STRICTLY CONFIDENTIAL

FARMOUT AGREEMENT

BETWEEN

R3 EXPLORACIÓN Y PRODUCCIÓN S.A.

SISMOGRAFÍA Y PETRÓLEOS DE COLOMBIA S.A.

(EL TRIUNFO UNION TEMPORAL)
AND

SAGRES ENERGY (BARBADOS) INC.,

FOR THE

EL TRIUNFO EXPLORATION AND PRODUCTION CONTRACT

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This Farmout Agreement (this "Agreement") is made and entered into as of the , day of November 2011, by and between: (i) Sismografía y Petróleos de Colombia S.A. . (hereinafter "Sismopetrol") having its registered office at calle 24F No. 121B-15 Bogota, Colombia, represented herein by Nestor Morales Pulecio as its legal representative and (ii) R3 Exploración y Producción S.A. (hereinafter "R3") having its registered office at carrera 73 No. 75A-29, Bogota, Colombia, represented herein by Luis Eduardo Peña Riaño as its legal representative, both being companies organized and existing in conformity with Colombian Law. Sismopetrol and R3, being parties on the El Triunfo Union Temporal agreement are together hereinafter referred to as the "UTE".

And

Sagres Energy (Barbados) Inc. (hereinafter "Sagres"), a company organized and existing under the laws of Alberta having its Corporate office at 1100, 505-3rd Street SW Calgary, Alberta, Canada.

The companies named above, and their respective successors and assignees (if any), may sometimes individually be referred to as "Party" and collectively as the "Parties".

WITNESSETH:

A. WHEREAS, the Exploration and Production Contract (hereinafter "EL TRIUNFO Contract") was signed on November 29, 2004, by and between UTE and Agencia Nacional de Hidrocarburos (hereinafter "ANH") in respect of El Triunfo Block, located in the Department of Casanare, Colombia, with a contracted area of ten thousand two hundred hectares (10,200 Ha), with one hundred percent (100%) participation of UTE, for the technical-economic evaluation, exploration and production of hydrocarbons extracted from the EL TRIUNFO Contract as defined in Section 1.25 therein;

B. WHEREAS UTE is the contractor of El Triunfo Block (the "Block") and its rights as contractor are registered and recognized by the ANH.

C. WHEREAS pursuant to a private agreement dated January 18, 2008, between R3 and Sismopetrol, Sismopetrol holds 100% of the Participating Interest in the Block (hereinafter "Private Agreement"). A copy of the Private Agreement is attached as Schedule 1.

D. WHEREAS R3 is the operator recognized before the ANH but with no Participating Interest in the Block in accordance with the Private Agreement.

E. WHEREAS Assam India Company Limited ("ACIL"), Sismopetrol and R3 are parties to a farmout agreement dated as of February 19, 2011 (the "Farmout Agreement") pursuant to which (i) R3 and Sismopetrol agreed to assign and transfer in favor of ACIL seventy percent (70%) of UTE´s undivided Participating Interest, rights and obligations under the EL TRIUNFO Contract related to the Block in return for ACIL funding one hundred percent (100%) of the EL TRIUNFO Contract phase 5 commitment (one exploration well), and (ii) R3 agreeing to assign and transfer in favor of ACIL one hundred percent (100%) of its rights and obligations as operator under the EL TRIUNFO Contract. A copy of the Farmout Agreement is attached as Schedule 2.

F WHEREAS subsequent to the approval of the Farmout Agreement, the Parties agreed to join phases 5 and 6 of the EL TRIUNFO Contract, thereby assuming the commitment to drill two exploration wells, with the following commercial conditions applying to the drilling of the phase 6 commitment well, once the phase 5 commitment well had been drilled at 100% ACIL's cost and prior to spud of the phase 6 commitment well:

1. If UTE agreed to pay their 30% Participating Interest (PI) share of phase 6 well drilling costs as per cash calls and agreed financial controls, then UTE would retain an undivided 30% PI in the Block.
2. If the phase 5 well was a discovery and UTE requested that ACIL pay the UTE's share of the drilling costs for the phase 6 well and recover those costs out of future Block production, and ACIL was in agreement, then the UTE's PI in the Block would be reduced from 30% to 25% and ACIL's PI would be increased from 70% to 75%.
3. If the phase 5 well was non-commercial and the UTE requested that ACIL pay the UTE's share of the drilling costs for the phase 6 well, then the UTE's PI in the Block would be reduced from 30% to 17.5% and ACIL's PI would be increased from 70% to 82.5%.

G WHEREAS the joining of phase 5 and phase 6 was officially approved by the ANH in a letter dated September 2nd, 2011. A copy of the ANH Joining of Phases 5 and 6 Letter is attached as Schedule 3.

H. WHEREAS Sagres is involved, among other lawful activities, in the oil and gas industry, with interests in, Jamaica, Guyana and Colombia, and is willing to assume ACIL's PI, rights and obligations in the Farmout Agreement and phase 6 commitment well drilling.

I. WHEREAS, ACIL, Sismopetrol, R3 and Sagres entered into an assignment and assumption agreement dated December 1st, 2011 by means of which ACIL assigned, transferred and conveyed to Sagres, all of ACIL's rights, title and interest granted under the Farmout Agreement

NOW, THEREFORE, in consideration of the premises and the representations, warranties, mutual covenants and obligations set out below and to be performed, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

The following terms and phrases shall have the meanings set forth below:

a) **"Affiliate"** means a company, corporation or other legal entity which directly or indirectly controls, is controlled by or is under common control with a Party to this Agreement, it being understood that for the purposes hereof "control" means the holding of power to direct or cause the direction of the management, policies and decision of a company, corporation or other entity through the possession of 50% (fifty percent) or more of the voting rights or securities in such company, corporation or other legal entity.

b) **"Agreement"** means this farmout agreement together with its Attachments, Schedules and any and all extensions, renewals or amendments hereof agreed in writing by the Parties.

c) **"Approval"** means the approval of the ANH to the Transfer of Participating Interest and Operatorship pursuant to Clauses 25 and 24, respectively, of the EL TRIUNFO Contract.

d) **"Approval Date"** means the date on which the Parties have received the Approval.

e) **"Assignment"** means the instrument of assignment to be entered by the Parties on the Assignment Date, as define herein, in connection with the Transfer and to be submitted to ANH. Such instrument shall be in the form set forth in Attachment 1 herein, subject to further terms or amendments by the Parties, and which shall contain all elements and information as required under Clause 24 and 25 of the EL TRIUNFO Contract.

f) **"Assignment Date"** means the date on which a Letter of Credit for the phase 5 and 6 El Triunfo contract commitments, in the value of US $1,200,000, assumed 70% by Sagres and 30% by UTE, and filed with the ANH on or before December 22, 2011.

g) **"EL TRIUNFO Contract"** means the EL TRIUNFO Exploration and Production Contract, executed between ANH and UTE, and effective as of November 29, 2004.

h) **"Contract Area"** means the contract area as defined in Clause 1.4 and Clause 3 of the EL TRIUNFO Contract.

i) **"Government"** means the Government of the Republic of Colombia including all agencies, instrumentalities, subdivisions and ministries thereof.

j) **"Interim Period"** means the period commencing from the date of the execution of this Agreement until the Approval Date.

k) **"Joint Operating Agreement" or "JOA"** shall mean the operating agreement to be entered into by UTE and Sagres on terms satisfactory to each of the parties.

l) **"Operationship"** shall mean the right to perform as operator in the EL TRIUNFO Contract pursuant to Clause 24 of that contract.

m) **"Participating Interest" or "PI"** shall mean the undivided percentage of ownership of each Party pursuant to the EL TRIUNFO Contract and the JOA.

n) **"Transfer"** means the transfer by UTE to Sagres, with effectiveness as of the Approval Date, of seventy percent (70%) Participating Interest in the Block and

Operatorship rights as per the Assignment and Operator Clauses 25 and 24, respectively, of the EL TRIUNFO Contract. Once the phase 6 commitment well has been completed, there will potentially be a further assignment and transfer of Participating Interest rights from UTE to Sagres, depending on what commercial option UTE chooses for the drilling of the phase 6 commitment well.

o) **"US Dollars"** or "USD" or "US $" means United States dollars.

All other terms specifically defined in the EL TRIUNFO Contract and not otherwise defined herein shall have the meanings assigned to them in the EL TRIUNFO Contract unless the context clearly requires otherwise.

ARTICLE 2
CASH CONSIDERATIONS

2.1 As consideration for the assignment of Participating Interest, rights and obligation in the EL TRIUNFO Contract:

2.1.1 Sagres will earn an undivided 70% PI in the Block by incurring one hundred percent (100%) of the phase 5 exploration well costs and expenses, including but not limited to land purchase, payment of easements, civil construction for the location and access road, drilling platform, drilling of the well to an approximate depth of 16,500 ft, initial testing of the well (rig over the hole), and social and environmental investment as well as any environmental restoration required after the execution of this Agreement and in accordance with the environmental plan (*Plan de Manejo Ambiental*) for the EL TRIUNFO Contract ("Phase 5 Costs"). If the phase 5 well proves dry or non-commercial, and the decision it taken immediately (rig over the hole) to abandon the well, Sagres will be responsible for the well abandonment as well as any environmental restoration and reporting required.

2.1.2 Sagres will potentially earn additional Participating Interest through the funding of UTE's share of the phase 6 exploration well costs and expenses, which include but are not limited to land purchase, payment of easements, civil construction for the location and access road, drilling platform, drilling of the well to an approximate depth of 16,500 ft, initial testing of the well (rig over the hole), and social and environmental investment as well as any environmental restoration required in accordance with the environmental plan (*Plan de Manejo Ambiental*) for the EL TRIUNFO Contract ("Phase 6 Costs"). If the phase 6 well proves dry or non-commercial, and the decision it taken immediately (rig over the hole) to abandon the well, Sagres will conduct the well abandonment as well as any environmental restoration and reporting required.

2.1.3 Once Sagres has fulfilled its payment obligations in 2.1.1 and 2.1.2 above, any other costs related to the EL TRIUNFO Contract and operations in the

Contract Area shall be paid by Sagres in accordance with its earned Participating Interest in the Block.

2.2. During the Interim Period the Parties shall not take any action nor fail to take any action that would result in breach of any of its warranties or representations under this Agreement.

2.3 During the Interim Period, UTE shall promptly notify Sagres and provide details of: (a) any written notice of default or termination received or given by UTE with respect to the EL TRIUNFO Contract or the JOA, (b) any written notice of any pending or threatened claim, demand, action, suit, inquiry or proceeding received or given by UTE related to the EL TRIUNFO Contract or the JOA, (c) any material damage, destruction or loss to major assets under the EL TRIUNFO Contract, or (d) any event or condition during the Interim Period that (i) would have a material adverse effect on the business, operations, financial condition or results of operations under the EL TRIUNFO Contract or the JOA, taken as a whole, or (ii) could prevent the Transfer.

If such a material adverse effect or such an event that prevents the Transfer occurs during the Interim Period, as consequence of causes attributable to UTE which occurred before the execution of this Agreement, Sagres shall have the option to immediately terminate the Agreement upon written notification thereof, without further formalities, and/or be reimbursed by UTE to the full extent of the damages incurred.

Notwithstanding the above, Parties agree that the drilling of a dry well shall not be considered as a material adverse effect or an event that gives Sagres the right to terminate the Agreement.

During the Interim Period UTE shall not take any decisions under the EL TRIUNFO Contract, this Agreement or the JOA without the written consent of Sagres.

ARTICLE 3
FARMOUT

3.1 On the Approval Date UTE will assign, transfer and convey, and Sagres shall accept the assignment, transfer, and conveyance of an undivided seventy percent (70%) Participating Interest in the Contract. Upon completion of the phase 6 well, assignment of additional Participating Interest from UTE to Sagres may be required as set out in Clause 3.5 hereto.

3.2 UTE shall obtain all required environmental permits with respect to the phase 5 and 6 commitment wells, and specifically the Environmental Impact Assessment Modification ("EIA") approval on or before January 31, 2012. In the event of UTE being unable to obtain all required environmental permit(s) prior to January 31, 2012, Sagres will have the option to immediately terminate this Agreement without any further formalities, or extend the EIA approval period in 30 day increments by sending UTE prior written notification.

3.3 UTE shall use all reasonable endeavours to procure the Approval. Sagres shall use its best endeavours to procure any and all documents or information which the ANH and/or the Government may require in connection with the Transfer.

3.4 Subject to the Approval of the ANH for the completion and execution of the Assignment, as of the execution of the Assignment, the Participating Interests of the Parties shall be:

SISMOPETROL: Thirty percent (30.0%);

and

SAGRES: Seventy percent (70.0%).

Sagres and Sismopetrol shall be "THE CONTRACTOR" ("*El Contratista*") in the sense ascribed to this term in the EL TRIUNFO Contract and shall be bound by all covenants contained in the EL TRIUNFO Contract which are binding on THE CONTRACTOR ("*El Contratista*").

3.5 With respect to the phase 6 commitment well:

- If UTE agrees to pay their 30% Participating Interest (PI) share of the phase 6 well drilling costs, as per cash calls and agreed financial controls, then UTE would retain an undivided 30% PI in the Block.
- If the phase 5 well is a discovery and UTE requests that Sagres pay UTE's share of the drilling costs for the phase 6 well and recover those costs out of future Block production, and Sagres is in agreement, in its sole discretion, then UTE's PI in the Block would be reduced from 30% to 25% and Sagres' PI would be increased from 70% to 75%.
- If the phase 5 well is non-commercial and UTE requests that Sagres pay UTE's share of the drilling costs for the phase 6 well, then UTE's PI in the Block would be reduced from 30% to 17.5% and Sagres' PI would increase from 70% to 82.5%.

3.6 Each Party shall bear its own costs incurred in connection with this Agreement and the Transfer, including but not limited to, all costs incurred in obtaining the Approval.

3.7 Taxes, if any, imposed by the Government on the Parties on account of the Transfer shall be shared by the Parties in accordance with their Participating Interest at the time.

3.8 Upon the Approval Date, Sagres hereby agrees to assume the rights and shall fulfil, perform and observe all duties, liabilities and obligations as a party to the EL TRIUNFO Contract to the extent such rights, duties, liabilities and obligations are attributable to the Participating Interests as acquired by Sagres pursuant to the Transfer.

3.9 This Agreement includes the transfer of the rights and obligations of Operator under the JOA and the EL TRIUNFO Contract from UTE to Sagres.

3.10 This Agreement does not give Sagres the right to work over the La Cabaña-1 well located in the Block, however Sagres may request UTE authorization to work over such well. The existing La Cabana-1 wellbore, and any production derived from it, belong to a third party. For greater certainty, Sagres shall not have any liabilities, obligations or commitments related to the La Cabaña-1 well located on the Block.

3.11 Sagres shall have the right to transfer or further assign any part of its Participating Interest pursuant to the Assignment in its favour. Pending the Assignment, Sagres shall have the right to enter into such agreement(s) as it deems appropriate in respect the rights acquired under this Agreement including to transfer/assign such rights or the economic interest acquired to a nominee and/or affiliate of Sagres or to bring in another investor for any part of the rights acquired by Sagres.

3.12 This Agreement must be approved by the board of directors of each Party. This Agreement is subject to Sagres securing all relevant Canadian public company regulatory approvals, including, but not limited to, TSX-V approval. Sagres reserves the right to terminate this Agreement and all obligations hereunder if TSX-V approval is not secured.

3.13 A Letter of Credit for the phase 5 and 6 El Triunfo contract commitments will be assumed 70% by Sagres and 30% by UTE, and filed with the ANH on or before December 22, 2011. If Sagres does not obtain approval from the TSX-V exchange by December 22, 2011, at Sagres' written request, UTE will fund the Letter of Credit 100% within 30 days and all agreements with Sagres concerning the El Triunfo Block shall terminate without further formalities.

3.14 After all necessary approvals are obtained, including, but not limited to, TSX-V exchange approval, as well as the EIA modification approval, Sagres will formally present UTE with a phase 5 and 6 commitment well activity schedule, timeline and capital spending profile.

ARTICLE 4
OPERATIONS

4.1 During the Interim Period, Sagres will be the private operator in fact and responsible for all obligations arising from this Agreement and as set forth in the EL TRIUNFO Contract, the environmental permits and Colombian Oil and Gas regulations, while UTE, and R3 specifically, will remain the operator in name. R3 will approve and manage all correspondence with government entities during the Interim Period. Once the Transfer takes place, all operations under the EL TRIUNFO Contract shall be officially performed by Sagres in accordance with, and under the terms of the JOA and the EL TRIUNFO Contract.

4.2 Sagres shall from the execution of this Agreement permit representatives of UTE to have full access to the Contract Area at all reasonable times with the right to observe any and all operations being conducted and to examine, on request, any and all data and interpretations thereof, including but not limited to cores, samples, logs, reports and surveys obtain and/or derived from the Block.

4.3 Sagres shall, whenever practicable, advise UTE of upcoming operations in a timely manner to enable the UTE representatives to be present in previously agreed numbers while such operations are being performed. UTE representatives shall, at UTE's sole expense, be provided with food, lodging and transportation in the area of operations of the same standard as Sagres furnishes for its personnel and reasonable use of telecommunication facilities in the area of operations. UTE shall be solely responsible for all costs incurred and logistics in connection with transportation to and from Bogotá, Colombia.

4.4 Parties shall agree on the other terms by which the operation of the EL TRIUNFO Contract shall be performed during the Interim Period. Such agreement will provide effective control on the operation of the EL TRIUNFO Contract to Sagres.

ARTICLE 5
JOINT OPERATING AGREEMENT

5.1 Sagres and UTE recognize and accept that a standardized Joint Operating Agreement will be executed, on terms satisfactory to both Sagres and UTE, acting reasonably.

5.2 Sagres will perform the obligations and assume the rights of UTE under the EL TRIUNFO Contract and the JOA in respect of the Participating Interests and Operatorship from the Approval Date.

ARTICLE 6
REPRESENTATIONS, WARRANTIES AND INDEMNITY

6.1 Sagres hereby represents and warrants that:

(a) it is legally constituted and has the legal right, power and authorization to execute and enter into this Agreement and to act upon this Agreement, the Assignment Letters, the Assignment and the JOA in accordance with its terms; and

(b) there are no material claims, demands, actions, suits, governmental inquiries or proceedings pending or, to Sagres's knowledge, threatened against Sagres which would have an adverse effect upon the consummation of the transactions contemplated by this Agreement; and

(c) Sagres has the technical capability and personnel (or will acquire such capability and/or personnel) and resources to fulfil its obligations under the EL TRIUNFO Contract, the JOA and this Agreement.

6.2 Sagres hereby represents and warrants that the execution of this Agreement and the consummation of the transactions contemplated under this Agreement will not violate any provision of its charter, by-laws or other governing documents, nor will it represent a material breach to any other transactions to which it is a party.

6.3 Each of Sismopetrol and R3 hereby individually represents and warrants that:

(a) It has the legal right, power and authorization to execute and enter into this Agreement, the Assignment Letters, the Assignment and the JOA, subject only to the Approval;

(b) It has not breached any of the obligations under the EL TRIUNFO Contract and ANH releases for all prior phases exist as of the date of execution of this Agreement;

(c) It has not received any notice of dispute or breach or arbitration relating to the EL TRIUNFO Contract;

(d) It has no outstanding obligations to any third party or parties arising out of or in connection with activities undertaken by UTE under the EL TRIUNFO Contract prior to the date of execution of this Agreement;

(e) the EL TRIUNFO Contract contains the entirety of the obligations owed by UTE to ANH and there are no agreements, understandings or side letters between UTE and ANH or between UTE and any third parties which will increase any obligation of Sagres or decrease any right of Sagres under this Agreement, the JOA or the EL TRIUNFO Contract;

(f) as of the date of execution of this Agreement, the EL TRIUNFO Contract is in full force and effect and there are no material breaches related to the Block or the EL TRIUNFO Contract;

(g) It has obtained all necessary permits and authorisations for work that has been carried out under the EL TRIUNFO Contract prior to the date of execution of this Agreement;

(h) It is the legal owner of the Participating Interests which are subject to the Transfer and there are no encumbrances (or any legally binding agreement to create the same) over such Participating Interests at the date of execution of this Agreement;

(i) a copy of the EL TRIUNFO Contract has been made available to Sagres and such copy conforms to the original in all respects and is part of this Agreement as Attachment 2. For the avoidance of doubt, any translation of a document provided to Sagres has been done as a courtesy and UTE makes no representation or warranty as to the accuracy of the translation;

(j) as of the date of execution of this Agreement, UTE has fulfilled all its obligations regarding payment of taxes and filing of tax reports pursuant to the EL TRIUNFO Contract; and

(k) as of the date of execution of this Agreement and to the best of UTE's knowledge, there is no actual, threatened or pending litigation, arbitration, administrative proceedings, environmental claim, environmental order or disputes or judgements or awards relating to the EL TRIUNFO Contract.

(l) UTE shall refrain from any action which may lead to the relinquishment, termination or material amendment of the EL TRIUNFO Contract without Sagres's consent which shall not be unreasonably withheld.

(m) UTE is not aware and is not in knowledge or possession of information by which it should be reasonably aware of any circumstances that would render the EL TRIUNFO Contract as being uneconomic based on the Prudent International Petroleum Industry Practices.

6.4 Each of the Parties shall, by letter to the other on the Approval Date, represent and warrant that no event or circumstance (or any effect or consequence thereof) has occurred during the Interim Period which has materially affected the representations and warranties made under Articles 6.1 to 6.3, which shall be deemed to have been repeated at the Approval Date and to expressly reaffirm and ratify the indemnities as agreed under Articles 6.5 and 6.6 (respectively) hereinbelow.

6.5 Neither Party nor its Affiliates have made, offered, or authorized and will not make, offer or authorize any payment, gift, promise or other advantage, in connection with the matters which are the subject to this Agreement, whether directly or indirectly through any other person or entity, to or for the use or benefit of any public official (i.e., any person holding a legislative, administrative or judicial office, including any person employed by or acting on behalf of a public agency, a public enterprise or a public international organization) or any political party or political party official or candidate for office, where such payment, gift or promise would violate: (a) the applicable Laws of the country of operations; (b) the laws of the country of formation of the Party or such Party's ultimate parent company (or its principal place of business); or, (c) the principles described in the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, signed in Paris on 17 December 1997, which entered into force on 15 February 1999, and the Convention's Commentaries.

6.6 Each member of the UTE jointly and severally agrees to indemnify, hold harmless and defend Sagres and/or its Affiliates and their respective officers, directors, employees from and against any claim, loss or damage, excluding consequential and punitive damages, which Sagres and/or its Affiliates and their respective officers, directors, employees may suffer or incur by reason of

i) breach of the representations and warranties given by UTE in this Article 6 and ii) for actions or factss that occurred prior to the Assignment Date.

6.7 Sagres agrees to indemnify, hold harmless and defend UTE and/or its Affiliates and their respective officers, directors, employees from and against any direct claim, loss or damage, excluding consequential and punitive damages, which UTE and/or its Affiliates and their respective officers, directors, employees may suffer or incur by reason of breach of the above representations and warranties given by Sagres in this Article 6.

6.8 The Parties acknowledge that they are entering into this Agreement in reliance on the warranties and indemnities as set out in this Article 6. The warranties and representations contained in Article 6.1 to 6.3 are the only warranties and representations applicable to this Agreement and the Transfer and no other warranties or representations, express or implied, shall apply thereto and no statement, promise or forecast made by or on behalf of any Party or any other person may form the basis of, or be pleaded in connection with any claim by any Party under or in connection with the Agreement or the Transfer.

ARTICLE 7
DISCLOSURE OF DATA AND CONFIDENTIALITY

7.1 Upon execution of this Agreement, UTE will make available to Sagres any additional data relative to the Contract Area which has been obtained by UTE and which is not yet in Sagres's possession.

Any geophysical, geological, engineering or other data, including without limitation, well logs and rock and fluid analysis with respect to the Contract Area obtained pursuant to this Agreement or the EL TRIUNFO Contract and all contracts and financial information relative to the EL TRIUNFO Contract or the Contract Area ("Confidential Information") shall be confidential and shall not be disclosed by a Party to any person (i) during the term of this Agreement and for a period of three (3) years thereafter , (ii) during the term of the JOA and according to the terms thereof, or (iii) during the time UTE or Sagres holds an interest in the Contract Area and during the term required by the EL TRIUNFO Contract, whichever term is longest, without the prior written consent of the other Party (which consent shall not be unreasonably withheld and shall either be given or denied promptly after request therefore).

7.2 Notwithstanding the foregoing, Confidential Information may be furnished without such consent to:

(a) An Affiliate, including its directors, officers, employees, advisors, agents and consultants who need such information for the purpose of performing the relevant Party's obligations hereunder;

(b) the ANH and/or the Government and/or a government having jurisdiction thereto as may be required under the EL TRIUNFO Contract, applicable law, court or arbitration proceedings, or pursuant to stock exchange regulations. In the event of disclosure under this sub-clause (b), the other Party shall receive a prior notice so that it may seek a protective order or other appropriate remedy, with reasonable efforts of the other Party to assist in obtaining such order or remedy;

(c) Financial and lending institutions or other third parties for the purpose of acquiring financing for the obligations assumed under the EL TRIUNFO Contract; and

Provided always that, with the exception of disclosure under (b) hereinabove, the recipient of any Confidential Information agrees in writing to keep the same strictly confidential.

7.3 The restriction on use and disclosure set out in this Article 7 shall not apply to any Confidential Information which:

(a) At the date of its disclosure to Sagres is in the public domain or which subsequently comes into the public domain other than by any act or failure to act on the part of Sagres and/or its Affiliates;

(b) Is already known to Sagres as evidenced by its written records and was not acquired directly or indirectly from UTE; or

(c) Is lawfully acquired by Sagres from any third party which has a right to disseminate such Confidential Information at the time it was acquired by Sagres; or

7.4 UTE makes no representations or warranties whatsoever as to the accuracy, completeness or usefulness of any data, reports, records, or projections furnished or made available to Sagres under the terms of this Agreement and Sagres (on behalf of itself, its Affiliates and their respective and its representatives) expressly acknowledges the inherent risk of error in the acquisition, processing and interpretation of geological and geophysical data. UTE, its Affiliates, their officers, directors and employees shall have no liability whatsoever with respect to the use of or reliance upon the Confidential Information by Sagres (or its Affiliates and their respective representatives).

ARTICLE 8
RELATIONSHIP OF THE PARTIES

8.1 The rights, duties, obligations and liabilities of the Parties herein shall be several and not joint or collective; and nothing herein contained shall ever be construed as creating a partnership of any kind, an association, or a trust, or as imposing upon any or all of the Parties hereto any partnership duty, obligation or liability. Each Party shall be individually responsible only for its obligations as set out in this Agreement and the EL TRIUNFO Contract.

8.2 The provisions of this Article 8 shall not, in any way, change, amend, or affect the substantive rights, obligations, or liabilities of the Parties before ANH under the EL TRIUNFO Contract, the JOA or this Agreement.

ARTICLE 9
FORCE MAJEURE

9.1 If as a result of Force Majeure any Party is rendered unable, wholly or in part, to carry out its obligations under this Agreement, other than the obligation to pay any amounts due or to furnish security, then the obligations of the Party giving notice of Force Majeure, so far as and to the extent that the obligations are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused and for such reasonable period thereafter as may be necessary for the Party to put itself in the same position that it occupied prior to the Force Majeure, but for no longer period. The Party claiming Force Majeure shall notify the other Party of the Force Majeure immediately, and in no event later than fifteen (15) days after the occurrence of the facts relied on and shall keep all Parties informed of all significant developments. Such notice shall give reasonably full particulars of the Force Majeure and also estimate the period of time which the Party will probably require to remedy the Force Majeure. The affected Party shall use all reasonable diligence to remove or overcome the Force Majeure situation as quickly as possible in an economic manner but shall not be obligated to settle any labour dispute except on terms acceptable to it, and all such disputes shall be handled within the sole discretion of the affected Party.

9.2 For the purposes of this Agreement, *"Force Majeure"* shall mean circumstances which were beyond the reasonable control and were not brought about at the instance of the Party concerned and shall include without limitation strikes, other labour, industrial and civil disturbances, acts of God, laws, rules, regulations or orders of any government having at any time *'de facto'* or *'de jure'* control over any of the Parties or the EL TRIUNFO Contract, acts of terrorism or of war whether declared or undeclared, unavailability of essential equipment, materials or labour or restrictions thereon or limitations upon the use thereof or adverse weather conditions, in each case "beyond the reasonable control" of any Party claiming Force Majeure hereunder, whether similar or dissimilar to the causes herein specified. However, lack or unavailability of finances shall not be considered Force Majeure.

ARTICLE 10
EFFECTIVE DATE AND TERMINATION

10.1 This Agreement shall continue in force, unless terminated as provided under this Agreement.

10.2 This Agreement shall terminate without any further formalities (i) if the Parties have not received all the necessary board of director and public company approvals required within 30 calendar days of signing this agreement; (ii) if

Sagres has not satisfied its payment obligations pursuant to Article 2.1 of this Agreement; (iii) in the event of the termination rights under Article 2.3 or 3.2 have been exercised; or (iv) if TSX-V approval is not secured.

10.3 The Parties hereby acknowledge and agree that the said liquidated damages set forth herein are a genuine and reasonable pre-estimate of the damages likely to be suffered under the applicable circumstances and that it would be difficult, costly or impossible to conclusively establish the actual damages that UTE has suffered under such circumstances. The amounts of liquidated damages set forth are compensatory only, and not punitive in nature or a penalty, and are, in any event, just, fair and reasonable.

10.5 After the termination of this Agreement, there shall be no further rights, duties or obligations of or between UTE and Sagres under this Agreement, except for the following which shall survive such termination:

(a) Rights and obligations of the Parties which are outstanding at the date of termination;

(b) The covenants as to confidentiality set forth in Article 7; and

(c) The provisions of Article 14 relating to applicable law and dispute resolution.

ARTICLE 11
ASSIGNMENT

11.1 No Party shall sell, assign or otherwise dispose of any of its rights, interests or obligations under this Agreement without the other Party's written approval, except to an Affiliate.

11.2 The provisions of this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of the Parties.

ARTICLE 12
NOTICES

12.1 Any notice or other communication required to be given pursuant to this Agreement shall be in writing and may be given by delivering same by hand at, or by sending the same by prepaid post, fax or electronic means to the relevant address set forth below or such other address as each Party may notify to the other Party from time to time. Such notice or communication shall be deemed to have been given upon receipt by the addressee.

Sismopetrol

Address: Carrera 9 No. 113-52 suite 1904, Bogota Colombia.

Attention: Nestor Morales Pulecio and Jaime Alberto Vergara Garcia
Telephone: +571 637-3099
Facsimile: + 571 422-2390
E-mail: nmorales@sismopetrol.com and jvergara@sismopetrol.com

R3

Address: Autopista Norte Km 26, Sindamanoy D1, Chia, Colombia
Attention: Luis Eduardo Peña Riaño
Telephone: + 571 885-0501
Facsimile: + 571 885-0501 (ext 107)
Email: lepenar@etb.net.co

Sagres

Address: Cra 11, 86-32, Oficina 301 Bogota, Colombia
Attention: Jaime Lalinde
Telephone: +571 805-0240
Facsimile: +571 805-0310
Email: jlalinde@forbesmanhattan.com

ARTICLE 13
GENERAL PROVISIONS

13.1 Each of the Parties shall do all such acts and execute and deliver all such documents as shall be reasonably required in order to fully perform and carry out this Agreement.

13.2 Notwithstanding any other provision of this Agreement, neither Party shall be liable in an action initiated by one against the other for special, exemplary, punitive, indirect or consequential loss or damages resulting from or arising out of this Agreement, including, without limitation, loss of profit or business interruptions, however same may be caused.

13.3 If any provision of this Agreement, or the application thereof to any particular circumstance, is held or deemed invalid, the remaining provisions of this Agreement, and the application of the provisions to circumstances other than those as to which it has been held or deemed to be invalid, shall not be affected by the invalidity.

13.4 The failure of either UTE or Sagres to insist upon strict performance of a provision of this Agreement (including, without limitation, execution of the Assignment and the JOA), irrespective of the length of time for which the failure continues, shall not constitute a waiver of that Party's right to demand strict compliance thereafter. No consent or waiver, express or implied, to or of any breach or default in the performance of any provision of this Agreement shall constitute a consent to or waiver of any other breach or default, whether of a like or different character.

13.5 In the event of any conflict or inconsistency between the provisions of this Agreement (including its Attachments) and those of the EL TRIUNFO Contract, the provisions of the EL TRIUNFO Contract shall prevail, and this Agreement shall be deemed to be modified accordingly and, as so modified, this Agreement shall continue in full force and effect.

13.6 No public announcement or statement regarding the terms or existence of this Agreement shall be made without prior written consent of both Parties; provided that, notwithstanding any failure to obtain such approval, no Party shall be prohibited from issuing or making any such public announcement or statement to the extent it is necessary to do so in order to comply with the applicable laws, rules or regulations of any government, court or arbitration proceedings or stock exchange having jurisdiction over such Party or its Affiliates.

13.7 No term of this Agreement is intended nor shall this Agreement be construed to be enforceable by third parties under the United Kingdom Contracts (Rights of Third Parties) Act 1999.

13.8 This Agreement may not be amended, changed, altered, waived or terminated without the written consent of the Parties.

13.9 This Agreement may be executed in any number of counterparts and by the Parties on separate counterparts. Each counterpart shall constitute an original of this Agreement, but together the counterparts shall constitute one document.

13.10 All remedies, rights, undertakings, obligations or agreements of the Parties arising by law, this Agreement or otherwise shall be cumulative and none thereof shall be in limitation of any other right, remedy, undertaking, obligation or agreement of such Party.

ARTICLE 14
GOVERNING LAW AND DISPUTE RESOLUTION

14.1 This Agreement shall be governed by and construed in accordance with the laws of England, excluding, however, any provision thereof which would require application of the laws of any other jurisdiction.

14.2 Any dispute, controversy or claim between the Parties arising out of or in connection with this Agreement including without limitation any dispute as to the construction, validity, interpretation, enforceability or breach of this Agreement, which cannot be amicably resolved by the Parties within thirty (30) days, shall be exclusively and finally settled by arbitration under the Rules of Arbitration of the International Chamber of Commerce (ICC) by three (3) arbitrators, one (1) appointed by UTE, one (1) appointed by Sagres and the Presiding Arbitrator by the chairman of the ICC in accordance with the said Rules however ensuring that the Presiding Arbitrator is neither from Colombia nor Canada nor from a nationality of any of the Parties. Notwithstanding the foregoing provisions of this Article 14.2, only one arbitrator shall be used in arbitrations where the net amount in controversy does not exceed ten million US Dollars (US$10,000,000.00) or where the controversy involves limited technical issues and the Parties unanimously agree. Such arbitrator shall be appointed jointly by the Parties to the arbitration; failing agreement, the ICC shall appoint such arbitrator. A dispute shall be deemed to have arisen when either Party notifies the other Party in writing to that effect. The arbitrator(s) shall not have the power to award, nor shall they award any indirect, punitive or consequential damages (however denominated). Each Party shall pay its own attorney fees and costs no matter which Party prevails.

14.3 The seat of such arbitration shall be London, UK and proceedings shall be conducted in the English language.

ARTICLE 15
DEFAULT

15.1 Default

Except as otherwise agreed in the JOA, if either Party fails to pay any amounts due under this Agreement by the applicable dates, the responsible Party shall be in default and such amounts shall accrue annual interest at LIBOR PLUS + 3%, calculated from the due date until the date of payment.

ARTICLE 16
ENTIRE AGREEMENT

16.1 This Agreement constitutes the entire agreement among the Parties with respect to the subject matter hereof and may not be amended or modified except by written instrument signed by or on behalf of all the Parties.

IN WITNESS WHERETO, the Parties have duly executed this Agreement as of the date first mentioned above.

UTE

SISMOPETROL

By: ______________________

STRICTLY CONFIDENTIAL

Name: Nestor Morales Pulecio

Title: Legal Representative

R3

By: ______________________

Name: Luis Eduardo Peña Riaño

Title: Legal Representative

SAGRES ENERGY (BARBADOS) INC.

By: ______________________

Name: GARY WINE

Title: PRESIDENT

Attachment 1: Assignment

Bogotá D.C. [*] de [*] de 2011	Bogotá D.C. [*] de [*] de 2011
Señores AGENCIA NACIONAL DE HIDROCARBUROS Subdirección Técnica Avenida 26 No.59-65 Piso 2 Bogotá D.C.	Sirs. NATIONAL HYDROCARBONS AGNECY Technical Sub-direction Avenida 26 No.59-65 Piso 2 Bogotá D.C.
Ref. Cesión parcial de los intereses, derechos y obligaciones emanadas del Contrato de Exploración y Producción de Hidrocarburos Bloque El Triunfo suscrito entre la ANH y El Triunfo Unión Temporal el día 29 de noviembre de 2004.	Ref. Partial assignment of the interests, rights and obligations from the Exploration and Production Agreement entered into by the ANH and El Triunfo Unión Temporal, over El Triunfo Block on November 29th, 2004.
Estimados señores:	Dear Sirs:
NESTOR MORALES PULECIO, mayor de edad, identificado con la cédula de ciudadanía número [*], actuando en mi condición de apoderado de El Triunfo Unión Temporal, Sismopetrol S.A. y R3 Exploración y Producción S.A. me permito manifestar:	NESTOR MORALES PULECIO, Colombian citizen, of legal age, with identification number [*], acting on behalf of El Triunfo Unión Temporal, Sismopetrol S.A. and R3 Exploración y Producción S.A., according to the delegation of power and authority, do hereby represent the following:
1. Que en fecha 29 de noviembre de 2004 El Triunfo Unión Temporal, conformada por las sociedades: (i) Sismopetrol S.A. ("Sismopetrol") y (ii) R3 Exploración y Producción S.A. ("R3"), suscribió Contrato de Exploración y Producción con la ANH sobre el Bloque El Triunfo (en adelante el "E&P").	1. On November 29th, 2004 El Triunfo Unión Temporal, integrated by the companies: (i) Sismopetrol S.A. ("Sismopetrol") and (ii) R3 Exploración y Producción S.A. ("R3") entered into the Exploration and Production agreement over the El Triunfo Block, with the ANH (hereinafter the "E&P")
2. Que de conformidad con lo dispuesto en el E&P, la participación de los integrantes de El Triunfo Unión Temporal en el E&P sería la siguiente:	2. That pursuant to the provisions set forth under the E&P, the participation of the members of El Triunfo Unión Temporal in the E&P would be as follows:
a) Sismopetrol: 60%	a) Sismopetrol: 60%
b) R3: 40%	b) R3: 40%
3. Que de conformidad con lo dispuesto en el artículo [*] del E&P, El Triunfo Unión	3. That pursuant to section [*] of the E&P, El

Temporal tiene el derecho a ceder o transferir total o parcialmente sus intereses, derechos y obligaciones emanados del E&P, con la previa autorización escrita de la ANH, a otra compañía, consorcio o unión temporal que tenga las capacidades que la ANH exija en ese momento para actuar en Colombia.	Triunfo Unión Temporal will have the right to assign and transfer totally or partially its interests, rights and obligations under the E&P, with the ANH prior authorization to other company, consortium or temporary union that demonstrates the capacities set forth under Colombian law to enter into an exploration and production agreement with the ANH.
4. Que Sismopetrol está interesada en ceder el cincuenta por ciento (50%) de sus intereses, derechos y obligaciones en el E&P favor de Sagres Energy (Barbados) Inc. ("Sagres").	4. That Sismopetrol is interested in assigning fifty percent (50%) of its interests, rights and obligations under the E&P in favor of Sagres Energy Inc ("Sagres").
5. Que R3 está interesada en ceder el cien por ciento (100%) de sus intereses, derechos y obligaciones en el E&P favor de Sagress.	5. That R3 is interested in assigning one hundred percent (100%) of its interests, rights and obligations under the E&P in favor of Sagres.
6. Que de resultar aprobadas las cesiones referidas en los numerales 3.) y 4.), Sagres pasaría a ser titular del setenta por ciento (70%) de los intereses, derechos y obligaciones sobre el E&P.	6. That in the event the ANH approves the assignments set forth in sections 3.), 4.) and 5.) Sagres would hold seventy percent (70%) of the interests, rights and obligations under the E&P.
7. Que Sagres cuenta con las capacidades: (i) legal, (ii) técnica, (iii) financiera, y (iv) operacional para suscribir el E&P, como consta en el Anexo A que se adjunta a la presente solicitud.	7. That Sagres demonstrates the compliance of the: (i) legal, (ii) financial, (iii) technical, and (iv) operational capacities, as it is evidenced in Exhibit A.
En virtud de lo anterior El Triunfo Unión Temporal y sus integrantes solicitan a la ANH la autorización de la cesión del cincuenta por ciento (50%) de los intereses, derechos y obligaciones en el E&P en cabeza de Sismopetrol, así como el cien por ciento (100%) de los intereses, derechos y obligaciones en el E&P en cabeza de R3 a favor de Sagres.	As per the aforementioned El Triunfo Unión Temporal and its members, formally request the ANH to authorize the assignment of fifty (50%) of the interests, rights and obligations held by Sismopetrol under the E&P, as well as the one hundred percent (100%) of the interests, rights and obligations held by R3 under the E&P, to Sagres.
Habida cuenta de lo anterior, quedamos atentos a la determinación de la ANH en relación con la solicitud de cesión solicitada.	Therefore, in accordance with the foregoing El Triunfo Unión Temporal will await for the decision of the ANH in connection with the authorization of the requested assignment.
Cordial saludo,	Sincerely,
Néstor Morales Pulecio C.C.[*]	Néstor Morales Pulecio

En representación de El Triunfo Unión Temporal, Sismopetrol y R3.	C.C.[*] On behalf of El Triunfo Unión Temporal, Sismopetrol and R3.