lease and operate its properties and assets;
- (c) each of the Corporation and the Subsidiary are duly registered and qualified to carry on business and is validly existing under the laws of each jurisdiction in which it carries on business;
- (d) other than the Subsidiary, the Corporation has no subsidiaries and the Corporation is not affiliated with, nor is it a holding corporation of any body corporate nor is the Corporation a partner in any partnership;
- (e) the Corporation has full corporate power and authority to issue the Offered Securities and, upon receipt of full payment therefore, at the Closing Date or Over-Allotment Option Closing Date, as the case may be, such Offered Securities will be duly and validly authorized and issued as fully paid and non-assessable;
- (f) neither the Corporation nor the Subsidiary are in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of, this Agreement and the Material Agreements and the performance of any of the transactions contemplated hereby and thereby by the Corporation, do not and will not result in any breach of, or constitute a default under, and do 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, any applicable laws or any term or provision of the articles, by-laws or

resolutions of the directors or shareholders of the Corporation or the Subsidiary, or any note, indenture, contract, agreement (written or oral), instrument, lease or other document to which the Corporation or the Subsidiary are a party or by which it is bound, or any judgment, decree, order, statute, rule or regulation applicable to the Corporation or the Subsidiary, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation or the Subsidiary, or their respective properties or assets;

- (g) the Corporation has full corporate capacity, power and authority to enter into this Agreement and the Material Agreements and to perform its obligations set out herein and therein, and this Agreement has been, and each of the Material Agreements will, on the Closing Date, be duly authorized, executed and delivered by the Corporation and the Material Agreements will, on the Closing Date, be legal, valid and binding obligations of the Corporation or the Subsidiary, as applicable, enforceable against the Corporation in accordance with their respective terms, subject to the general qualifications that:
- (i) enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting creditors' rights generally;
 - (ii) equitable remedies, including the remedies of specific performance and injunctive relief, are available only in the discretion of the applicable court;
 - (iii) the courts in Canada having jurisdiction may have equitable or statutory powers to stay proceedings before them and the execution of judgments; and
 - (iv) rights to indemnity and contribution hereunder may be limited under applicable law;
 - (v) the applicable laws regarding limitations of actions;
 - (vi) the 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;
 - (vii) the enforceability of the provisions exculpating a party from liability or duty otherwise owed by it to another and certain remedial terms and waivers of equitable defences provided for in such agreement or other document may be limited under applicable law;
 - (viii) the requirement of a court that the discretionary powers expressed to be conferred on any party to such agreement, indenture or other document be exercised reasonably and in good faith notwithstanding any provisions to the contrary and the possibility that such court may decline to accept as conclusive factual or legal determinations described as conclusive therein; and
 - (ix) the fact that costs of and incidental to all proceedings authorized to be taken in court are in the discretion of the court and that the court has full power to determine by whom and to what extent such costs shall be paid;
- (h) there has not been any material change in the assets, liabilities or obligations (absolute, contingent or otherwise) of the Corporation and the Subsidiary (taken as a whole) from the position set forth in the Financial Statements and there has not been any material adverse change in the business, operations, capital or condition (financial or otherwise) or results of the operations of the Corporation and the Subsidiary (taken as a whole) since the date of the Financial Statements; and since that date there have been no material facts, transactions, events or occurrences which could materially adversely affect the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations or condition (financial or otherwise) or results of the operations of the Corporation;

- (i) the Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the consolidated financial position and condition of the Corporation and the Subsidiary at the dates thereof and the results of the operations of the Corporation and the Subsidiary for the periods then ended and reflect all assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation as at the dates thereof;
- (j) the books of account and other records of the Corporation and the Subsidiary, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;
- (k) there are no actions, suits, proceedings or inquiries, including, to the best of the Corporation's information and belief, after due inquiry, pending or threatened against or affecting the Corporation or to the best of the Corporation's knowledge, the Subsidiary, at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially adversely affects, or may in any way materially adversely affect, the assets, properties, business, operations or condition (financial or otherwise) of the Corporation or the Subsidiary (taken as a whole) or which affects or may affect the distribution of the Offered Securities and the Corporation is not aware of any existing ground on which such action, proceeding or inquiry might be commenced with any reasonable likelihood of success;
- (l) the information and statements set forth in the Public Record, as such relate to the Corporation, were true, correct and complete in all material respects and did not contain any misrepresentation, as of the respective dates of such information or statements, the Public Record complies with Applicable Securities Laws in all material respects, no material change has occurred in relation to the Corporation which is not disclosed in the Public Record and the Corporation has not filed any confidential material change reports which continue to be confidential;
- (m) the authorized capital of the Corporation consists of the classes of shares as described in the Prospectus; immediately prior to the issuance of any of the Offered Securities, 128,479,653 Common Shares (on a non-diluted basis) are issued and outstanding, and such outstanding Common Shares are fully paid and non-assessable;
- (n) the definitive form of certificate for the Offered Securities has been duly approved and adopted by the Corporation and complies with all legal requirements relating thereto;
- (o) as of the date hereof, except as disclosed in the Prospectus, the Corporation directly or indirectly beneficially owns all of the outstanding shares of the Subsidiary, and other securities or interests of the Subsidiary, all of which are fully paid and non-assessable and are free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever, and except as provided for in the Charter Documents of the Subsidiary, no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of the Subsidiary or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase or issuance of any treasury shares or other treasury securities of the Subsidiary;
- (p) other than as disclosed in the Prospectus, as at the date hereof, no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of the Corporation or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of the Corporation;
- (q) neither the Corporation nor the Subsidiary have incurred, assumed or suffered any liability (absolute, accrued, contingent or otherwise) or entered into any transaction which is or may reasonably be expected to be material to the Corporation or the Subsidiary which are not in the ordinary course of business;

- (r) each of the Corporation, the Subsidiary and the Predecessor Entities has duly and on a timely basis filed all Tax Returns required to be filed by it, has paid all Taxes due and payable by it and has paid all assessments and re-assessments and all other Taxes, governmental charges, penalties, interest and other fines due and payable by it and which are claimed by any Governmental Authority to be due and owing and adequate provision has been made for Taxes payable for any completed fiscal period for which Tax Returns are not yet required and there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any Tax Return or payment of any Tax, governmental charge or deficiency by any of the Corporation, the Subsidiary or the Predecessor Entities and there are no actions, suits, proceedings, investigations or claims threatened or pending against any of the Corporation, the Subsidiary or the Predecessor Entities in respect of Taxes, governmental charges or assessments or any matters under discussion with any Governmental Authority relating to Taxes, governmental charges or assessments asserted by any such authority;
- (s) as at the date hereof, the Corporation is not aware of any material contingent tax liability for Tax of any of the Corporation, the Subsidiary or the Predecessor Entities or any grounds which will prompt a reassessment;
- (t) the minute books of the Corporation and the Subsidiary are true and correct in all material respects and contain all material minutes of all meetings and all the resolutions of directors and shareholders thereof;
- (u) the Corporation is not required to file reports pursuant to either of Section 13 or Section 15(d) of the U.S. Exchange Act and is not a "reporting issuer" or its equivalent in any jurisdiction;
- (v) neither the Corporation nor the Subsidiary are a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers of the Corporation in accordance with the by-laws of the Corporation and applicable laws and other than indemnities in favour of agents or underwriters in connection with an issuance of securities or like transactions and other than indemnities and guarantees in favour of the bankers of the Corporation or otherwise in the ordinary course of business) or any other like commitment of the obligations, liabilities (contingent or otherwise) of indebtedness of any other person;
- (w) other than as disclosed in the Prospectus, neither the Corporation nor the Subsidiary have any loans or other indebtedness outstanding which have been made to or from any of its shareholders, directors, officers or employees or any other person not dealing at arm's length with the Corporation or the Subsidiary that are currently outstanding;
- (x) other than as disclosed in the Prospectus, no officer, director, employee or any other person not dealing at arm's length with the Corporation, or the Subsidiary or any associate or affiliate of any such person, owns, has or is entitled to any royalty, net profits interest or any other encumbrances or claims of any nature whatsoever;
- (y) other than as provided for in this Agreement and as disclosed in the Prospectus, the Corporation has not incurred any obligation or liability, contingent or otherwise, for brokerage fees, finder's fees, agent's commission or other similar forms of compensation with respect to the Offering;
- (z) to the best knowledge of the Corporation, no other party is in default in the observance or performance of any term or obligation to be performed by it under any contract to which the Corporation is a party or by which it is bound which is material to the business of the Corporation and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default, in any such case which default or event would reasonably be expected to have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation;

- (aa) the Corporation and the Subsidiary has each conducted and is conducting, in all material respects, its business in compliance with all applicable laws, rules and regulations, orders and directions of governmental authorities and, in particular in accordance with good oil and gas exploration and development industry practices and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirement of any governmental or regulatory bodies applicable to the Corporation or the Subsidiary, of each jurisdiction in which the Corporation or the Subsidiary carry on business, and holds all licences, registrations and qualifications in all jurisdictions in which it carries on business which are necessary or desirable to carry on the business of the Corporation or the Subsidiary, as now conducted and as presently proposed to be conducted, and all such licenses, registrations or qualifications are valid and existing and in good standing and none of such licenses, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect on the business of the Corporation or the Subsidiary, as now conducted or as proposed to be conducted;
- (bb) as of the date hereof, the Corporation and the Subsidiary hold all valid licenses, permits and similar rights and privileges that are required and necessary under applicable law to operate the assets and business of the Corporation and the Subsidiary as presently operated;
- (cc) other than with respect to the Concessions, neither the Corporation nor the Subsidiary have any petroleum licences or petroleum exploration or production rights that are material in relation to the business of the Corporation or the Subsidiary, as now conducted or as proposed to be conducted
- (dd) the Corporation does not have reasons to believe that it does not have title to, or the right to produce and sell, the petroleum, natural gas and related hydrocarbons associated with or related to the oil and gas assets, and represents and warrants that the assets are free and clear of adverse claims created by, through or under the Corporation or the Subsidiary or those arising in the ordinary course of business, and that, to its knowledge, the Corporation through the Subsidiary holds the oil and gas assets under the Concessions;
- (ee) the Corporation and the Subsidiary have good title to all of their respective material assets and undertakings (for the purpose of this clause, the foregoing are referred to as the "**Interest**") and its Interest is free and clear of any liens, encumbrances, security interests, claims or demands, except those in favour of its banker or as disclosed in the Financial Statements, or those arising in the ordinary course of business, which are not material in the aggregate;
- (ff) the Corporation has made available to NSAI prior to the issuance of the NSAI Report, for the purposes of preparing the NSAI Report, all information requested by NSAI which information did not contain any misrepresentation at its date. The Corporation has no knowledge of a material adverse change in any information provided to NSAI since the date that such information was so provided to NSAI and has no reason to believe that the NSAI Report does not reasonably present the aggregate estimated contingent and prospective resource volumes of the Corporation's assets as at its effective date in respect of the contingent and prospective resource information therein, based upon information available in respect of such contingent and prospective resources at the time the NSAI Report was prepared and the assumptions contained therein; and the Corporation does not believe such estimates overstated the aggregate quantity of such contingent and prospective resources;
- (gg) neither the Corporation nor the Subsidiary own any real property;
- (hh) each of the leases pursuant to which the Corporation or the Subsidiary occupy any premises are in good standing and in full force and effect, and neither the Corporation nor the Subsidiary, as applicable, are in breach of any material covenants, conditions or obligations contained therein;
- (ii) the Corporation and the Subsidiary is each insured by insurers of recognized financial responsibility against such losses and risks and in such amounts that are customary in the business in which it is engaged; all policies of insurance and fidelity or surety bonds insuring the Corporation and each of the Subsidiary and their business, assets, employees, officers and directors are in full force and effect, the

Corporation and each of the Subsidiary is in compliance with the terms of such policies and instruments in all material respects and there are no material claims by the Corporation or the Subsidiary under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause; the Corporation has no reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a material adverse effect on the consolidated condition (financial or otherwise) prospects, earnings, business or properties of the Corporation;

- (jj) except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on the consolidated business, financial condition, assets, properties, liabilities or operations of the Corporation:
 - (i) neither the Corporation nor the Subsidiary is in violation of any applicable federal, provincial, state, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters (collectively, "**Environmental Laws**");
 - (ii) each of the Corporation and the Subsidiary has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;
 - (iii) there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation or the Subsidiary, if any, that have not been remedied;
 - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the properties, businesses or assets of the Corporation or the Subsidiary;
 - (v) neither the Corporation nor the Subsidiary has failed to report to the proper federal, provincial, state, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign ("**Government Authority**") the occurrence of any event which is required to be so reported by any Environmental Law; and
 - (vi) each of the Corporation and the Subsidiary holds all licences, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licences, permits and approvals are in full force and effect, neither the Corporation nor the Subsidiary has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any licence, permit or approval issued pursuant thereto, or that any licence, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;
- (kk) no Securities Commission in Canada or any other securities commission or similar regulatory authority has issued any order which is currently outstanding preventing or suspending trading of any securities of the Corporation; and the Corporation is not in default of any material requirement of Applicable Securities Laws;
- (ll) other than this agreement and as set forth under the heading "Material Contracts" in the Prospectus, there are no material contracts or agreements which have or which might have or create any material obligation to the Corporation or the Subsidiary or from which they derive or could derive any material

benefit or which are required by the Corporation or the Subsidiary to carry on its business as now conducted by it or as is now proposed to be carried on by it.

- (mm) other than as disclosed in the Prospectus, neither the Corporation nor the Subsidiary are a party to any contracts of employment which may not be terminated on one month's notice or which provide for payments occurring on a change of control of the Corporation;
- (nn) neither the Corporation nor the Subsidiary have any Swaps outstanding;
- (oo) to the knowledge of the Corporation, no insider of the Corporation has a present intention to sell any securities of the Corporation held by it;
- (pp) the Corporation does not have in place a shareholder rights protection plan;
- (qq) other than as disclosed in the Prospectus, neither the Corporation nor, to the knowledge of the Corporation, any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Corporation;
- (rr) no authorization, approval or consent of any court or Governmental Authority or agency is required to be obtained by the Corporation in connection with the sale and delivery of the Offered Securities hereunder, except such as may be required under the Applicable Securities Laws and by the rules of the Exchange;
- (ss) the Transfer Agent at its principal office in the City of Calgary has been duly appointed as transfer agent and registrar for the Common Shares;
- (tt) at the Closing Time, the Corporation will be a "reporting issuer" or equivalent in each of the Qualifying Provinces within the meaning of the Applicable Securities Laws in such provinces and will not be in material default of any requirement in relation thereto;
- (uu) the Responses shall be true and correct in all material respects as at the time such Responses are given and such Responses taken as a whole shall not omit any fact or information necessary to make any of the Responses not misleading in light of the circumstances in which such Responses were given;
- (vv) the attributes of the Offered Securities conform in all material respects with the description thereof contained in the Prospectuses;
- (ww) the Corporation has the necessary power and authority to execute and deliver the Prospectuses and all necessary action has been taken, or will be taken prior to filing thereof, by the Corporation to authorize the execution and delivery thereof;
- (xx) none of the Corporation or the Subsidiary has, directly or indirectly:
 - (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction except as otherwise permitted under applicable law; or
 - (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act (Canada)* or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Corporation or its Subsidiary and their respective operations and have instituted and maintained policies and procedures designed to

ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation;

- (yy) the operations of each of the Corporation and the Subsidiary are and have been conducted at all times in compliance with all applicable anti-money laundering laws, regulations, rules and guidelines in its jurisdiction of incorporation and in each other jurisdiction in which such entity, as the case may be, conducts business (collectively, the "**Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental or regulatory agency, authority or body or any arbitrator involving the Corporation or its Subsidiary with respect to any of the Money Laundering Laws is pending or, to the best knowledge of the Corporation, threatened or contemplated; and
- (zz) the Corporation has not been, nor to the knowledge of the Corporation, has any director, officer, agent, employee, affiliate or person acting on behalf of the Corporation been or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Treasury Department ("**OFAC**"); and the Corporation will not directly or indirectly use any proceeds of the distribution of the Offered Securities, or lend, contribute or otherwise make available such proceeds to the Corporation or to any affiliated entity, joint venture partner or other person or entity, to finance any investments in, or make any payments to, any country or person targeted by any of the sanctions of the United States administered by OFAC.

ARTICLE 5 COVENANTS

5.1 The Corporation agrees that:

- (a) the Corporation shall elect and comply in all material respects with the Prospectus Review Procedures and in connection therewith shall:
 - (i) not later than March 18, 2011 (or such later date as may be agreed to by the Corporation and the Agents) have:
 - (A) prepared and filed the Prospectus and other documents required under the Applicable Securities Laws with the Securities Commissions; and
 - (B) using commercially reasonable efforts, obtained a Final Receipt from the ASC evidencing that a receipt has been issued for the Prospectus in each of the Qualifying Provinces;
 - (ii) otherwise fulfill all legal requirements to enable the Offered Securities to be offered and sold to the public in each of the Qualifying Provinces through the Agents or any other investment dealer or broker registered in the applicable Qualifying Province and who complies with the relevant provisions of the Applicable Securities Laws of the Qualifying Provinces;
 - (iii) until the completion of the distribution of the Offered Securities, promptly take all additional steps and proceedings that from time to time may be required under the Applicable Securities Laws in each Qualifying Province to continue to qualify the Offered Securities for distribution or, in the event that the Offered Securities have, for any reason, ceased to so qualify, to again qualify the Offered Securities for distribution;
 - (iv) prior to the filing of the Prospectus and, during the period of distribution of the Offered Securities, prior to the filing with any Securities Commissions of any Supplementary Material, have allowed the Agents and the Agents' Counsel to participate fully in the preparation of and to approve the form of such documents, including the U.S. Private Placement Memorandum (such approval not to be unreasonably withheld) and to have reviewed any documents incorporated by reference therein; and

- (v) shall have allowed the Agents to conduct all due diligence which the Agents may require to be conducted to fulfill their obligations as agents, and in order to enable the Agents to responsibly execute any certificate required by Applicable Securities Laws to be executed by the Agents; and
- (b) the Corporation shall deliver or cause to be delivered without charge to the Agents and the Agents' Counsel the documents set out below at the respective times indicated:
 - (i) contemporaneously, as nearly as practicable, with the filing with the Securities Commissions of each of the Preliminary Prospectus and the Prospectus:
 - (A) copies of the Preliminary Prospectus and the Prospectus, signed as required by the Applicable Securities Laws of the Qualifying Provinces; and
 - (B) copies of any documents incorporated by reference therein which have not previously been delivered to the Agents or are otherwise not available on SEDAR;
 - (ii) as soon as they are available, copies of any Supplementary Material, if required, signed as required by the Applicable Securities Laws of the Qualifying Provinces and including copies of any documents incorporated by reference therein which have not been previously delivered to the Agents or are otherwise not available on SEDAR;
 - (iii) prior to the filing of the Prospectus with the Securities Commissions or at such other time as the Agents may agree, a "comfort letter" from the Corporation's auditors, dated the date of the Prospectus, addressed to the Agents and satisfactory in form and substance to the Agents and the Agents' Counsel, to the effect that the Corporation's auditors 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 and have found such information and percentages to be in agreement, which comfort letter shall be based on the Corporation's auditors review having a cut-off date of not more than two business days prior to the date of the Prospectus;
 - (iv) comfort letters similar to subparagraph 5.1(b)(iii) with respect to any Supplementary Material and any other relevant document at the time the same is presented to the Agents for their signature or, if the Agents' signature is not required, at the time the same is filed. All such letters shall be in form and substance acceptable to the Agents and the Agents' Counsel, acting reasonably;
 - (v) as soon as possible after the filing of the Prospectus, without charge, commercial copies of the Prospectuses and any Supplementary Material in such numbers and in such cities as the Agents may reasonably request by oral or 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; and
 - (vi) copies of the Preliminary U.S. Private Placement Memorandum and Final U.S. Private Placement Memorandum.

The deliveries referred to in subparagraphs 5.1(b)(i), (ii), (v) and (vi) shall also constitute the Corporation's consent to the use by the Agents and sub-agents, if any, of the Prospectuses, any Supplementary Material, the Preliminary U.S. Private Placement Memorandum, the Final U.S. Private Placement Memorandum and any documents incorporated by reference therein in connection with the offering and sale of the Offered Securities.

- (c) it will use its reasonable best efforts to obtain, prior to the Closing Time, all necessary approvals of the Exchange for the issuance of the Offered Securities and shall comply with all requirements of the

Exchange in connection with the issuance and listing of the Offered Securities on the Exchange, including the filing of all necessary documentation in accordance with the requirements of the Exchange in connection with the listing of the Offered Securities on the Exchange;

- (d) during the period commencing with the date hereof and ending on the Closing Date, it will promptly provide to the Agents, for review by the Agents and the Agents' Counsel, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any financial statements of the Corporation, report to shareholders, information circular or any press release or material change report, subject to the Corporation's obligations under Applicable Securities Laws to make timely disclosure of material information, and any press release issued by the Corporation concerning the offering of the Offered Securities shall be marked, at the top of the press release, as follows: "NOT FOR DISTRIBUTION TO U.S. NEWSWIRE SERVICES OR FOR DISSEMINATION IN THE UNITED STATES" and shall contain any other legends required by Rule 135e under the U.S. Securities Act;
- (e) during the period commencing with the date hereof and ending on the completion of the distribution of the Offered Securities by the Corporation, the Corporation will promptly inform the Agents in writing of the full particulars of:
 - (i) any material change (actual, anticipated or threatened) in the business, operations, capital or condition (financial or otherwise) of the Corporation or the Subsidiary or its properties or assets or liabilities;
 - (ii) any change in any material fact contained or referred to in the Public Record; and
 - (iii) 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 any portion of the Public Record untrue, false or misleading in any material respect; (B) result in a misrepresentation in the Public Record; or (C) result in the Public Record not complying 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 subparagraph has occurred, the Corporation shall promptly inform the Agents of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Agents as to whether the occurrence is of such a nature;

- (f) during the period commencing with the date hereof and ending on the completion of the distribution of the Offered Securities by the Corporation, the Corporation will promptly inform the Agents in writing of:
 - (i) any request of the Securities Commissions for any amendment to the Preliminary Prospectus, the Prospectus or any other part of the Public Record or for any additional information;
 - (ii) the receipt by the Corporation of any communication from any Securities Commission or similar regulatory authority, the Exchange, or any other competent authority relating to the Preliminary Prospectus, the Prospectus or any part of the Public Record or the distribution of the Offered Securities; and
 - (iii) the issuance by any Securities Commission or similar regulatory authority, the Exchange or by 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;
- (g) the Corporation will promptly comply to the reasonable satisfaction of the Agents and the Agents' Counsel with Applicable Securities Laws with respect to any material change, change, occurrence or event of the nature referred to in subparagraphs 5.1(e) or 5.1(f) above and the Corporation will prepare

and file promptly at the Agents' request, acting reasonably, any amendment to the Prospectuses or Supplementary Material as may be required under Applicable Securities Laws in the Qualifying Provinces; provided that the Corporation shall have allowed the Agents and the Agents' Counsel to participate fully in the preparation of any Supplementary Material, to have reviewed any other documents incorporated by reference therein and to conduct all due diligence investigations which the Agents may reasonably require in order to fulfil their obligations as agents hereunder and in order to enable the Agents to execute the certificate required to be executed by them in, or in connection with, such Supplementary Material.

- (h) the Corporation shall use reasonable commercial efforts to maintain its status as a reporting issuer not in default of any Applicable Securities Laws in the Qualifying Provinces until at least March 31, 2013;
- (i) the Corporation will duly, faithfully and punctually perform all the obligations to be performed by it and comply with its covenants and agreements hereunder;
- (j) the Corporation will use the proceeds from the issuance and sale of the Offered Securities for the purposes set forth in the Prospectus;
- (k) the Corporation agrees that, from the date hereof until 180 days following the Closing Date, that it shall 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 Agents, in their sole discretion, on behalf of the Agents, which consent shall not be unreasonably withheld, provided that notwithstanding the foregoing, the Corporation may issue Common Shares to the holders of the convertible shares or the holders of stock options existing at the date hereof, as well as grant stock options and issue Common Shares pursuant to the exercise of stock options issued after the date hereof to officers, directors, employees and consultants of the Corporation pursuant to board approved option incentive programs or to satisfy existing instruments and agreements already issued and executed as of the date hereof.

ARTICLE 6 CLOSING

6.1 The closing of the issue and sale of the Offered Shares 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 Agents may agree. Subject to the satisfaction of the conditions set forth in Article 7, the Agents, on the Closing Date, shall deliver to the Corporation:

- (a) documentation required by the Exchange or the Securities Commissions and provided by the Agents to the Corporation for such purpose;
- (b) to the extent applicable, completed U.S. Purchaser's Letters and Agent's Certificates in the forms attached as Schedule "A" hereto and Exhibit A to such Schedule "A", respectively; and
- (c) by way of instabank transfer or wire transfer, with receipt confirmed by the Corporation, an amount equal to the gross proceeds from the sale of the Offered Shares, net of the Agents' fee payable pursuant to paragraph 8.1 hereof (or effect payment in such manner as the Corporation and the Agents may agree) and net of all reasonable costs and expenses payable pursuant to paragraph 8.2 hereof;

against delivery by the Corporation of the certificates referred to in subparagraph 7.1(c).

6.2 The closing of the Over-Allotment Option, if applicable, shall be completed at the offices of the Corporation's Counsel in Calgary, Alberta or such other places as the Corporation and the Agents may agree, at the Over-Allotment Option Closing Time specified by the Agents in the written notice delivered to the Corporation which notice shall also specify the number of Common Shares in respect of which the Over-Allotment Option is being exercised (an "**Over-Allotment Option Notice**"), provided that in no event shall the Over-Allotment

Option Closing Date be earlier than two business days or later than five business days after delivery of the Over-Allotment Option Notice unless the parties otherwise agree. Subject to the satisfaction of the conditions set forth in Article 7, the Agents, on the Over-Allotment Option Closing Date, shall deliver to the Corporation:

- (a) documentation required by the Exchange or the Securities Commissions and provided by the Agents to the Corporation for such purpose;
- (b) to the extent applicable, completed U.S. Purchaser's Letter and Agent's Certificates in the forms attached as Exhibit "A" and Schedule "A" hereto; and
- (c) by way of wire transfer with receipt confirmed by the Corporation, an amount equal to the gross proceeds from the sale of the Over-Allotment Option, net of the Agents' fee payable pursuant to paragraph 8.1 hereof (or effect payment in such manner as the Corporation and the Agents may agree) and net of all reasonable costs and expenses payable pursuant to paragraph 8.2 hereof;

against delivery by the Corporation of the certificates referred to in subparagraph 7.1(c) (with references therein to the Closing Time and Closing Date changed to the Over-Allotment Option Closing Time and the Over-Allotment Option Closing Date, respectively).

ARTICLE 7 CONDITIONS OF CLOSING

7.1 The obligations of the Agents hereunder shall be conditional upon the Agents receiving at the Closing Time:

- (a) a legal opinion of the Corporation's Counsel addressed to the Agents and the Agents' Counsel, in form and substance reasonably satisfactory to the Agents and the Agents' Counsel, with respect to such matters as the Agents may reasonably request relating to the offering of the Offered Securities, including, without limitation, that:
 - (i) the Corporation and the Subsidiary have been duly incorporated and are valid and subsisting corporations and have all requisite corporate power and capacity to carry on its business as now conducted and as proposed to be conducted by it and to own its properties and assets;
 - (ii) the Corporation and the Subsidiary are duly registered and qualified to carry on business under the law of each of the jurisdictions in which it carries on 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, subject to general qualifications relating to laws relating to creditors' rights generally and except that rights to indemnity may be limited by 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 do not and will not result in a breach of, or constitute a default under, and do 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, any applicable laws of the Province of British Columbia which are material to the Corporation or its operations, or any term or provision of the articles, or by-laws or, of which counsel is aware, resolutions of the directors or shareholders of the Corporation, or any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound on the Closing Date, of which such counsel is aware, or any judgment, decree or order applicable to the Corporation of which counsel is aware, which default or breach might reasonably be expected to materially adversely affect the business, operations,

capital or condition (financial or otherwise) of the Corporation (taken as a whole) or its properties or assets; nor will it give rise to any lien, charge or claim in or with respect to the properties or assets now owned by the Corporation or the Subsidiary, or the acceleration of or the maturity of any debt under any indenture, mortgage, lease, agreement or instrument binding or affecting it or any of its properties;

- (v) the form and terms of the certificates representing the Offered Securities have been approved and adopted by the directors of the Corporation and comply with all legal requirements relating thereto;
- (vi) the Offered Securities have been validly issued as fully paid and non-assessable shares;
- (vii) all necessary documents have been filed, all necessary proceedings have been taken and all legal requirements have been fulfilled as required under Applicable Securities Laws of each of the Qualifying Provinces in order to qualify the Offered Securities for distribution and sale to the public in each of the Qualifying Provinces by or through investment dealers and brokers duly registered under Applicable Securities Laws of such provinces who have complied with the relevant provisions of such Applicable Securities Laws;
- (viii) no filing with, or authorisation, approval, consent, qualification or decree of any court or governmental authority or agency in the Selling Jurisdictions is necessary or required for the offering and sale of the Offered Securities in the Selling Jurisdictions in the manner contemplated by this Agreement, except such as have been obtained;
- (ix) the attributes of the Offered Securities conform in all material respects with the description thereof contained in the Prospectuses;
- (x) the Offered Securities are "qualified investments" under the *Income Tax Act* (Canada) as set out under the heading "Eligibility for Investment" in the Prospectus;
- (xi) subject to the qualifications and assumptions set out in the Prospectus, the statements in the Prospectus under the heading "Certain Canadian Federal Income Tax Considerations" constitute a fair and adequate summary of the principal Canadian federal income tax consequences arising under the *Income Tax Act* (Canada) to the persons described therein who acquire Offered Securities pursuant to the Offering;
- (xii) 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 Applicable Securities Laws of each of the other Qualifying Provinces;
- (xiii) the Corporation has the necessary corporate power and authority to execute and deliver the Prospectuses and all necessary 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 the Applicable Securities Laws of the Qualifying Provinces;
- (xiv) the Transfer Agent, at its principal office in Calgary has been duly appointed as the transfer agent and registrar, and co-transfer agent, respectively, for the Common Shares; and
- (xv) the Common Shares have been conditionally approved for listing on the Exchange;

and additionally, relating to the authorized and issued capital of the Corporation and as to all other legal matters as the Agents or Agents' Counsel may reasonably request, including, compliance with Applicable Securities Laws in the Qualifying Provinces in any way connected with the creation, issuance, sale and delivery of the Offered Securities.

It is understood that counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than Alberta and on certificates of officers of the Corporation, the Transfer Agent and the auditors of the Corporation as to relevant matters of fact.

- (b) if any Offered Securities are sold to U.S. Purchasers, a legal opinion of the Corporation's special United States legal counsel, Carter Ledyard & Milburn LLP, addressed to the Agents, in form and substance reasonably satisfactory to the Agents and the Agents' Counsel, to the effect that registration will not be required under the U.S. Securities Act in connection with the offer and sale of the Offered Securities in the United States provided that such offer and sale are made in accordance with Schedule "A" to this agreement;
- (c) a legal opinion of the Corporation's special Portuguese counsel, Morais, Leitão, Galvão Teles, Soares da Silva & Associados, Sociedade de Advogados, RL; addressed to the Agents, in form and substance reasonably satisfactory to the Agents and the Agents' Counsel, in regard to the enforceability of the Concessions;
- (d) a certificate of the Corporation dated the Closing Date, addressed to the Agents and signed on the Corporation's behalf by at least two senior officers of the Corporation, acceptable to the Agents, acting reasonably, certifying that:
 - (i) the Corporation has complied with and satisfied all covenants, terms and conditions of this Agreement on its part to be complied with and satisfied at or prior to the Closing Time;
 - (ii) the representations and warranties of the Corporation set forth in this agreement are true and correct at the Closing Time, as if made at such time;
 - (iii) no event of the nature referred to in subparagraphs 9.2(a), (b), or (h) has occurred or to the knowledge of such officers is pending, contemplated or threatened;
 - (iv) the Responses provided by the Corporation at the Due Diligence Session are true and correct in all material respects at the Closing Time, as if made at such time;
 - (v) the Corporation has made and/or obtained on or prior to the Closing Time, all necessary filings, approvals, consents and acceptances of applicable regulatory authorities and under any applicable agreement or document to which the Corporation is a party or by which it is bound, required for the execution and delivery of this Agreement, the offering and sale of the Offered Securities and the consummation of the other transactions contemplated hereby (subject to completion of filings with certain regulatory authorities following the Closing Date); and
 - (vi) such other matters as may be reasonably requested by the Agents or Agents' Counsel;
- (e) a comfort letter of the Corporation's auditors, in form and substance satisfactory to the Agents and the Agents' Counsel, acting reasonably, addressed to the Agents, bringing forward to a date not more than two business days prior to the Closing Date the information contained in the comfort letter set forth in paragraph 5.1(b)(iii);
- (f) definitive certificates representing, the Offered Securities issued at the Closing Time, registered in such name or names as the Agents shall notify the Corporation in writing of not less than 48 hours prior to the Closing Time provided such certificates registered in such names may subject to receipt by the Corporation and the Corporation's Counsel of a satisfactory indemnity be delivered in advance of the Closing Time, as the case may be, to the Agents or such other parties in such locations as the Agents may direct and the Agents and the Corporation may agree upon;

- (g) evidence satisfactory to the Agents' and to the Agents' Counsel that all necessary approvals have been obtained for the listing of the Offered Securities on the Exchange, subject only to the filing of required documents;
- (h) such other documents and certificates as the Agents may request, acting reasonably; and
- (i) the fees and expenses provided for in paragraphs 8.1 and 8.2.

ARTICLE 8 FEES AND EXPENSES

8.1 In consideration for their services hereunder, the Corporation agrees to pay at the Closing Time by instabank transfer or wire transfer to the Lead Agents, for and on behalf of the Agents, a fee equal to 6% of the gross proceeds from the sale of the Offered Securities, which amounts may be netted off the amount paid by instabank transfer or wire transfer in respect of the gross proceeds from the sale of the Offered Securities, as contemplated herein. The Agents' fees shall be allocated among the Agents in accordance with the following percentages:

Raymond James Ltd. ⁽¹⁾	40%
TD Securities Inc. ⁽¹⁾	40%
FirstEnergy Capital Corp.	15%
Haywood Securities Inc.	5%

(1) At the Closing Time, a work fee equal to 6% of the total cash commission shall be paid to the Lead Agents (3% to each) netted from the 6% cash commission paid to the Agents.

8.2 Whether or not the transactions contemplated herein shall be completed, all reasonable costs and expenses of or incidental to the creation, issuance and distribution of the Offered Securities shall be borne by the Corporation, including, without limitation, the fees and expenses of the Corporation's Counsel, the fees and expenses of agent counsel retained by the Corporation's Counsel, the fees and expenses of the Corporation's auditors, Transfer Agent and any other filing fees, the reasonable fees and expenses of Agents' Counsel and consultants and specialists, provided that the fees of the Agents' Counsel will not exceed \$50,000 plus disbursements and Goods and Services Tax ("GST"), or as otherwise agreed between the Agents and the Corporation acting reasonably, and the fees of the consultants and specialists shall not exceed \$10,000 plus GST without written consent of the Corporation, the reasonable out-of-pocket expenses of the Agents, including all roadshow and marketing expenses related to the Offering, together with applicable GST or harmonised sales tax, as applicable, and all other costs and expenses relating to this transaction.

ARTICLE 9 EARLY TERMINATION

9.1 All representations, warranties, covenants, terms and conditions of this Agreement shall be construed as conditions, and any material breach or failure to comply with any such representation, warranty, covenant, term or condition shall entitle each of the Agents to terminate their obligation to distribute the Offered Securities by written notice to that effect given to the Corporation, with a copy to the Agents, prior to the Closing Date. The Agents may waive in whole or in part any breach of, default under or non-compliance by the Corporation with, any representation, warranty, covenant, 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, covenant, term or condition hereof, or any other breach of, default under or non-compliance with any other representation, warranty, covenant, term or condition hereof, provided that any such waiver or extension shall be binding on the Agents only if it is in writing.

9.2 In addition to any other remedies which may be available to the Agents, each of the Agents shall be entitled, at its option, to terminate and cancel, without any liability on such Agent's part, the Agent's obligations under this agreement by written notice to the Corporation, with a copy to the Agents, if, prior to the Closing Time on the Closing Date:

- (a) any order to cease or suspend trading in the Offered Securities, or prohibiting or restricting the distribution of the Offered Securities, is made, or proceedings are announced or commenced for the making of any such order, by any Securities Commission or similar regulatory authority or any other competent authority, and has not been rescinded, revoked or withdrawn;
- (b) any inquiry, investigation (whether formal or informal) or other proceeding 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 or any other competent authority or any order is issued under or pursuant to any statute of Canada or of any of the provinces of Canada, or any other applicable law or regulatory authority, or there is any change of law, regulation or policy or the interpretation or administration thereof, which, in the sole opinion of the Agents, or any one of them, operates to materially prevent or restrict the marketability of or trading in the Offered Securities or the distribution of the Offered Securities and which has not been rescinded, revoked or withdrawn;
- (c) there shall occur an event, or the Agents' due diligence investigations shall identify or discover an event, fact or circumstance, (actual, contemplated or threatened), which constitutes a material change or any change in a material fact or occurrence of a material fact or event in respect of the business, operations, assets or affairs (financial or otherwise) of the Corporation, as disclosed in the Prospectus, which in the Agents' sole opinion, or any one of them, acting reasonably, could be expected to have a material adverse effect on the marketability, distribution, trading, market price or value of the Offered Securities;
- (d) the state of the financial markets is such that the Offered Securities cannot, in the opinion of the Agents (or any one of them), be successfully or profitably marketed;
- (e) the Agents shall become aware of any material adverse change with respect to the Corporation which had not been disclosed or discussed in writing with the Agents at or prior to the date hereof which, in the sole opinion of the Agents or any one of them, could reasonably be expected to have a significant adverse effect on the value of the Offered Securities or any other securities of the Corporation or the investment quality, marketability, distribution or trading of the Offered Securities or any other securities of the Corporation;
- (f) there should develop, occur or come into effect or existence any event, action, state, condition or major financial occurrence of national or international consequence or any action by government, law or regulation, enquiry or other such occurrence which, in the sole opinion of the Agents, or any one of them, acting reasonably, materially adversely affects the Canadian or U.S. financial markets or the business, operations or affairs of the Corporation such that it would not be practicable to market the Offered Securities or which would materially adversely affect the marketability, distribution or trading of the Offered Securities;
- (g) the Agents (or any one of them) shall determine that the Responses contained information which would have, in the sole opinion of the Agents (or any one of them) acting reasonably, a material adverse effect on the market price or value of the Offered Securities; or
- (h) the Corporation shall be in breach of, default under or non-compliance with any material representation, warranty, term or condition of this Agreement.

9.3 Each Agent may exercise any or all of the rights provided for in Sections 7.1, 9.1 or 9.2 notwithstanding any act or thing taken or done by such Agent or any action by such Agent, whether before or after the occurrence of any material change, including, without limitation, any act of such Agent related to the Offering or continued offering of the Offered Securities for sale and such Agent shall only be considered to have waived or be estopped from expressing or relying upon any of their rights under or pursuant to Sections 7.1, 9.1 or 9.2 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.

- 9.4 Any termination pursuant to the terms of this agreement shall be effected by notice in writing delivered to the Corporation, with a copy to the Agents; provided that no termination shall discharge or otherwise affect any obligation of the Corporation under Section 8.2 or Article 10. The rights of each of the Agents to terminate its obligations hereunder are in addition to, and without prejudice to, any other remedies it may have.

ARTICLE 10 INDEMNIFICATION AND CONTRIBUTION

- 10.1 The Corporation (the "**Indemnitor**") shall indemnify and save harmless the Agents and each of their affiliates, and their respective directors, officers, employees, partners and each other person, if any, controlling the Agents (collectively the "**Indemnified Parties**") to the full extent lawful, from and against any and all expenses, losses, claims, actions, damages and liabilities, joint or several, (including the aggregate amount paid in settlement of any actions, suits, proceedings, investigations or claims (collectively "**Proceedings**")) and the fees and expenses of their counsel that may be incurred in advising with respect to and/or defending any action, suit, proceeding, investigation or claim that may be made or threatened against any Indemnified Party (but not including any amount for lost profits) (collectively "**Liabilities**") (including without limitation all statutory duties and obligations, all amounts paid to settle any action or to satisfy any judgment or award and all legal fees and disbursements actually incurred) which now or any time hereafter are suffered or incurred by reason of any event, act or omission in any way connected, directly or indirectly, with:

- (a) any information or statement contained in the Public Record (other than any information or statement relating solely to the Agents and furnished to the Corporation by the Agents expressly for inclusion in the Public Record), which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact 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;
- (b) any misrepresentation or alleged misrepresentation (except a misrepresentation which is based upon information relating to the Agents and furnished to the Corporation by the Agents expressly for inclusion in the Public Record) contained in the Public Record or any untrue statement of material fact or omission to state a material fact necessary in order to make the statements contained in the Public Record not misleading, in light of the circumstances under which they were made;
- (c) any misrepresentation or alleged misrepresentation contained in any of the Responses;
- (d) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Offered Securities imposed by any competent authority if such prohibition or restriction is based on any misrepresentation or alleged misrepresentation of a kind referred to in subparagraph 10.1(b);
- (e) 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 Agents or their banking or selling group members, if any) relating to or materially affecting the trading or distribution of the Offered Securities;
- (f) the exercise by any Subscriber for Offered Securities of any contractual or statutory right of rescission or damages in connection with the purchase of the Offered Securities; or
- (g) any breach of, default under or non compliance by the Corporation with any representation, warranty, term or condition of this agreement or any requirement of Applicable Securities Laws;

provided that in the event and to the extent that a court of competent jurisdiction in a final judgment from which no appeal can be made or a regulatory authority in a final ruling from which no appeal can be made shall determine that such Proceedings or Liabilities resulted primarily from the negligence, fraud or wilful misconduct of the Indemnified Party claiming indemnification, this indemnity shall cease to be available to such Indemnified Party in respect of such Proceedings or Liabilities and such Indemnified Party shall reimburse the Corporation for all amounts advanced to such

Indemnified Party pursuant to this indemnity in respect of such Proceedings or Liabilities. For greater certainty, the Corporation and the Agents agree that they do not intend that any failure by the Agents to conduct such reasonable investigation as necessary to provide the Agents with reasonable grounds for believing the Prospectus contained no misrepresentation (colloquially, the "due diligence defence") shall constitute "gross negligence," "fraud" or "wilful misconduct" for purposes of this Section 10.1 and shall not disentitle the Agents from indemnification hereunder.

10.2 The Corporation hereby waives its right to recover contribution from the Agents with respect to any liability of the Corporation by reason of or arising out of any misrepresentation in the Prospectuses provided, however, that such waiver shall not apply in respect of liability caused or incurred by reason of or arising out of (i) any misrepresentation which is based upon information relating solely to the Agents contained in such document and furnished to the Corporation by the Agents expressly for inclusion in such document; or (ii) any failure by the Agents to provide to prospective Subscribers of Offered Securities any document which the Corporation is required to provide to such prospective Subscribers and which the Corporation has provided to the Agents to forward to such prospective Subscribers.

10.3 If any Proceeding is brought, instituted or threatened in respect of any Indemnified Party which may result in a claim for indemnification under this Agreement, such Indemnified Party shall promptly after receiving notice thereof notify the Corporation, in writing, and the Corporation shall be entitled (but not required) to assume conduct of the defence thereof and retain counsel on behalf of the Indemnified Party who is reasonably satisfactory to the Indemnified Party, to represent the Indemnified Party in such Proceeding and the Corporation shall pay the fees and disbursements of such counsel and all other expenses of the Indemnified Party relating to such Proceeding as incurred. Failure to so notify the Corporation shall not relieve the Corporation from liability except and only to the extent that the failure materially prejudices the Corporation. If the Corporation assumes conduct of the defence for an Indemnified Party, the Indemnified Party shall, except when a conflict of interest as described in Section 10.4(a) exists and counsel to the Indemnified Party advises the Indemnified Party that such action would be prejudicial to the interests of the Indemnified Party, fully cooperate in the defence including, without limitation, the provision of documents, appropriate officers and employees to give witness statements, attend examinations for discovery, make affidavits, meet with counsel, testify and divulge all information reasonably required to defend or prosecute the Proceedings.

10.4 In any such Proceeding the Indemnified Party shall have the right to employ separate counsel and to participate in the defence thereof if:

- (a) the Indemnified Party has been advised in writing by counsel that there may be a reasonable legal defence available to the Indemnified Party that is different from or in addition to those available to the Corporation or that a conflict of interest exists which makes representation by counsel chosen by the Corporation not advisable;
- (b) the Indemnitor has not assumed the defence of the Proceeding and employed counsel therefor reasonably satisfactory to the Indemnified Party within ten (10) days after receiving notice thereof; or
- (c) employment of such other counsel has been authorized by the Corporation;

in which event the fees and disbursements of such counsel (on a solicitor and his client basis) shall be paid by the Corporation. It being understood, however, 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 reasonable fees and expenses of more than one separate law firm (in addition to any local counsel) for all such Indemnified Parties.

10.5 No admission of liability and no settlement of any Proceeding shall be made without the consent of the Indemnified Parties affected, such consent not to be unreasonably withheld. No admission of liability shall be made by an Indemnified Party without the consent of the Indemnitor, such consent not to be unreasonably withheld, and the Indemnitor shall not be liable for any settlement of any Proceeding made without their consent, such consent not to be unreasonably withheld.

- 10.6 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 (in whole or in part), for any reason, held by a court to be unavailable from the Corporation on ground of policy or otherwise, each of the Corporation and the party or parties seeking indemnification shall contribute to the aggregate Liabilities (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 Agents on the other hand from the Offering of the Offered Securities; or
 - (b) if the allocation provided by Section 10.6(a) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in Section 10.6(a) above but also to reflect the relative fault of the party or parties seeking indemnity, on the one hand, and the parties from whom indemnity is sought, on the other hand, in connection with the statement, omission, misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing 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 Agents, 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 Agents. The relative fault of the Corporation, on the one hand, and of the Agents, 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 referred to in Section 10.1 hereof relates to information supplied or which ought to have been supplied by the Corporation or the Agents and the parties' relevant intent, knowledge, access to information and opportunity to correct or prevent such misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter referred to in Section 10.1 hereof.

The amount paid or payable by the Indemnitor as a result of any Proceedings or Liabilities 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.

The Corporation agrees 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 paragraphs.

Any liability of an Agent under this Section 10.6 shall be limited to the amount of the cash fees paid or payable to such Agent pursuant to Section 8.1 hereof.

- 10.7 The rights to indemnity and right of contribution provided in the foregoing paragraphs shall be in addition to and not in derogation of any other right to contribution which the Indemnified Parties may have by statute or otherwise at law or in equity. The Indemnitor waives all rights of contribution that it may have against any Indemnified Party relating to any Liability in respect of which the Indemnitor has agreed to indemnify the Indemnified Parties hereunder.
- 10.8 It is the intention of the Corporation to constitute the Agents as trustees for the Indemnified Parties for the purposes of Sections 10.1 to 10.8 inclusive and the Agents shall be entitled, as transfer agents, to enforce such covenants on behalf of any other Indemnified Persons.
- 10.9 If any Proceeding is brought in connection with the transactions contemplated by this Agreement and the Agents are required to testify in connection therewith or are required to respond to procedures designed to discover information relating thereto, the Corporation shall pay to the Agents' reasonable fees at the normal per diem rate for their directors, officers, partners, employees and agents involved in preparation for and attendance at such Proceeding or in so responding. Any other reasonable costs and out-of-pocket expenses incurred by the Agents in connection therewith will be paid by the Corporation as they are incurred.

- 10.10 The obligations under the indemnity and right of contribution provided herein shall apply whether or not the transactions contemplated by this agreement are completed and shall survive the completion of the transactions contemplated under this agreement and the termination of this agreement.

ARTICLE 11

SURVIVAL OF REPRESENTATIONS, WARRANTIES, COVENANTS, TERMS AND CONDITIONS

- 11.1 It is understood that all representations, warranties, covenants, indemnities, terms and conditions herein or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive the payment by the Agents for the Offered Securities and the termination of this Agreement and shall continue in full force and effect for the benefit of the Agents regardless of any investigation by or on behalf of the Agents with respect thereto.

ARTICLE 12

NOTICES

- 12.1 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 to the attention of Heath Cleaver, Chief Financial Officer, at Suite 350, 24 Waterway, The Woodland, Texas, USA, 77380, Fax No. (713) 975-9923, with copies (which shall not constitute notice to the Corporation hereunder) to McCarthy Tétrault LLP, 3300, 421 – 7th Avenue SW, Calgary, Alberta, T2P 4K9, Fax No. (403) 269-3501 to the attention of Rick Pawluk and, in the case of notice to be given to the Agents, be addressed to:

Raymond James Ltd.
Suite 2500, 707 - 8th Avenue S.W.
Calgary, Alberta T2P 1H5
Attention: Sonny Mottahed
Fax No: (403) 509-0535

TD Securities Inc.
Suite 800, 324 – 8th Avenue SW
Calgary, Alberta T2P 2Z2
Attention: Robi Contrada
Fax No.: (403) 292-2776

FirstEnergy Capital. Corp.
1100, 311-6th Ave. SW
Calgary, Alberta
T2P 3H2
Attention: Erik B. Bakke
Fax No.: (403)-262-0688

Haywood Securities Inc.
Suite 301–808 First Street, SW
Calgary, AB
T2P 1M9
Attention: Mark Reynolds
Fax No.: (403) 509-1999

with a copy to:

Heenan Blaikie LLP
Barristers and Solicitors
12th Floor, 425 – 1st Street S.W.
Calgary, Alberta T2P 3L3

Attention: Corrine Fiesel
Fax No 1-888-588-4713

Any such notice or other communication shall be in writing and may be given by telefax or delivery, and shall be deemed to have been given 12 hours after being telefaxed (provided that such time falls on a business day, otherwise notice shall be deemed to have been so given on the next business day) or upon receipt by a responsible officer of the addressee if delivered.

ARTICLE 13 AGENTS' COVENANTS

13.1 Each of the Agents covenant and agree with the Corporation that it shall:

- (a) offer the Offered Securities for sale to the public, directly and through any member of the Selling Dealer Group in compliance with the Applicable Securities Laws and upon the terms and conditions set forth in the Prospectuses, any Supplementary Material and this agreement and cause a similar covenant to be obtained from any member of the Selling Dealer Group in connection with the distribution of the Offered Securities;
- (b) use reasonable commercial efforts to complete the distribution of the Offered Securities as soon as practicable;
- (c) not solicit offers to purchase or sell the Offered Securities or otherwise conduct activities so as to require registration of the Offered Securities or the filing of a prospectus, registration statement or other notice or document with respect to the distribution of the Offered Securities 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 Agents 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 Securities in that jurisdiction or the filing of a prospectus, registration statement or other notice or document with respect to the distribution of the Offered Securities 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 Securities. The Agents shall be entitled to assume that the Offered Securities are qualified for distribution in the Qualifying Provinces where the Final Receipt has been issued unless the Agents receive notice to the contrary from the Corporation or the Securities Commissions;
- (d) notify the Corporation when, in their opinion, they have ceased distribution of the Offered Securities and shall, as soon as practicable and in any event within 30 days following the Closing Date, provide the Corporation with a breakdown of the number of Offered Securities distributed in each of the Qualifying Provinces where such breakdown is required for the purposes of calculating fees payable to the Securities Commissions; and
- (e) except as permitted hereunder (including Schedule "A" hereto), not offer or sell the Offered Securities within the United States.

An Agent shall not be liable to the Corporation under this Section or Schedule "A" with respect to a default by another Agent or by another member of the Selling Dealer Group unless such Agent is also in default.

ARTICLE 14 U.S. SECURITIES MATTERS

14.1 The Corporation and the Agents each make the representations, warranties covenants and agreements contained in, and agree to comply with the provisions of, Schedule "A" hereto, "Compliance with United States Securities Laws", which provisions are incorporated herein and form a part of this agreement.

ARTICLE 15
GENERAL

- 15.1 In performing their obligations under this agreement, the Agents shall act be acting severally and not jointly or jointly and severally and no Agent shall be liable or otherwise held responsible for any act, omission, conduct or default by any other Agent. Each of the parties to this agreement is an independent contractor and nothing in this agreement creates any partnership, joint venture, fiduciary or similar relationship between the parties.
- 15.2 All steps which must or may be taken by the Agents in connection with this Agreement, (other than a notice of termination under Article 9, a settlement of claim under Article 10 and any amendment to this Agreement or any waiver of a significant condition of closing), may be taken by the Lead Agents on behalf of the Agents and the remaining Agents hereby authorize the Corporation to deal solely with the Lead Agents on behalf of the Agents, accept notification of any steps from, and deliver the certificates representing the Offered Securities and the Agents' fees and expenses to, or to the order of, the Lead Agent on their behalf. In any event, the Lead Agents will consult with the other Agents before taking any steps on their behalf in reliance upon this Section 15.2.
- 15.3 The Corporation: (i) acknowledges and agrees that the Agents have certain statutory obligations as registrants under the Applicable Securities Laws; and (ii) consents to the Agents acting hereunder while continuing to act for their clients. To the extent that the Agents' statutory obligations as a registrant under Applicable Securities Laws conflicts with its obligations hereunder, the Agents shall be entitled to fulfil their statutory obligations as registrants under Applicable Securities Laws and their duties to their clients. Nothing in this Agreement shall be interpreted to prevent the Agents from fulfilling their statutory obligations as a registrant under Applicable Securities Laws and their duties to their clients.
- 15.4 No Agent has assumed or will assume a fiduciary responsibility in favour of the Corporation with respect to the Offering or the process leading thereto (irrespective of whether such Agent has advised or is currently advising the Corporation on other matters) and no Agent has any obligation to the Corporation with respect to the Offering, except the obligations expressly set forth in this Agreement.
- 15.5 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 had never been contained herein.
- 15.6 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 and each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of Alberta.
- 15.7 Time shall be of the essence of this agreement.
- 15.8 This Agreement may be executed in one or more counterparts and by facsimile each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.
- 15.9 This Agreement represents the entire Agreement of the parties hereto relating to the subject matter hereof and there are no representations, warranties, covenants or other Agreements relating to the subject matter hereof except as stated or referred to herein.
- 15.10 It is understood that the terms and conditions of this Agreement supersede any previous verbal or written Agreement between the Agents and the Corporation with respect to the subject matter hereof.
- 15.11 In connection with the distribution of the Offered Securities, the Agents may over-allot or effect transactions, in compliance with Applicable Securities Laws, which stabilize or maintain the market price of the Common Shares at levels above those which might otherwise prevail in the open market. Such stabilizing transactions, if any, may be discontinued at any time.

15.12 All dollar amounts referred to in this Agreement are in Canadian funds, unless otherwise specified.

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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 Agents' Counsel.

RAYMOND JAMES LTD.

Per: (signed) "Sonny Mottahed"

TD SECURITIES INC.

Per: (signed) "Robi Contrada"

FIRSTENERGY CAPITAL CORP.

Per: (signed) "Erik B. Bakke"

HAYWOOD SECURITIES INC.

Per: (signed) "Mark Reynolds"

ACCEPTED AND AGREED to effective as of the date of this Agreement.

PORTO ENERGY CORP.

Per: (signed) "Joseph Ash"

Per: (signed) "Heath Cleaver"

SCHEDULE "A"

COMPLIANCE WITH UNITED STATES SECURITIES LAWS

1. As used in this Schedule "A", capitalized terms used herein but not defined herein shall have the meanings ascribed thereto in the agency agreement to which this Schedule is annexed (the "**Agency Agreement**"), and the following terms shall have the meanings indicated:
 - 1.1 "**affiliate**" means an "affiliate" as such term is defined in Rule 405 under the U.S. Securities Act;
 - 1.2 "**Directed Selling Efforts**" means "directed selling efforts" as defined in Rule 902(c) of 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 Securities, 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 Securities;
 - 1.3 "**FINRA**" means the Financial Industry Regulatory Authority, Inc. (f/k/a National Association of Securities Dealers or NASD);
 - 1.4 "**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;
 - 1.5 "**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;
 - 1.6 "**Offshore Transactions**" means an "offshore transaction" as that term is defined in Regulation S;
 - 1.7 "**Regulation D**" means Regulation D adopted by the SEC under the U.S. Securities Act;
 - 1.8 "**Regulation M**" means Regulation M adopted by the SEC under the U.S. Exchange Act;
 - 1.9 "**Regulation S**" means Regulation S adopted by the SEC under the U.S. Securities Act;
 - 1.10 "**SEC**" means the United States Securities and Exchange Commission; and
 - 1.11 "**Substantial U.S. Market Interest**" means "substantial U.S. market interest" as defined in Regulation S.

2. The Agents may offer and sell the Offered Securities within the United States only 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 will be, a Foreign Issuer and reasonably believes there is, and at the Closing Time will be, no Substantial U.S. Market Interest in the Common Shares;
 - 2.2 all offers and sales of Offered Securities by the Corporation, its affiliates or any person acting on its or their behalf (other than the Agents, U.S. Placement Agents, any members of the Selling Dealer Group and any person acting on its or their behalf, as to which the Corporation makes no representation, warranty, agreement or covenant) in the United States have been and will be made to persons reasonably believed by the Corporation, the Agents or the U.S. Placement Agents to be Institutional Accredited Investors;
 - 2.3 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Agents, U.S. Placement Agents, any members of the Selling Dealer Group and any person acting on its or their behalf, as to which the Corporation makes no representation, warranty, agreement or covenant) has engaged or will engage in any Directed Selling Efforts with respect to the Offered Securities;
 - 2.4 the Corporation is not, and following the application of the proceeds of the sale of the Offered Securities in the manner described in 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;
 - 2.5 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Agents, U.S. Placement Agents, any members of the Selling Dealer Group and any person acting on its or their behalf, as to which the Corporation makes no representation, warranty, agreement 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(2) of the U.S. Securities Act in connection with any offer or sale of the Offered Securities in the United States;
 - 2.6 the Corporation has not sold, offered for sale or solicited any offer to buy and will not sell, offer for sale or solicit any offer to buy, during the period beginning six months prior to the start of the offering of Offered Securities and ending at the Closing Time, any of its securities in the United States in a manner that would be integrated with and would cause the exemption from registration provided by Rule 506 of Regulation D to be unavailable with respect to offers and sales of the Offered Securities pursuant to this Schedule "A" and the Agency Agreement;
 - 2.7 none of the Corporation, its affiliates or any person acting on its or their behalf (other than the Agents, U.S. Placement Agents, any members of the Selling Dealer Group and any person acting on its or their behalf, as to which the Corporation makes no representation, warranty, agreement 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 506 of Regulation D to be unavailable for the offer and sale of the Offered Securities pursuant to this Schedule "A" and the Agency Agreement;
 - 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 blue sky laws;
 - 2.9 in connection with offers and sales of Offered Securities outside of the United States, the Corporation, its affiliates and any person acting on its or their behalf (other than the Agents, U.S. Placement Agents, any members of the Selling Dealer Group and any person acting on its or their behalf, as to which the Corporation makes no representation, warranty, agreement or covenant) have complied and will comply with the requirements for an "offshore transaction", as such term is defined in Regulation S; and

- 2.10 none of the Corporation or any of its predecessors or affiliates have been subject to any order, judgment, or decree of any court of competent jurisdiction temporarily, preliminary or permanently enjoining such person for failure to comply with Rule 503 under Regulation D.
3. Each Agent acknowledges that the Offered Securities 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 Agent separately and not jointly represents, warrants and covenants, and will cause its U.S. Placement Agents to comply with such representations, warranties and covenants, that:
- 3.1 it acknowledges that none of the Offered Securities have been or will be registered under the U.S. Securities Act or the securities laws of any state of the United States and represent and warrant that the Offered Securities are being (A) offered by the Agents outside the United States in Offshore Transactions pursuant to Applicable Securities Laws and pursuant to and in compliance with Rule 903 of Regulation S and (b) offered by the Agents through the U.S. Placement Agents in the United States pursuant to Applicable Securities Laws and sold by the Corporation to Institutional Accredited Investors in accordance with the exemption from registration requirements of the U.S. Securities Act provided by Section 4(2) of the U.S. Securities Act and Rule 405 of Regulation D thereunder, and similar exemptions under applicable state securities laws;
- 3.2 none of the Agent, its affiliates or any person acting on its or their behalf has engaged or will engage in (except as permitted in this Schedule "A"): (i) any offer to sell or any solicitation of an offer to buy, any Offered Securities to any person in the United States, (ii) any sale of Offered Securities 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 Agent, affiliate or person acting on behalf of either reasonably believed that such Purchaser was outside the United States, or (iii) any Directed Selling Efforts;
- 3.3 it agrees to inform each purchaser that the Offered Securities have not been and will not be registered under the U.S. Securities Act or the securities laws of any state in the United States and that the Offered Securities are being offered and sold in the United States in reliance upon exemptions from the registration provision of Section 5 of the U.S. Securities Act provided by Section 4(2) of the U.S. Securities Act and Rule 405 of Regulation D thereunder and in reliance upon exemptions from applicable state securities laws;
- 3.4 none of it, its affiliates and 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(2) of the U.S. Securities Act in connection with its offers or sales of the Offered Securities in the United States;
- 3.5 all offers and sales of the Offered Securities in the United States have been and will be effected through its U.S. Placement Agents, which shall be duly registered with the SEC under Section 15(b) of the U.S. Exchange Act, registered in any 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 of FINRA, in each case, on the date hereof and on the date of any offer or sale of Offered Securities by it in the United States, and shall be made in compliance with all applicable United States federal and state laws and regulations governing the registration and conduct of brokers and dealers;
- 3.6 it has not used and will not use any written material other than the Preliminary U.S. Private Placement Memorandum, the Final U.S. Private Placement Memorandum and the documents attached thereto in connection with the offer and sale of the Offered Securities in the United States;
- 3.7 each offeree in the United States has been or will be provided by the Agent, through its U.S. Placement Agents, with a copy of one or both of the Preliminary U.S. Private Placement Memorandum and the Final U.S. Private Placement Memorandum, and each U.S. Purchaser will be

provided with a copy of the Final U.S. Private Placement Memorandum at or prior to the time of purchase of any Offered Securities by such U.S. Purchaser;

- 3.8 any offer, sale or solicitation of an offer to buy Offered Securities that has been made or will be made in the United States was or will be made only to a person it and its U.S. Placement Agents reasonably believes based upon a pre-existing business relationship, to be an Institutional Accredited Investor who is acquiring the Offered Securities (i) for its own account or (ii) for the account of an Institutional Accredited Investor with respect to which it is acting as fiduciary or agent, in a transaction that is exempt from registration under the U.S. Securities Act pursuant to Rule 506 of Regulation D and in compliance with, or pursuant to an exemption from, the registration or qualification requirements of all applicable state securities laws;
 - 3.9 immediately prior to soliciting offerees in the United States and at the time of completion of each sale to a U.S. Purchaser, the Agent had reasonable grounds to believe and did believe that each such offeree and U.S. Purchaser of Offered Securities was an Institutional Accredited Investor;
 - 3.10 prior to completion of any sale of Offered Securities to a U.S. Purchaser, it will cause, through its U.S. Placement Agents, each such U.S. Purchaser to sign and deliver a U.S. Purchaser's Letter in the form attached as Exhibit II to the Final U.S. Private Placement Memorandum; and
 - 3.11 none of it, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action that would constitute a violation of Regulation M under the U.S. Exchange Act in connection with the offer and sale of the Offered Securities.
4. Each Agent agrees that:
- 4.1 it will request its U.S. Placement Agents to provide the Corporation or the transfer agent for the Offered Securities, at least one business day prior to the Closing Date, with a list of all U.S. Purchasers of the Offered Securities;
 - 4.2 at Closing Time, it, together with its U.S. Placement Agents that has offered the Offered Securities 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 Securities in the United States or will be deemed to have represented that neither it nor its U.S. Placement Agents offered or sold Offered Securities in the United States;
 - 4.3 the Agents 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 Securities in the United States. The Agents have not and will not make any other contractual arrangement for the distribution of the Offered Securities in the United States without the prior written consent of the Corporation; and
 - 4.4 all Offered Securities sold to U.S. Purchasers as part of this offering will bear a legend to the effect contained in the Final U.S. Private Placement Memorandum.
5. It is understood and agreed by the Agents that the Offered Securities may be offered in the United States by the Agents and members of the Selling Dealer Group, only through a U.S. Placement Agents, for sale directly by the Corporation pursuant to the provisions of Rule 506 of Regulation D, to persons who are, or are reasonably believed by such Agents, U.S. Placement Agents and members of the Selling Dealer Group to be, Institutional Accredited Investors in transactions meeting the requirements of Rule 506 of Regulation D and in compliance with, and pursuant to an exemption from, any applicable state securities laws of the United States.

EXHIBIT A
AGENTS' CERTIFICATE

In connection with the private placement in the United States of the common shares of Porto Energy Corp. (the "**Corporation**") pursuant to the agency agreement dated effective as of March 16, 2011 among the Corporation and Raymond James Ltd, TD Securities Inc., FirstEnergy Capital Corp. and Haywood Securities Inc. (the "**Agency Agreement**"), each of the undersigned does hereby certify in favour of the Corporation as follows:

- I. we have offered the Offered Securities in the United States exclusively through Raymond James (USA) Ltd. and TD Securities (USA) LLC (the "**U.S. Placement Agents**"), which is on the date hereof, and was at the time of each offer made by it, duly registered as a broker or dealer pursuant to Section 15(b) of the U.S. Exchange Act, duly registered as a broker or dealer under the laws of each U.S. state in which it has offered Offered Securities (unless exempt from such states' broker-dealer registration requirements) and is and was a member of and in good standing with the Financial Industry Regulatory Authority, Inc. and was on the date hereof and on the date of each offer and sale of Offered Securities in the United States, and all offers and sales of the Offered Securities in the United States have been effected by us in accordance with all applicable U.S. federal and state broker-dealer requirements;
- II. the Offered Securities have been offered in the United States only by the U.S. Placement Agents and sold by the Corporation to Institutional Accredited Investors;
- III. each offeree was provided with a copy of one or both of the Preliminary U.S. Private Placement Memorandum and the Final U.S. Private Placement Memorandum, and we provided each U.S. Purchaser, prior to the sale of Offered Securities to such U.S. Purchaser, with a copy of the Final U.S. Private Placement Memorandum, and no other written material has been or will be used by us in connection with the offer and sale of the Offered Securities in the United States;
- IV. immediately prior to our transmitting any such materials to offerees of Offered Securities in the United States, we had reasonable grounds to believe and did believe that each such offeree was an Institutional Accredited Investor and, on the date hereof, we continue to believe that each U.S. Purchaser is an Institutional Accredited Investor with whom we had a pre-existing business relationship;
- V. no form of General Solicitation or General Advertising was used by us in connection with offers and sales of the Offered Securities in the United States, nor have we solicited offers for or offered to sell the Offered Securities by any means involving a public offering within the meaning of Section 4(2) of the U.S. Securities Act;
- VI. we have not made and will not make any "directed selling efforts" (as defined in Regulation S under the U.S. Securities Act) in the United States with respect to the Offered Securities;
- VII. prior to any sale of Offered Securities by the Corporation to a U.S. Purchaser, we caused each U.S. Purchaser to execute a U.S. Purchaser's Letter in the form of Exhibit II attached to the Final U.S. Placement Memorandum;
- VIII. neither we nor any of our affiliates have taken or will take any action that would constitute a violation of Regulation M under the U.S. Exchange Act; and
- IX. the offer and sale of the Offered Securities has been conducted by us in accordance with the terms of the Agency Agreement, including Schedule "A" attached thereto.

* * *

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

Dated _____, 2011.

RAYMOND JAMES LTD.

By: _____
Name:
Title:

RAYMOND JAMES (USA) LTD.

By: _____
Name:
Title:

TD SECURITIES INC.

By: _____
Name:
Title:

TD SECURITIES (USA) LLC.

By: _____
Name:
Title: