

SELLING AGENCY AGREEMENT

October 12 2010

Tethys Petroleum Limited
P.O. Box 524
St. Peter Port
Guernsey, GY1 6EL, Channel Islands

Attention: Dr. David Robson,
President and Chief Executive Officer

Fraser Mackenzie Limited
48 Yonge Street, Suite 1100
Toronto, Ontario M5E 1G6

Attention: Mr. J.C. St-Amour

FirstEnergy Capital Corp.
1100, 311 – 6th Avenue SW
Calgary, Alberta T2P 3H2

Attention: Mr. Robyn T. Hemminger

Dear Sirs:

Re: Tethys Petroleum Limited –Offering

Renaissance Securities (Cyprus) Limited, Quam Securities Company Limited and Quam Capital Limited (the "**Special Selling Agents**") understand that Tethys Petroleum Limited (the "**Company**") proposes to issue and sell a minimum of 42,342,978 Ordinary Shares (as defined below) and a maximum of 70,600,000 Ordinary Shares (the "**Shares**") (the "**Offering**"). The Shares will be sold at the purchase price of US\$1.417 per Share ("**Offer Price**"), for aggregate minimum gross proceeds of US\$59,999,999.83 and aggregate maximum gross proceeds of US\$100,040,200, provided that Shares may be purchased by the subscribers therefor at a purchase price of CDN\$1.45 per Share, such that the minimum and maximum proceeds may be comprised of an equivalent amount in Canadian funds or a combination of U.S. funds and Canadian funds, calculated on the basis of CDN\$1.00 = US\$0.9770.

The Special Selling Agents also understand that Fraser Mackenzie Limited ("**Fraser Mackenzie**") and FirstEnergy Capital Corp. ("**FirstEnergy**") (collectively the "**Agents**") and the Company have entered into the Agency Agreement (as defined below) on the date of this Agreement pursuant to which the Agents have agreed to act as the agents of the Company to offer the Shares for sale from the Company in the Qualifying Jurisdictions (as defined below) and to use their reasonable commercial efforts to obtain subscriptions therefor, and the Company has appointed the Agents as its agents in respect of such offering. The Special Selling Agents

will severally act as the agents of the Company to offer the Shares for sale outside the Qualifying Jurisdictions.

The Special Selling Agents further understand that the Company has prepared and filed the Preliminary Prospectus (as defined below) and the Amended and Restated Preliminary Prospectus (as defined below) with respect to the Shares with the Securities Commissions (as defined below) in the Qualifying Jurisdictions (as defined below) and has received the Preliminary Receipt (as defined below) and the Amended Preliminary Receipt (as defined below). The Special Selling Agents also understand that the Company has prepared the Final Prospectus (as defined below) and will file the same with the Securities Commissions promptly after execution of this Agreement (as defined below).

Upon and subject to the terms and conditions herein, and in reliance on the representations, warranties and undertakings from the Company and the undertakings from the Agents contained herein and in the Agency Agreement, the Special Selling Agents hereby severally agree to act as agents for the Company to offer Shares for sale and to use their reasonable commercial efforts to obtain subscriptions therefore in (a) the United States pursuant to the U.S. Placement Memorandum (as defined below) dated the date hereof through one or more U.S. Dealers (as defined below) pursuant to exemptions from the registration requirements of the U.S. Securities Laws (as defined below) and (b) in certain jurisdictions other than the Qualifying Jurisdictions as agreed between the Special Selling Agents and the Company (the "**Other Jurisdictions**"). The Company hereby appoints the Special Selling Agents to offer and sell such Shares at the price specified above in the United States and the Other Jurisdictions. The Special Selling Agents may, but are not obliged to, purchase Shares on their own account or on behalf of subscribers.

Terms and Conditions

The following are additional terms and conditions of this Agreement among the Company, the Agents and the Special Selling Agents.

1. Definitions

Where used in this Agreement, or in any amendment to this Agreement, the following terms will have the following meanings, respectively:

- 1.1 "**affiliate**" has the meaning ascribed thereto in section 1.2 of National Instrument 45-106 of the Canadian Securities Administrators, as constituted on the date of this Agreement;
- 1.2 "**Agreement**" means this agreement, and includes any amendment to or restatement of this Agreement;
- 1.3 "**Agency Agreement**" means the agency agreement dated the date hereof entered into among the Company and the Agents providing for the terms under which the Agents will offer and sell the Shares;
- 1.4 "**Amended and Restated Preliminary Prospectus**" means the amended and restated preliminary (short form) prospectus dated October 5, 2010, including the documents

incorporated by reference therein, relating to the qualification for distribution of the Shares under applicable Securities Laws in the Qualifying Jurisdictions;

- 1.5 "**Amended and Restated U.S. Placement Memorandum**" means the Amended and Restated Preliminary Prospectus supplemented with wrap pages describing, among other things, restrictions imposed under the U.S. Securities Act;
- 1.6 "**Amended and Restated International Placement Memorandum**" means the Amended and Restated Preliminary Prospectus supplemented with wrap pages describing, among other things, restrictions imposed under the laws of the Other Jurisdictions;
- 1.7 "**Amended Preliminary Receipt**" means the receipt dated October 5, 2010 for the Amended and Restated Preliminary Prospectus issued by the Alberta Securities Commission on its own behalf and on behalf of the other Securities Commissions;
- 1.8 "**Base Fee**" has the meaning given to that term in Section 13.1;
- 1.9 "**Business Day**" means a day other than a Saturday, a Sunday or a day on which chartered banks are not open for business in each of Calgary, Alberta and Toronto, Ontario and London and New York;
- 1.10 "**Claim**" has the meaning given to that term in Section 11.1 of this Agreement;
- 1.11 "**Closing**" means a closing of the purchase and sale of Shares hereunder;
- 1.12 "**Closing Date**" means October 20, 2010 and/or such other earlier or later date or dates as may be agreed to in writing by the Company and the Agents, each acting reasonably, provided that the Closing Date shall not be later than the date which is 90 days following the date on which the Final Receipt is issued;
- 1.13 "**distribution**" means "distribution" or "distribution to the public", as the case may be, as those terms are defined in applicable Securities Laws;
- 1.14 "**Engagement Letter**" means the letter agreement dated October 5, 2010 between the Company and Fraser Mackenzie Limited, Quam and Renaissance Capital with respect to the offering contemplated hereby and by the Agency Agreement;
- 1.15 "**Final Prospectus**" means the final (short form) prospectus of the Company dated October 12 2010 including the documents incorporated by reference therein, relating to the qualification for distribution of the Shares under applicable Securities Laws in the Qualifying Jurisdictions;
- 1.16 "**Final Receipt**" means the receipt for the Final Prospectus issued by the Alberta Securities Commission on its own behalf and on behalf of the other Securities Commissions;

- 1.17 "**Governmental Body**" means any (a) multinational, federal, provincial, state, municipal, local or other governmental or public department, central bank, court, commission, board, bureau, agency or instrumentality, domestic or foreign, (b) any subdivision or authority of any of the foregoing, or (c) any quasi-governmental, self-regulatory organization or private body exercising any regulatory, expropriation or taxing authority under or for the account of its members or any of the above, and includes the Regulatory Authorities;
- 1.18 "**Indemnified Party**" has the meaning given to that term in Section 11.1 of this Agreement;
- 1.19 "**Indemnifying Party**" has the meaning given to that term in Section 11.2 of this Agreement;
- 1.20 "**International Placement Memorandum**" means the Final Prospectus supplemented with wrap pages describing, among other things, restrictions imposed under the laws of the Other Jurisdictions;
- 1.21 "**Law**" means any and all applicable laws, including all statutes, codes, ordinances, decrees, rules, regulations, municipal by-laws, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, binding on or affecting the Person referred to in the context in which the word is used;
- 1.22 "**Material Adverse Effect**" means any effect on or change to the business of the Company and its subsidiaries, taken as a whole, that is or is reasonably likely to be materially adverse to the results of operations, financial condition, assets, liabilities (contingent or otherwise), cash flow, income or business operations or prospects of such business, taken as a whole, or to the completion of the transactions contemplated by this Agreement, the Agency Agreement or the Material Agreements;
- 1.23 "**Offering Documents**" has the meaning given to that term in Section 4.1 of this Agreement;
- 1.24 "**Option Plan**" means the stock incentive plan of the Company referred to as the "2007 Long Term Stock Incentive Plan" adopted by the Company in May 2007, as amended effective April 24, 2008 and as amended effective May 7, 2009;
- 1.25 "**Ordinary Shares**" means the US\$0.10 par value ordinary shares in the share capital of the Company as constituted on the date hereof;
- 1.26 "**Person**" includes any individual, general partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, joint stock company, association, trust, trust company, bank, pension fund, trustee, executor, administrator or other legal personal representative, regulatory body or agency, Governmental Body or other organization or entity, whether or not a legal entity, however designated or constituted;
- 1.27 "**Preliminary Prospectus**" means the preliminary (short form) prospectus of the Company dated October 4, 2010 including the documents incorporated by reference

therein, relating to the qualification for distribution of the Shares under applicable Securities Laws in the Qualifying Jurisdictions;

- 1.28 "**Preliminary Receipt**" means the receipt dated October 4, 2010 for the Preliminary Prospectus issued by the Alberta Securities Commission on its own behalf and on behalf of the other Securities Commissions;
- 1.29 "**Prospectus**" means, collectively, the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus and the Final Prospectus;
- 1.30 "**PWC**" PricewaterhouseCoopers LLP, independent auditors of the Company;
- 1.31 "**Qualifying Jurisdictions**" means, collectively, the provinces of Alberta, British Columbia and Ontario;
- 1.32 "**Quam**" means, collectively, Quam Securities Company Limited and Quam Capital Limited;
- 1.33 "**Regulation D**" means Regulation D adopted by the SEC pursuant to the U.S. Securities Act;
- 1.34 "**Regulation S**" means Regulation S adopted by the SEC pursuant to the U.S. Securities Act;
- 1.35 "**Regulatory Authorities**" means the Securities Commissions, the SEC, U.S. State Securities Commissions, the TSX and the Investment Industry Regulatory Authority of Canada or any other regulatory authority having jurisdictions over the Company or the trading of the Ordinary Shares generally;
- 1.36 "**Renaissance Capital**" means Renaissance Securities (Cyprus) Limited;
- 1.37 "**SEC**" means the United States Securities and Exchange Commission;
- 1.38 "**Securities Commission**" means the applicable securities commission or regulatory authority in each of the Qualifying Jurisdictions;
- 1.39 "**Securities Laws**" means, collectively, the applicable securities laws of each of the Qualifying Jurisdictions and the respective regulations and rules made under those securities laws together with all applicable policy statements, blanket orders and rulings of the Securities Commissions and all discretionary orders or rulings, if any, of the Securities Commissions made in connection with the transactions contemplated by this Agreement, together with applicable published policy statements of the Canadian Securities Administrators;
- 1.40 "**Special Selling Agency Fees**" has the meaning given to that term in Section 13;
- 1.41 "**Standard Listing Conditions**" has the meaning given to that term in Section 4.3.2 of this Agreement;

- 1.42 "**subsidiary**" has the meaning ascribed thereto in National Instrument 45-106 of the Canadian Securities Administrators, as constituted at the date of this Agreement;
- 1.43 "**Supplementary Material**" means, collectively, any amendment to the Final Prospectus, any amended or supplemental prospectus or ancillary materials that may be filed by or on behalf of the Company under the Securities Laws relating to the qualification for distribution of the Shares under applicable Securities Laws;
- 1.44 "**Time of Closing**" means 8:30 a.m. (Toronto time) on the Closing Date, or any other time on the Closing Date as may be agreed to by the Company and the Agents;
- 1.45 "**TSX**" means the Toronto Stock Exchange;
- 1.46 "**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
- 1.47 "**U.S. Dealer**" means a broker-dealer registered as such with the SEC under section 15 of the U.S. Exchange Act and who is regulated by the Financial Industry Regulatory Authority;
- 1.48 "**U.S. Exchange Act**" means the U.S. *Securities Exchange Act of 1934*, as amended, together with the rules and regulations enacted thereunder;
- 1.49 "**U.S. Placement Memorandum**" means the Final Prospectus supplemented with wrap pages describing, among other things, restrictions imposed under the U.S. Securities Act;
- 1.50 "**U.S. Qualifying Jurisdictions**" means, collectively, each of the states of the United States in which Shares are offered and/or sold;
- 1.51 "**U.S. Securities Act**" means the U.S. *Securities Act of 1933*, as amended, together with the rules and regulations enacted thereunder;
- 1.52 "**U.S. Securities Laws**" means all of the applicable federal securities laws and regulations of the United States, including, without limitation, the U.S. Securities Act and the U.S. Exchange Act, and the state securities or "blue sky" laws of the U.S. Qualifying Jurisdictions; and
- 1.53 "**U.S. State Securities Commissions**" means the Governmental Bodies charged with administering the state securities or "blue sky" laws of the U.S. Qualifying Jurisdictions.

Capitalized terms used but not defined in this Agreement have the meaning given to them in the Agency Agreement. Capitalized terms not defined in this Agreement nor the Agency Agreement have the meanings given to them in the Final Prospectus.

Any reference in this Agreement to a section, paragraph, subsection, subparagraph, clause or subclause will refer to a section, paragraph, subsection, subparagraph, clause or subclause of this Agreement.

All words and personal pronouns relating to those words will be read and construed as the number and gender of the party or parties referred to in each case required and the verb will be construed as agreeing with the required word and/or pronoun.

2. Qualification of Shares

2.1 The Company will, as soon as possible following the execution of this Agreement, take all steps and proceedings that may be necessary on its part to enable the Shares to be lawfully offered and sold on a private placement basis in the (a) United States through one or more U.S. Dealers pursuant to exemptions from the registration requirements of the U.S. Securities Laws and (b) the Other Jurisdictions.

3. Distribution of the Shares and Certain Obligations of the Special Selling Agent

3.1 The Special Selling Agents agree with the Company:

3.1.1 to distribute the Shares on a private placement basis in the Other Jurisdictions only as permitted by the securities legislation of the Other Jurisdictions and upon the terms and conditions set forth in the Final Prospectus and in this Agreement;

3.1.2 not to directly sell or distribute any Shares in the Qualifying Jurisdictions and to only sell or distribute Shares in the United States in accordance with Schedule A to the Agency Agreement;

3.1.3 not to solicit offers to purchase or sell the Shares so as to require registration thereof or the filing of a prospectus or any similar document under the laws of any Other Jurisdiction; and

3.1.4 to comply with all applicable securities laws in each of the Other Jurisdictions into and from which it may offer or sell the Shares.

3.2 The Special Selling Agents will complete the distribution of the Shares as promptly as possible after the Time of Closing. The Special Selling Agents will notify the Agents when, in their opinion, they have ceased distribution of the Shares.

3.3 The Special Selling Agents make the representations, warranties and covenants in Schedule A of the Agency Agreement as if the same were set forth in full herein, and agree on behalf of themselves and, in the case of Renaissance Capital, its United States broker dealer retained to make offers for sale of the Shares in the United States, for the benefit of the Company to comply with the selling restrictions imposed by the U.S. Securities Laws and set forth in Schedule A of the Agency Agreement, which is incorporated by reference herein and forms part of this Agreement.

4. Delivery of Prospectus and Related Matters

4.1 The Company will cause to be delivered to the Special Selling Agents, at those delivery points as the Special Selling Agents may reasonably request, as soon as possible, as many commercial copies of the Final Prospectus as the Special Selling Agents may reasonably

request. The Company will similarly cause to be delivered to the Special Selling Agents, without charge, at those delivery points and in such number as the Special Selling Agents may reasonably request, commercial copies of the U.S. Placement Memorandum, the International Placement Memorandum and any Supplementary Material required to be delivered to purchasers or prospective purchasers of the Shares. Each delivery of the Preliminary Prospectus, the Amended and Restated Preliminary Prospectus, the Amended and Restated U.S. Placement Memorandum, the Amended and Restated International Placement Memorandum, the Final Prospectus, the U.S. Placement Memorandum, the International Placement Memorandum or any Supplementary Material (collectively, the "**Offering Documents**") will constitute the Company's consent to the use of the Offering Documents by the Special Selling Agents in connection with the private placement of the Shares in the Other Jurisdictions and in the United States through one or more U.S. Dealers pursuant to exemptions from the registration requirements of the U.S. Securities Laws in compliance with the provisions of this Agreement and Schedule A to the Agency Agreement.

4.2 The Company represents and warrants to each Special Selling Agent that (except for the information and statements relating solely to that Special Selling Agent and furnished by it specifically for use in such document), at the respective times of delivery and, in the case of the Final Prospectus and the U.S. Placement Memorandum, together with Supplementary Material, if any, at the Time of Closing:

4.2.1 the information and statements contained in each of the Offering Documents:

4.2.1.1 are true and correct in all material respects;

4.2.1.2 do not contain a misrepresentation; and

4.2.1.3 constitute full, true and plain disclosure of all material facts relating to the Shares and to the Company and its subsidiaries, considered as a whole, in accordance with the Securities Laws; and

4.2.2 each of the Offering Documents complies in all material respects with Securities Laws and U.S. Securities Laws applicable to such Offering Document.

4.3 The Company will deliver to the Special Selling Agents, without charge contemporaneously with or prior to the filing of the Final Prospectus, unless otherwise indicated:

4.3.1 a copy of the Final Prospectus, signed on behalf of the Company as required by the Securities Laws of each of the Qualifying Jurisdictions;

4.3.2 evidence satisfactory to the Agents and the Special Selling Agents of the approval of the listing and posting for trading on the TSX of the Shares, subject only to satisfaction by the Company of customary conditions imposed by the TSX in similar circumstances (the "**Standard Listing Conditions**") as set out in the letter from the TSX to the Company dated October 7, 2010; and

- 4.3.3 a "long-form" comfort letter dated the date of the Final Prospectus, in form and substance satisfactory to the Agents and the Special Selling Agents, addressed to the Agents, the board of directors of the Company and the Special Selling Agents from PWC, and based on a review completed not more than two Business Days prior to the date of the Final Prospectus, with respect to certain financial and accounting information relating to the Company in the Final Prospectus, which letter shall be in addition to the auditors' reports incorporated by reference in the Final Prospectus.
- 4.4 Comfort letters and other documents substantially similar to those referred to in Section 4.3.3 of this Agreement will be delivered to the Special Selling Agents and their respective counsel with respect to any Supplementary Material or other relevant document, concurrently with the filing of the Supplementary Material or other relevant document.
- 4.5 The Company will deliver to the Special Selling Agents, contemporaneously with or prior to the filing of the Final Prospectus, the Legal Due Diligence Reports effective not more than five days prior to the date of the Final Prospectus, each in form and substance acceptable to the Special Selling Agents, acting reasonably.
- 4.6 During the period commencing on the date hereof and until completion of the distribution of the Shares, the Company will, so far as practicable, provide each of the Special Selling Agents with drafts of any press releases of the Company that includes information regarding the Company or the Offering, for review by the Special Selling Agents and their respective counsel prior to issuance, provided that any such review will be completed in a timely manner.
- 4.7 Prior to the filing of the Final Prospectus or any Supplementary Material and the Time of Closing, the Company will allow the Special Selling Agents to participate fully in the preparation of such documents and will allow the Special Selling Agents and their advisors and representatives to conduct all additional due diligence investigations which they may reasonably require in order to fulfill their respective obligations as agents in connection with the distribution of the Shares, which may include investigations conducted up to the Time of Closing, including without limitation the holding of a "due diligence" meeting at or prior to the Time of Closing with officials of the Company, its outside counsel and PWC as auditors of the Company.

5. Material Change

- 5.1 The Company will promptly inform the Special Selling Agents in writing during the period prior to the completion of the distribution of the Shares of the full particulars of:
 - 5.1.1 any change (whether actual, anticipated, contemplated or proposed by, or threatened against, the Company and whether financial or otherwise) in the assets, liabilities (contingent or otherwise), business, affairs, prospects, operations, capital or control of the Company, considered as a whole, that would be material to the Company, considered as a whole;

- 5.1.2 any material fact which has arisen or has been discovered and would have been required to have been stated in the Offering Documents had that fact arisen or been discovered on, or prior to, the date of any of the Offering Documents; or
- 5.1.3 any change in any material fact or any misstatement of any material fact contained in any of the Offering Documents or any new material fact that has occurred or been discovered after the date of this Agreement,

which, in any case, is of such a nature as to render any of the Offering Documents untrue or misleading in any material respect or to result in any misrepresentation in any of the Offering Documents or which would result in any of the Offering Documents not complying in all material respects with Securities Laws.

- 5.2 In addition to the provisions of Section 5.1, the Company will, in good faith, discuss with the Special Selling Agents any change or fact contemplated in Section 5.1 which is of such a nature that there may be reasonable doubt as to whether notice should be given to the Special Selling Agents under Section 5.1 and will consult with the Special Selling Agents with respect to the form and content of any Supplementary Material proposed to be filed by the Company, it being understood and agreed that no such Supplementary Material will be filed with any Securities Commission prior to the review and approval by the Special Selling Agents and their respective counsels, acting reasonably.

6. Representations and Warranties of the Company

- 6.1 In consideration of the Special Selling Agents agreeing with the Company to offer Shares for sale and to use reasonable commercial efforts to obtain subscriptions therefore in (a) in the United States through one or more U.S. Dealers pursuant to exemptions from the registration requirements of the U.S. Securities Laws and (b) in the Other Jurisdictions, the Company represents and warrants to, and agrees with, the Special Selling Agents on the terms of the representations and warranties contained in Section 7 of the Agency Agreement as if the same were set out in full herein.
- 6.2 The Company shall notify the Special Selling Agents of any breach of the representations and warranties contained in Section 7 of the Agency Agreement of which it becomes aware prior to Closing and shall take such steps as may be reasonably requested by the Special Selling Agents to remedy the same.
- 6.3 The Company agrees that each certificate required to be provided to the Special Selling Agents in accordance with the terms of the Agency Agreement, signed by any officer or officers of the Company and delivered to the Special Selling Agents, will constitute a representation and warranty by the Company to the Special Selling Agents as to the matters covered thereby.

7. Covenants

- 7.1 Until the distribution of the Shares has been completed, the Company covenants and agrees with the Special Selling Agents that the Company will advise the Special Selling Agents promptly after receiving notice or obtaining knowledge, of (a) the issuance by any

Regulatory Authority of any order suspending or preventing the use of any of the Offering Documents; (b) the suspension of the qualification of the Shares for distribution in any of the Qualifying Jurisdictions, the United States or the Other Jurisdictions; (c) the institution, threatening or contemplation of any proceeding for any of those purposes; or (d) any requests made by any Regulatory Authority for amendments or supplements to the Final Prospectus or for additional information, and will use their commercially reasonable efforts to prevent the issuance of any such order and, if any such order is issued, to obtain the withdrawal of the order as quickly as possible.

- 7.2 The Company covenants and agrees with the Special Selling Agents that the Company will not at any time, directly or indirectly, take any action intended, or which might reasonably be expected, to cause or result in, or which will constitute, stabilization or manipulation of the price of the securities of the Company to facilitate the sale or resale of any of the Shares or otherwise.
- 7.3 The Company will apply the proceeds from the issue and sale of the Shares in accordance with the disclosure set out under the heading "Use of Proceeds" in the Final Prospectus.
- 7.4 The Company will use its reasonable commercial efforts to promptly do, make, execute, deliver or cause to be done, made, executed or delivered, all such acts, documents and things as the Special Selling Agents may reasonably require from time to time for the purpose of giving effect to this Agreement and take all such steps as may be reasonably within its power to implement to their full extent the provisions of this Agreement.
- 7.5 The Company and the Agents each undertake to the Special Selling Agents not to amend, vary or waive or agree to any amendment, variation or waiver of any provision of the Agency Agreement without the prior written consent of the Special Selling Agents (such consent not to be unreasonably withheld or delayed).

8. Conditions of Closing and Termination

- 8.1 The obligation of the Special Selling Agents to act with respect to the offer and sale of the Shares pursuant to this Agreement will be subject to the satisfaction or waiver in writing of all the conditions precedent set out in Section 9.1 of the Agency Agreement and to the Agency Agreement not having been terminated.
- 8.2 The Agents agree not to materially amend, vary or waive, in whole or in part, or extend the time for compliance with any of the conditions precedent set out in Section 9 of the Agency Agreement without the prior written consent of the Special Selling Agents (such consent not to be unreasonably withheld or delayed).
- 8.3 The Agents shall immediately notify the Special Selling Agents (with sufficient details to enable the Special Selling Agents to understand the nature and significance of the event, matter or circumstance) of any event, matter or circumstance of which they are or become aware which will or may (including with the passage of time) result in the failure to satisfy any of the conditions precedents in Section 9 of the Agency Agreement or in the Agents being entitled to terminate their obligations under the Agency Agreement.

- 8.4 This Agreement shall terminate if the Agency Agreement terminates.
- 8.5 The conditionality of this Agreement is without prejudice to all other remedies which the Special Selling Agents may have in respect of any default, act or failure to act of the Company in respect of any of the matters contemplated by this Agreement. In addition, upon any termination of this Agreement, no party shall be under any liability to any other in respect of this Agreement, except that (a) such termination shall be without prejudice to any accrued rights or obligations of any party under this Agreement, (b) the Company shall remain liable under Section 14 for payment of costs and expenses and (c) the provisions of Sections 6, 11, 12, 15 and 17 shall remain in full force and effect.

9. Closing

- 9.1 Payment by each of the Special Selling Agents of the subscription monies for the Shares for which it has found buyers (being the aggregate of the proceeds of sale of such Shares less the applicable Special Selling Agency Fees and the costs and expenses payable by the Company pursuant to Section 13 and 14) shall be made by the Special Selling Agents to Fraser Mackenzie Limited (acting on behalf of the Agents) in US\$ and/or CDN\$ (the currency of the fee to match the currency of the underlying subscription proceeds or the proportions thereof):

9.1.1 in the case of Renaissance Capital, as soon as reasonably practicable on the Closing Date after the Time of Closing, against delivery of the Shares to an account of a custodian (who is a participant in CDS Clearing and Depository Inc.) designated for this purpose by Renaissance Capital (or delivery in such other manner as is agreed between Renaissance Capital and the Company); and

9.1.2 in the case of Quam, prior to the Closing Time,

and in each case payment shall be made to one or more bank accounts notified to the Special Selling Agents by the Agents for this purpose no later than 2 Business Days prior to Closing (the "**Bank Account**"). Fraser Mackenzie Limited (acting on behalf of the Agents) is hereby authorized to pay to the Company at the Time of Closing amounts corresponding to amounts received (or to be received) from the Special Selling Agents in accordance with this Section, such payments to be made by Fraser Mackenzie Limited (acting on behalf of the Agents) in accordance with the Agency Agreement and this Agreement.

- 9.2 Immediately prior to the Time of Closing, Renaissance Capital shall confirm in writing to Fraser Mackenzie Limited (acting on behalf of the Agents) the number of Shares which are to be delivered to the custodian account referred to in Section 9.1.1. above. Such written confirmation shall constitute an irrevocable commitment by Renaissance Capital to deliver the subscription monies in respect of such Shares to Fraser Mackenzie Limited (acting on behalf of the Agents) against delivery by Fraser Mackenzie Limited (acting on behalf of the Agents) of such Shares to Renaissance Capital. Until such written confirmation is given, Renaissance Capital shall not be under any obligation to pay for any Shares.

- 9.3 The Special Selling Agents shall notify Fraser Mackenzie Limited no later than 2 Business Days prior to Closing of the stock accounts into which the Shares shall be deposited. The Special Selling Agents will hold any Shares received under Sections 9.1 as nominees for the buyers of such Shares (for onward delivery to the relevant buyer's accounts)
- 9.4 For the avoidance of doubt, payment for the Shares shall be net of the Special Selling Agency Fees payable in accordance with Section 13 and the Special Selling Agent's expenses payable by the Company pursuant to Section 14.

10. Restrictions on Further Issues or Sales

- 10.1 During the period commencing on the date of this Agreement and ending on the day which is 180 days following the Closing Date, the Company will not, directly or indirectly, without the prior written consent of the Special Selling Agents (which consent will not be unreasonably withheld), directly or indirectly issue, sell, grant an option or right in respect of, or otherwise dispose of any Ordinary Shares or any securities convertible into or exercisable or exchangeable for any Ordinary Shares, other than: (a) the sale of Shares pursuant to the Agency Agreement and this Agreement, (b) the grant or exercise of stock options and other similar issuances pursuant to the Option Plan, (c) the issue of Ordinary Shares upon exercise of the convertible securities, warrants or options outstanding prior to the Closing Date, and (d) the issue of Ordinary Shares or other equity securities of the Company as consideration for the acquisition of oil and natural gas properties or shares of companies in the energy industry or for the acquisition of equipment required for its operations in compliance with applicable Securities Laws and the rules and policies of applicable Regulatory Authorities.

11. Indemnification

- 11.1 The Company will (subject to Section 12) protect, hold harmless and indemnify each Special Selling Agent and its affiliates and their respective directors, officers, employees, shareholders and agents (collectively, the "**Indemnified Parties**" and individually an "**Indemnified Party**") from and against all losses (other than losses of profit in connection with the distribution of the Shares), claims, damages, liabilities, costs and expenses, including, without limitation, all amounts paid to settle actions, proceedings, or investigations or satisfy judgments or awards and all reasonable legal fees and expenses (collectively, a "**Claim**") caused by or arising directly or indirectly out of the services rendered or duties performed by such Indemnified Parties under this Agreement or otherwise in connection with the making or implementation of issue and sale of the Shares, including by reason of:

- 11.1.1 any breach of or default under any representation, warranty, covenant or agreement of the Company in this Agreement and/or in the Agency Agreement or any other document or certificate to be delivered by the Company pursuant hereto or the failure of the Company to comply with any of its obligations hereunder or thereunder;

- 11.1.2 any information or statement (except for any information or statement relating solely to that Special Selling Agent and furnished by that Special Selling Agent specifically for use in such documents) contained in any of the Offering Documents or in any announcement or press release issued in connection with offer being or being alleged to be a misrepresentation or untrue or any omission or alleged omission to state in those documents any material fact (except for any information and statements relating solely to that Special Selling Agent, and furnished by it specifically for use in such document) required to be stated in those documents or necessary to make any of the statements therein not misleading in light of the circumstances in which they were made;
- 11.1.3 any statement (except for matters relating solely to that Special Selling Agent, and furnished by it specifically for use in such statements) contained in any information or documents filed by or on behalf of the Company with the Securities Commissions in compliance, or intended compliance, with the Securities Laws until the date on which the distribution of Shares is completed, which at the time and in the light of the circumstances in which it was made contained or is alleged to have contained a misrepresentation or was untrue, false or misleading;
- 11.1.4 any order made or any inquiry, investigation or proceeding instituted, threatened or announced by any court, securities regulatory authority, stock exchange or by any other competent authority, based upon any untrue statement, omission or misrepresentation or alleged untrue statement, omission or misrepresentation (except a statement, omission or misrepresentation relating solely to that Special Selling Agent and furnished by it specifically for use in such document) contained in any of the Offering Documents, preventing or restricting the trading in or the sale or distribution of the Shares; or
- 11.1.5 the Company not complying with any requirement of any Securities Laws, the U.S. Securities Act or the applicable laws or any Other Jurisdictions (except where such non-compliance results solely from the actions of that Special Selling Agent or its affiliates or representatives), in particular any failure to comply with the U.S. Securities Laws in connection with the private placement into the US;

and will reimburse the Indemnified Parties for all reasonable costs, charges and expenses, as incurred, which any of them may pay or incur in connection with investigating or disputing any Claim or alleged Claim or action related thereto in accordance with the provisions of this Section 11. This indemnity will be in addition to any liability which the Company may otherwise have.

- 11.2 If any Claim contemplated by Section 11.1 is asserted against any of the Indemnified Parties, or if any potential Claim contemplated by this section comes to the knowledge of any of the Indemnified Parties, the Indemnified Party concerned will notify in writing the applicable indemnifying parties hereunder (collectively, the "**Indemnifying Parties**" and individually an "**Indemnifying Party**"), as soon as reasonably practicable, of the nature of the Claim (provided that any failure to so notify in respect of any potential Claim will

not, subject to the following, affect the liability of the Indemnifying Parties under this Section and provided further that any failure to so notify in respect of any actual Claim will affect the liability of the Indemnifying Parties under this section only to the extent that an Indemnifying Party is prejudiced by such failure). The Indemnifying Parties will, subject to the following, be entitled (but not required) to assume the defence on behalf of the Indemnified Party of any suit brought to enforce the Claim; provided that the defence will be through legal counsel selected by the Indemnifying Parties and acceptable to the Indemnified Party, acting reasonably, and no admission of liability will be made by the Indemnifying Parties or the Indemnified Party without, in each case, the prior written consent of all the Indemnified Parties affected and the Indemnifying Parties, in each case, which consent will not be unreasonably withheld. An Indemnified Party will have the right to employ separate counsel in any such suit and participate in its defence but the fees and expenses of that counsel will be at the expense of the Indemnified Party unless:

11.2.1 the Indemnifying Parties fail to assume the defence of the suit on behalf of the Indemnified Party within ten days of receiving notice of the suit;

11.2.2 the employment of that counsel has been authorized by the Indemnifying Parties; or

11.2.3 the named parties to the suit (including any added or third parties) include the Indemnified Party and any of the Indemnifying Parties and the Indemnified Party has been advised in writing by counsel that there are legal defences available to the Indemnified Parties that are different or in addition to those available to the Indemnifying Parties or that representation of the Indemnified Party by counsel for the Indemnifying Parties is inappropriate as a result of the potential or actual conflicting interests of those represented;

(in each of subsections 11.2.1, 11.2.2 or 11.2.3, the Indemnifying Parties will not have the right to assume the defence of the suit on behalf of the Indemnified Party, but the Indemnifying Parties will be liable to pay the reasonable fees and expenses of separate counsel for all Indemnified Parties and, in addition, of local counsel in each applicable jurisdiction). Notwithstanding the foregoing, no settlement may be made by an Indemnified Party without the prior written consent of the Indemnifying Parties, which consent will not be unreasonably withheld.

11.3 The Indemnifying Parties waive any right they may have of first requiring an Indemnified Party to proceed against or enforce any other right, power, remedy or security or to claim payment from any other Person before claiming under the indemnity provided for in this Section 11. It is not necessary for an Indemnified Party to incur expense or make payment before enforcing such indemnity.

11.4 The rights of indemnity contained in Section 11.1 will not enure to the benefit of a Special Selling Agent if the provisions of Sections 4 and 5 of this Agreement have been complied with and the Person asserting any Claim contemplated by Section 11.1 of this Agreement was, due to the default of that Special Selling Agent, not provided with a copy of the Final Prospectus, the U.S. Placement Memorandum, the International

Placement Memorandum or Supplementary Material, as the case may be, which corrects any untrue statement or information, misrepresentation (for the purposes of Securities Laws or any of them) or omission which is the basis of the Claim and which is required under Securities Laws or the U.S. Securities Act to be delivered to that Person by that Special Selling Agent (if any).

- 11.5 Each Indemnified Party shall have the right under the Contracts (Rights of Third Parties) Act 1999 to enforce its rights under Sections 11 and 12 against any Indemnifying Party, provided that, save to the extent notified in writing to the relevant Indemnifying Party, Renaissance Capital (without obligation), in respect of any Claims relating to Indemnified Parties related to it and Quam (without obligation), in respect of any Claims relating to Indemnified Parties related to it will have the sole conduct of any action to enforce such rights or settle any action or claim on behalf of the relevant Indemnified Party. Save as provided in this Section, Indemnified Parties other than the Special Selling Agents will not be entitled directly to enforce their rights against any Indemnifying Parties under this Agreement, under the Contracts (Rights of Third Parties) Act 1999 or otherwise. The Special Selling Agents and the Indemnifying Parties may agree to terminate this Agreement or any of its terms without the consent of any Indemnified Party and the Special Selling Agents will have no responsibility to any Indemnified Party under or as a result of this Agreement.
- 11.6 If any Claim is brought in connection with the transactions contemplated by this Agreement and any of the Special Selling Agents is required to testify in connection therewith or is required to respond to procedures designed to discover information relating thereto, the reasonable fees of the Special Selling Agents at the normal per diem rate for its directors, officers, employees and agents involved in preparation for, and attendance at, such proceedings or in so responding and any other reasonable costs and out-of-pocket expenses incurred by it in connection therewith will be paid by the Indemnifying Parties as they are incurred.
- 11.7 The obligations under Sections 11 and 12 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.
- 11.8 No Indemnified Party shall have the right to recover any amount from an Indemnifying Party if such Indemnified Party's claim has been satisfied by another Indemnified Party.

12. Right of Contribution

- 12.1 In order to provide for just and equitable contribution in circumstances in which an indemnity provided in Section 11 of this Agreement would otherwise be available in accordance with its terms but is, for any reason not solely attributable to any one or more of the Indemnified Parties, held to be unavailable to or unenforceable by the Indemnified Parties or enforceable otherwise than in accordance with its terms, each of the Indemnified Parties, each Agent and each Special Selling Agent, as the case may be, will contribute to the aggregate of all claims, damages, liabilities, costs and expenses and all

losses (other than losses of profits in connection with the distribution of the Shares) of the nature contemplated in Section 11 of this Agreement:

12.1.1 in such proportion as is appropriate to reflect the relative benefits received by each of the Indemnifying Parties, each Agent and each Special Selling Agent, from, in each case, the distribution of the Shares; or

12.1.2 if the allocation provided by subsection 12.1.1 above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in subsection 12.1.1 above but also the relative fault of each of the Indemnifying Parties, each Agent and each Special Selling Agent, in connection with the matters or things referred to in Section 11.1 which resulted in such Claims, as well as any other relevant equitable considerations;

provided that each Special Selling Agent and each Agent shall not in any event be liable to contribute, in the aggregate, any amount in excess of the total fee or any portion thereof actually received by it in connection with the transactions contemplated by this Agreement and the Agency Agreement. The relative benefits received by the Indemnifying Parties on the one hand and the Agents and the Special Selling Agents on the other hand shall be deemed to be in the same ratio as the total proceeds from the distribution of the Shares received by the Indemnifying Parties is to the total fees received by each Agent and each Special Selling Agent pursuant to the Offering. The relative fault of the Indemnifying Parties, each Agent and each of the Special Selling Agents shall be determined by reference to, among other things, whether the matters or things referred to in Section 11.1 which resulted in such Claims relate to information supplied by or steps or actions taken or done or not taken or done by or on behalf of the Indemnifying Parties, each Agent or each Special Selling Agent and the relative intent, knowledge, access to information and opportunity to correct or prevent such statement, omission or misrepresentation, or other matter or thing referred to in Section 11.1. The parties and the Agents agree that it would not be just and equitable if contribution pursuant to this Section 12.1 were determined by any method of allocation that does not take into account the equitable considerations referred to above in this Section 12.1.

12.2 For greater certainty, the Indemnifying Parties will not have any obligation to contribute pursuant to this Section 12 in respect of any Claim except to the extent the indemnity given by them in Section 11 of this Agreement would have been applicable to that Claim in accordance with its terms, had that indemnity been found to be enforceable and available to the Indemnified Parties.

12.3 The rights to contribution provided in this section will 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, provided that Sections 12.1 and 12.2 will apply, *mutatis mutandis*, in respect of that other right.

12.4 No Person will be entitled to claim indemnity under Section 11.1 or contribution under Section 12.1 to the extent that any such Claim is finally judicially determined to have arisen from the fraud, wilful default, fraudulent misrepresentation, gross negligence,

wilful misconduct or reckless disregard of such Person, provided that this limitation shall not apply to any Claim in respect of Section 11.1.2. For the avoidance of doubt, any fraud, wilful default, fraudulent misrepresentation, gross negligence, wilful misconduct or reckless disregard on the part of any Special Selling Agent shall not negate or prejudice the right of indemnity in Section 10 or the right of contribution in this Section of the other Special Selling Agent.

13. Fees

13.1 In consideration of the services rendered by the Agents under the Agency Agreement and the Special Selling Agents under this Agreement, the Agents and the Special Selling Agents shall be paid a base fee (the "**Base Fee**") equal to the sum of:

13.1.1 6% of the gross proceeds from the sale of Shares in the Offering to persons other than those referred to in Clause 13.2.2; and

13.1.2 2% of the gross proceeds from the sale of Shares in the Offering to Pope Asset Management LLC, RAB Capital Plc, JP Morgan Asset Management and Ingalls and Snyder LLC.

13.2 The Base Fee shall be allocated amongst the Agents and the Special Selling Agents as follows:

13.2.1 Fraser Mackenzie, Renaissance Capital and Quam shall each receive a "placement fee" equal to 2.5% of the gross proceeds from the sale of Shares allocated to each of them in the Offering;

13.2.2 FirstEnergy shall receive a fee equal to 5% of the Base Fee net of the 6% step-up fee and retail fees; and

13.2.3 the remaining amount of the Base Fee shall, net of a 6% step-up fee and retail fees, be shared equally among each of Fraser Mackenzie, Renaissance Capital and Quam.

The step-up fee shall be paid 50% to Fraser Mackenzie, and 25% to each of Quam and Renaissance Capital. For the avoidance of doubt, the Company is only obligated to pay the Base Fee as provided for in section 13.1.

13.3 In addition, the Company may at its absolute discretion pay to the Special Selling Agents and the Agents up to an additional 1% of the gross proceeds received for the sale of the Shares in the Offering. Such fee may be paid, in the sole discretion of the Company, to the Agents and the Special Selling Agents or to any one of them.

Collectively the fees referred to above and payable to the Special Selling Agents (but not the Agents) shall be referred to as the "**Special Selling Agency Fees**".

14. Expenses

14.1 Whether or not the purchase and sale of the Shares pursuant to this Agreement is completed, the Company shall be liable for all expenses of or incidental to the purchase, sale, delivery and distribution of the Shares and of or incidental to all matters in connection with the transactions set out in this Agreement including, without limitation:

14.1.1 reasonable fees, expenses and disbursements of the Special Selling Agent's counsel and the out-of-pocket expenses reasonably incurred by or on behalf of the Special Selling Agent including, without limitation, any advertising, printing, courier, telecommunications, data search, roadshow presentations, travel or other expenses and the reasonable fees, disbursements, and taxes of counsel to the Special Selling Agents.

14.1.2 fees and expenses payable in connection with the qualification for distribution of the Shares under applicable Securities Laws and the listing of the Shares on the TSX;

14.1.3 the fees and expenses of the auditors of the Company, and Canadian and foreign counsel to the Company;

14.1.4 all costs incurred in connection with the preparation, filing and printing of the Offering Documents and any Share certification costs; and

14.1.5 all fees and expenses of the Transfer Agent and CDS Clearing and Depository Services Inc.;

including Canadian federal goods and services tax and provincial sales tax eligible in respect of any of the foregoing.

14.2 The Company shall also be liable for any stamp, issue, registration, documentary or other tax or duty imposed under the laws of any applicable jurisdiction in which the Shares have been offered for sale (together with any interest or penalties thereon which arise due to late payment by the Company) which is paid or payable by the Special Selling Agents or by any subscribers of the Shares.

14.3 Any payments by the Company under Section 13 or this Section shall be paid without set-off or counterclaim, and free and clear of and without deduction or withholding for or on account of any present or future taxes. In addition, if any taxes are required by law to be deducted or withheld in connection with any payments under this Section or Section 13, the Company will increase the amount paid so that the full amount of such payment is received.

15. Termination by the Special Selling Agents in Certain Events

15.1 All representations, warranties, covenants and other terms of this Agreement will be and will be deemed to be conditions, and any breach or failure to comply with any of them

will entitle each Special Selling Agent to terminate its obligation to offer the Shares, by written notice to that effect given to the other parties at or prior to the Time of Closing.

15.2 Without prejudice to any other provision of this Agreement, each Special Selling Agent will also be entitled to terminate its obligations under this Agreement by written notice to that effect given to the other parties to this Agreement at or prior to the Time of Closing if:

15.2.1 any inquiry, action, suit, investigation or other proceeding (whether formal or informal) in relation to the Company is instituted or threatened or announced or any order is made by any Governmental Body having jurisdiction over the Company (other than an inquiry, action, suit, investigation or proceeding or order based solely upon the activities or alleged activities of the Special Selling Agents), which has not been rescinded, revoked or withdrawn and which, in the opinion of that Special Selling Agent, acting reasonably, operates to prevent or materially restrict the distribution of the Shares in any of the Qualifying Jurisdictions, the United States or Other Jurisdictions or would prevent or materially restrict the distribution of the Shares under this Agreement or the Agency Agreement or would prevent or materially restrict trading in the Shares or would reasonably be expected to have a Material Adverse Effect or to materially adversely effect the market price or value of the Shares or any of them;

15.2.2 there should occur any event, change or any change in any material fact or other change, event, development or fact such as is contemplated in Section 5 hereof, which, in the opinion of that Special Selling Agent, acting reasonably, results or would reasonably be expected to result in the purchasers of a material number of Shares exercising their right under applicable legislation to withdraw or rescind from their purchase thereof or sue for damages in respect thereof or would, in the opinion of that Special Selling Agent, acting reasonably, be expected to have a Material Adverse Effect or to materially adversely effect the market price or value of the Shares or any of them;

15.2.3 the state of the financial markets in Canada, the United States or the United Kingdom becomes such that, in the opinion of that Special Selling Agent, acting reasonably, the Shares cannot be marketed;

15.2.4 trading in any of the Company's securities has been suspended or there is any suspension or limitation on trading generally on the TSX;

15.2.5 there should develop, occur or come into effect or existence any event, action, state, condition or major financial, monetary, economical or political occurrence of national or international consequence or any Law or regulation which, in the opinion of that Special Selling Agent, acting reasonably, seriously adversely affects or may seriously adversely affect the financial markets in Canada, the United States or the Other Jurisdictions or the business, operations or affairs of the Company and the Subsidiaries, taken as a whole, or the market price, value or marketability of the Shares or any of them;

- 15.2.6 that Special Selling Agent shall become aware, whether as a result of its due diligence review of the Company, and the Subsidiaries, or otherwise, of any adverse material change or adverse material fact, as determined by that Special Selling Agent in its sole discretion, with respect to the Company, the distribution of the Shares or the matters contemplated by this Agreement or the Agency Agreement which had not been publicly disclosed or disclosed in writing to that Special Selling Agent prior to the date of this Agreement; or
- 15.2.7 the Company shall be in breach or default under or non-compliance with any representation or warranty or any material term or condition of this Agreement or the Agency Agreement.
- 15.3 If the obligations of a Special Selling Agent under this Agreement are terminated pursuant to Sections 15.1, 15.2 or 15.5 of this Agreement, there will be no further liability on the part of that Special Selling Agent under this Agreement, or of the Company, the Agent or the other Special Selling Agents to that Special Selling Agent under this Agreement, except in respect of any liability which may have arisen or may later arise under Sections 6, 11, 12 or 14 of this Agreement.
- 15.4 The right of a Special Selling Agent to terminate its obligations under this Agreement is in addition to all other remedies it may have in respect of any default, act or failure to act of the other parties in respect of any of the matters contemplated by this Agreement.
- 15.5 The Offering shall be discontinued, and the parties' obligations under this Agreement shall be terminated (subject to Section 15.3 of this Agreement) if the minimum subscription amount of US\$59,999,999.83 (or an equivalent amount in Canadian funds, or a combination of U.S. funds and Canadian funds, calculated on the basis of CDN\$1.00 = US\$0.9770) has not been subscribed by the date that is 90 days following the date on which the Final Receipt is issued, unless each of the persons or companies who subscribed within that period has consented to the continuation of the Offering.

16. Notice

- 16.1 Any notice or other communication required or permitted to be given under this Agreement will be in writing and will be delivered to:
- (a) in the case of the Company: P.O. Box 524
St. Peter Port
Guernsey, GY1 6EL, Channel Islands
Attention: Chief Executive Officer
Facsimile No.: +44 1481 729982

with a copy to:

Borden Ladner Gervais LLP
Scotia Plaza, 40 King Street West
Toronto, ON M5H 3Y4
Attention: Philippe Tardif
Facsimile No.: (416) 361-2559

(b) in the case of Fraser Mackenzie:

Fraser Mackenzie Limited
48 Yonge Street, Suite 1100
Toronto, Ontario M5E 1G6
Attention: JC St-Amour
Facsimile No.: (416) 955-4630

In the case of FirstEnergy Capital Corp:

FirstEnergy Capital Corp.
1100, 311 – 6th Avenue SW
Calgary, Alberta T2P 3H2
Attention: Robyn T. Hemminger
Facsimile No: (403) 262-0688

with a copy to:

Blake, Cassels & Graydon LLP
3500 Bankers Hall East
855 – 2nd Street SW
Calgary, Alberta T2P 4J8
Attention: Daniel McLeod
Facsimile No.: (403) 260-9700

(c) in the case of Renaissance Capital:

Renaissance Securities (Cyprus) Limited
Arch. Makariou III, 2-4 Capital Center, 9th
Floor, Nicosia, 1065, Republic of Cyprus
Attention: the Directors
Telephone: + 357 22 360 000
Fax: + 357 22 670 670

with a copy to:

Renaissance Capital Central Asia JSC
77/7 Al-Farabi Ave., Esentai Tower, 10th floor
Almaty, 050040, Kazakhstan
Attention: Head of Investment Banking
and Finance / Head of Legal and
Compliance Department
Telephone: +7 (7272) 44-1544
Fax: +7 (7272) 44- 1544

(d) in the case of Quam

Quam Securities Company Limited
Suite 3205, 32/F Gloucester Tower
The Landmark, 11 Pedder Street
Central, Hong Kong
Attention: Adrian Bradbury
Telephone: +852 3184 8628
Fax: +852-2522-6406

The parties may change their respective addresses for notices by notice given in the manner set out above. Any notice or other communication will be in writing, and unless delivered personally to the addressee or to a responsible officer of the addressee, as applicable, will be given by facsimile and will be deemed to have been given when (i) in the case of a notice delivered personally to a responsible officer of the addressee, when so delivered; and (ii) in the case of a notice delivered or given by facsimile, on the date of transmission, if transmitted before 3.00 p.m. (local time at the country of destination) on any Business Day, and in any other case on the Business Day following the date of transmission.

17. Miscellaneous

17.1 This Agreement shall be governed by and construed in accordance with English law.

17.2 Any dispute, controversy or claim (a "**Dispute**") arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or the consequences of its nullity and including any dispute as to the validity or enforceability of this Section) shall be referred to and finally resolved by arbitration under the Arbitration Rules (the "**Rules**") of the London Court of International Arbitration (the "**LCIA**"), which rules are deemed to be incorporated by reference into this Section 17. Any requirement in the Rules to take account of the nationality of a person considered for appointment as an arbitrator shall be disapplied and a person shall be nominated or appointed as an arbitrator (including as Chairman) regardless of his nationality

17.3 The procedure for arbitration will be as follows:

17.3.1 the arbitral tribunal shall consist of three arbitrators, each of whom shall be a lawyer with no financial interest in the Dispute, is impartial and independent from any party thereto and shall be experienced in international finance transactions. The claimant(s), irrespective of number, shall nominate jointly one arbitrator in the Request for Arbitration (as defined in the Rules); the respondent(s), irrespective of number, shall nominate jointly one arbitrator in the Response (as defined in the Rules). If either the claimant(s) or respondent(s) fails to appoint an arbitrator, the LCIA Court shall promptly appoint such arbitrator. A third arbitrator will be nominated jointly by the first two arbitrators within 15 days and shall serve as Chairman of the Tribunal. If no agreement is reached within such 15 days, the LCIA Court shall promptly appoint the Chairman of the tribunal.

Any arbitrator, including the Chairman, may be the same nationality as any of the Parties; and

- 17.3.2 the seat of arbitration shall be London, England and the language of the arbitration shall be English.
- 17.4 The parties exclude the jurisdiction of the courts under Section 45 and 69 of the Arbitration Act 1996.
- 17.5 The arbitral tribunal shall have the power to award specific performance and costs but shall have no authority to award punitive or other punitive type damages.
- 17.6 Time will be of the essence of this Agreement and, following any waiver or indulgence by any party, time will again be of the essence of this Agreement.
- 17.7 The words "hereof", "hereunder" and similar phrases mean and refer to this Agreement.
- 17.8 All representations, warranties, covenants and agreements of the Company contained in this Agreement or contained in documents submitted pursuant to this Agreement will survive the purchase and sale of the Shares and the termination of this Agreement and will continue in full force and effect for the benefit of the Special Selling Agents for a period of three years after the Closing Date, regardless of any subsequent disposition of the Shares or any investigation by or on behalf of the Special Selling Agent with respect thereto. The Special Selling Agents will be entitled to rely on the representations and warranties of the Company contained in this Agreement or delivered pursuant to this Agreement notwithstanding any actual, imputed or constructive knowledge on the part of the Special Selling Agents, their affiliates or any agent or adviser of any Special Selling Agent or their affiliates and no such knowledge shall prejudice any claim under any of the representations and warranties or operate so as to reduce any amount recoverable.
- 17.9 Each of the parties to this Agreement will be entitled to rely on delivery of a facsimile copy of this Agreement and acceptance by each party of any such facsimile copy will be legally effective to create a valid and binding agreement between the parties to this Agreement in accordance with the terms of this Agreement.
- 17.10 This Agreement may be executed in any number of counterparts, each of which when so executed will be deemed to be an original and all of which, when taken together, will constitute one and the same agreement.
- 17.11 To the extent permitted by applicable law, the invalidity or unenforceability of any particular provision of this Agreement will not affect or limit the validity or enforceability of the remaining provisions of this Agreement.
- 17.12 The rights of the Special Selling Agents and the Agents under this agreement may be exercised as often as necessary; except as otherwise expressly provided in this agreement, are cumulative and not exclusive of rights and remedies provided by law; and may be waived only in writing and specifically. Delay in exercising or non-exercise of any such right is not a waiver of that right.

- 17.13 Where any obligation, representation, warranty or undertaking in this Agreement is expressed to be made, undertaken or given by (a) the Special Selling Agents or (b) the Special Selling Agents and the Agents or (c) the Agents, they shall be severally responsible (and not jointly and severally responsible) in respect of it. No Special Selling Agent shall be responsible for the failure by the other Special Selling Agents and the Agents and no Agent shall be responsible for the failure by the other Agent and the Special Selling Agents to perform their respective obligations under this Agreement nor shall the rights or remedies of any Special Selling Agent or any Agent be adversely affected by any act or omission by the other Special Selling Agents or Agents.
- 17.14 The Company acknowledges and agrees that: (a) any purchase and sale of the Shares pursuant to this Agreement, including any the determination of the Offer Price and fees, is an arm's-length commercial transaction between the Company and the Special Selling Agents; (b) each Special Selling Agent has been retained solely to act as a selling agent in connection with the offering in the United States and the Other Jurisdictions and that no fiduciary or agency relationship between the Company and the Special Selling Agents has been created in respect of any of the transactions contemplated by this Agreement; (c) no Special Selling Agent has assumed or will assume a fiduciary responsibility in favour of the Company pursuant to this Agreement in respect of the Offering or the process leading thereto and no Special Selling Agent has any obligation to the Company in respect of the Offering except the obligations expressly set forth in this Agreement; (d) the Special Selling Agents and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company and the Special Selling Agents have no obligation to disclose such interests and transactions to the Company; and (e) the Special Selling Agents have not provided any legal, accounting, regulatory or tax advice in respect of the Offering and the Company has consulted its own legal, accounting, regulatory and tax advisors to the extent it deemed appropriate.
- 17.15 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, except and to the extent (if any) that this Agreement expressly provides for such Act to apply to any of its terms.
- 17.16 Except as provided for herein, this Agreement, clauses 10 and 13 of the Engagement Letter and the other documents referred to in this Agreement constitute the entire agreement between the parties to this Agreement relating to the subject matter of this Agreement and supersede all prior agreements between those parties with respect to their respective rights and obligations in respect of the transactions contemplated under this Agreement.
- 17.17 The terms and provisions of this Agreement will be binding upon and enure to the benefit of the Company, the Agents and the Special Selling Agents and their successors and assigns; provided that, except as otherwise provided in this agreement, this Agreement will not be assignable by any party without the written consent of the others and any purported assignment without that consent will be invalid and of no force and effect.

If this Agreement accurately reflects the terms of the transactions which we are to enter into and are agreed to by you, please communicate your acceptance by executing the enclosed copies of this Agreement where indicated and returning them to the undersigned.

Yours very truly,

**RENAISSANCE SECURITIES (CYPRUS)
LIMITED**

Per: *“Signed”*

QUAM SECURITIES COMPANY LIMITED

Per: *“Signed”*

QUAM CAPITAL LIMITED

Per: *“Signed”*

Accepted and agreed to by the undersigned as of the date of this letter first written above.

TETHYS PETROLEUM LIMITED

Per: *“Dr. David Robson”*

FRASER MACKENZIE LIMITED

Per: *“JC St-Amour”*

FIRSTENERGY CAPITAL CORP.

Per: *“Robyn T. Hemminger”*