CYGAM ENERGY INC.

MATERIAL CHANGE REPORT

Form 51-102F3
(National Instrument 51-102)

1. Name and Address of Company

Cygam Energy Inc. ("**Cygam**" or the "**Company**")
760, 340 – 12th Avenue S.W.
Calgary, Alberta T2R 1L5

2. Date of Material Change

March 13, 2015

3. News Release

A news release disclosing the material change described below was issued by Cygam on March 16, 2015 and disseminated through the facilities of a recognized news service and would have been received by the securities commissions where Cygam is a reporting issuer in the normal course of its dissemination.

4. Summary of Material Change

On March 16, 2015, Cygam announced that it had entered into a share pledge agreement (the "**Pledge Agreement**") dated March 13, 2015 with Farmkey Investments Co Ltd. (the "**Lender**") a holding company owned or controlled by Ms. Neli Rigo (a director and major shareholder of the Company), in respect of all of the shares of Cygam's wholly-owned subsidiary Cygam Energy Italia S.p.a. ("**Cygam Italia**").

5. Full Description of Material Change

Further to the Company's news releases dated April 14, 2014 and November 27, 2014, and other filings made by the Company with the applicable securities commissions, the terms of the Cdn. $4,500,000 revolving promissory note between the Company and the Lender dated as of April 10, 2014, as amended (the "**RPN**"), required the Company to use its best efforts to pledge the common shares of Cygam Italia to the Lender as security for Cygam's obligations under the RPN (the "**Pledge**").

Cygam entered into the Pledge Agreement with the Lender on March 13, 2015. Under the terms of the Pledge Agreement, the Lender has the right to enforce the Pledge upon the occurrence of customary events of default, including the failure to make any payment when due, breach of undertakings or representations, certain events, including the commencement of proceedings, relating to the insolvency or bankruptcy of Cygam, and actions taken by third parties relating to insolvency or bankruptcy of Cygam. A copy of the Pledge Agreement is attached hereto as Appendix "A".

The RPN was a "related party transaction" for the purposes of Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("**MI 61-101**"), however the Company was exempt from the formal valuation and minority approval requirements of MI 61-101. The Pledge Agreement is not subject to the requirements of MI 61-101 as the Company was obligated to carry out the transaction under the terms of the RPN.

6. Reliance on subsection 7.1(2) of National Instrument 51-102

None.

7. Omitted Information

Not applicable.

8. Executive Officer

David Taylor, President and Chief Executive Officer of Cygam, is knowledgeable about the material change described herein and may be reached at (403) 605-5117.

9. Date of Report

March 16, 2015.

APPENDIX "A"

CREATION OF A PLEDGE OVER SHARES

This CREATION OF A PLEDGE OVER SHARES made this 13th day of March, 2015,

BETWEEN:

CYGAM ENERGY INC., a company incorporated and existing under the laws of the Province of Alberta, having its registered office at 2400, 525 – 8 Avenue SW Calgary, Alberta, T2P 1G1 (as pledgor and hereinafter the "**Pledgor**")

AND

FARMKEY INVESTMENT CO. LTD., a company incorporated under the laws of the British Virgin Islands, solely for the purposes of this Pledge c/o Luca Aniasi, Viale Bruno Buozzi n. 64, Rome, Italy 00197 (hereinafter the "**Secured Creditor**")

WHEREAS:

(A) The Pledgor operates in the extraction of oil and natural gas, primarily in the areas of Italy and Tunisia.

(B) The Pledgor has issued in favour of the Secured Creditor an amended and restated revolving promissory note dated April 10, 2014, as amended on July 31, 2014 and on November 26, 2014 (hereinafter, collectively, the "**Secured Contract**") evidencing a revolving line of credit made available by the Secured Creditor to the Pledgor up to a maximum principal amount of Cdn.$4,500,000 (four million five hundred thousand Canadian dollars) on terms and conditions of the Secured Contract, which terms and conditions can be summarized as follows:

- the applicable monthly interest rate for the period extending until July 31, 2014 is 2%, and 1% thereafter;
- the maturity date is July 1, 2015; and
- the Secured Contract is intended to be secured by the Pledge (as defined herein).

(C) The Pledgor owns the 100% (one hundred percent) of the issued share capital of Cygam Energy Italia S.p.a., a company incorporated under Italian law, with a share capital of €300,000.00 (three hundred thousand euros), registered at the Chamber of Commerce of Rome in the REA n. RM-1051749, and with a registered office in Rome, at Via Rabirio, 1, and responding to tax code and VAT number 07721631005 (hereinafter the "**Company**").

(D) A copy of the Secured Contract has been provided to the Company.

(E) The Pledgor wishes to grant a Pledge over the Shares (as defined herein) in favour of the Secured Creditor as security for the Secured Obligations (as defined herein).

NOW THEREFORE, it is agreed as follows:

1. **RECITALS AND DEFINITIONS**

1.1 The Recitals set out above, and the Schedules hereto, shall be deemed an integral and substantial part of this Agreement.

1.2 In this Agreement:

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in Calgary, Alberta and Rome, Italy;

"**Civil Code**" means the Italian Civil Code, enacted by Royal Decree No. 262 of 16 March 1942;

"**Code of Civil Procedure**" means the Italian Code of Civil Procedure, enacted by Royal Decree no. 1443 of 28 October 1940;

"**Collateral**" means the Shares, the Related Rights and the Related Assets;

"**Declared Default**" an Event of Default which has occurred and is continuing and notice of such Event of Default and of the intention to enforce the Pledge has been given by the Secured Creditor to the Pledgor;

"**Debtor Relief Laws**" means the *Bankruptcy and Insolvency Act* (Canada), the *Companies Creditors' Arrangement Act* (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, receivership, insolvency, reorganization or similar debtor relief laws of Canada or other applicable jurisdictions from time to time in effect;

"**Effective Period**" means the period beginning on the date hereof and ending upon the date on which all the Secured Obligations have been fully, definitively and irrevocably satisfied in accordance with the Secured Contract;

"**Event of Default**" means the occurrence of any one or more of the following events or circumstances:

(a) the failure of the Pledgor to make any payment when due under the Secured Contract;

(b) if there is a breach or failure of due performance or observance by the Pledgor of any covenant or provision of this Agreement or the Secured Contract, unless such breach or failure is cured to the satisfaction of the Secured Creditor, acting reasonably, within 20 days after written notice thereof by the Secured Creditor to the Pledgor;

(c) if any representation or warranty made or deemed to be made by the Pledgor in this Agreement shall prove to have been incorrect in any material respect when made; provided that if the matter, defect or deficiency which is the subject matter of the misrepresentation is capable of correction or remedy (and not merely by changing the representation made), then if it is not corrected or remedied to the satisfaction of the Secured Creditor, acting reasonably, within 20 days after written notice thereof by the Secured Creditor to the Pledgor;

(d) if the Pledgor shall: (i) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or of all or substantially all of its assets or undertakings; (ii) make a general assignment for the benefit of creditors; (iii) commence any case, proceeding or other action under any Debtor Relief Laws seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts or an arrangement with creditors or taking advantage of any Debtor Relief Law or proceeding for the relief of debtors, or file an answer admitting the material allegations of a petition filed against it in any bankruptcy, reorganization or insolvency proceeding; (iv) take corporate action for the purpose of effecting any of the foregoing; or (v) commit or threaten to commit an act which, if committed by a corporation, would constitute bankruptcy under the *Bankruptcy and Insolvency Act* (Canada) or any statute passed in substitution therefore;

(e) if any case, proceeding or other action shall be instituted in any court of competent jurisdiction against the Pledgor seeking in respect of it an adjudication in bankruptcy, reorganization, dissolution, winding-up, liquidation, a composition or arrangement with creditors, a readjustment of debts, the appointment of a trustee, receiver, liquidator or the like thereof or of all or substantially all of its assets, or any other like relief in respect of the Pledgor and, if such case, proceeding or other action is being contested by the Pledgor in good faith, the same shall continue undismissed or unstayed and in effect for any period of 20 consecutive days;

"**Italian Bankruptcy Law**" means Royal Decree no. 267 of 16 March 1942;

"**Parties**" means the parties to this Agreement;

"**Pledge**" has the meaning ascribed to the term at Clause 2 (*Creation of a Pledge over Shares*);

"**Related Assets**" means:

(a) all securities, financial instruments (including, without limitation, warrants for the subscription or the purchase of shares, of any class (*categoria*), of the Company, as well as any bond convertible into shares of the Company, whether issued by the Company or by any other person) or negotiable instruments of any nature, distributed or to be distributed by the Company, or subscribed to or otherwise acquired by the Pledgor, in relation to the Shares;

(b) all assets, cash amounts and securities, of whatever nature, received or to be received in exchange for the Shares or in any way attributed or to be attributed to the Pledgor in relation to the Shares following the winding-up (*liquidazione*) of the Company, transformation (*trasformazione*) of the Company, reduction in the share capital of the Company (including, without limitation, any reduction following the withdrawal, even in part, of the Pledgor or the demerger of the Company), merger by incorporation of the Company into another entity (including reverse merger of the Company into any of its subsidiaries) or merger by amalgamation of the Company with another entity;

(c) the proceeds arising from any disposal, pursuant to articles 2352, paragraph 2, and/or 2441, paragraph 3, of the Italian Civil Code, of the option rights (*diritti di opzione*) relating to the Shares, which are not exercised by the Pledgor;

(d) the proceeds arising from any disposal, pursuant to article 2352, paragraph 4, of the Civil Code, of the shares of the Company not entirely released (*non interamente liberate*) and pledged pursuant to this Agreement; and

(e) the consideration paid or to be paid to the Secured Creditor following the early sale (*vendita anticipata*), pursuant to article 2795 of the Civil Code, of the Shares or of any other item referred to in this definition;

"**Related Rights**" means, in relation to the Shares, all dividends, interest and other monies payable in respect of the Shares (the "**Dividends**"), and all option, conversion, and exchange rights, and all other rights, advantages or benefits arising from time to time from the Shares (including following transfer, redemption, distribution, preference, pre-emption, option, conversion, or following operations to increase or reduce the share capital, or extraordinary operations for the transformation, merger and/or de-merger, or winding-up of the Company);

"**Security Agent**" means Dr. Gennaro Petrone, an Italian *Commercialista* (Chartered Accountant), adviser to the Company;

"**Secured Obligations**" means: (i) all amounts owed by the Pledgor to the Secured Creditor, arising for any reason under the Secured Contract, including without limitations all amounts owed by the Pledgor and due as payment of principle and interest, expenses, and charges (including if incurred in connection with the recovery of sums due under any of the Secured Contract and with the enforcement of the Pledge), fees, indemnities and damages, any amounts due as a result of any undue payment and/or unjust enrichment (*restituzione dell'indebito* and/or *arricchimento senza causa*), as well as (ii) any amounts arising from a claw-back action (*revocatoria*) and/or declaration of voidance (*dichiarazione di inefficacia*) of any payments made under the Secured Contract; and

"**Shares**" means the **15** ordinary shares of the Company, with a nominal value of **€20.000,00** each, and representing 100% of the issued share capital of the Company.

1.3 Unless indicated otherwise, any reference in this Agreement to:

1.3.1 clause, paragraph and schedule headings are for ease of reference only (and therefore must not be deemed as binding or taken into consideration in construing the provisions set out therein) and unless otherwise stated clause, paragraph and schedule are a reference to a clause, paragraph or schedule of this Agreement;

1.3.2 a law, regulation, or legal provision shall be a reference to such law, regulation, or legal provision, as subsequently amended or supplemented;

1.3.3 a party or another person shall be a reference to such party or person, and its respective successors or assignees; and

1.3.4 an agreement, deed, or document shall be a reference to such agreement, deed, or document, including all amendments made or to be made thereto from time to time.

2. CREATION OF A PLEDGE OVER THE SHARES

2.1 Under this Agreement, the Pledgor irrevocably creates, in favour of the Secured Creditor, as security for the Secured Obligations, a pledge over the Shares and the Related Rights (the "**Pledge**").

2.2 The Pledge shall secure — jointly and for the whole of their value, and without any requirement of prior enforcement on the Pledgor (*obbligo della preventiva escussione dell'obbligato principale*), or any third party guarantor (*garante personale*), or any other security provider (*garante reale*) - any and all of the Secured Obligations.

3. PERFECTION OF THE PLEDGE OVER THE SHARES

3.1 The Pledgor shall, within 10 (ten) Business Days of the execution of this Agreement:

(a) cause one of the directors of the Company to annotate the Pledge in the Company's shareholders' ledger substantially in the form set out in SCHEDULE A (*FORM OF ANNOTATION IN THE SHAREHOLDERS' LEDGER — SHARES/NEW SHARES*); and

(b) procure that the Company deliver to the Secured Creditor a letter in the form of SCHEDULE B (*FORM OF LETTER TO BE DELIVERED BY THE COMPANY*) and

(c) cause to be delivered to the Security Agent a notarized power of attorney substantially in the form set forth in SCHEDULE C (*NOTARIAL POWER OF ATTORNEY HELD IN ESCROW BY SECURITY AGENT*) (henceforth,the "**Power of Attorney**") to be held in escrow by the Security Agent subject to Clause 9.6 hereof.

3.2 Within 20 (twenty) Business Days from the execution of this Agreement, the Pledgor shall deliver to the Secured Creditor an excerpt (certified as a true copy by a notary public) of the Company's shareholders' ledger evidencing the annotation referred to in paragraph 3.1(a) above.

4. RELEASE OF THE PLEDGE

4.1 The Pledge shall be released by the Secured Creditor upon the expiration of the Effective Period.

4.2 When released, the Pledge shall cease to be in full force and effect and all of the rights relating to the Collateral will return to the Pledgor and, at the Pledgor's request and expense, the Secured Creditor, shall promptly execute a deed of release of the Pledge, authorising the Pledgor and the Company to annotate the cancellation of the Pledge on the Company's shareholders' ledger and to carry out any other formalities necessary to render the release effective vis-à-vis the Pledgor, the Company and third parties.

5. VOTING RIGHTS AND DIVIDENDS

5.1 Prior to the occurrence of a Declared Default, the Secured Creditor agrees that: 1) payment of all Dividends arising from the Collateral shall be made to the Pledgor, and the Pledgor shall have the right to collect and retain the Dividends; and 2) the Pledgor shall be entitled to exercise the voting rights in relation to the Shares and the Related Rights, provided that the Pledgor shall not exercise such voting rights in any manner, or otherwise permit or agree to any (i) variation of the rights attaching to or conferred by all or any part of the Shares and the Related Rights, or (ii) increase in the issued share capital of the Company, to the extent that the exercise thereof would adversely affect the validity or enforceability of the Pledge or the rights and interests of the Secured Creditor in relation to the Collateral and/or this Agreement.

5.2 Following the occurrence of a Declared Default and the service by the Secured Creditor of a notice thereof to the Pledgor and the Company:

(a) the Pledgor shall automatically lose its right to exercise the voting rights and the related administrative rights which shall thereupon vest in the Secured Creditor; and

(b) until the relevant Event of Default is no longer outstanding or has been waived, only the Secured Creditor, pursuant to article 2352, paragraph 1, of the Civil Code, shall have the right (but not the obligation) to exercise the voting rights and the related administrative rights without the need of any additional formality or notice.

5.3 **Dividends to the Secured Creditor**

5.3.1 Following the occurrence of a Declared Default and the service by the Secured Creditor of a notice thereof to the Pledgor and the Company, the Secured Creditor is entitled to receive all Dividends and:

(a) the Pledgor shall automatically lose its right to be paid the Dividends which shall consequently be paid to the Secured Creditor; and

(b) until the relevant Event of Default is no longer outstanding or has been waived, only the Secured Creditor, pursuant to article 2791 of the Civil Code, shall have the right to be paid the Dividends to be distributed, whether or not already approved at the occurrence of such Event of Default, without the need of any additional formality or notice.

5.3.2 Upon the occurrence of a Declared Default and until such time as the relevant Event of Default is no longer outstanding or has been waived, the Secured Creditor shall apply the dividends received by it pursuant to paragraph 5.3.1 above to discharge the then outstanding Secured Obligations.

This Clause is subject to the payment of any claims having priority over this Pledge. This Clause does not prejudice the right of the Secured Creditor to recover any shortfall from the Pledgor, and of the Pledgor to recover any remaining amount.

6. EXTENSION OF THE PLEDGE - SHARE CAPITAL INCREASES, MERGERS AND TRANSFORMATION

6.1 The Pledge shall extend to the new Shares, the Related Rights and the Related Assets relating to the new Shares.

6.2 In the event of an increase in the Company's share capital:

6.2.1 if the share capital increase is a bonus share capital increase (*aumento gratuito*) pursuant to Article 2442 of the Civil Code the Pledge shall automatically extend to the new Shares or to the increase in the nominal value of the Shares in accordance with article 2352, paragraph 3, of the Civil Code without the need of any additional formality or consent. lf, as a result of a bonus share capital increase, new Shares are issued, the Pledgor shall carry out and/or procure that all the activities set out in Clause 3 (*PERFECTION OF THE PLEDGE OVER THE SHARES*) above are duly carried out and completed in relation to such new Shares within the timing provided therein.

6.2.2 If the share capital increase is for consideration (*aumento di capitale a titolo oneroso*) pursuant to articles 2438 to 2441 of the Civil Code, the Pledgor shall acknowledge the extension of the Pledge to the new Shares by executing before a notary public and delivering to the Secured Creditor a deed in the form of SCHEDULE B (*FORM OF LETTER TO BE DELIVERED BY THE COMPANY*) and carry out and/or procure that all the activities set out in Clause 3 above (*PERFECTION OF THE PLEDGE OVER THE SHARES*) are duly carried out and completed in relation to such new Shares, within the timing provided therein.

6.2.3 In addition to the actions specified in paragraphs 6.2.1 and 6.2.2 above, the Pledgor shall promptly take and procure that the Company promptly takes all actions and execute (and procure that the Company executes) all documents reasonably requested by the Secured Creditor for the valid and enforceable extension of the Pledge to the new Shares.

6.3 The Pledgor undertakes to subscribe in full any share capital increase made for consideration (*aumenti a titolo oneroso*) in relation to the Shares and the Related Rights. If the Pledgor fails to do so, the Secured Creditor is authorised to subscribe to the share capital increase in the name and on behalf of the Pledgor. All expenses and charges, including the consideration paid by the Company for subscription, shall be charged to the Pledgor.

6.4 The Pledge shall be deemed to be extended to the equity of the surviving company in the event of a merger or de-merger, and therefore any new share or Shares assigned to the Pledgor following the merger or de-merger, in addition to or in exchange for the Shares of the Company, will be deemed to be pledged in favour of the Secured Creditor.

6.5 With reference to each of the Related Assets, the Pledgor shall procure that the Company and/or any other entity which the Company is incorporated into or amalgamated with takes all actions and executes all documents including, without limitation, a letter in the form of SCHEDULE B (*FORM OF LETTER TO BE DELIVERED BY THE COMPANY*) (mutatis mutandis) reasonably requested by the Secured Creditor in connection with the extension of the Pledge to each of the Related Assets.

6.6 To the extent applicable and as this Agreement may be supplemented by the documents referred to in Clause 6.2 and 6.5, the provisions of this Agreement shall apply to the security created over any new Share (and, for this purpose, references to the Shares in this Agreement shall include the new Shares) and any Related Asset (and, for this purpose and to the extent applicable, references to the Shares in this Agreement shall include each of the Related Assets and reference to the Company shall include any entity to which the Company is incorporated into or amalgamated with). It is understood and agreed that, to the maximum extent permitted by the law, the security interests and rights created over the new Shares and over the Related Assets shall be considered as the same security interests and rights created by virtue of this Agreement at the date hereof.

6.7 The Pledgor expressly agrees that in case of transformation of the Company into a limited liability company (*società a responsabilità limitata*) or into a partnership (*società di persone*), to the maximum extent permitted by the applicable law, the Pledge shall continue to exist over the quota issued or otherwise attributed as replacement for the Shares (the Quota) and shall not be prejudiced in any way by such transformation; the provisions of this Agreement shall refer (*mutatis mutandis*) to the company and/or partnership resulting from the transformation and to the Quota and the security interest created over the Quota shall be considered (*mutatis mutandis*) as the same security interest created by this Agreement.

6.7.1 For the purposes of this Clause 6.7, if the transformation referred to in paragraph 6.7 above is perfected, the Pledgor shall:

(a) ensure that the existence of the Pledge is duly acknowledged in the deed of transformation;

(b) simultaneously with the transformation, execute before a notary public and promptly deliver to the Secured Creditor a deed of acknowledgement confirming the continuation of the Pledge;

(c) ensure that, if the Company is transformed into a *società a responsabilità limitata*, the deed of transformation referred to in paragraph (a) above and the deed of acknowledgement referred to in paragraph (b) above are promptly filed for registration with the competent Companies' Register pursuant to article 2470, paragraph 2, of the Civil Code;

(d) procure that a director of the company and/or partnership resulting from the transformation annotates the transformation of the Company and the continuation of the Pledge over the Quota in the Company's Ledgers' book, if existing; and

(e) within 5 (five) Business Days from the completion of the registration of the deed of acknowledgement referred to under paragraph (b) above, delivers to the Secured Creditor an excerpt (certified as a true copy by a notary public) of the Company's Ledgers' book, if existing, evidencing the annotation referred to in paragraph (d) above.

6.7.2 In addition to the actions specified in this Clause, the Pledgor shall promptly take (and procure that the company and/or partnership resulting from the transformation promptly takes) all actions and execute (and procure that the company and/or partnership resulting from the transformation executes) all documents reasonably requested by the Secured Creditor for the valid and enforceable extension of the Pledge to the Quota.

6.7.3 The provisions of this Agreement shall apply to the Pledge created in compliance with this Clause 6.7.

7. PLEDGOR'S REPRESENTATIONS AND UNDERTAKINGS

7.1 The Pledgor represents and warrants to the Secured Creditor as follows:

7.1.1 the Pledgor is a duly incorporated and organized corporation under the laws of the Province of Alberta;

7.1.2 the Pledgor has full corporate capacity, power and authority to own its properties and assets, to conduct business as now conducted, to execute and deliver this Agreement and to perform its obligations hereunder;

7.1.3 this Agreement is a legal, valid and binding obligation of the Pledgor, enforceable against it in accordance with its terms except as enforceability may be limited by general principles of equity and by applicable laws regarding bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally and by moratorium laws from time to time in effect;

7.1.4 the Pledgor is the sole, legitimate and exclusive owner of (*detiene in piena, esclusiva e libera proprietà*) the Shares and the Related Rights, and has full title to them. The Shares are free and clear of any encumbrance, option right (*vincolo, garanzia reale, diritto di opzione, diritto di prelazione*), or any other third-party lien or right, whether as guarantee or as other security of any kind, with the exception of the security created pursuant to this Agreement, and those arising directly and exclusively from law;

7.1.5 the Shares and the Related Rights are not subject to any attachment (*pignoramento*) or seizure (*sequestro*) or other transfer restriction;

7.1.6 the Company is a joint-stock company (*società per azioni*) validly incorporated and existing pursuant to Italian law, and its deed of incorporation and its by-laws do not provide for any right of pre-emption or other restriction that may impede or limit the exercise of the rights of pledge hereunder, including any enforcement thereof; and

7.1.7 the authorized share capital of the Company consists of ordinary shares have been validly issued and are outstanding, and the Pledgor is the registered owner of all of the issued shares in the capital of the Company.

7.2 The Pledgor shall not, except with the prior consent of the Secured Creditor:

7.2.1 transfer or otherwise dispose of in any way the Shares or any of the Related Rights;

7.2.2 create or consent to the creation of any encumbrance, liens or right of third parties, or any restriction on the ability to transfer all or any part of its Shares and the Related Rights, save for the liens, rights, or restrictions automatically arising under applicable law; and

7.2.3 undertake any action (including, but not limited to, the exercise of voting rights or other administrative rights relating to the Shares or the Related Rights) which would have a material adverse affect on the validity or enforceability of the Pledge.

7.3 In addition, the Pledgor shall not create or permit to be created, over the Shares or the Related Rights, any security, (*diritto reale di godimento*), pre-emption right (*diritto di prelazione*) or acceptance clause (*clausola di gradimento*), call option (also deferred), put option (also deferred), or other credit or real right (*diritto di credito* or *diritto reale*).

8. FURTHER ASSURANCES

8.1 The Pledgor shall:

(a) upon written request of the Secured Creditor promptly execute and perform all additional documents and deeds, and undertake all additional actions that the Secured Creditor may reasonably request for the purpose of: (i) exercising the Secured Creditor's rights under this Agreement, and (ii) perfecting and maintaining its security over the Collateral and ensuring the enforceability of the security against third parties;

(b) promptly notify the Secured Creditor of any notice or communication received in relation to the Shares and the Related Rights, including, without limitation, any notice or communication in relation to any attachment (*pignoramento*) or seizure (*sequestro*), or any claim brought by third parties in relation to the Shares and the Related Rights.

9. ENFORCEMENT OF THE PLEDGE

9.1 Enforcement of this Pledge may take place at any time after the occurrence of a Declared Default.

9.2 Upon the occurrence of a Declared Default and at any time thereafter, without prejudice to any other right, action or power to which they may be entitled under the applicable provisions of law, the Secured Creditor shall have the right to without prejudice to the provisions of article 2798 of the Civil Code, proceed to the sale of the Collateral if, after serving on the Pledgor and the relevant debtors an injunction (*intimazione*) pursuant to article 2797, paragraph 1 of the Civil Code requiring the discharge of any of the Secured Obligations, no full and unconditional performance of the obligations which are the object of the injunction occurs within 5 (five) days of the serving of the injunction.

9.3 The Secured Creditor shall apply the proceeds of any enforcement procedure under this Clause 9 (*ENFORCEMENT OF THE PLEDGE*) to discharge the Secured Obligations in the manner and order of application provided for in Clause 5.3.2.

9.4 The above paragraphs shall be without prejudice to any other form of enforcement of the Pledge or transfer of the Shares as provided for by law, including, without limitation, any right to demand payment by way of assignment of the Shares or part of them to creditors in accordance with Article 2798 of the Civil Code.

9.5 The Pledgor agrees that, for the purposes of enforcing the Pledge, any rights or authority of the shareholders in connection with the restrictions to the transfer of the Shares provided for, now or in the future, under the by-laws of the Company shall be deemed waived by the Pledgor and in any case not applicable in any way to the Pledge.

9.6 Upon the occurrence of a Declared Default, the Secured Creditor shall also have the right to cause the Security Agent to release the Power of Attorney from escrow and to act upon its terms in accordance with Italian law.

10. EFFECTIVENESS OF COLLATERAL

10.1 Collateral Cumulative

The Pledge is absolute and is not subject to conditions, its validity and existence are self-standing and in addition to any other personal or real security, or any other rights, powers and remedies provided by law, from which the Secured Creditor may at any time benefit or come to benefit in relation to all or any of the Secured Obligations.

10.2 No Waiver

No failure to exercise, nor any delay in exercising, on the part of the Secured Creditor, any rights under this Agreement and/or the Secured Contract shall operate as a waiver, nor shall any single or partial exercise of such rights prevent any further or other exercise of that or any other right.

10.3 Illegality, Invalidity, Unenforceability

If, at any time, any provision of this Agreement becomes illegal, invalid or unenforceable, this illegality, invalidity or unenforceability shall have no effect upon the validity and enforceability of this Agreement or of any other provision herein.

10.4 Avoidance of Payments

If after the release of the Pledge all or any payment, satisfaction by or on behalf of the Pledgor or any other means of discharging the Secured Obligations, has been revoked or has been declared invalid and/or unenforceable, in whole or in part, the Pledge shall be restored by the Pledgor.

11. PLEDGOR'S RIGHT OF INDEMNITY AND SUBROGATION

11.1 In order not to prejudice the value of the Pledge, the Pledgor hereby irrevocably waives, its rights to enforce any indemnity against the Company and any right of subrogation (*surroga*), which may arise from a full or partial enforcement of the Pledge.

12. CONTINUATION OF THE PLEDGE

12.1 Pursuant to articles 1232 and 1275 of the Civil Code, the Parties hereby expressly agree that the Pledge shall remain in full force and effect, and be binding upon the Pledgor, its successors, transferees or assignees notwithstanding any amendments to the Secured Contract or any or all of the Secured Obligations (including, without limitation, any postponement of the due dates for repayment of amounts outstanding thereunder and/or any amendment being deemed a novation of the Secured Contract), as well as in the case of any *novazione oggettiva* and/or *novazione soggettiva* of one or more Secured Obligations, and may be transferred in whole or in part without the Pledgor's further consent, as a legal consequence of any assignment or transfer, in whole or in part, of the Secured Obligations or the Secured Contract by the Secured Creditor.

12.2 The Parties expressly agree and acknowledge that, for the purposes of the Pledge, any transfer, in whole or in part, of this Agreement and/or the Secured Contract and/or the Secured Obligations are and shall be considered as being, respectively, cases of *cessione totale o parziale del contratto and cessione del credito*, and therefore they shall never entail a *novazione* of the Secured Obligations or the Secured Contract nor the replacement of the Pledge with a new security interest.

12.3 Without prejudice to the provisions of paragraphs 12.1 and 12.2 above, in any case of:

(a) *novazione oggettiva* of one or more Secured Obligations;

(b) *novazione soggettiva* of one or more Secured Obligations; or

(c) transfer or assignment, in whole or in part, of the Secured Contract,

at the request of the Secured Creditor in the manner and at the time specified by the latter, the Pledgor shall execute (and procure that the Company executes) at the sole costs and expenses of the Secured Creditor or assignee/transferee (which shall include, for the avoidance of doubt, any applicable taxes), any deed, agreement, document or certificate, and shall take (and procure that the Company takes) all the steps and actions which are necessary or appropriate, in the reasonable opinion of the Secured Creditor, to maintain the Pledge, including, without limitation, procuring that all the endorsements, annotations and communications set forth in Clause 3 above (*PERFECTION OF THE PLEDGE OVER THE SHARES*) are duly made within the timing provided therein.

For this purpose the Secured Creditor may at any time obtain at its sole costs and expenses:

(i) the execution of a deed of acknowledgement of the Pledge in favour of the relevant beneficiary(ies), in a form deemed satisfactory by it;

(ii) the performance of the formalities provided for by the law, in a manner similar to that provided for under Clause 3 (*PERFECTION OF THE PLEDGE OVER THE SHARES*);

(iii) that the Pledgor and/or Company shall promptly deliver to the Secured Creditor an excerpt of the pages of the company shareholders' ledger that show the recording of the deed of acknowledgement provided for under the above sub-paragraph (i) and the assignment of the security interest in relation to the Secured Obligations assigned.

12.4 For the purposes of article 1407, first paragraph, of the Civil Code, each of the Parties hereby provides its explicit and irrevocable consent to the transfer (*cessione*), in whole or in part, by the Secured Creditor of its contractual position as a secured creditor (*creditore pignoratizio*) under this Agreement in favour of any person executing satisfactory transfer documentation with the Secured Creditor.

13. TAXES, EXPENSES AND INDEMNITY

13.1 Expenses

Unless otherwise set out in this Agreement, all duly documented costs and expenses (including legal fees, subject to any agreed limitation, and any stamp duties, value added tax and registration taxes) reasonably incurred in connection with the negotiation, preparation and execution of this Agreement and the completion of the transactions and perfection of the security contemplated in this Agreement shall be for the account of the Pledgor. Accordingly the Pledgor shall promptly, on demand, reimburse the Secured Creditor on a full indemnity basis, the amount of such costs and expenses.

13.2 Enforcement Expenses

The Pledgor shall, within 5 (five) Business Days of demand, reimburse the Secured Creditor for all costs and expenses (including legal fees, subject to any agreed limitation, stamp duty and any value added tax) reasonably incurred by any of them in connection with the exercise, preservation and/or enforcement of any of the rights, powers or remedies of the Secured Creditor, or the Pledge itself, or in relation to any proceedings instituted by or against the Secured Creditor as a consequence of taking or holding the security interest or of enforcing any rights, powers or remedies of the Secured Creditor.

13.3 Indemnity

The Pledgor shall indemnify the Secured Creditor against any loss, liability and cost incurred by it as a result of (i) any default or delay by that Pledgor in the performance of any obligations expressed to be assumed by it in the Agreement; (ii) the taking, holding, protection or enforcement of the security created by this Agreement; (iii) the exercise of any of its rights, powers, discretions and remedies vested in the Secured Creditor by this Agreement in respect of the Collateral.

13.4 **Exclusion**

With respect to the provisions set out in this Clause 13 (*TAXES, EXPENSES AND INDEMNITY*), the Parties agree that the Pledgor shall not be obliged to indemnify the Secured Creditor in respect of any loss, cost or liability incurred by it as a consequence of its own wilful misconduct (*dolo*) or gross negligence (*colpa grave*).

14. **ADDRESSES AND NOTICES**

14.1 For the purposes of this agreement and the Pledge, the addresses for service for the Pledgor and the Secured Creditor shall be as follows:

(A) if to the Pledgor:

Suite 760, 340 – 12th Avenue SW Calgary, Alberta, Canada T2R 1L5
Attention: President
Fax: + (1) 403-802-6984
E-mail: info@cygamenergy.com

(B) if to the Secured Creditor:

Viale Bruno Buozzi n. 64, Rome, Italy 00197
Attention.: Luca Aniasi
Fax: + (39) 069-357-2204
E-mail: luca@resolvegroup.it

14.2 Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient); and notices sent to an email address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return email or other written acknowledgement).

15. **WAIVERS AND AMENDMENTS**

15.1 No waiver by the Secured Creditor of its rights arising under this Agreement shall be effective unless given in writing.

15.2 No amendment to the provisions hereof, or to the Pledge, or any waiver of the rights provided for therein, shall be effective unless such amendment or waiver is set out in a deed executed by the Pledgor and the Secured Creditor.

16. **GOVERNING LAW AND JURISDICTION**

16.1 This Agreement and the Pledge shall be governed by Italian law.

16.2 Without prejudice to the mandatory rules of conflict provided for by law, the Court of Rome shall have exclusive jurisdiction to hear any dispute arising between the parties in relation to this Agreement and the Pledge created hereunder.

16.3 Notwithstanding Clause 16.2 above, the Secured Creditor's right to approach any other court competent pursuant to the laws in force, shall not be prejudiced.

Cygam Energy Inc.

Per: (signed) "*Al Robertston*"

Al Robertson
Chief Financial Officer

Farmkey Investment Co. Ltd.

Per: (signed) "*Neli DaSilva Rigo DeRighi*"

Neli DaSilva Rigo DeRighi
President

SCHEDULE A
(FORM OF ANNOTATION IN THE SHAREHOLDERS' LEDGER — SHARES/NEW SHARES)

No. [•] - [date]

Si da atto che, in forza di — e secondo i termini meglio descritti in — un contratto di pegno sottoscritto a [•] in data [•] fra Cygam Energy Inc., società validamente costituita ai sensi della legge del **[•]**, con sede sociale in qualità di datore di pegno (il **Costituente**) e Farmkey Investment Co Ltd., con sede c/o Luca Aniasi Viale Bruno Buozzi n. 64, Roma, Italia 00197, capitale sociale di **[•]** numero di registrazione **[•]** in nome e per conto proprio (il **Creditore Garantito**) [i cui termini e condizioni sono stati confermati dal Costituente in data [date of the deed of acknowledgement] (**I'Atto di Pegno**)], il Costituente il Pegno, titolare di n. **15** azioni ordinarie di Cygam Energy Italia S.p.A. (la **Società**), del valore nominate di Euro 20.000,00 cadauna corrispondenti, nel complesso, al 100% del capitale sociale della Società (le **Azioni**), ha costituito in pegno le Azioni, in pari grado, a favore del Creditore Garantito a garanzia dei crediti pecuniari derivanti da (a) **[insert description of the promissory note]**; e (b) l'Atto di Pegno. L'esercizio dei diritti di voto e degli altri diritti amministrativi inerenti alle Azioni nonché il diritto di percepire i frutti relativi alle medesime Azioni, e regolato dall'Articolo 5 dell'Atto di Pegno.

Con lettera in data [•], la Società ha preso atto delle disposizioni dell'Atto di Pegno [delle disposizioni del suddetto atto ricognitivo] [*only for new Shares*] copia del quale e depositata agli atti della medesima società.

[*Data e luogo*]

[*Firma di un Amministratore*]

SCHEDULE B
(FORM OF LETTER TO BE DELIVERED BY THE COMPANY)

To: Farmkey Investment Co Ltd., having an office at c/o Luca Aniasi, Viale Bruno Buozzi n. 64, Rome, Italy 00197

Cc: Cygam Energy Inc.

[place, date]

Re: **Pledge agreement over the Shares of Cygam Energy Italia S.p.A.**

Reference is made to the pledge agreement (the "**Pledge Agreement**") entered into on [•] between Cygam Energy Inc. (the "**Pledgor**") and Farmkey Investment Co Ltd. (the "**Secured Creditor**"), pursuant to which the Pledgor has created a pledge over the shares of Cygam Energy Italia S.p.A. (the "**Company**") owned by the Pledgor having a total nominal value equal to Euro **[•]** representing in aggregate 100% of the Company's share capital in favour of the Secured Creditor (and its successors, assignees and transferees).

We declare that a copy of the Pledge Agreement has been delivered to us.

We hereby acknowledge and accept all the terms and conditions of the Pledge Agreement and undertake to promptly take any actions and execute all documents, whether required by the law or by any term of the Pledge Agreement to preserve the security interest created under the Pledge.

____
Cygam Energy Italia Spa

SCHEDULE C
(NOTARIAL POWER OF ATTORNEY HELD IN ESCROW BY SECURITY AGENT)

N. _______ di Repertorio N. _______ di Raccolta

PROCURA SPECIALE

L'anno 2015, il mese di Marzo, il giorno [ ] innanzi a me ____ sono personalmente comparsi i signori __

____

in rappresentanza della società CYGAM ENERGY INC. 8 Avenue SW Calgary, Alberta, T2P 1G1 cui identità personale io notaio sono certo.

Con la presente scrittura privata, sottoscritta dai comparenti sopra citati,

CYGAM ENERGY INC

dichiara di nominare, come nomina, come proprio procuratore speciale il signor:

GENNARO PETRONE

Commercialista

Via delle Aleutine 136, 00121 Roma

affinché, in nome e per conto suo abbia a cedere le 15 azioni di nominali € 20,000 ciascuno rappresentative del 100% del capitale sociale della seguente società:

CYGAM ENERGY ITALIA S.p.a., Roma, Via Rabirio, 1; REA n. RM-1051749; C.F e. IVA 07721631005.

Il nominato procuratore è pertanto autorizzato:

- a cedere dette azioni a soggetto indicatogli per iscritto dalla società FARMKEY INVESTMENT CO LTD, società delle Isole Vergini Britanniche, nei tempi e nei modi da quest'ultima indicati

- a rilasciare tutte le relative dichiarazioni di natura fiscale.

Il tutto da esaurirsi con uno o più atti conferendo allo scopo le più ampie facoltà di perfezionare ogni atto o altra formalità necessarie e con promessa di rato e valido.