REORGANIZATION AND INVESTMENT AGREEMENT

THIS REORGANIZATION AND INVESTMENT AGREEMENT is dated effective as of the 24th day of March, 2010,

AMONG:

> **ZAPATA ENERGY CORPORATION**, a corporation subsisting under the laws of the Province of Alberta (hereinafter referred to as "**Zapata**" or the "**Corporation**")

AND:

> **P. DANIEL O'NEIL, MAXWELL LOF, DANIEL C. BROWN and PAUL COLBORNE,** individuals residing in the Province of Alberta (the "**Initial Investor Group**")

WHEREAS:

A. The Parties desire to enter into this Agreement to, among other things, establish the terms and conditions upon which the Private Placement will be completed and the Old Board and Old Executives will be replaced by the New Board and New Executives;

B. The Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters set forth in this Agreement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement (including the recitals hereto), unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

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

"**Acquisition Proposal**" means a proposal or offer by a third party (other than the Initial Investor Group) to acquire in any manner, directly or indirectly, beneficial ownership of all or a material portion of the assets of Zapata, to acquire in any manner, directly or indirectly, beneficial ownership or control or direction over more than 20% of the outstanding voting shares of Zapata, or to amalgamate, merge or otherwise combine with Zapata, whether by:

(i) an arrangement, amalgamation, merger, consolidation, joint venture, partnership or other business combination;

(ii) by means of a recapitalization or a sale of shares in the capital of Zapata (which for greater certainty shall include the issuance of securities from treasury); or

(iii) a take-over bid, tender offer or exchange offer or similar transaction involving Zapata;

including any single or multi-step transaction or series of related transactions which is structured to permit such third party to acquire in any manner, directly or indirectly, beneficial ownership or control or direction over more than 20% of the outstanding voting shares of Zapata, or to amalgamate, merge or otherwise combine with Zapata;

"**Announced Acquisition Proposal**" has the meaning set forth in Section 3.6(a)(ii);

"**Applicable Canadian Securities Laws**", in the context that refers to one or more Persons, means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities and the rules, regulations and policies published and/or promulgated thereunder, including the rules of the TSXV, as such may be amended from time to time prior to the Closing Date;

"**Applicable Laws**", in the context that refers to one or more Persons, means the Laws that apply to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

"**Board of Directors**" means the board of directors of Zapata as it may be comprised from time to time, including any duly constituted committee thereof, unless the context requires otherwise;

"**Business Day**" means a day other than a Saturday, Sunday, a public holiday or a day when banks in Calgary, Alberta are not generally open for business;

"**Change of Management**" means the replacement of the Old Board and Old Executives with the New Board and the New Executives;

"**Closing**" means the completion of the Private Placement;

"**Closing Date**" means the date on which Closing is to occur, which shall be the earlier of: (i) April 13, 2010 if the TSXV does not require approval of the Private Placement by the Zapata Shareholders or the Written Shareholder Consent is obtained; or (iii) May 17, 2010 if the Zapata Meeting is required, or such other date as the Initial Investor Group and Zapata may agree, provided that if the failure to have Closing occur on the Closing Date is solely due to the failure to have received TSXV conditional approval for the Private Placement and the Change of Management (and the TSXV has not advised that it will not provide such approval), the Parties agree to extend the Closing Date for a period of at least ten (10) days pending such approval (provided that such extension shall not extend beyond the Outside Date);

"**Closing Time**" means 2:00 p.m. (Calgary time) on the Closing Date or such other time on the Closing Date as Zapata and the Initial Investor Group may agree;

"**Common Shares**" means common shares in the capital of Zapata;

"**Confidentiality Agreement**" means the confidentiality agreement dated March 12, 2010 between Zapata and Breaker Resources Ltd.;

"**Employee**" means an individual who is employed by Zapata, whether on a full-time or part-time basis;

"**Employee Obligations**" means any obligations or liabilities of Zapata or its Subsidiaries to pay any amount to or on behalf of its officers, directors, consultants or Employees, other than for salary, bonuses under their existing bonus arrangements, reimbursement of expenses, vacation pay and directors' fees in the ordinary course, in each case consistent with historic practices and, without limiting the generality of the foregoing, Employee Obligations shall include the obligations of Zapata or its Subsidiaries to directors, officers, employees or consultants for: (i) severance or termination payments on the change of control of Zapata (which shall be deemed to include the completion of the Private Placement and the Change of Management), resignation or otherwise pursuant to the Termination and Change of Control Agreements in the case of the Old Executives and Zapata Senior Managers and pursuant to employment offers in the case of employees; and (ii) retention bonus payments pursuant to any retention bonus program or executive employment agreement;

"**Escrow Agent**" means Olympia Trust Company or such other escrow agent as may be agreed upon by Zapata and the Initial Investor Group;

"**Escrow Agreements**" means the Share Escrow Agreement and Unit Escrow Agreements;

"**Expense Reimbursement Fee**" has the meaning set forth in Section 6.3;

"**Financial Statements**" means, collectively, the audited comparative financial statements of Zapata as at and for the years ended December 31, 2008 and 2007, together with the notes thereto and the auditors' report thereon, and the unaudited comparative financial statements of Zapata as at and for the nine month period ended September 30, 2009 and 2008, together with the notes thereto;

"**Flow-Through Unit**" means a unit of Zapata consisting of one Common Share issued on a "flow-through" basis under the ITA and one Warrant;

"**GAAP**" has the meaning set forth in Section 1.7;

"**Good Oilfield Practice**" means the exercise of that degree of skill, diligence, prudence and foresight which would reasonably and ordinarily be expected to be applied by a skilled and experienced person engaged in the oil and gas industry;

"**Governmental Entity**" means any: (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, court, tribunal, arbitral body, commission, board, bureau or agency; (ii) any subdivision, agent, commission, board or authority of any of the foregoing; or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"**Initial Investor Group**" means Dan O'Neil, Maxwell Lof, Daniel C. Brown and Paul Colborne;

"**Initial Investor Group Information**" means the information to be included in the Zapata Circular concerning the Initial Investor Group;

"**ITA**" means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5th Supp.), as amended, including the regulations promulgated thereunder, as amended from time to time;

"**Laws**" means all laws, statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, guidelines, notices, directions (including all Applicable Canadian Securities Laws), and terms and

conditions of any grant of approval, permission, authority or license of any court, Governmental Entity, statutory body or self-regulatory authority (including the TSXV);

"**Legal Proceeding**" means any litigation, action, application, suit, investigation, hearing, claim, deemed complaint, grievance, civil, administrative, regulatory or criminal, arbitration proceeding or other similar proceeding, before or by any tribunal and includes any appeal or review thereof and any application for leave for appeal or review;

"**Material Adverse Change**" means any change (or any condition, event or development involving a prospective change) in the business, operations, results of operations, assets, capitalization or financial condition of Zapata which is materially adverse to the business of Zapata and its Subsidiaries, taken as a whole, or to the value of the Common Shares, but "Material Adverse Change" shall not include a change resulting from: (i) a matter that has prior to the date hereof been publicly disclosed in Zapata's SEDAR filings or communicated by Zapata to the Initial Investor Group in writing (including, without limitation, the failure to obtain any required consent under Zapata's office lease); (ii) conditions affecting the oil and gas industry in western Canada as a whole including, without limitation, changes in laws, commodity prices, taxes or royalties; (iii) general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or elsewhere; (iv) any changes arising from matters specifically contemplated by this Agreement or consented to or approved in writing by the Initial Investor Group; (v) any changes based solely on any change in the trading prices or volumes of the Common Shares; or (vii) any changes arising from the announcement of this Agreement;

"**Material Adverse Effect**" means any effect that is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, assets, capitalization or financial condition of Zapata and its Subsidiaries, taken as a whole, or to the value of the Common Shares but "Material Adverse Effect" shall not include an effect resulting from: (i) a matter that has prior to the date hereof been publicly disclosed in Zapata' SEDAR filings or communicated by Zapata to the Initial Investor Group in writing (including, without limitation, the failure to obtain any required consent under Zapata's office lease); (ii) conditions affecting the oil and gas industry in western Canada as a whole including, without limitation, changes in laws, commodity prices, taxes or royalties; (iii) general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States or elsewhere; (iv) any changes arising from matters specifically contemplated by this Agreement or consented to or approved in writing by the Initial Investor Group; (v) any changes based solely on any change in the trading prices or volumes of the Common Shares; or (vii) any changes arising from the announcement of this Agreement;

"**New Board**" means the persons that will be appointed as the new directors of Zapata on the Closing Date, such persons being: Dan O'Neil, Paul Colborne (as Chairman), Jim Pasieka, Peter Bannister, Rob Leach and Keith Macdonald and, in the event the Zapata Meeting is held prior to the Closing Date, Murray Smith, provided that in the event that any proposed member of the New Board does not agree to become a director of Zapata at the Closing, the Initial Investor Group may propose a substitute nominee satisfactory to Zapata, acting reasonably;

"**New Executives**" means the persons that will be appointed as the new officers of Zapata on the Closing Date, such persons and their respective titles in Zapata immediately following the Closing Time being: Dan O'Neil – President and Chief Executive Officer, Maxwell Lof – Vice-President, Finance and Chief Financial Officer, Dan Brown – Chief Operations Officer, Margaret Elekes – Vice-President, Land and Tim Sweeney – Corporate Secretary, provided that in the event that any proposed member of the New Executives does not agree to become an officer of Zapata at the Closing, the Initial Investor Group may propose a substitute nominee satisfactory to Zapata, acting reasonably;

"**Notice Period**" has the meaning set forth in Section 3.6(a)(ii);

"**Old Board**" means the board of directors of Zapata as of the date hereof;

"**Old Executives**" means the current officers of Zapata as of the date hereof, being Lloyd D. Driscoll, George E. Paulus and W. Howard Blacker;

"**Operator**" means in respect of a licence in which Zapata has an interest, the person designated as operator for the time being under the relevant operating agreement;

"**Outside Date**" means either: (i) April 23, 2010 if the Closing Date means April 13, 2010; or (ii) May 31, 2010 if the Closing Date means May 17, 2010 (or in each case such later date as the Initial Investor Group and Zapata may agree);

"**Parties**" means Zapata and the Initial Investor Group and "**Party**" means any one of them;

"**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

"**Private Placement**" means the sale of the Units, Flow-Through Units and Common Shares to the Subscribers by Zapata at the Closing as provided for herein;

"**Proposed Agreement**" has the meaning set forth in Section 3.6(a)(i);

"**Public Record**" means all information filed by Zapata, after December 31, 2008, with any Securities Authority in compliance, or intended compliance, with any Applicable Canadian Securities Laws available through SEDAR;

"**Representatives**" has the meaning set forth in Section 3.4 in respect of Zapata and in Section 3.7 in respect of the Initial Investor Group;

"**Reserves Report**" has the meaning set forth in Section 4.1(dd);

"**Returns**" has the meaning set forth in Section 4.1(u)(i);

"**Securities Authorities**" means the securities commissions or similar securities regulatory authorities in each of the Provinces of Canada;

"**Seismic Agreement**" means the Master Seismic Data Participation and Licensing Agreement dated July 31, 2003 between Olympia Seismic Ltd. (as agent for certain third parties) and Zapata, a true and complete copy of which has been provided in writing to the Initial Investor Group, as amended from time to time;

"**Share Escrow Agreement**" means the escrow agreement to be entered into at Closing between the Corporation and each Subscriber that purchases Common Shares under the Private Placement, such agreement to be in substantially the form set forth in Schedule B attached hereto, with such amendments as may be required by the TSXV;

"**Share Subscription Agreements**" means the subscription agreements to be entered into at Closing between the Corporation and each Subscriber that purchases Common Shares under the Private

Placement, such agreements to be substantially in the form set forth in Schedule D attached hereto or, in the case of Subscribers resident in the United States, in a form to be agreed upon by Zapata and the Initial Investor Group;

"**Sproule**" means Sproule Associates Limited;

"**Stock Option Plan**" means the stock option plan of Zapata in effect as of the date hereof;

"**Stock Options**" means the outstanding options to acquire Common Shares granted under the Stock Option Plan;

"**Subscribers**" means the Initial Investor Group and those additional purchasers of Common Shares, Units or Flow-Through Units under the Private Placement as designated pursuant to Sections 2.1(b) and 2.1(c);

"**Subscription Agreements**" means the Share Subscription Agreements and the Unit Subscription Agreements;

"**Subsidiary**" has the meaning set forth in the *Securities Act* (Alberta);

"**Superior Proposal**" means a *bona fide* Acquisition Proposal which, in the opinion of the Board of Directors, acting reasonably and in good faith and after consultation with its outside legal counsel and financial advisors:

(i) is reasonably capable of being completed on its terms and in the timeframe proposed, taking into account all aspects of such proposal and the party making such proposal;

(ii) for which either adequate financing to complete such Acquisition Proposal has been obtained, or is reasonably likely to be obtained;

(iii) is not subject to a due diligence and/or access condition that would allow access to the books, records or personnel of Zapata beyond 5:00 p.m. (Calgary time) on the twelfth Business Day after which access is first afforded to the person making the Acquisition Proposal (disregarding any access provided to such party prior to the date of this Agreement); and

(iv) would, or would reasonably be expected to, if consummated in accordance with its terms (but not disregarding any risk of non-completion), result in a transaction that is more favourable, from a financial point of view, to the Zapata Shareholders than the transactions contemplated herein;

"**Support Agreements**" means agreements between the Initial Investor Group and all of the current officers and directors of Zapata pursuant to which such persons have agreed, among other things, to resign upon the completion of the Private Placement, to execute the Written Shareholder Consent, to exercise all in-the-money Stock Options prior to or concurrent with Closing or as soon as reasonably practicable thereafter (as permitted by Applicable Canadian Securities Laws and the Corporation's trading blackout policy in effect on the date hereof) and, if required, to vote all of the Common Shares beneficially owned or controlled by them in favour of the Zapata Resolution;

"**Tax**" or "**Taxes**" has the meaning set forth in Section 4.1(u)(i);

"**Third Party Beneficiaries**" has the meaning set forth in Section 10.9;

"**TSXV**" means the TSX Venture Exchange;

"**Unit**" means a unit consisting of one Common Share and one Warrant;

"**Unit Escrow Agreements**" means the escrow agreements to be entered into at Closing between the Corporation and each Subscriber that purchases Units and/or Flow-Through Units under the Private Placement, such agreements to be in substantially the form set forth in Schedule C attached hereto, with such amendments as may be required by the TSXV;

"**Unit Subscription Agreements**" means the subscription agreements to be entered into at Closing between the Corporation and each Subscriber that purchases Units or Flow-Through Units under the Private Placement, such agreements to be in substantially the form set forth in Schedules E and F, respectively, attached hereto;

"**Termination and Change of Control Agreements**" means those termination and change of control agreements dated January 1, 2010 between Zapata and each of the Old Executives and the Zapata Senior Managers, true and correct copies of which have been provided to the Initial Investor Group;

"**Warrant**" means a Common Share purchase warrant of Zapata, being in the form and having the terms and conditions as set forth in Schedule A attached hereto, entitling the holder thereof to acquire one Common Share for a price of $5.17;

"**Written Shareholder Consent**" means the written consent of the holders of more than 50% of the Common Shares to the Change of Management (and if required by the TSXV, the Private Placement) and all related matters in compliance with the TSXV Policies and in a form satisfactory to the TSXV, Zapata and the Initial Investor Group;

"**Zapata Budget**" means the 2010 capital expenditure and operating budget prepared by management of Zapata in the form provided to the Initial Investor Group;

"**Zapata Circular**" means the information circular and proxy statement to be prepared and sent by Zapata to the Zapata Shareholders in connection with the Zapata Meeting, if required;

"**Zapata's Debt**" means the current liabilities of Zapata (including bank debt) less the current assets of Zapata, as each term is defined using GAAP;

"**Zapata Information**" means all information to be included in the Zapata Circular other than the Initial Investor Group Information;

"**Zapata Meeting**" means a special meeting of the Zapata Shareholders held, if required, for the purposes set forth in Section 2.8;

"**Zapata Non-Completion Fee**" has the meaning set forth in Section 6.1;

"**Zapata Resolutions**" means the resolutions to be considered by the Zapata Shareholders at the Zapata Meeting, if required, to approve the Private Placement, the replacement of the Old Board with the New Board, the change of the name of the Corporation to "Surge Energy Inc." or such other name as may be requested by the Initial Investor Group, and such other matters as may be agreed to by Zapata and the Initial Investor Group;

"**Zapata Senior Managers**" means each of Cam Bolter, Jim Deck and Don Johnson;

"**Zapata Shareholder Loans**" means the loans from Zapata to certain officers of Zapata having a principal amount of $360,000;

"**Zapata Shareholders**" means the holders of Common Shares;

"**Zapata Transaction Costs**" means all legal and financial advisory fees payable by Zapata in connection with the transactions contemplated by this Agreement and payments that may be made pursuant to the Termination and Change of Control Agreements or other change of control payments (but excluding any payments made under the Seismic Agreement or Zapata's office lease);

"**Zapata Warrants**" means share purchase warrants of Zapata outstanding as at the date hereof.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including any exhibits attached hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 Entire Agreement

This Agreement and the Confidentiality Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

1.6 Currency

All references to "$" or sums of money that are referred to in this Agreement are expressed in lawful money of Canada, unless specified otherwise.

1.7 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian generally accepted accounting principles applied on a consistent basis

("**GAAP**") and all determinations of an accounting nature that are required to be made shall be made in a manner consistent with GAAP.

1.8 Inclusive Terminology

Whenever used in this Agreement, the words "includes" and "including" and similar terms of inclusion shall not, unless expressly modified by the words "only" or "solely", be construed as terms of limitation, but rather shall mean "includes but is not limited to" and "including but not limited to", so that references to included matters or items shall be regarded as illustrative without being either characterizing or exhaustive.

1.9 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Zapata, it refers to the actual knowledge of the senior officers of Zapata after due inquiry.

1.10 Exhibits

The following exhibits attached hereto are incorporated into and form an integral part of this Agreement:

Schedule A – Form of Warrants

Schedule B – Form of Share Escrow Agreement

Schedule C - Form of Unit Escrow Agreements

Schedule D - Form of Share Subscription Agreement

Schedule E – Form of Unit Subscription Agreement

Schedule F – Form of Flow-Through Unit Subscription Agreement

Schedule G – Initial Investor Group Investment

1.11 Interpretation Not Affected by Party Drafting

The Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

ARTICLE 2
THE PRIVATE PLACEMENT AND RELATED MATTERS

2.1 Private Placement

(a) Subject to the terms and conditions of this Agreement, Zapata and the Initial Investor Group agree to complete the Private Placement to the Subscribers on the Closing Date at the Closing Time.

(b) The Subscribers shall consist of the Initial Investor Group as well as such additional subscribers in such allocations and amounts as may be indentified by the Initial Investor Group, in its sole discretion, subject to Section 2.1(c). At least 48 hours prior to the Closing Time, the Initial Investor Group shall provide a complete list of the Subscribers to Zapata, including the number of Common Shares, Units and Flow-Through Units being subscribed for by each Subscriber and detailed registration instructions for each Subscriber, in a form that will reasonably permit Zapata to prepare the required certificates for the Closing Time.

(c) Under the Private Placement, the Initial Investor Group shall and shall cause the Subscribers to purchase the following aggregate number of securities of Zapata at the following prices:

(i) 1,787,500 Common Shares at a price of $4.40 per Common Share;

(ii) 1,394,317 Units at a price of $4.40 per Unit; and

(iii) 681,819 Flow-Through Units at a price of $4.40 per Flow-Through Unit.

(d) At Closing, the Subscribers shall provide to Zapata:

(i) executed Subscription Agreements for each Subscriber;

(ii) executed Escrow Agreements, in the applicable form, for each Subscriber; and

(iii) certified cheques or bank drafts of each Subscriber in immediately available funds, or payment in such other form as may be acceptable to Zapata and the Initial Investor Group, acting reasonably, for the aggregate subscription proceeds for the Common Shares, Units and Flow-Through Units purchased by the Subscribers; and

(iv) such other documents and deliveries as are required pursuant to the Subscription Agreements.

(e) Upon receipt of the executed agreements and certified cheques or bank drafts or other payment and any other documents or deliveries provided for in Section 2.1(d), Zapata shall execute and accept all validly executed Subscription Agreements, enter into the Escrow Agreements and deliver to the Escrow Agent, on behalf of the Subscribers, validly issued share certificates and Warrants in the names of the applicable Subscribers for the securities issuable under the Private Placement.

(f) The parties agree that the completion of the Private Placement and the Change of Management on the Closing Date shall be completed concurrently on the Closing Date in such order as is reasonably necessary to facilitate the Closing of all transactions and matters contemplated by this Agreement.

(g) The Initial Investor Group shall subscribe for and purchase Units and Flow-Through Units in amounts not less than as set forth in Schedule "G" hereto and all Units and Flow-Through Units not subscribed for by the Initial Investor Group shall be purchased by New Executives, members of the New Board or other key employees and service providers.

2.2 Replacement of Directors and Executives

(a) Immediately following the Closing and subject to Sections 2.1(g) and 2.2(b):

(i) the Old Board shall be reconstituted through the resignations of all the members of the Old Board and the members of the New Board shall be appointed to fill the vacancies created by such resignations without the necessity of the holding of a meeting of the Zapata Shareholders; and

(ii) the Old Executives shall resign and the New Executives shall be appointed by the New Board as officers of Zapata.

(b) Zapata and each Old Executive shall execute mutual releases, in a form acceptable to Zapata, the applicable Old Executive and the Initial Investor Group, acting reasonably and Zapata agrees to use reasonable commercial efforts to cause each member of the Old Board (who is not an Old Executive) to execute, together with Zapata, mutual releases in a form acceptable to Zapata, the Old Board member and the Initial Investor Group, acting reasonably. Zapata and the Initial Investor Group each agree to take all reasonable steps within their power to facilitate the resignation of the Old Board and Old Executives and the appointment of the New Board and New Executives, as applicable.

2.3 Treatment of Outstanding Stock Options

The Parties acknowledge and agree that the Board of Directors shall take all necessary action to cause all outstanding Stock Options to fully vest and be exercisable effective immediately prior to Closing. The Parties agree that Zapata shall make reasonable commercial efforts to cause all outstanding "in-the-money" Stock Options to be exercised on or prior to the Closing Date or as soon as reasonably practicable thereafter (as is permitted by Applicable Canadian Securities Laws and the Corporation's trading blackout policy as in effect on the date hereof).

2.4 Employees other than the Old Executives

Should the employment of any employees cease on a without cause basis following the Closing Date, that Employee will be treated in accordance with applicable employment legislation and common law requirements and any agreements or employment offers in effect with such Employee (including, where applicable, any Termination and Change of Control Agreement).

2.5 Severance and Change of Control Obligations

Upon completion of the Private Placement and, provided that the Old Executives have resigned as provided for herein, the Old Executives will be entitled to receive the payments provided under Section 4 of their Termination and Change of Control Agreement (and the Parties agree that the Old Executives may amend the Termination and Change of Control Agreements to ensure such payments will be made upon completion of the Private Placement and the resignation of the Old Executives and to delete any requirement to provide any services following such resignation). The foregoing provisions of this Section 2.5 shall apply equally in all respects with respect to the Zapata Senior Managers and their respective Termination and Change of Control Agreements, to the extent they resign concurrently with or immediately following the completion of the Private Placement. Zapata represents and warrants that the aggregate amounts payable under the Termination and Change of Control Agreements will not exceed $2,139,000 in the aggregate. Zapata shall pay to the Old Executives and the Zapata Senior Managers, if applicable, at Closing, net of any applicable withholdings, such amounts against delivery of the releases referred to in Section 2.2 and, in the case of Zapata Senior Managers, releases in a form mutually acceptable to Zapata, the Initial Investor Group and the Zapata Senior Manager, acting reasonably. Other

than such amounts payable pursuant to the Termination and Change of Control Agreements, Zapata represents and warrants to the Initial Investor Group that there are no Employee Obligations that will be triggered solely by the completion of the Private Placement and the Change of Management, except as disclosed to the Initial Investor Group in writing. The Parties agree that all principal and interest owing to Zapata pursuant to the Zapata Shareholder Loans and outstanding as at the Closing Date shall be set-off against any amounts payable by Zapata pursuant to this Section 2.5 to the borrowers under such Zapata Shareholder Loans.

2.6 Director and Officer Indemnities

Zapata shall fulfil its obligations pursuant to indemnities provided or available to past and present officers and directors of Zapata pursuant to the provisions of the constating documents of Zapata and its Subsidiaries, the ABCA, and any written indemnity agreements which have been entered into between Zapata and its current officers and directors effective on or prior to the Closing Time (including indemnities provided pursuant to the flow-through shares of Zapata purchased by directors and officers of Zapata in December 2009). Zapata, including any successor thereto, shall use reasonable commercial efforts to ensure that, for a period of six years after Closing, Zapata or its successors shall maintain or have access to sufficient assets to enable it to fulfil the foregoing obligations or, to the extent this is not the case, to have any affiliate or successor of Zapata having such satisfactory assets to assume Zapata's obligations under this Section 2.6.

2.7 Written Shareholder Consent

Following the execution of this Agreement, Zapata shall use all reasonable commercial efforts to obtain the Written Shareholder Consent on or before April 6, 2010 and shall publicly announce that the Board of Directors has recommended that the Zapata Shareholders execute the Written Shareholder Consent.

2.8 Zapata Meeting

In the event that Zapata is unable to obtain the Written Shareholder Consent on or before April 6, 2010 or such later date as may be agreed to by the Initial Investor Group

(i) Zapata shall call and hold the Zapata Meeting by no later than May 17, 2010 and shall put forward an ordinary resolution at the Zapata Meeting approving the Zapata Resolutions;

(ii) Zapata shall prepare the Zapata Circular, in consultation with the Initial Investor Group and compliance with Applicable Canadian Securities Laws and cause such circular to be mailed to the Zapata Shareholders by no later than April 20, 2010 and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed;

(iii) Zapata shall ensure that the Zapata Circular includes the recommendation of the Board of Directors that the Zapata Shareholders vote in favour of the Zapata Resolutions and shall publicly announce such recommendation at the time that it announces the calling of the Zapata Meeting;

(iv) the Initial Investor Group shall, in a timely manner, furnish Zapata with the Initial Investor Group Information for inclusion in the Circular, which the Initial Investor Group will ensure does not contain any misrepresentation or untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the

statements contained therein not misleading in light of the circumstances in which they are made;

(v) Zapata and the Initial Investor Group shall cooperate in the preparation, filing and mailing of the Zapata Circular and Zapata shall provide the Initial Investor Group and its representatives with a reasonable opportunity to review and comment on the Zapata Circular and any other relevant documentation and shall incorporate all reasonable comments thereon;

(vi) Zapata shall conduct the Zapata Meeting in all material respects in accordance with the constating documents of Zapata and any other instrument governing the Zapata Meeting and as otherwise required by Applicable Law;

(vii) Zapata shall allow the Initial Investor Group's Representatives to attend the Zapata Meeting;

(viii) Zapata shall not adjourn, postpone or cancel (or propose to adjourn, postpone or cancel) the Zapata Meeting without the prior written consent of the Initial Investor Group except (A) as required for quorum purposes (in which case the Zapata Meeting shall be adjourned and not cancelled) or by Applicable Law or by a Governmental Entity and (B) where Zapata has provided the Initial Investor Group with the written notice in accordance with Section 3.6(a), in which case Zapata may adjourn or postpone the Zapata Meeting for a period not to exceed seven Business Days; and

(ix) Zapata shall use all commercially reasonable efforts to secure the approval of the resolutions put forward at the Zapata Meeting by the Zapata Shareholders and solicit proxies for the approval of the Zapata Resolutions in accordance with Applicable Laws including, at the request of the Initial Investor Group, using the services of proxy solicitation agents (provided that the Initial Investor Group will determine which solicitation agent should be retained and the Initial Investor Group shall agree to pay the expenses of any such solicitation agent). If so requested by the Initial Investor Group, Zapata shall instruct such proxy solicitation agents (i) to report to the Initial Investor Group and its designated representatives concurrently with their reports to Zapata and to advise the Initial Investor Group as it may reasonably request, on a daily basis of each of the last seven Business Days prior to the Zapata Meeting, as to the aggregate tally of the proxies received by Zapata in respect of the Zapata Resolutions; and (ii) to co-operate with the Initial Investor Group and any solicitation agents or other representatives of the Initial Investor Group hired to assist in the solicitations of proxies in respect of the Zapata Meeting.

ARTICLE 3
COVENANTS

3.1 Covenants of Zapata

From the date hereof until the Closing Date or termination of this Agreement, except with the prior written consent of the Initial Investor Group (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws:

(a) Zapata's business and affairs shall be conducted only in the usual and ordinary course consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate

and maintain such property in a proper and prudent manner in accordance with Good Oilfield Practice and the agreements governing the ownership and operation of such property) and it shall use all commercially reasonable efforts to maintain and preserve its business, assets and advantageous business relationships, including payment of all cash calls made and expenses which are due and payable in the ordinary course of business, provided that it shall be entitled and authorized to comply with all pre-emptive rights, first purchase rights or rights of first refusal that are applicable to its assets and that become operative by virtue of this Agreement or any of the transactions contemplated by this Agreement;

(b) Zapata shall not, directly or indirectly, do or permit to occur any of the following:

(i) amend its constating documents; (ii) declare, set aside or pay any dividend or distribution or make any other payment (whether in cash, shares or property) in respect of Zapata's outstanding securities; (iii) except in connection with the Private Placement, issue, grant, sell or pledge, or agree to issue, grant, sell or pledge, any Common Shares (except for the issue of Common Shares upon the exercise of Stock Options or Zapata Warrants existing on the date hereof) or any securities convertible into or exchangeable or exercisable for Common Shares (including any Stock Options), or otherwise evidencing a right to acquire Common Shares; (iv) redeem, purchase or otherwise acquire any of the outstanding Common Shares or other securities; (v) split, combine, reclassify any of the Common Shares, undertake any other capital reorganization of Zapata or incorporate or organize any Subsidiary; (vi) reduce the capital or stated capital of Zapata; (vii) adopt or approve a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation or reorganization of Zapata; (viii) make any changes to its existing accounting policies other than as required by Applicable Laws or GAAP; or (ix) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

(c) except where required by regulatory authorities or for the protection of life and property and except as disclosed in writing to the Initial Investor Group, Zapata will not, directly or indirectly, do or permit to occur any of the following: (i) sell, pledge, dispose of or encumber any assets which are in excess of $10,000 individually or $25,000 in aggregate, except for oil, natural gas and natural gas liquid production in the ordinary course consistent with past practice; (ii) expend or commit to expend amounts in respect of any capital expenditures, including approval of any work program, budget, expenditure or other capital commitment which are in excess of $10,000 individually or $25,000 in aggregate, except to the extent that such expenditures are set forth in the Zapata Budget; (iii) expend or commit to expend any amounts with respect to any operating expenses (which for greater certainty, includes general and administrative expenses) other than in the ordinary course of business or as set forth in the Zapata Budget; (iv) reorganize, amalgamate, merge or otherwise combine Zapata with any other Person; (v) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets or otherwise) any corporation, trust, partnership or other business organization or division thereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer; (vi) incur any indebtedness for borrowed money in excess of the amount available under existing credit facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors in the ordinary course of business or in respect of the transactions contemplated herein, provided such amounts are consistent with the amounts previously disclosed to the Initial Investor Group; (vii) authorize, recommend or propose any release or relinquishment of any material contract right; (viii) waive, release, grant

or transfer any material rights of value or amend, modify or change, or agree to amend, modify or change, in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document; (ix) abandon or fail to diligently pursue any application for any material licenses, leases, permits, authorizations or registrations or take any action, or fail to take any action, that could lead to termination of any licenses; (x) pay, discharge or satisfy any material claims, liabilities or obligations other than as reflected or reserved against in the Financial Statements or otherwise in the ordinary course of business, (xi) enter into or terminate any hedges, swaps or other financial instruments or like transactions; (xii) enter into any agreements for the sale of production having a term of more than thirty (30) days; (xiii) enter into any material consulting or contract operating agreement that cannot be terminated on thirty (30) days or less notice without penalty; (xiv) enter into any joint venture, operating agreement, farm-in or farm-out agreement, unitization agreement, transportation agreement or any other similar agreement, arrangement or relationship; (xv) engage in any transaction with any related parties; or (xvi) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

(d) Zapata shall not make any payment to any employee, officer or director outside of their ordinary and usual compensation for services provided, except to the extent that any such entitlement relates to (i) reasonable expense reports submitted in the ordinary course of business; or (ii) payment to a former employee or officer of an entitlement which has accrued prior to the date hereof;

(e) Zapata shall not: (i) grant any officer, director, employee or consultant an increase in compensation in any form; (ii) grant any general salary increase; (iii) take any action with respect to the amendment or grant of any "change of control", severance or termination pay policies or arrangements for any directors, officers, employees or consultants; (iv) adopt or amend or make any contribution to any bonus, profit-sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation or other compensation or other similar plan (or amend the terms of any outstanding rights thereunder), or form a trust fund or arrangement for the benefit of directors, officers, employees or consultants, except as is necessary to comply with the existing provisions of any such plans, programs, arrangements or agreements (including the Zapata Options); or (v) advance any loan to or forgive any portion of any loan outstanding to any officer, director or any other party not at arm's length to Zapata or any of its Subsidiaries;

(f) Zapata shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled, terminated, rendered void or voidable or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by bona fide insurance or re-insurance companies or providers providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect (provided that Zapata shall be required to consult with the Initial Investor Group with respect to any such replacement policies, and if requested by the Initial Investor Group, shall permit the Initial Investor Group to obtain such replacement policies on behalf of Zapata, provided such policies are for substantially similar premiums), and Zapata will pay all premiums in respect of such insurance policies that become due after the date hereof (including in the event that the Initial Investor Group obtains any replacement policies with substantially similar premiums on behalf of Zapata as provided for in this Section 3.1(f));

(g) Zapata shall not take any action, or omit to take any action, that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect (without giving effect to any materiality qualifiers contained therein) or that would result, or would reasonably be expected to result, in a breach by Zapata of this Agreement, at any time prior to Closing or termination of this Agreement, whichever first occurs;

(h) Zapata shall promptly notify the Initial Investor Group in writing of any existing or, to its knowledge, potential or threatened Material Adverse Change occurring or existing after the date hereof or of any change which may be of such a nature to render any representation or warranty misleading or untrue in any material respect (without giving effect to any materiality qualifiers contained therein) and Zapata shall in good faith discuss with the Initial Investor Group any change in circumstances (actual or to the knowledge of Zapata, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the Initial Investor Group pursuant to this provision;

(i) Zapata shall use its reasonable commercial efforts to obtain the consent of its bankers and any other third party consents required for the completion of the Private Placement and the Change of Management, including without limitation the landlord under its office lease, without incurring any obligation to pay any fees or penalties, in a form satisfactory to the Initial Investor Group, acting reasonably, and, where obtained, provide the same to the Initial Investor Group on or prior to the Closing Date;

(j) Zapata shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 5.1 and 5.2 as soon as possible following execution of this Agreement to the extent that the satisfaction of the same is within the control of Zapata;

(k) except for proxies and other non-substantive communications with securityholders or if prohibited under Applicable Laws, Zapata will furnish promptly to the Initial Investor Group or the Initial Investor Group's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Zapata in connection with: (i) the Private Placement; (ii) the Zapata Meeting; (iii) any filings under Applicable Laws in connection with the transactions contemplated hereby; and (iv) any dealings with Governmental Entities in connection with the transactions contemplated hereby;

(l) Zapata will make all necessary filings and applications under Applicable Laws, including Applicable Canadian Securities Laws, required to be made on the part of Zapata in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in material compliance with such Applicable Laws;

(m) Zapata will furnish promptly to the Initial Investor Group or the Initial Investor Group's counsel any requests from any Governmental Entity for any information in respect of the business, operations, financial condition or assets of Zapata or any material third party complaint, investigation or hearing (or investigations indicating the same may be contemplated) to the extent that it relates to or could affect Zapata or its properties or assets in a material way or the transactions contemplated by this Agreement;

(n) Zapata shall not take any action, refrain from taking any action, permit any action to be taken or not to be taken, inconsistent with this Agreement which might reasonably directly or indirectly interfere with or adversely affect the consummation of the transactions contemplated by this

Agreement, and Zapata shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement;

(o) in the event of and in relation to a material dispute or Legal Proceeding or any event which may reasonably be expected to lead to a material dispute or legal action and which relates to or may reasonably be expected to relate to Zapata (a "**Dispute**"), Zapata shall, until such time as any final compromise, agreement, expert determination or non-appealable decision of a court or tribunal of competent jurisdiction is made in respect of the Dispute or the Dispute is otherwise finally disposed of:

(i) consult with the Initial Investor Group, and take such action to assess, contest, dispute, defend, appeal or compromise the Dispute as the Initial Investor Group may reasonably request;

(ii) keep the Initial Investor Group promptly informed of the progress of the Dispute and provide the Initial Investor Group with copies of all relevant documents and such other information in Zapata' possession as may be requested by the Initial Investor Group, acting reasonably; and

(iii) not cease to defend the Dispute or make any admission of liability, agreement, settlement or compromise in relation to the Dispute without the prior written consent of the Initial Investor Group, such consent not to be unreasonably delayed or withheld;

(p) Zapata will during the term of this Agreement deliver to the Initial Investor Group as soon as they become available true and complete copies of any report or statement filed by it with Securities Authorities subsequent to the date hereof. As of their respective dates, such reports and statements (excluding any information therein provided by the Initial Investor Group, as to which Zapata makes no representation): (A) will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading; and (B) will comply in all material respects with all applicable requirements of law including Applicable Canadian Securities Laws. The financial statements of Zapata issued by Zapata or to be included in such reports and statements (excluding any information therein provided by the Initial Investor Group, as to which Zapata makes no representation) will be prepared in accordance with GAAP (except: (I) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Zapata's auditors; or (II) in the case of unaudited interim financial statements, to the extent they may not include footnotes or may be condensed or summary statements) and will present fairly the financial position, results of operations and changes in financial position of Zapata, on a consolidated basis, as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments);

(q) Zapata shall no later than April 8, 2010 prepare and file with the applicable Securities Authorities its audited comparative financial statements as at and for the years ended December 31, 2009 and 2008, together with the notes thereto and related management's discussion and analysis; and

(r) Zapata shall not announce an intention, enter into any agreement, or otherwise make a commitment to do any of the things prohibited by any of the foregoing.

3.2 Covenants of the Initial Investor Group

From the date hereof until the Closing Date or termination of this Agreement, except with the prior written consent of Zapata (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement or required by Applicable Laws:

(a) the Initial Investor Group shall not take any action, or omit to take any action, that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect (without giving effect to any materiality qualifiers contained therein) or that would result, or would reasonably be expected to result, in a breach by the Initial Investor Group of this Agreement, at any time prior to Closing or termination of this Agreement, whichever first occurs;

(b) the Initial Investor Group shall promptly notify Zapata in writing of any change which may be of such a nature to render any representation or warranty misleading or untrue in any material respect (without giving effect to any materiality qualifiers contained therein) and the Initial Investor Group shall in good faith discuss with Zapata any change in circumstances (actual or, to the knowledge of the Initial Investor Group, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Zapata pursuant to this provision;

(c) the Initial Investor Group shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 5.1 and 5.3 as soon as possible following execution of this Agreement to the extent that the satisfaction of the same is within the control of the Initial Investor Group;

(d) the Initial Investor Group shall not take any action, refrain from taking any action, permit any action to be taken or not to be taken, inconsistent with this Agreement which might directly or indirectly interfere with or adversely affect the consummation of the transactions contemplated by this Agreement, and the Initial Investor Group shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement;

(e) the Initial Investor Group shall cooperate with Zapata and its counsel in completing all necessary filings with the Securities Authorities and the TSXV, as applicable, in connection with the Private Placement and the other transactions contemplated hereby, including the filing of personal information forms with the TSXV;

(f) the Initial Investor Group shall use its reasonable commercial efforts to ensure that each Subscriber is eligible to purchase Common Shares, Units or Flow-Through Units, as applicable, under the Private Placement in accordance with available prospectus exemptions under Applicable Canadian Securities Laws and, if applicable, under securities legislation in such other jurisdictions in which such Subscribers may reside as may be acceptable to Zapata and the Initial Investor Group;

(g) the Initial Investor Group shall use its reasonable commercial efforts to encourage each member of the New Board to consent to act as a director of Zapata and to obtain commitments from each New Executive that he or she will agree to act as an officer of Zapata effective immediately prior to the Closing Time ; and

(h) the Initial Investor Group will furnish promptly to Zapata or Zapata's counsel any requests from any Governmental Entity for any information in respect of the Initial Investor Group or any material third party complaint, investigation or hearing (or investigations indicating the same may be contemplated) to the extent that it relates to or could affect Zapata or its properties or assets in a material way or the transactions contemplated by this Agreement;

(i) the Initial Investor Group shall not announce an intention, enter into any agreement, or otherwise make a commitment to do any of the things prohibited by any of the foregoing, except as may be permitted by this Agreement.

3.3 Mutual Covenants

From the date hereof until the Closing Date or termination of this Agreement, each of the Initial Investor Group and Zapata will, in a prompt and timely manner, use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the transactions contemplated herein, including using reasonable commercial efforts:

(a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to contracts, including the consents of Zapata's lenders as required under Section 5.2(i);

(b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;

(c) to effect all necessary registrations and filings and submissions of information requested by Governmental Entities required to be effected by it in connection with the transactions contemplated herein, and the Parties will use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of their obligations under this Section 3.3 including continuing to provide reasonable access to information and to maintain ongoing communications as between the Parties; and

(d) not take any action which is inconsistent with this Agreement or which would reasonably be expected to significantly impede the consummation of the transactions contemplated herein.

3.4 Non-Solicitation by Zapata

Zapata shall, and shall cause each of its Subsidiaries to, immediately cease and cause to be terminated all discussions, solicitations, initiations, encouragements and negotiations, if any, with any parties (other than the Initial Investor Group or its affiliates) by Zapata or its officers, directors, employees, financial advisors, legal counsel, representatives or agents ("**Representatives**") with respect to any actual or potential Acquisition Proposal. Zapata shall immediately following the entering into of this Agreement send a letter to all Persons who have had discussions or negotiations or who have entered into confidentiality agreements with Zapata pertaining to any actual or potential Acquisition Proposal within six months prior to the date of this Agreement requesting that, and shall use reasonable efforts to have, all materials provided to such parties by Zapata, or prepared by such parties in respect of Zapata, be destroyed or returned to Zapata or its Representatives as the case may be in accordance with the terms of the confidentiality agreements with such parties. Zapata shall immediately advise the Initial Investor Group orally and in writing of any response or action (actual, anticipated, contemplated or threatened) by

any recipient of such letter which could hinder, prevent or delay or otherwise adversely affect the completion of the transactions contemplated herein.

3.5 Covenants Regarding Non-Solicitation by Zapata

(a) Zapata shall not, directly or indirectly, through any Representative of Zapata or any of its Subsidiaries, or otherwise:

(i) solicit, initiate, knowingly encourage or otherwise knowingly facilitate (including by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiries or proposals regarding an Acquisition Proposal or potential Acquisition Proposal;

(ii) participate in any negotiations or discussions regarding, or provide any confidential information with respect to or otherwise cooperate in any way with, any Acquisition Proposal or potential Acquisition Proposal;

(iii) withhold, withdraw or modify in a manner adverse to the Initial Investor Group the approval of the Board of Directors of the transactions contemplated hereby;

(iv) approve or recommend any Acquisition Proposal or potential Acquisition Proposal;

(v) waive any provision of, or release or terminate any standstill provisions contained in any confidentiality agreement, non-disclosure, standstill or other agreement with any third party; or

(vi) cause Zapata to enter into any agreement related to any Acquisition Proposal or potential Acquisition Proposal;

provided however that, notwithstanding any other provision of this Agreement,

(vii) nothing shall prevent the Board of Directors from considering or participating in discussions or negotiations in respect of or responding to an unsolicited *bona fide* Acquisition Proposal from any Person (but, subject to Section 3.6, not approve, recommend, accept or enter into any agreement, arrangement or understanding with respect to such Acquisition Proposal), provided that (A) the Board of Directors determines in good faith, after consultation with financial and outside legal advisors, that the Acquisition Proposal could reasonably constitute a Superior Proposal; (B) the Board of Directors after consultation with outside legal advisors, determines in good faith it is necessary for the Board of Directors to take such action in order to avoid breaching its fiduciary duties; and (C) prior to entering into discussions or negotiations with or responding to any person regarding the Superior Proposal, Zapata notifies the Initial Investor Group of its determination that such Acquisition Proposal could reasonably constitute a Superior Proposal; and

(viii) provided that Zapata is not otherwise in breach of this Agreement, the Board of Directors may release a Person who is subject to a standstill obligation in favour of Zapata from that standstill obligation if, prior to the Closing Time, Zapata receives a request from such Person to waive or release such Person from that standstill obligation in order for such Person to make an unsolicited *bona fide* Acquisition Proposal but only to the extent

required to allow such Person to provide the Acquisition Proposal for consideration by the Board of Directors in accordance with and to the extent permitted by this Section 3.5.

(b) Promptly, and in any event within 48 hours after the receipt by Zapata or its Representatives of any Acquisition Proposal, or any material amendments to such Acquisition Proposal, or any request for non-public information relating to Zapata or any Subsidiary, Zapata shall notify the Initial Investor Group at first orally and then in writing. Such written notice shall include a description of the terms and conditions of any inquiry or Acquisition Proposal or any amendment thereto and the identity of the Person making such inquiry or Acquisition Proposal and shall include a copy of any written Acquisition Proposal. Zapata shall, upon request of the Initial Investor Group, promptly inform the Initial Investor Group of the status, including any change to the material terms, of any such Acquisition Proposal.

(c) If Zapata receives a request for material non-public information from a Person who proposes an Acquisition Proposal in respect of Zapata (the existence and content of which have been disclosed to the Initial Investor Group as set forth herein), and the Board of Directors determines that such proposal could reasonably constitute a Superior Proposal pursuant to Section 3.5(a) then, and only in such case, the Board of Directors may, subject to the execution of a confidentiality agreement and standstill agreement, substantially similar to the Confidentiality Agreement, provide such Person with access to information regarding Zapata; provided however, that (i) Zapata sends a copy of any such confidentiality agreement and standstill agreement to the Initial Investor Group immediately upon its execution; (ii) the confidentiality agreement and standstill agreement in question permits Zapata to notify the Initial Investor Group of the fact that Zapata has received an Acquisition Proposal; and (iii) the Initial Investor Group is provided with a list of, and access to, the information, if any, provided to such Person that was not previously provided to the Initial Investor Group.

(d) Zapata shall reaffirm its recommendation of the Private Placement and the other transactions contemplated herein by press release promptly after: (i) any Acquisition Proposal which is publicly announced and determined not to be a Superior Proposal; or (ii) Zapata and the Initial Investor Group enter into any material amendment to this Agreement.

(e) Zapata shall ensure that its Representatives are aware of the provisions of this Section 3.5, and it shall be responsible for any breach of this Section 3.5 by its Representatives.

3.6 Notice by Zapata of Superior Proposal Determination

(a) Zapata covenants and agrees that:

(i) Zapata shall not approve, recommend or enter into any agreement (a "**Proposed Agreement**") in respect of an Acquisition Proposal (other than a confidentiality agreement contemplated by Section 3.5(c)) on the basis that it would constitute a Superior Proposal; and

(ii) the Board of Directors will not withdraw, modify or change its recommendation concerning the Private Placement and the other transactions contemplated herein after the public announcement of an Acquisition Proposal that is a Superior Proposal in respect of which no Proposed Agreement has been entered into (an "**Announced Acquisition Proposal**") or recommend any Announced Acquisition Proposal, or recommend that holders of Common Shares deposit their Common Shares under, vote in favour of or otherwise accept any Announced Acquisition Proposal or resolve to do so;

unless (A) it has provided the Initial Investor Group with written notice that the Board of Directors has determined that it has received a Superior Proposal and, in the case of clause (a)(i) above, it has provided the Initial Investor Group with a copy of any Proposed Agreement not less than 72 hours prior to its proposed execution by Zapata, and in the case of clause (a)(ii) above, it has provided the Initial Investor Group with not less than 72 hours written notice that the Board of Directors intends to withdraw, modify or change its recommendation regarding the transactions contemplated herein following the public announcement of an Announced Acquisition Proposal or to recommend any Announced Acquisition Proposal (either such 72 hour period referred to herein, the "**Notice Period**"); (B) it has complied with Sections 3.5 and 3.6 with respect thereto; and (C) before entering into any Proposed Agreement, this Agreement shall have been terminated pursuant to Section 8.1(d). Any Proposed Agreement or such written notice, as applicable, shall, if relevant, be accompanied by a written document from the Board of Directors regarding the value in financial terms that the Board of Directors has, in consultation with financial advisors, determined in good faith should be ascribed to any non-cash consideration offered under the Proposed Agreement or Announced Acquisition Proposal, as applicable.

(iii) During the Notice Period (as defined above), Zapata acknowledges that the Initial Investor Group shall have the opportunity, but not the obligation, to offer to amend the terms of this Agreement and the transactions contemplated herein. The Board of Directors will review any offer by the Initial Investor Group to amend the terms of this Agreement in good faith in order to determine, in the exercise of its fiduciary duties, whether the Initial Investor Group's amended offer, upon acceptance by Zapata, would result in such Superior Proposal ceasing to be a Superior Proposal. In addition, during such Notice Period, Zapata shall, and shall cause its financial and legal advisors to, negotiate in good faith with the Initial Investor Group and its financial and legal advisors, to make such adjustments in the terms and conditions of this Agreement and the transactions contemplated herein as would enable Zapata to proceed with the transactions contemplated herein, as amended, rather than the Superior Proposal. If the Board of Directors so determines, it will enter into an amended agreement with the Initial Investor Group reflecting the Initial Investor Group's amended proposal. If (i) the Initial Investor Group does not offer to amend the terms of this Agreement or (ii) the Board of Directors determines, in good faith and after consultation with its financial and legal advisors that such Superior Proposal continues to be a Superior Proposal and therefore rejects the Initial Investor Group's amended proposal and (iii) Zapata has complied with the other requirements of Sections 3.5 and 3.6, Zapata shall be entitled to enter into the Proposed Agreement and withdraw, modify or change its recommendation concerning the Transactions and recommend the Superior Proposal.

(iv) Zapata also acknowledges and agrees that each successive modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirement under Section 3.6(a) to initiate an additional 72 hour notice period.

(b) In the event that Zapata provides the notice contemplated by Section 3.6(a) at a time which is less than 72 hours prior to the Zapata Meeting, the Initial Investor Group shall be entitled to require Zapata to adjourn or postpone the Zapata Meeting to a date that is not more than seven Business Days after the date of such notice.

3.7 Non-Solicitation by the Initial Investor Group

The Initial Investor Group shall immediately cease and cause to be terminated all discussions, solicitations, initiations, encouragements and negotiations, if any, with any Persons other than Zapata conducted by the Initial Investor Group or its financial advisors, legal counsel, representatives or agents (including Breaker Resources Ltd.) ("**Representatives**") with respect to any actual or potential recapitalization, arrangement, merger, take-over bid, business combination, acquisition of material assets or similar transaction, and the Initial Investor Group shall not accept any other appointment as an officer, employee or consultant, other than the Private Placement and Change of Management, provided that nothing in this Section 3.7 shall restrict the Initial Investor Group or its Representatives from submitting proposals or entering into non-binding agreements with respect to any acquisition (other than an actual or potential recapitalization transaction), provided that such acquisition would be for the account of Zapata following Closing and would not be in conflict or competition to the transactions contemplated by this Agreement and provided that such actions shall not adversely affect the ability of Zapata and the Initial Investor Group to complete the transactions contemplated in this Agreement (including the Change of Management).

3.8 Provision of Information; Access

From and after the date hereof, subject to the terms of the Confidentiality Agreement, Zapata shall provide the Initial Investor Group and its Representatives access, during normal business hours and at times as the Initial Investor Group may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish promptly to the Initial Investor Group, all information concerning its business, properties and personnel as the Initial Investor Group may reasonably request, in order to permit the New Executives to assume control of Zapata in an efficient and informed manner, all immediately upon but not prior to the Closing Date. Upon written request by the Initial Investor Group, but subject to Zapata obtaining the consent (using reasonable commercial efforts) of any required third party operator or any joint venture group member, the Initial Investor Group and its Representatives will be permitted to attend any operations meetings held by Zapata and Zapata shall use reasonable commercial efforts to enable the Initial Investor Group to attend any meetings of Zapata relating to the business, assets and/or operations of Zapata, including meetings pursuant to any operating agreements to which Zapata is party. Zapata agrees to use its reasonable commercial efforts to keep the Initial Investor Group fully apprised in a reasonably timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that would be material to a prudent operator of the business and operations of Zapata. The Initial Investor Group agrees that they shall be bound by the Confidentiality Agreement in the same manner and to the same extent as if they were the direct counterparties to Zapata for the purposes of that agreement.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Zapata

Zapata hereby represents and warrants (and, as applicable, covenants) to the Initial Investor Group as follows and acknowledges that the Initial Investor Group is relying upon these representations, warranties and covenants in connection with the entering into of this Agreement, that:

(a) Organization and Qualification of Zapata. Zapata and each of its Subsidiaries is a corporation or partnership, as applicable, duly formed and organized and validly existing under the Laws of the Province of Alberta and has the requisite power and authority to own its properties and conduct

its business as now owned and conducted. Zapata and each of its Subsidiaries is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to do so would not have a Material Adverse Effect.

(b) Authority Relative to this Agreement. Zapata has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by the Board of Directors, and no other proceedings on the part of Zapata are or will be necessary to authorize this Agreement and the transactions and documentation contemplated hereby other than the approval of the Zapata Shareholders of the Private Placement that may be required by the TSXV. This Agreement has been duly executed and delivered by Zapata and constitutes the legal, valid and binding obligation of Zapata enforceable against Zapata in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally, and to general principles of equity.

(c) Subsidiaries. Zapata has no Subsidiaries other than Zapata Limited Partnership and 771129 Alberta Ltd. nor does Zapata hold any interest in any corporation, partnership, trust or other issuer, other than its interest as limited partner of Zapata Limited Partnership and its shareholdings in 771129 Alberta Ltd.

(d) No Violations.

(i) None of the execution and delivery of this Agreement by Zapata, the consummation of the transactions contemplated hereby or the compliance by Zapata with any of the provisions hereof will: (i) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Zapata or its Subsidiaries under any of the terms, conditions or provisions of (x) the constating documents of Zapata or its Subsidiaries or (y) any note, bond, mortgage, indenture, deed of trust, agreement, lien, contract or other material instrument or obligation to which Zapata or its Subsidiaries is a party or to which Zapata or its Subsidiaries or their respective properties or assets may be subject or by which Zapata or its Subsidiaries is bound, other than pursuant to the Termination and Change of Control Agreements, certain consulting agreements disclosed to the Initial Investor Group in writing, Zapata's credit agreement and related documents, Zapata's office lease and the Seismic Agreement; (ii) subject to compliance with the statutes and regulations referred to in Section 4.1(d)(ii), violate any judgement, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Zapata or its Subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have a Material Adverse Effect); or (iii) cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would have a Material Adverse Effect.

(ii) Other than in connection or compliance with Applicable Canadian Securities Laws or other applicable Laws and the rules of the TSXV and the approvals of the Zapata Shareholders contemplated herein: (i) there is no legal impediment to Zapata's consummation of the Private Placement and the other transactions contemplated by this

Agreement; and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Zapata in connection with the making or the consummation of Private Placement and the other transactions contemplated herein, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have a Material Adverse Effect.

(iii) There is no non-competition, exclusivity or other similar agreement, commitment or understanding in place, whether written or oral, to which Zapata or, to the knowledge of Zapata, any director, officer, employee or consultant or Zapata is a party or is otherwise bound that would now or hereafter: (i) limit in any material respect either the type of business in which Zapata may engage or the manner or locations in which it may so engage in any business; or (ii) could require the disposition of any material assets of Zapata.

(iv) The execution, delivery and performance of this Agreement does not and will not result in the restriction of Zapata from engaging in its business or from competing with any Person or in any geographical area.

(e) Capitalization of Zapata.

(i) As of the date hereof, the authorized share capital of Zapata consists of an unlimited number of Common Shares an unlimited number of preferred shares. As of the date hereof, 18,968,211 Common Shares and no preferred shares are issued and outstanding. There are 1,648,000 Stock Options and 672,199 Zapata Warrants outstanding as of the date hereof and there are no other options, puts, calls, conversion privileges, warrants or other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Zapata or its Subsidiaries of any shares of Zapata or its Subsidiaries or any securities or rights of any kind convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Zapata or its Subsidiaries, nor are there any outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the share price, book value, income or other attribute of Zapata. All outstanding Common Shares and all securities of Zapata's Subsidiaries have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights.

(ii) There are no outstanding bonds, debentures or other evidences of indebtedness of Zapata having the right to vote (or that are convertible for or exercisable into securities having the right to vote) with the holders of outstanding securities on any matter. Zapata does not have any obligation to repurchase, redeem (except on the exercise of retraction rights in the discretion of the holder in accordance with the terms of outstanding securities) or otherwise acquire any of its outstanding securities or with respect to the voting or disposition of any of its outstanding securities. No holder of securities issued by Zapata has any right to compel Zapata to register or otherwise qualify securities for public sale in Canada or the United States.

(f) No Material Adverse Change. Since September 30, 2009, no Material Adverse Change has occurred that has not been publicly disclosed.

(g) Information. To the knowledge of Zapata, all data and information provided by Zapata (or any of its Subsidiaries or its or their Representatives) to the Initial Investor Group and its affiliates, agents and representatives is complete and true and correct in all material respects and does not omit any data or information necessary to make the data and information provided, taken as a whole, not misleading in any material respect. There has been no breach of any confidentiality agreements or obligations by virtue of the disclosure to the Initial Investor Group and its affiliates, agents and representatives of such data and information, except for any such breach which would not have a Material Adverse Effect.

(h) Absence of Undisclosed Liabilities. Zapata has no material liabilities of any nature (matured or unmatured, fixed or contingent), other than:

(i) those set forth or adequately provided for in the balance sheets and associated notes thereto included in the Financial Statements (the "**Balance Sheets**") or otherwise disclosed in writing to the Initial Investor Group;

(ii) those incurred in the ordinary course of business and not required to be set forth in the Balance Sheets under GAAP;

(iii) those incurred in the ordinary course of business or in accordance with the Zapata Budget since the dates of the Balance Sheets and consistent with past practice; and

(iv) those incurred in connection with the execution of this Agreement.

(i) Debt. Zapata's Debt at February 28, 2010 was not greater than $46 million.

(j) Transaction Costs. The Zapata Transaction Costs shall not exceed $5.1 million, assuming that no Employees other than the Old Executives and Zapata Senior Managers are paid severance prior to the Effective Date.

(k) Production. Zapata's reported field production for the seven day period ended March 13, 2010 was approximately 2,730 boe/d.

(l) Swaps. Other than as publicly disclosed or disclosed to the Initial Investor Group in writing, Zapata does not have any obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, options, swaps or transactions in any tradeable environmental instrument or allowance, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, production sales transactions having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions.

(m) Employment Matters.

(i) Zapata has provided the Initial Investor Group with a correct and complete list, or copies of any relevant agreements, (the "**Employment Information**") in respect of each Employee, director, independent contractor, consultant and agent of Zapata or its Subsidiaries who currently provides material services to the administration, operation,

maintenance and management of Zapata and its Subsidiaries pursuant to an agreement which may not be terminated with less than three months notice (or pay in lieu thereof), whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, status as full-time or part-time employees, location of employment and length of service.

(ii) Except as set out in the Employment Information and provided for in Section 2.5, there are no Employee Obligations, and no Employee or former Employee has any agreement as to length of notice or severance payment required to terminate his or her employment, other than such as results by Applicable Law from the employment of an Employee without an agreement as to notice or severance.

(iii) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation with pay, and other employee benefits in respect of Employees which are attributable to the period before Closing will be paid at or prior to the Closing Time and are or shall be accurately reflected in the books and records of Zapata.

(iv) Zapata and its Subsidiaries are in compliance with all material terms and conditions of employment and in all material respects with all Applicable Laws respecting employment, including pay equity, wages and hours of work and occupational health and safety, and to the knowledge of Zapata, neither Zapata nor its Subsidiaries has received notice of any outstanding claims, complaints, investigations or orders under any such Applicable Laws.

(v) Neither Zapata nor any of its Subsidiaries have received notice of any outstanding assessments, penalties, fines liens, charges, surcharges, or other amounts due or owing pursuant to any workers' compensation legislation and neither Zapata nor any of its Subsidiaries have been reassessed in any material respect under such legislation and, to the knowledge of Zapata, no audit of Zapata or its Subsidiaries is currently being performed pursuant to any applicable worker's compensation legislation.

(vi) To the knowledge of Zapata, there are no charges pending under Occupational Health and Safety legislation ("**OHSA**") in respect of Zapata or its Subsidiaries. Zapata and its Subsidiaries have complied in all material respects with the terms and conditions of the OHSA, as well as with any orders issued under OHSA. There are no appeals of any orders under OHSA currently outstanding.

(vii) Neither Zapata nor any of its Subsidiaries is a party to any actual, or to the knowledge of Zapata pending or threatened application, complaint or other Legal Proceeding under any Applicable Law relating to Employees or former Employees nor is Zapata aware of, nor is there, any factual or legal basis on which any such Legal Proceeding might be commenced.

(viii) To the knowledge of Zapata, none of the Employees is in violation of any non-competition, non-solicitation, non-disclosure or any similar agreement with any third party.

(n) Brokerage Fees. Other than the fee payable to Emerging Equities Inc. for financial advisory services provided in connection with the transactions contemplated by this Agreement, as disclosed in writing to the Initial Investor Group prior to the date hereof, Zapata has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any

financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated.

(o) Conduct of Business. Since December 31, 2008 and except as disclosed in the public documents of Zapata filed pursuant to Applicable Canadian Securities Laws or contemplated herein or would not have a Material Adverse Effect, Zapata and its Subsidiaries have conducted and are conducting their business in the ordinary course of business consistent with past practice, in accordance with Good Oilfield Practice, and in compliance in all material respects with all Applicable Laws in each jurisdiction in which it carries on business. To the knowledge of Zapata, Zapata and its Subsidiaries own, possess or have obtained, and are in compliance with, all licences, permits, certificates, orders, grants, registrations, consents, approvals and other authorizations of or from any Governmental Entity necessary to conduct their business, except as would not have a Material Adverse Effect. Neither Zapata nor any of its Subsidiaries has conducted any business except in relation to oil and gas exploration and development and activities ancillary thereto.

(p) Public Record. All documents and information filed by Zapata with any Securities Authority in compliance, or intended compliance, with any Applicable Canadian Securities Laws subsequent to December 31, 2008 complied in all material respects with all applicable requirements of Applicable Canadian Securities Laws and did not contain, at the respective date of such document or information, any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, unless such document or information was subsequently corrected or superceded prior to the date hereof.

(q) Financial Statements. The Financial Statements were prepared in accordance with GAAP and present fairly in accordance with GAAP the consolidated financial position, results of operations and changes in financial position of Zapata as of the dates thereof and for the periods indicated therein and reflect appropriate and adequate reserves in respect of contingent liabilities, if any, of Zapata on a consolidated basis. There has been no material change in Zapata's accounting policies, except as required under GAAP or as described in the notes to the Financial Statements.

(r) Books and Records. The corporate records and minute books of Zapata and its Subsidiaries have been maintained in accordance with all applicable statutory requirements and are complete and accurate in all material respects. All such corporate records and minute books have been provided to the Initial Investor Group or their legal counsel.

(s) Litigation, etc. Other than as disclosed in writing to the Initial Investor Group and other than four actions revealed through the due diligence of the Initial Investor Group, details of which have been provided to Zapata, to the knowledge of Zapata there is no claim, action, inquiry, suit, hearing, arbitration, investigation or other criminal, civil or administrative proceeding outstanding, pending or threatened against or relating to Zapata or any of its Subsidiaries or affecting any of their respective properties or assets nor are Zapata or any of its Subsidiaries subject to any outstanding order, writ, injunction or decree that has had or is reasonably likely to have a Material Adverse Effect or that is reasonably likely to prevent or materially delay consummation of the transactions contemplated herein and Zapata is not otherwise aware of any circumstance currently in existence that could be reasonably likely to give rise to any such claim, action, inquiry, suit, hearing, arbitration, investigation, proceeding, order, writ, injunction or decree.

(t) Environmental. To the knowledge of Zapata and except as would not, or would not be reasonably expected to, have a Material Adverse Effect:

(i) Neither Zapata nor any of its Subsidiaries is in violation of any applicable federal, regional, provincial, municipal or local Laws, regulations, orders, government decrees, ordinances, regulatory approvals, common law, directives, decisions or treaties in each case having the force of law and binding on Zapata, with respect to environmental, health or safety matters (collectively, "**Environmental Laws**");

(ii) Zapata and its Subsidiaries have operated their business at all times and have generated, received, handled, used, stored, treated, shipped, recycled and disposed of all waste and contaminants in compliance with Environmental Laws;

(iii) except as permitted by Environmental Laws, there have been no unremediated spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes within Zapata's or its Subsidiaries' ownership, possession or control at any time, other than those which have been or are in the process of being rectified in compliance with Environmental Laws (written details of which have been provided to the Initial Investor Group), on or from or under or in any of the real property owned or leased by Zapata or its Subsidiaries at any time;

(iv) there have been no unremediated releases, deposits or discharges, in violation of Environmental Laws, of any hazardous or toxic substances, contaminants or wastes, within the ownership, possession or control of Zapata or its Subsidiaries, into the earth, air or into any body of water or any municipal or other sewer or drain water systems;

(v) no orders, directions, demands or notices have been threatened or have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Zapata or its Subsidiaries other than abandonment and reclamation orders, directions or notices issued in the normal course of business to the extent not in breach of any applicable Environmental Laws;

(vi) Zapata and its Subsidiaries, as of the date hereof, each holds all licenses, permits, consents, approvals, agreements, certificates and regulatory approvals required under any Environmental Laws in connection with the operation of its business as presently conducted and the ownership and use of its assets and all such licenses, permits, consents, approvals, agreements, certificates and regulatory approvals are in full force and effect and Zapata does not have notice of any circumstances that may lead to the revocation, cancellation or curtailment of any of the same; and

(vii) full and accurate particulars of or, in the case of a document, a copy of, all environmental or health and safety assessments, audits, reviews or investigations, whether in draft or final form, which concern in whole or in part (directly or indirectly) the current or previous operations of Zapata and its Subsidiaries and which are in the possession or control of Zapata have been made available to the Initial Investor Group.

(u) Tax Matters.

(i) *Tax Definitions*. For purposes of this Agreement, the following definitions shall apply: The term "**Taxes**" shall mean all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any

Governmental Entity, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), capital, payroll and employee withholding taxes, employment insurance, social insurance taxes, sales and use taxes, ad valorem taxes, royalties, value added taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, insurance taxes, environmental taxes, transfer taxes, workers' compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which Zapata or its Subsidiaries are required to pay, withhold or collect.

The term "**Returns**" shall mean all reports, estimates, declarations of estimated tax, information statements, elections, returns and other documentation relating to, or required to be filed in connection with, any Taxes.

(ii) *Returns Filed and Taxes Paid*. To the knowledge of Zapata, all Returns required to be filed by or on behalf of Zapata and its Subsidiaries have been duly filed on a timely basis except where a late filing has not and would not reasonably be expected to have a Material Adverse Effect and such Returns are true, complete and correct in all material respects. All Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis or have been accrued for in the Financial Statements, and no other Taxes are payable by Zapata or its Subsidiaries with respect to items or periods covered by such Returns.

(iii) *Tax Reserves*. Zapata and its Subsidiaries have paid all applicable Taxes or Zapata has provided adequate accruals in the Financial Statements (including income Taxes and related future Taxes) for all such unpaid Taxes in accordance with GAAP. Zapata and its Subsidiaries have made adequate provision in accordance with GAAP in its books and records for any amount of Taxes accruing in respect of any accounting period ending subsequent to December 31, 2008. Zapata and each of its Subsidiaries has duly and timely paid all Taxes, including instalments in respect of Taxes, that are due and payable whether or not assessed by any appropriate Governmental Entity.

(iv) *Liens*. There are no outstanding liens for Taxes upon any property or assets of Zapata or its Subsidiaries, other than liens for Taxes not yet due and payable and for which Zapata has provided adequate accruals in the Financial Statements in accordance with GAAP.

(v) *Deficiencies*. (A) No deficiencies have been asserted and are outstanding against Zapata or its Subsidiaries with respect to Taxes, including relating to transfer pricing; (B) neither Zapata nor any of its Subsidiaries is a party to any action or proceeding for assessment or collection of Taxes, nor has any such event been asserted or threatened; (C) no waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns of Zapata or its Subsidiaries; (D) the Returns of Zapata and its Subsidiaries are not the subject of any audit by a Governmental Entity, and no such audit is, to Zapata's knowledge, pending or threatened and Zapata is not aware of any contingent liabilities for Taxes or any grounds for an assessment or reassessment with respect to Taxes.

(vi) *Withholdings*. All Taxes required to be deducted, withheld or remitted by Zapata or its Subsidiaries under applicable Laws for amounts paid or credited to or for the account or benefit of any Person, including, Taxes on payments to any present or former employees, officers or directors or non-residents of Canada, have been duly and timely deducted and withheld and have been duly and timely remitted to the appropriate Governmental Entity.

Zapata and its Subsidiaries have charged, collected and remitted on a timely basis all Taxes as required under applicable legislation on any supply, sale or delivery whatsoever made by Zapata or its Subsidiaries.

(vii) *Flow-Through Obligations*. To the knowledge of Zapata, it has incurred and renounced all amounts required, and has complied with all representations and covenants, pursuant to any agreements to issue shares as "flow-through shares" for the purposes of the ITA. Zapata has an obligation to incur $2.6 million of Canadian exploration expense prior to December 31, 2010 in respect of flow-through Common Shares issued in December 2009, of which approximately $1.5 million has been incurred.

(viii) *Control*. To the knowledge of Zapata, during the period commencing January 1, 2005 and ending on the date hereof, there has not been an acquisition of control of Zapata for purposes of the ITA.

(ix) *Tax Pools*. As at December 31, 2009 the aggregate available tax pools and loss carry forwards of Zapata were greater than $68 million.

(v) Employee Benefit Plans.

(i) Each of Zapata and its Subsidiaries:

(A) has no liability, or contingent or prospective liability, to provide benefits under any defined benefit plans (including individual plans) and has not made any promises with respect to the provision of any benefits on a defined benefit basis;

(B) has no other employee benefit plans, except as disclosed in writing to the Initial Investor Group, and has not made any promises with respect to increased benefits under such plans;

(C) except as disclosed to the Initial Investor Group, has no stock option plans or stock based compensation arrangements other than the Stock Option Plan and its Employee Share Ownership Plan and Group Retirement Savings Plan.

(w) Reporting Issuer Status. Zapata is a reporting issuer in all the Provinces of Canada other than Quebec and is in compliance in all material respects with the Applicable Canadian Securities Laws.

(x) Shareholder Rights Plan. There is not in effect with respect to Zapata and its Subsidiaries, and prior to the Closing Date Zapata will not implement, any shareholder rights plan.

(y) Title. Although it does not warrant title to its petroleum and natural gas rights, except for those encumbrances in favour of Zapata's lenders or which are customary in the oil and gas industry, the petroleum and natural gas rights of Zapata and its Subsidiaries are free and clear of all liens, adverse claims, charges and encumbrances created by, through or under Zapata and its Subsidiaries, except as would not have a Material Adverse Effect.

(z) Properties.

Except as previously disclosed in writing to the Initial Investor Group, except as would arise or exist in the ordinary course of operating as an oil and gas company in western Canada (including

Crown or freehold lessor royalties, industry operating agreements or procedures and ordinary course expirations, relinquishments or forfeitures as provided under the terms of Crown licenses or leases) and except as would not have a Material Adverse Effect, to the knowledge of Zapata:

(i) there are no earn-in rights, rights of first refusal, royalty rights or similar provisions;

(ii) neither Zapata nor any of its Subsidiaries has received any notice, whether written or oral, from any Governmental Authority or any Person with jurisdiction or applicable authority of any revocation or intention to revoke its interests in any of their properties;

(iii) there are no disputes, adverse claims, actions, suits or proceedings that have been commenced or that, to Zapata's knowledge, are pending or threatened affecting or which could affect the title to or right of Zapata or its Subsidiaries to explore or develop their properties.

(aa) Restrictions. Other than as disclosed in writing to the Initial Investor Group, neither Zapata or any of its Subsidiaries is a party to or otherwise bound by any area of mutual interest agreement or other similar agreement which in any material respect restricts the ability of Zapata or its Subsidiaries to operate or, directly or indirectly, acquire any interest.

(bb) Production Allowables and Production Penalties. To the knowledge of Zapata, except as would not have a Material Adverse Effect:

(i) None of the wells in which Zapata or its Subsidiaries holds an interest has been produced in excess of applicable production allowables imposed by any Laws or Governmental Entity and, other than as disclosed in writing to the Initial Investor Group, Zapata has no knowledge of any impending change in production allowables imposed by any Laws or Governmental Entity that may be applicable to any of the wells in which Zapata or its Subsidiaries holds an interest, other than changes of general application in the jurisdiction in which such wells are situated.

(ii) Other than as disclosed in writing to the Initial Investor Group, neither Zapata nor any of its Subsidiaries has received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Entity, including gas-oil ratio, off-target and overproduction penalties imposed by any Governmental Entity that may be applicable, and, to Zapata's knowledge, none of the wells in which it or its Subsidiaries holds an interest is subject to any such penalty or restriction.

(cc) Take-or-Pay Commitments. Zapata and its Subsidiaries have not, at the date of this Agreement, (a) received any advance payments for petroleum or services not already delivered or provided prior to receipt of payment, or (b) any material accrued "take-or-pay" or "send-or-pay" liabilities under any agreement.

(dd) Engineering Reports. Zapata has no reason to believe that the report of Sproule dated March 1, 2010 and effective December 31, 2009 (the "**Reserves Report**") concerning the reserves of Zapata was not accurate in all material respects as at the effective date of such report, and, except for any impact of changes in commodity prices, which may or may not be material, Zapata has no knowledge of a Material Adverse Change in the production, reserves, estimates of future net production revenues or other relevant information from that disclosed in the Reserves

Report. Zapata has provided to Sproule all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and gas assets of Zapata, in each case as at the effective date of such report, and, in particular, all material information respecting the interests of Zapata in its principal oil and gas assets and royalty burdens and net profits interest burdens thereon and such information was accurate and correct in all material respects as at the respective dates thereof and did not omit any information necessary to make any such information provided not misleading as at the respective dates thereof and there has been no Material Adverse Change in any of the material information so provided since the date thereof, other than as disclosed in writing to the Initial Investor Group.

(ee) No Insider Rights. Except as disclosed in writing to the Initial Investor Group, no director, officer, insider or other party not at arm's length to Zapata has any material right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, participation interest or any other interest whatsoever, in any properties of Zapata or its Subsidiaries.

(ff) Insurance. Policies of insurance are in force as of the date hereof naming Zapata as an insured, copies of which have been provided to the Initial Investor Group. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.

(gg) Confidentiality Agreements. Since September 30, 2009, Zapata has not waived or released the applicability of any "standstill" or other similar provisions of any confidentiality or other similar agreements (other than industry operating and similar agreements).

(hh) Material Agreements.

(i) All agreements, contracts, royalties, ancillary documents, permits, licences, regulatory approvals, plans, certificates and other rights and authorizations that are material to the business, the assets, the equity value or the operations of Zapata and its Subsidiaries, taken as a whole, (the "**Material Agreements**") have been made available to the Initial Investor Group.

(ii) To the knowledge of Zapata, except as would not have a Material Adverse Effect: (A) all Material Agreements are in full force and effect, and Zapata is entitled to all rights and benefits thereunder in accordance with the terms thereof in all material respects; and (B) Zapata and its Subsidiaries have complied in all material respects with all terms of such Material Agreements, have paid all amounts due thereunder, have not waived any material rights thereunder and no material default or breach exists in respect thereof on the part of Zapata or its Subsidiaries and Zapata is not aware of a material breach by any other person who is party to or bound by any Material Agreement.

(iii) Except as previously disclosed in writing to the Initial Investor Group, to the knowledge of Zapata, none of the Material Agreements are subject to any termination fees, cancellation costs or other similar penalties which would become payable upon termination of such contract or agreement following a change of control of Zapata or upon completion of the transactions contemplated by this Agreement.

4.2 Representations and Warranties of the Initial Investor Group

Each member of the Initial Investor Group represents and warrants to and in favour of Zapata, severally and not jointly, and acknowledges that Zapata is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

(a) Authority and Enforceability. Such person has the right, power, authority, legal capacity and competence to enter into this Agreement and to perform all of their obligations hereunder and has taken all action necessary to authorize the execution, delivery and performance of this Agreement and the transactions described herein. This Agreement has been duly executed and delivered by such person and is a legal, valid and binding obligation of the person enforceable against the person in accordance with its terms subject to applicable bankruptcy or similar laws affecting enforcement of creditors' rights generally and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.

(b) No Violations. None of the execution and delivery of this Agreement by such person, the consummation of the transactions contemplated hereby or the compliance by such person with any of the provisions hereof will: (i) violate, conflict with, or result in a breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) under any of the terms, conditions or provisions of any agreement contract or other material instrument or obligation to which such person is a party or to which such person is bound (ii) or violate any judgement, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to such person (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not materially adversely affect the consummation of the transactions contemplated herein).

(c) Legal Impediment. Other than in connection or compliance with Applicable Canadian Securities Laws and the rules of the TSXV, there is no legal impediment to such person's consummation of the Private Placement and the other transactions contemplated by this Agreement.

(d) Litigation, etc. There are no actions, suits or proceedings pending or, to the knowledge of such person, threatened against or adversely affecting the Initial Investor Group at law or in equity or before or by any federal, provincial, municipal or other governmental court, department, commission, board, bureau, agency or instrumentality, domestic or foreign, that might materially adversely affect the consummation of the transactions contemplated herein.

(e) Eligible to Participate in the Private Placement. Such person is eligible to purchase Common Shares, Units or Flow-Through Units, as applicable, under the Private Placement in accordance with available prospectus exemptions under Applicable Canadian Securities Laws.

(f) Qualification as an Officer and/or Director. Such person meets the criteria of the ABCA and the TSXV to act as an officer and/or director of Zapata and such person has no reason to believe that the TSXV will not permit such person to act as an officer and/or director of Zapata following the submission and review of a properly executed personal information form;

(g) No Bankruptcy. Such person has never become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets. Such person has never been a director or executive officer of any

company that, while acting in that capacity or within a year of ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

(h) No Sanctions or Penalties. Such person has never been the subject of disciplinary action by a professional association, been subject to a penalty or sanction imposed by a court or securities regulator relating to securities or corporate matters, entered into a settlement agreement with a securities regulator or been found by a court to have committed fraud, breach of trust, theft or any similar wrongdoing, whether in a civil or criminal matter.

(i) Private Placement. Such person will have prior to Closing sufficient funds to complete its investment in the Private Placement in an amount not less than as set forth in Schedule "G" hereto.

4.3 Privacy Issues

(a) For the purposes of this Section 4.3, the following definitions shall apply:
"**applicable law**" means, in relation to any Person, transaction or event, all applicable Laws by which such Person is bound or having application to the transaction or event in question, including applicable privacy Laws;

"**applicable privacy laws**" means any and all Applicable Laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta);

"**authorized authority**" means, in relation to any Person, transaction or event, any: (A) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign; (B) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government; (C) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions; and (D) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and

"**Personal Information**" means information (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred to the Initial Investor Group by Zapata or any of its Subsidiaries in accordance with this Agreement.

(b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(c) Prior to the completion of the transactions contemplated herein, neither Party shall use or disclose the Disclosed Personal Information for any purposes other than those related to the

performance of this Agreement. After the completion of the transactions contemplated herein, a Party may only collect, use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless: (i) either Party shall have first notified such individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such additional purpose; or (ii) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from, such individual.

(d) Each Party acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the Parties shall proceed with the transactions contemplated herein, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Transactions.

(e) Each Party acknowledges and confirms that it has taken and shall continue to take reasonable steps to, in accordance with applicable law, prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

(f) Subject to the following provisions, each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Prior to the completion of the transactions contemplated herein, each Party shall take reasonable steps to ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a bona fide need to access such information in order to complete the transactions.

(g) Where authorized by applicable law, each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable law, the Parties shall fully co-operate with one another, with the Persons to whom the Disclosed Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims.

(h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the other Party shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this Agreement and will return to the requesting Party or, at the requesting Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.

ARTICLE 5
CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated herein are subject to the satisfaction, on or before the Closing Date, of the following conditions precedent, any of

which may be waived by the mutual consent of such Parties without prejudice to their right to rely on any other of such conditions:

(a) the Written Shareholder Consent or the approval of the Zapata Shareholders to the Private Placement and Change of Management at the Zapata Meeting (in each case as may be required by the TSXV) shall have been obtained, unless the TSXV has waived the requirement for Zapata Shareholder approval of the Private Placement and Change of Management;

(b) the TSXV shall have conditionally approved the completion of the Private Placement and the Change of Management on terms and conditions satisfactory to the Initial Investor Group and Zapata, each acting reasonably; and

(c) there shall have been no action taken under Applicable Laws, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Entity, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the transactions contemplated herein; or

(ii) results in a judgement preventing, or assessment of material damages directly or indirectly relating to, the transactions contemplated herein.

The foregoing conditions are for the mutual benefit of the Initial Investor Group, on the one hand, and Zapata, on the other hand, and may be asserted by either of the Initial Investor Group or Zapata regardless of the circumstances and may be waived by the Initial Investor Group or Zapata (with respect to itself) in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which such Party may have, subject to Section 8.1.

5.2 Additional Conditions to Obligations of the Initial Investor Group

The obligations of the Initial Investor Group to consummate the transactions contemplated herein are subject to the satisfaction, on or before the Closing Date or such other time specified in the relevant condition precedent, of the following conditions precedent:

(a) if the Written Shareholder Consent is required by and acceptable to the TSXV, Zapata shall have obtained the Written Shareholder Consent by no later than April 6, 2010, unless the TSXV has waived the requirement for Zapata Shareholder approval of the Private Placement and/or Change of Management prior to that date;

(b) in the event that the Written Shareholder Consent is required by and acceptable to the TSXV and Zapata shall not have obtained the Written Shareholder Consent by April 6, 2010 and the Initial Investor Group waives the condition in Section 5.2(a), Zapata shall have mailed the Zapata Circular and other documentation required in connection with the Zapata Meeting by no later than April 20, 2010, unless the TSXV has waived the requirement for Zapata Shareholder approval of the Private Placement and/or Change of Management prior to that date; and

(c) in the event that the Written Shareholder Consent is required by and acceptable to the TSXV and Zapata shall not have obtained the Written Shareholder Consent by April 6, 2010 and the Initial Investor Group waives the condition in Section 5.2(a), Zapata shall have convened and held the Zapata Meeting by no later than May 17, 2010, unless the TSXV has waived the requirement for Zapata Shareholder approval of the Private Placement and/or Change of Management prior to that date;

(d) Zapata shall have furnished the Initial Investor Group with:

(i) certified copies of the resolutions duly passed by the Board of Directors approving this Agreement and the consummation of the transactions contemplated herein;

(ii) certified copies of the Written Shareholder Consent or certified copies of the resolution of the Zapata Shareholders duly passed at the Zapata Meeting approving the completion of the Private Placement, unless the TSXV has waived the requirement for Zapata Shareholder approval of the Private Placement;

(e) the representations and warranties made by Zapata in this Agreement shall be true and correct as of the Closing Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result in, or would not reasonably be expected to have, a Material Adverse Effect or would not, or would not reasonably be expected to, materially impede completion of the Private Placement and the Change of Management, and Zapata shall have provided to the Initial Investor Group a certificate of two senior officers certifying such accuracy on the Closing Date on behalf of Zapata and not in their personal capacities, and the Initial Investor Group will have no knowledge to the contrary;

(f) no Material Adverse Change in respect of Zapata shall have occurred from and after the date hereof and prior to the Closing Date;

(g) Zapata shall have complied with its covenants and obligations herein, except where the failure to comply with its covenants and obligations, individually or in the aggregate, would not Zapata or would not reasonably be expected to have a Material Adverse Effect or would not, or would not reasonably be expected to, materially impede completion of the Private Placement and the Change of Management, and Zapata shall have provided to the Initial Investor Group a certificate of two senior officers certifying compliance with such covenants on the Closing Date on behalf of Zapata and not in their personal capacities, and the Initial Investor Group will have no knowledge to the contrary;

(h) the Initial Investor Group shall be satisfied, acting reasonably, that immediately upon the completion of the Private Placement (subject to Section 2.1(f)): (i) each of Zapata and the Old Executives will deliver mutual releases as provided in Section 2.2; and (ii) the Old Board and the Old Executives shall resign and the Old Board shall have taken such actions as are reasonably necessary to facilitate the appointment of the members of the New Board to fill the vacancies caused by the resignation of the members of the Old Board without the necessity of holding a meeting of the Zapata Shareholders; and

(i) all necessary consents of the lenders of Zapata and its Subsidiaries required as of the date hereof shall have been obtained and no repayment shall be required with respect to the existing credit facilities of Zapata or any of its Subsidiaries as a consequence of any of the transactions contemplated herein.

The conditions in this Section 5.2 are for the exclusive benefit of the Initial Investor Group and may be asserted only by the Initial Investor Group regardless of the circumstances or may be waived only by the Initial Investor Group in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Initial Investor Group may have, subject to Section 8.1.

5.3 Additional Conditions to Obligations of Zapata

The obligations of Zapata to consummate the transactions contemplated hereby are subject to the satisfaction, on or before the Closing Date or such other time specified in the relevant condition precedent, of the following conditions precedent:

(a) the representations and warranties made by each member of the Initial Investor Group in this Agreement shall be true and correct as of the Closing Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not or would not reasonably be expected to materially impede completion of the Private Placement and the Change of Management, and each member of the Initial Investor Group shall have provided to Zapata a certificate certifying such accuracy on the Closing Date, and Zapata will have no knowledge to the contrary;

(b) the Initial Investor Group shall have complied with its covenants and obligations herein, except where the failure to comply with its covenants or obligations, individually or in the aggregate, would not or would not reasonably be expected to materially impede completion of the Private Placement and the Change of Management, and each member of the Initial Investor Group shall have provided to Zapata a certificate certifying compliance with such covenants on the Closing Date, and Zapata will have no knowledge to the contrary;

(c) properly executed Subscription Agreements and Escrow Agreements, together with certified cheques or bank drafts or other forms of payment and other required items, have been delivered by the applicable Subscribers as contemplated in Section 2.1 (including, for greater certainty, for the number of Common Shares, Units and Flow-Through Units described in Section 2.1(c)) to the satisfaction of Zapata, acting reasonably; and

(d) Zapata shall be satisfied, acting reasonably, that immediately upon completion of the Private Placement (subject to Section 2.1(f)) and subject to the resignations of the Old Board and Old Executives, that the members of the New Board shall be appointed to fill the vacancies created by the resignations of the Old Board without the necessity of a meeting of the Zapata Shareholders and the New Executives shall be appointed as officers of Zapata.

The conditions in this Section 5.3 are for the exclusive benefit of Zapata and may be asserted by Zapata regardless of the circumstances or may be waived by Zapata in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Zapata may have, subject to Section 8.1.

5.4 Notice and Effect of Failure to Comply with Conditions

(a) Each Party shall give prompt notice to the other Party of the occurrence, or failure to occur, at any time from the date hereof to the Closing Date of any event or state of facts which occurrence or failure would, or would be likely to: (i) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect; or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any Party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.

(b) If any of the conditions precedent set forth in Sections 5.1, 5.2, or 5.3 hereof shall not be complied with or waived by the Party or Parties for whom a right to waive such condition precedent has been provided for and for whose benefit such conditions are provided on or before the date required for the performance thereof, then a Party for whom a right to assert the benefit of the condition precedent is provided may, terminate this Agreement as provided in Section 8.1 hereof; provided that, prior to the consummation of the Transactions, the Party intending to rely thereon has delivered a written notice to the other Party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable conditions precedent, and shall provide in such notice that the other Party shall be entitled to cure any breach of a covenant or representation and warranty or other matters within five Business Days after receipt of such notice (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date). More than one such notice may be delivered by a Party.

5.5 Satisfaction of Conditions

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when the Closing has occurred.

ARTICLE 6
AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

6.1 Initial Investor Group Damages

If at any time after the date of this Agreement and prior to its termination (and provided that there is no material breach or non-performance by the Initial Investor Group of a provision of this Agreement in any material respect):

(a) the Board of Directors shall (1) fail to make to make the recommendations referred to in Section 2.7 or, if the Zapata Circular is required, Section 2.8(iii); (2) withdraw, modify or change the recommendations referred to in Section 2.7 or, if the Zapata Circular is required, Section 2.8(iii) in a manner adverse to the Initial Investor Group; (3) fail to publicly reaffirm the recommendations referred to in Section 2.7 or, if the Zapata Circular is required, Section 2.8(iii) within five days of the public announcement of another Acquisition Proposal; or (4) fail to publicly reaffirm the recommendations referred to in Section 2.7 or, if the Zapata Circular is required, Section 2.8(iii) within five days of a request from the Initial Investor Group, or resolve to do any of the foregoing; or

(b) the Board of Directors shall recommend that holders of Common Shares deposit their Common Shares under, vote in favour of or otherwise accept an Acquisition Proposal or shall resolve to do so; or

(c) Zapata accepts, recommends, approves or enters into an agreement (other than a confidentiality agreement referred to in Section 3.4) with any person providing for an Acquisition Proposal prior to the Closing Time, or publicly announces its intention to do any of the foregoing; or

(d) Zapata is in breach of any of its representations, warranties or covenants, which breach individually or in the aggregate causes or would reasonably be expected to have a Material Adverse Effect with respect to Zapata or materially impedes or would reasonably be expected to materially impede the completion of the Private Placement and the Change of Management, and

Zapata fails to cure such breach within five Business Days after receipt of written notice thereof from the Initial Investor Group (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

then in the event of the termination of this Agreement pursuant to Section 8.1, Zapata shall, within twenty-four hours after the first to occur of the events described above, pay to the Initial Investor Group the amount of $500,000 (the "**Zapata Non-Completion Fee**"). On the date of the earliest such event, Zapata shall be deemed to hold such sum in trust for the Initial Investor Group. Such payment shall be made in immediately available funds to an account designated by Dan O'Neil, on behalf of the Initial Investor Group. Zapata shall only be required to make one payment of the Zapata Non-Completion Fee pursuant to this Section 6.1.

6.2 Liquidated Damages

The Initial Investor Group and Zapata each acknowledge that all of the applicable payments set out in this Article 6 are payments of liquidated damages which are a genuine pre-estimate of the damages which the Initial Investor Group will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and are not penalties. Zapata irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

The Initial Investor Group agrees and acknowledges that payment of the Zapata Non-Completion Fee by Zapata is the sole monetary remedy of the Initial Investor Group and the Initial Investor Group shall each be precluded from any other remedy against Zapata, its directors, officers, employees, shareholders and affiliates in connection with this Agreement or the transactions contemplated herein.

Nothing herein shall preclude any Party from seeking injunctive relief to restrain any breach of the covenants or agreements set forth in this Agreement or otherwise to obtain specific performance of any of such act, covenant or agreements, without the necessity of posting bond or security in connection therewith.

6.3 Expense Reimbursement Fee

In the event that shareholder approval of the Private Placement and/or Change of Management is required by the TSXV (and provided that there is no material breach or non-performance by the Initial Investor Group of a provision of this Agreement in any material respect) and either:

(a) the Written Shareholder Consent is required by and acceptable to the TSXV and Zapata has not obtained the Written Shareholder Consent on or before April 6, 2010 and as a result the Initial Investor Group terminates this Agreement pursuant to Section 8.1(b); or

(b) Zapata convenes the Zapata Meeting in accordance with the terms hereof (being the circumstances described in Sections 5.2(b) and (c)) and the Zapata Shareholders do not approve the Private Placement and/or Change of Management as required by the TSXV;

Zapata shall pay to the Initial Investor Group, within three Business Days of such event, the amount of $200,000 as a reimbursement of the fees and expenses incurred by the Initial Investor Group in respect of such transactions (the "**Expense Reimbursement Fee**"), provided that the Expense Reimbursement Fee shall not be payable by Zapata in the event the Zapata Non-Completion Fee has been paid.

ARTICLE 7
AMENDMENT

7.1 Amendment of Agreement

This Agreement may at any time and from time to time, before or after the receipt of the Written Shareholder Consent or, if necessary, the holding of the Zapata Meeting, be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of the Zapata Shareholders.

ARTICLE 8
TERMINATION

8.1 Termination

This Agreement may be terminated at any time prior to the Closing Date:

(a) by mutual written consent of the Initial Investor Group and Zapata;

(b) as provided in Section 5.4(b), provided that the failure to satisfy the particular condition precedent being relied upon did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Agreement;

(c) by any of the Initial Investor Group or Zapata if a court of competent jurisdiction or a governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable, provided that the Party seeking to terminate this Agreement pursuant to this Section 8.1(c) shall have used all commercially reasonable efforts to remove such order, decree, ruling or injunction;

(d) by Zapata if the Zapata Non-Completion Fee becomes payable pursuant to Section 6.1 and is paid and provided that, if applicable, Zapata has complied with its obligations under Sections 3.4, 3.5 and 3.6; and

(e) by the Initial Investor Group if the Zapata Non-Completion Fee becomes payable pursuant to Section 6.1.

Furthermore, this Agreement shall automatically terminate immediately following Closing or if the Closing Date has not occurred by the Outside Date. In the event of the termination of this Agreement, this Agreement shall forthwith become void and no Party shall have any liability or further obligation to the other Party hereunder, except with respect to the obligations set forth in Article 6 and Sections 2.6, 4.3 and 10.9, which shall survive such termination. Nothing in this Section shall relieve any Party from liability for any breach of any provision of this Agreement. No termination of this Agreement shall affect the obligations of the Parties pursuant to the Confidentiality Agreement, except to the extent specified therein.

ARTICLE 9
NOTICES

9.1 Notices

All notices that may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by telecopy:

(a) in the case of the Initial Investor Group, to:

P. Daniel O'Neil
2300, 635-8th Avenue S.W.
Calgary, AB T2P 3M3
Facsimile: (403) 457-2257

with a copy to:

Heenan Blaikie LLP
1200, 425 – 1st Street SW
Calgary, AB T2P 3L8
Attention: Tim Sweeney
Facsimile: (403) 234-7987

(b) in the case of Zapata, to:

Zapata Energy Inc.
500, 435 – 4th Avenue S.W.
Calgary, Alberta T2P 3A8
Attention: George E. Paulus
Facsimile: (403) 294-7877

with a copy to:

Blake, Cassels & Graydon LLP
3500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4J7
Attention: Chad Schneider
Facsimile: (403) 260-9700

or such other address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

ARTICLE 10
GENERAL

10.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the Parties hereto.

10.2 Assignment

No Party may assign any of its rights or obligations under this Agreement without prior written consent of the other Parties.

10.3 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. To the extent that the Initial Investor Group furnishes Zapata with any information or statements to be included in any press release or other disclosure documents of Zapata, the Initial Investor Group shall ensure such information or statements do not contain any misrepresentation or untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will use reasonable commercial efforts to consult with the other Parties as to the wording of such disclosure prior to its being made.

10.4 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

(a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and

(b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

10.5 Further Assurances

Each Party hereto shall, from time to time and at all times hereafter, at the request of the other Parties hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.6 Time of Essence

Time shall be of the essence of this Agreement.

10.7 Governing Law

This Agreement shall be governed by and construed in accordance with the Laws of the Province of Alberta and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

10.8 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

10.9 Third Party Beneficiaries

The provisions of Section 2.6 are: (i) intended for the benefit of all present and former directors and officers of Zapata and its Subsidiaries, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and Zapata shall hold the rights and benefits of Section 2.6 in trust for and on behalf of the Third Party Beneficiaries and Zapata hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries, and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

10.10 Actions Taken by the Initial Investor Group / Material Breach

Any action, determination, delivery or request required or permitted to be taken, made or performed by the Initial Investor Group hereunder shall be considered to be a joint and several collective action to be undertaken by the Initial Investor Group and P. Daniel O'Neil shall have the power and authority (and each member of the Initial Investor Group hereby grants to P. Daniel O'Neil the power and authority) to take such action for and on behalf of the Initial Investor Group. The failure by any individual member of the Initial Investor Group to comply with any of the covenants or obligations hereunder shall not be considered to be a breach by the Initial Investor Group of such covenants or obligations if the remaining members of the Initial Investor Group perform such covenants and obligations in the stead of the non-performing member of the Initial Investor Group or, where curable, cure such covenants or obligations (and where applicable, within the time periods provided herein) and provided that such failure does not adversely affect the ability of Zapata and the Initial Investor Group to complete the Private Placement and the Change of Management on the terms contemplated herein).

10.11 Counterparts

This Agreement may be executed by facsimile or other electronic signature and in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument.

The remainder of this page has intentionally been left blank

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first above written.

ZAPATA ENERGY CORPORATION

Per: Signed *"George Paulus"*

Per: Signed *"W. Howard Blacker"*

Signed *"P. Daniel O'Neil"*
P. DANIEL O'NEIL

_____
(WITNESS)

Signed *"Maxwell Lof"*
MAXWELL LOF

_____
(WITNESS)

Signed *"Daniel C. Brown"*
DANIEL C. BROWN

_____
(WITNESS)

Signed *"Paul Colborne"*
PAUL COLBORNE

_____
(WITNESS)

SCHEDULE A – FORM OF WARRANTS

Unless permitted under securities legislation, the holder of this certificate must not trade the warrants represented by this certificate nor the securities issuable upon exercise of the warrants represented by this certificate before ●, 2010. Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this certificate may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ●, 2010.

The warrants represented by this certificate expire at 4:00 p.m. (Calgary time) on ● and this certificate shall be void with respect to any warrants not exercised by that time.

WARRANT CERTIFICATE

ZAPATA ENERGY CORPORATION

(Incorporated under the *Business Corporations Act* (Alberta))

WARRANT CERTIFICATE NO. [W-●]

[●] WARRANTS TO PURCHASE ONE COMMON SHARE PER WARRANT

This is to certify that for value received

[●] (hereinafter referred to as the "**Holder**")

is the registered holder of ● warrants ("**Warrant**"), each one such Warrant evidencing a right issued by Zapata Energy Corporation (the "**Corporation**") to the Holder to subscribe for and purchase one fully paid and non-assessable common share in the capital of the Corporation ("**Common Share**") at an exercise price of $5.17 per Common Share, subject to adjustment and upon the terms and conditions set forth in the "Terms and Conditions of Warrants of Zapata Energy Corporation" attached hereto and forming a part hereof.

The right to purchase Common Shares hereunder may only be exercised during the period herein specified by:

1. completing, in the manner indicated, and executing the attached subscription form for that number of Common Shares which the Holder is entitled and wishes to purchase;

2. surrendering this Warrant Certificate to the Corporation c/o Olympia Trust Company, Transfer Agent and Registrar for the Warrants, 2300, 125 9th Avenue S.E. Calgary, Alberta T2G 0P6; and

3. paying the appropriate subscription price for the Common Shares so subscribed for either by cash or cheque payable at par in Canadian funds to or to the order of the Corporation.

IN WITNESS WHEREOF the Corporation has caused this certificate to be signed by a duly authorized officer effective as of ●, 2010.

ZAPATA ENERGY CORPORATION

Per:_____

P. Daniel O'Neil
President and Chief Executive Officer

TERMS AND CONDITIONS OF WARRANTS OF ZAPATA ENERGY CORPORATION

The following terms and conditions are attached to and form part of the grant of Warrants to the Holder by Zapata Energy Corporation:

1. In this Agreement, unless the context otherwise requires:

"Additional Warrants" has the meaning set forth in Section 2(b);

"Board" means the board of directors of the Corporation, or if appointed, a special committee of directors appointed from time to time by the board of directors;

"Business Day" means a day on which Canadian chartered banks are open for business in the City of Calgary;

"**Common Shares**" means the common shares in the capital of the Corporation as constituted on the date hereof;

"Corporation" means Zapata Energy Corporation and any successor thereto, including a successor referred to in Section 7;

"Current Market Price" in respect of a Common Share at any date means the weighted average price per share for the 20 consecutive trading days ending immediately before such date on the TSXV (or on any other Canadian stock exchange on which the Common Shares shall then be listed and designated by the Board for such purpose if the Common Shares shall not then be listed on the TSXV); the weighted average price shall be determined by dividing the aggregate of the sale prices of all such shares sold on such exchange or market, as the case may be, during such 20 consecutive trading days by the total number of such shares so sold; or if:

(a) the Common Shares are not listed upon a stock exchange in Canada; or

(b) within such 20 consecutive trading days there have not been at least five days in which at least 100 Common Shares have traded,

the Current Market Price in respect of a Common Share shall be determined by the Board acting reasonably and in good faith;

"Dividends Paid in the Ordinary Course" means cash dividends declared payable on the Common Shares in any fiscal year of the Corporation to the extent that such cash dividends do not exceed, in the aggregate, greater than:

(a) fifty (50%) percent of the retained earnings of the Corporation as at the end of its immediately proceeding fiscal year; and

(b) one hundred (100%) percent of the aggregate consolidated net income of the Corporation, determined before computation of extraordinary items, for its immediately preceding fiscal year;

"Escrow Agent" means Olympia Trust Company or such other entity appointed as escrow agent pursuant to the Escrow Agreement;

"Escrow Agreement" means the escrow agreement between the Corporation, the Escrow Agent, the Holder and certain other holders of Warrants of the Corporation dated ●, 2010;

"Exercise Price" means the amount of $5.17 per Common Share, as adjusted from time to time, as herein provided;

"Expiration Date" means ●, 2015;

"Expiration Time" means 4:00 p.m. (Calgary time) on the applicable Expiration Date;

"Initial Warrants" has the meaning set forth in Section 2(a);

"**person**" includes any individual, partnership, corporation or any other entity or association;

"Remaining Warrants" has the meaning set forth in Section 2(c);

"TSXV" means the TSX Venture Exchange;

"Warrant" means a warrant granted hereby, each such warrant entitling the Holder to subscribe for and purchase (subject to adjustment) one fully paid and non-assessable Common Shares upon the terms and conditions herein provided; and

"Warrant Certificate" means certificate representing the Warrants formed by the face page hereof, these terms and conditions and Schedule A hereto.

2. The Warrants may be exercised by the Holder at the following times and with respect to the number of Common Shares hereinafter provided for:

   (a) one third of the Warrants represented by this Warrant Certificate as at the date of grant or issue thereof (the "**Initial Warrants**") at any time and from time to time after the Current Market Price exceeds $5.69 and prior to the Expiration Time;

   (b) one third of the Warrants represented by this Warrant Certificate as at the date of grant or issue thereof (the "**Additional Warrants**") at any time and from time to time after the Current Market Price exceeds $6.20 and prior to the Expiration Time; and

   (c) one third of the Warrants represented by this Warrant Certificate as at the date of grant or issue thereof (the "**Remaining Warrants**") at any time and from time to time after the Current Market Price exceeds $6.72 and prior to the Expiration Time.

3. The Warrants granted hereunder shall be exercisable by notice in writing, in the form attached hereto, given by the Holder or his legal personal representative to the Corporation and accompanied by payment in cash or by cheque in an amount equal to the aggregate Exercise Price for the number of Common Shares specified in such notice. Upon any such exercise of a Warrant as aforesaid, the Corporation shall forthwith cause the transfer agent and registrar of the Corporation to deliver to the Holder or his legal personal representative (or as such person may otherwise direct in the notice of the exercise of the option), or, if the

Common Shares remain subject to the Escrow Agreement, the Escrow Agent, within 5 Business Days following receipt of the Corporation of any such valid notice of exercise of the Warrant and payment, a certificate or certificates in the name of the Holder or his nominee representing in the aggregate the number of Common Shares the Holder or his legal personal representative shall have then paid for.

4. The Exercise Price or the number of Common Shares or other securities or property purchasable upon exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided for below.

(a) If and whenever at any time after the date hereof and prior to the Expiration Time the Corporation shall:

(i) issue Common Shares or securities exchangeable for or convertible into Common Shares to all or substantially all of the Corporation's shareholders as a stock dividend or make a distribution on its outstanding Common Shares (other than as Dividends Paid in the Ordinary Course);

(ii) subdivide, redivide or change its outstanding Common Shares into a greater number of shares; or

(iii) consolidate, reduce or combine its outstanding Common Shares into a smaller number of shares;

(each of the events enumerated in the clauses (i), (ii) and (iii), above, being hereinafter referred to as a "**Common Share Reorganization**"), the Exercise Price shall be adjusted effective immediately after the record date or effective date, as the case may be, which is used to determine the holders of outstanding Common Shares for the happening of a Common Share Reorganization, by multiplying the Exercise Price in effect immediately prior to such record date or effective date by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date or effective date before giving effect to such Common Shares Reorganization, and the denominator of which shall be the number of Common Shares outstanding after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such record date or effective date).

(b) If and whenever at any time after the date hereof and prior to the Expiration Time, the Corporation shall fix a record date for the issuance of rights, options or warrants to all or substantially all of the holders of the outstanding Common Shares with respect to the payment of dividends or the return of capital, including the Common Shares pursuant to which such shareholders are entitled, directly or indirectly, during a period expiring not more than 45 days after such record date (the "**Rights Period**"), to subscribe for or purchase Common Shares at a price per share to the holder of less than 95% of the Current Market Price on such record date or to subscribe for or purchase securities (in this paragraph (b) referred to as "**Exchangeable Securities**") exchangeable for or convertible into Common Shares at an effective subscription price per Common Shares (giving effect to the terms of such subscription or purchase

and of such exchange or conversion privilege) of less than 95% of the Current Market Price on such record date (any of such events being hereinafter called a "**Rights Offering**"), then the Exercise Price shall be adjusted effective immediately after the end of the Rights Period to a price determined by multiplying the Exercise Price in effect immediately prior to the end of the Rights Period by a fraction:

(i) the numerator of which shall be the aggregate of:

(A) the number of Common Shares outstanding as of the record date for the Rights Offering, and

(B) a number determined by dividing: (I) either (1) the product of the number of Common Shares issued or subscribed for during the Rights Period upon the exercise of the rights, warrants, or options distributed under the Rights Offering and the price per share at which such Common Shares are acquired; or, as the case may be, (2) the product of the exchange or conversion price of the Exchangeable Securities and the number of such Exchangeable Securities distributed under the Rights Offering following the expiry of the Rights Period; by (II) the Current Market Price as of the record date for the Rights Offering; and

(ii) the denominator of which shall be the number of Common Shares outstanding immediately after the end of the Rights Period (after giving effect to the Rights Offering, including the number of Common Shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options distributed under the Rights Offering and the number of Common Shares that would have been issued had all Exchangeable Securities been exchanged for or converted into Common Shares).

For the purposes of any computation made in accordance with this subsection 4(b), Common Shares owned legally or beneficially by the Corporation or a subsidiary or any other affiliate (as such terms are defined in the *Securities Act* (Alberta)) of the Corporation shall be disregarded.

(c) If and whenever at any time after the date hereof and prior to the Expiration Time the Corporation shall fix a record date for the issue or the distribution to all or substantially all of the holders of one or more classes of outstanding Common Shares of: (i) shares of any class other than Common Shares; (ii) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (excluding those referred to in Section 4(b)); (iii) evidences of the Corporation’s indebtedness; or (iv) any property or other assets (including cash), and if such issuance or distribution does not constitute Dividends Paid in the Ordinary Course, a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a "**Special Distribution**"), the Exercise Price shall, subject to the prior written approval of any stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading, if required, be adjusted effective immediately after such record date to a price

determined by multiplying the Exercise Price in effect on such record date by a fraction:

(i) the numerator of which shall be:

(A) the product obtained when the number of Common Shares outstanding on such record date is multiplied by the Current Market Price on such record date; less

(B) the excess, if any, of (A) the fair market value, as determined by action by the directors (whose determination shall be conclusive), which action shall be subject to the prior written approval of any stock exchange or over-the-counter market on which the Common Shares are then listed or quoted for trading, if required, to the holders of the Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or other assets issued or distributed in the Special Distribution, over (B) the fair market value of any consideration received therefore by the Corporation from the holders of the Common Shares, as determined by action by the directors (whose determination shall be conclusive); and

(ii) the denominator of which shall be the product obtained when the number of Common Shares outstanding on such record date is multiplied by the Current Market Price on such record date.

To the extent that such distribution is not so made, the Exercise Price shall be readjusted to the Exercise Price which would then be in effect if such record date had not been fixed or to the Exercise Price which would then be in effect based upon such shares or rights, options or warrants or evidences of indebtedness or assets actually distributed.

For the purposes of any computation made in accordance with this subsection 4(c), Common Shares owned legally or beneficially by the Corporation or a subsidiary or any other affiliate (as such terms are defined in the *Securities Act* (Alberta)) of the Corporation shall be disregarded.

(d) If and whenever at any time after the date hereof and prior to the Expiration Time there shall be a reclassification of the Common Shares at any time outstanding or a change of the outstanding Common Shares into other securities (other than a Common Share Reorganization), or a consolidation, arrangement, amalgamation or merger of the Corporation with or into any other corporation or other entity (other than a consolidation, amalgamation, arrangement or merger which does not result in any reclassification of the outstanding Common Shares, a change or exchange of the Common Shares into or for other shares or securities), or a transfer, sale or conveyance of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity (any of such events being herein called a "**Capital Reorganization**"), the holder, upon any exercise of its right hereunder to purchase Common Shares after the effective date of such Capital Reorganization, shall be entitled to receive, and shall accept, for the same aggregate consideration, in lieu of the number of Common Shares to which the holder was

theretofore entitled upon such exercise, the aggregate number of shares, other securities or other property which the holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the holder had been the registered holder of the number of Common Shares that the holder was theretofore entitled to acquire upon such exercise. If determined appropriate by the board of directors of the Corporation, subject to the prior written approval of any stock exchange or over-the-counter market on which the Common Shares are hen listed or quoted for trading, if required, appropriate adjustments shall be made following any such Capital Reorganization in the application of the provisions set forth herein, with respect to the rights and interest thereafter of the holder and the adjustments to the Exercise Price and/or number or type of shares, warrants or other securities, to the end that such provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares, other securities or other property thereafter deliverable upon the exercise of any of the Warrants evidenced by this Warrant Certificate.

(e) If and whenever at any time after the date hereof and prior to the Expiration Time a Common Share Reorganization, Rights Offering or Special Distribution shall occur and any such event results in an adjustment in the Exercise Price, the number of Common Shares purchasable pursuant to each of the Warrants evidenced by this Warrant Certificate shall be adjusted contemporaneous with the adjustment of the Exercise Price, by multiplying the number of Common Shares theretofore purchasable on the exercise thereof by a fraction, the numerator of which shall be the Exercise Price in effect immediately prior to such adjustment and the denominator of which shall be the Exercise Price resulting from such adjustment, such that the holder shall be entitled or obligated, as the case may be, to subscribe for such number of Common Shares having the same aggregate consideration after as before such Common Shares Reorganization, Rights Offering or Special Distribution.

(f) The adjustments to the Exercise Price and number or type of Common Shares or other securities or property of the Corporation provided for herein are cumulative and such adjustments shall be made successively whenever any of the relevant events referred to herein shall occur. For purposes of the adjustments set forth above, the following provisions shall apply:

(i) if a dispute shall at any time arise with respect to adjustments provided for herein, such dispute shall be conclusively determined by the Corporation's auditors (except in cases where any determination relating to adjustments is to be made by the board of directors of the Corporation) or, if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action of the directors and any such determination shall be binding upon the Corporation and the holder;

(ii) in the case of any other change in the outstanding Common Shares, other than a change contemplated by paragraphs (a), (b), (c) or (d) hereof, the number of Common Shares purchasable upon exercise of the Warrants evidenced hereby shall be adjusted immediately after the record date for such change so that the holder shall be entitled to receive, upon the exercise of such Warrants at any time after the record date of such change, such shares, securities or rights as the holder would have received had such Warrants

been exercised immediately prior to such record date subject to adjustment thereafter in accordance with the provisions contained in this section provided that if the Corporation, before any adjustment to the Warrants is made, legally abandons any change prior to giving effect thereto, then no adjustment in the number of Common Shares purchasable upon exercise of any of the Warrants evidenced hereby shall be required solely by reason of the setting of such record date;

(iii) if the Corporation shall set a record date to determine holders of outstanding Common Shares entitled to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such shareholders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution, subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable upon exercise of any of the Warrants evidenced hereby shall be required solely by reason of the setting of such record date;

(iv) in the absence of a resolution of the directors fixing a record date for a Common Share Reorganization, Rights Offering or Special Distribution, the Corporation shall be deemed to have fixed as the record date therefor the date on which the Common Share Reorganization, Rights Offering or Special Distribution is effected;

(v) as a condition precedent to the taking of any action which would require any adjustment in any attribute of the Warrants, including the Exercise Price and the number or class of shares or other securities which are to be received upon the exercise thereof, the Corporation shall take any corporate action which may, in the opinion of counsel, be necessary in order that the Corporation have unissued and reserved in its authorized capital and may validly and legally issue as fully paid and non-assessable all shares or other securities that the holder is entitled to receive on the total exercise thereof in accordance with the provisions thereof; and

(g) No adjustment in the Exercise Price or in the number of Common Shares purchasable upon exercise shall be made in respect of any event described in paragraphs (a), (b) or (c), other than the events referred to in clauses (ii) and (iii) of paragraph (a), if the holders of Warrants are entitled to participate in such event on the same terms *mutatis mutandis* as if such holders had exercised their Warrants and acquired Common Shares prior to or on the effective date or record date of such event; provided that such participation shall be subject to receipt of all necessary regulatory approvals.

(h) In any case in which the terms of the Warrants evidenced by this certificate shall require that an adjustment become effective as of a particular time, the Corporation may defer, until such time, issuing to the holder or, if applicable, the Escrow Agent, in respect of any Warrants exercised after the record date for the event giving rise to the adjustment and before such time the kind and amount of shares, warrants or other securities to which the holder would be entitled upon such exercise by reason of the relevant adjustment, provided, however, that the Corporation shall deliver to the

holder an appropriate instrument evidencing such holder's right, upon the occurrence of any event requiring the adjustment, to the relevant adjustment.

(i) On the happening of each and every event referred to above that gives rise to an adjustment, the applicable provisions of these Warrants shall, *ipso facto*, be deemed to be amended accordingly and the Corporation shall take all necessary action so as to comply with such provisions as so amended. The Corporation shall provide the holder with notice of any and all adjustments hereunder in accordance with subsection (q) as well as any adjustment to the Common Shares of the Corporation pursuant to the terms of the Articles of the Corporation. For greater certainty, no adjustments shall be made pursuant to this Section 4 in the event that identical adjustments to the number of Common Shares issuable upon exercise of the Warrants have already been made pursuant to the terms of the Common Shares.

(j) In determining at any time and from time to time the number of Common Shares outstanding at any particular time for purposes of this Section 4, there shall be included that number of Common Shares which would be outstanding upon conversion of all convertible securities then outstanding, and upon exercise of all rights, options or warrants then outstanding to purchase Common Shares, and there shall be excluded any Common Shares (and Common Shares which would be outstanding upon conversion of convertible securities) held by or for the account of the Corporation.

(k) Whenever Common Shares shall have been issued for non-cash consideration in whole or in part, the issue price for such Common Shares shall be determined by the Board, acting reasonably and in good faith.

(l) No adjustment to the Exercise Price shall be made, other than pursuant to subsection (a)(iii) or subsection (m), which would have the effect of increasing the Exercise Price.

(m) Upon the expiry of the period for conversion of convertible securities or exchange of exchangeable securities and the exercise period for rights, options or warrants (other than rights, options or warrants in respect of which they are entitled to participate, as contemplated in subsection (g)) to purchase Common Shares, convertible securities or exchangeable securities, the Exercise Price shall be adjusted to what it would have been if such unconverted convertible securities, unexchanged exchangeable securities and unexercised rights, options or warrants had not been issued.

(n) The adjustments provided for in this Section in the Exercise Price and in the number of classes of shares which are to be received on the exercise of the option hereby granted are cumulative. After any adjustment pursuant to this Section, the term "Common Shares" where used in this Agreement shall be interpreted to mean the shares or other securities or property of adjustments pursuant to this Section, the Holder is entitled to receive upon the exercise of the option hereby granted, and the number of Common Shares indicated in any exercise made pursuant to the option hereby granted shall be interpreted to mean the number of shares of all classes which, as a result of all prior adjustments pursuant to this Section, the Holder is entitled to receive upon the full exercise of the option granted hereby entitling the Holder to purchase the number of Common Shares so indicated.

(o) No fractional shares or script representing fractional shares shall be issued upon the exercise of any rights pursuant to the option granted hereby. To the extent that a holder of the option granted hereby would otherwise be entitled to a fraction of a share such right may be exercised only in combination with other rights which in the aggregate entitle the holder to purchase a whole number of Common Shares.

(p) If in the opinion of the Board the provisions of Section 4 are not strictly applicable, or if strictly applicable would not fairly protect the rights of the Holder in accordance with the intent and purposes hereof, the Board shall make any adjustment in such provisions as the Board deems appropriate for the benefit of the Holder.

(q) The Corporation covenants with the Holder that so long as this Agreement remains in force, it will give notice to the Holder of its intention to fix a record date or take any action in respect of any event referred to in Section 4, such notice shall specify the particulars of such event and the record date and/or the effective date for such event; provided that the Corporation shall only be required to specify in such notice such particulars of such event as shall have been fixed and determined on the date on which such notice is given. Such notice shall be given in each case not less than 14 days prior to such applicable record date or effective date.

5. Nothing herein contained shall obligate the Holder to purchase and/or pay for any of the Common Shares, except those Common Shares in respect of which the Holder shall have exercised Warrants.

6. The Holder shall have no rights whatsoever as a shareholder in respect of any of the Common Shares (including any rights to receive dividends or other distributions therefrom or thereon) except those Common Shares in respect of which the Holder shall have exercised Warrants. The Corporation may deem, subject to the application of the Escrow Agreement, and treat the Holder as the absolute owner thereof and shall not be effected by any notice to the contrary.

7. The Warrants are not transferable by the Holder to any person, other than transfers: (i) to another holder of Warrants; (ii) to an individual who is a director, senior officer, employee or consultant of the Corporation or a subsidiary of the Corporation; (iii) to a child or a spouse of the Holder; (iv) to a person or company of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (i), (ii), (iii) or (iv); (v) to a trust or estate of which all of the beneficiaries or a majority of the trustees are persons or companies described in paragraphs (i), (ii), (iii) or (iv); or (vi) as provided for in the Escrow Agreement while such agreement is in force.

   Any such permitted transfer of Warrants shall be accompanied by a completed and signed transfer form or direction acceptable to the Corporation, except in the case of a transfer pursuant to the Escrow Agreement.

8. Upon surrender and payment as aforesaid, the Corporation will, subject to the terms hereof, issue to the person or persons named in the subscription form the number of Common Shares subscribed for and such person or persons will be shareholders of the Corporation in respect of such Common Shares as at the date of surrender and payment notwithstanding any delay in the issuance of a share certificate in respect thereof.

9. As soon as practicable after surrender and payment, the Corporation will mail to such person or persons, or, if applicable, the Escrow Agent, at the address or addresses specified in the subscription form, a certificate or certificates evidencing the Common Shares subscribed for. If the Holder subscribes for a number of Common Shares which is less than the maximum number of Common Shares which could be subscribed for as the result of the exercise of all of the Warrants evidenced by this Warrant Certificate, the Holder, or, if applicable, the Escrow Agent, shall be entitled to receive a new Warrant Certificate (substantially in the form hereof) for that number of the Warrants not exercised so as to allow the purchase of those Common Shares that might have been subscribed for hereunder but which were not then subscribed for and purchased by the Holder. In no event shall fractional Common Shares be issued in connection with the exercise of the Warrants evidenced by this Warrant Certificate.

10. Notwithstanding any provision to the contrary contained herein, no Common Shares will be issued pursuant to the exercise of any Warrant if the issuance of such securities would constitute a violation of the securities laws of any applicable jurisdiction. Any certificate issued in exchange or replacement for this Warrant Certificate and any certificate for any Common Shares issued pursuant to the exercise of any Warrants shall be subject to such resale restrictions and shall bear such legends as may be required under applicable securities laws or under the policies of the TSXV or such other exchange upon which the Common Shares may be listed from time to time, including the legend appearing on the face page of this Warrant Certificate to the extent that the hold period referred to therein has not expired. If, at any time, in the opinion of legal counsel to the Corporation, such legends are no longer necessary in order to avoid a violation of any such laws, or the holder of any such legended certificate, at that holder's expense, provides the Corporation with evidence satisfactory in form and substance to the Corporation (which may include an opinion of legal counsel satisfactory to the Corporation) to the effect that such holder is entitled to sell or otherwise transfer such securities in a transaction in which such legends are not required, such legended certificate may thereafter be surrendered to the Corporation in exchange for a certificate which does not bear such legend.

11. Time shall be of the essence of this Agreement.

12. In the event that the date on or by which any action is required to be taken pursuant to this Agreement is not a Business Day, then such action shall be required to be taken on or by, as the case may be, the next following day which is a Business Day.

13. Except as otherwise set forth herein, this Agreement shall be binding upon and enure to the benefit of the heirs, executors, administrators, legal personal representatives to the extent provided in Section 7, successors and assigns of the Holder and of the Corporation respectively.

14. Any notice in writing required or permitted to be given hereunder shall be addressed to:

    (a) the Corporation at:

    500, 435-4th Avenue SW
    Calgary, Alberta T2P 3A8
    Facsimile: (403) 294-7877
    Attention: President

(b) the Holder at:

●

Any such notice delivered shall be deemed to have been given and received on the date of delivery provided that such date is a Business Day and otherwise on the next following date which is a Business Day and, if mailed, shall be deemed to be received on the fifth Business Day following the date of mailing. Any such address for the giving of notices hereunder may be changed by notice in writing given hereunder.

15. The Corporation hereby represents, warrants, covenants and agrees as follows:

(a) it will reserve out of its authorized capital a sufficient number of Common Shares to satisfy the rights of acquisition provided for in this certificate; and

(b) all Common Shares issued upon exercise of the right to purchase provided for herein shall, upon payment of the Exercise Price therefor, be issued as fully paid and non-assessable shares.

(c) it is duly authorized and has all necessary corporate power and authority to create and issue the Warrants evidenced hereby and issue the Common Shares issuable upon the exercise of the Warrants;

(d) this certificate has been duly executed and the Warrants evidenced hereby represent valid, legal and binding obligations of the Corporation enforceable against the Corporation in accordance with the terms hereof, and the Corporation has the power and authority to issue this certificate and to perform each of its obligations as herein contained; and

(e) the execution and delivery of this certificate by the Corporation are not, and the issuance of the Common Shares upon exercise of the Warrants in accordance with the terms hereof will not be, inconsistent with the Corporation's articles or by-laws, and do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other instrument of which the Corporation is a party or by which it is bound.

16. This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein.

17. Nothing herein contained shall prevent any amalgamation or merger of the Corporation with or into any other corporation or corporations, or a conveyance or transfer of all or substantially all the properties and assets of the Corporation as an entirety to any corporation lawfully entitled to acquire and operate same; provided, however, that the corporation formed by such amalgamation or merger or which acquires by conveyance or transfer all or substantially all of the properties and assets of the Corporation shall, simultaneously with such amalgamation, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Corporation.

18. If the Corporation, pursuant to Section 17 above, shall be amalgamated or merged with or into any other corporation or corporations, the shares of which are not listed on a stock exchange, or shall convey or transfer all or substantially all of its properties and assets as an entirety to any other corporation, the successor corporation formed by such consolidation or amalgamation, or into which the Corporation shall have been amalgamated or merged or which shall have received a conveyance or transfer as aforesaid, shall succeed to and be substituted for the Corporation hereunder and such changes in phraseology and form (but not in substance) may be made in this certificate as may be appropriate in view of such amalgamation, merger or transfer.

SCHEDULE A TO WARRANT CERTIFICATE

EXERCISE FORM

TO: ZAPATA ENERGY CORPORATION

Terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Warrant Certificate delivered herewith.

The undersigned hereby irrevocably exercises the right to acquire _____ Common Shares in accordance with and subject to the provisions of the accompanying Warrant Certificate and encloses or delivers herewith payment in the amount of $_____, representing the aggregate Exercise Price for _____ Warrants.

The Common Shares are to be issued as follows:

Name: _____

Address for registration:

_____

_____

_____

Address for delivery (if different from above):

_____

_____

_____

DATED as of _____, _____.

_____
(signature of Holder)

_____
print full name

_____

_____
print full address

SCHEDULE B – FORM OF SHARE ESCROW AGREEMENT

COMMON SHARE ESCROW AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, 2010.

AMONG:

ZAPATA ENERGY CORPORATION
(the "**Issuer**")

AND:

OLYMPIA TRUST COMPANY
(the "**Escrow Agent**")

AND:

THE UNDERSIGNED SHAREHOLDERS OF THE ISSUER
(the "**Shareholders**")

(collectively, the "**Parties**")

WHEREAS the Shareholders agree to deposit in escrow with the Escrow Agent the securities of the Issuer set opposite their name on Schedule "A" attached hereto, to be held in accordance with the terms of this Escrow Agreement;

AND WHEREAS the Escrow Agent has agreed to hold such securities in accordance with the terms of this Escrow Agreement;

NOW THEREFORE in consideration of the covenants contained in this Escrow Agreement and other good and valuable consideration (the receipt and sufficiency of which is acknowledged), the Parties agree as follows:

1. **Interpretation**

In this Escrow Agreement:

(a) "**Acknowledgement**" means an acknowledgement and agreement to be bound, in the form of Schedule "B" to this Escrow Agreement;

(b) "**Change of Control**" means, at any time after the Effective Date:

(i) the purchase or acquisition of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares, but excluding any issue or sale of Voting Shares to an investment dealer or group of investment

dealers as underwriters for distribution to the public either by way of prospectus or private placement; or

(ii) the approval by the shareholders of the Issuer of an amalgamation, arrangement, merger or other consolidation or combination of the Issuer with another issuer pursuant to which the shareholders of the Issuer immediately thereafter do not own shares of the successor or continuing issuer which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing issuer which may be cast to elect directors of that issuer, except where executive management of the Issuer is substantially the same, or is expected to be substantially the same, post-closing the proposed transaction, and the Issuer's board of directors determination of "substantially the same" shall be final and binding; or

(iii) the election at a meeting of the Issuer's shareholders as directors of the Issuer that number of persons which would represent a majority of the board of directors of the Issuer who are not included in the slate for election as directors proposed to the Issuer's shareholders by the Issuer; or

(iv) approval by the shareholders of the Issuer of the sale, lease or other disposition of all or substantially all of the assets of the Issuer; or

(v) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii) or (iv) referred to above;

(c) "**Common Shares**" means common shares in the capital of the Issuer, as such may be redesignated or amended from time to time;

(d) "**Convertible Securities**" means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;

(e) "**Effective Date**" means the date of this Escrow Agreement;

(f) "**Final Release Date**" means eighteen months after the Effective Date;

(g) "**First Release Date**" means six months after the Effective Date;

(h) "**Holder**" means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the *Business Corporations Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;

(i) "**Second Release Date**" means one year from the Effective Date;

(j) "**Securities**" means an aggregate of ● Common Shares deposited with the Escrow Agent by the Shareholders;

(k) "**Service Provider**" means:

(i) a director, officer or employee of the Issuer or of any of its subsidiaries;

(ii) any person or company engaged to provide ongoing management or consulting services for the Issuer or for any entity controlled by the Issuer; and

(iii) any person providing services to the Issuer pursuant to an agreement; and

(l) "**Voting Shares**" means any securities of the Issuer ordinarily carrying the right to vote at elections of directors.

2. Deposit of Securities in Escrow

The Shareholders hereby agree to deposit the Securities with the Escrow Agent upon execution of the Escrow Agreement, to be held in escrow under this Escrow Agreement and to deliver forthwith to the Escrow Agent any certificates evidencing such Securities.

3. Direction to Escrow Agent

The Issuer and the Shareholders hereby direct the Escrow Agent to retain the Securities in escrow until the Securities are released from escrow pursuant to the terms of this Escrow Agreement.

4. Restrictions on Dealing with Securities

No Securities, and no interest in, control or direction over or certificate evidencing the Securities, may, directly or indirectly, be sold, assigned, transferred, redeemed, surrendered for consideration, mortgaged, hypothecated, charged, pledged, encumbered or otherwise dealt with in any manner except as provided in this Escrow Agreement.

5. Voting of Securities in Escrow

Escrow of the Securities will not impair any right of a Shareholder to exercise voting rights attaching to the Securities, if any.

6. Dividends on Securities in Escrow

Escrow of the Securities will not impair any right of a Shareholder to receive a dividend or other distribution on the Securities or to elect the form or manner in which a dividend or other distribution on the Securities will be paid.

7. Exercise of Other Rights Attaching to Securities in Escrow

Subject to Section 2, escrow of the Securities will not impair any right of a Shareholder to exercise a right attaching to a Security that entitles the Shareholder to purchase or otherwise acquire another security of the Corporation or to exchange or convert a Security for or into another security of the Corporation, provided that the securities so acquired are deposited in escrow with the Escrow Agent to be released on the same terms as the Security to which the right attached.

8. Matters Concerning the Escrow Agent

(a) The Escrow Agent accepts duties and responsibilities under this Escrow Agreement, and the Securities and any share certificates or other evidence of the Securities, solely as a custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Escrow Agent shall owe no duties hereunder as a trustee.

(b) The Escrow Agent will not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any escrow security deposited with it.

(c) The Escrow Agent will have no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of any information or document, including the representative capacity in which a party purports to act, that the Escrow Agent receives as a condition to a release from escrow or a transfer of Securities within escrow under this Escrow Agreement.

(d) The Escrow Agent will have no responsibility for Securities that it has released to a Shareholder or at a Shareholder's direction according to this Escrow Agreement.

(e) The Issuer and each Shareholder hereby jointly and severally agree to indemnify and hold harmless the Escrow Agent, its affiliates, and their current and former directors, officers, employees and agents from and against any and all claims, demands, losses, penalties, costs, expenses, fees and liabilities, including, without limitation, legal fees and expenses, directly or indirectly arising out of, in connection with, or in respect of, this Escrow Agreement, except where same result directly and principally from negligence, wilful misconduct or bad faith on the part of the Escrow Agent. This indemnity survives the release of the Securities, the resignation or termination of the Escrow Agent and the termination of this Escrow Agreement.

(f) The Escrow Agent will be protected in acting and relying reasonably upon any notice, direction, instruction, order, certificate, confirmation, request, waiver, consent, receipt, statutory declaration or other paper or document (collectively referred to as "**Documents**") furnished to it and purportedly signed by any officer or person required to or entitled to execute and deliver to the Escrow Agent any such Document in connection with this Escrow Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth or accuracy of any information therein contained, which it in good faith believes to be genuine.

(g) The Escrow Agent will not be bound by any notice of a claim or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Escrow Agreement unless received by it in writing, and signed by the other Parties and approved by the securities regulators if applicable, and, if the duties or indemnification of the Escrow Agent in this Escrow Agreement are affected, unless it has given its prior written consent.

(h) The Escrow Agent may consult with or retain such legal counsel and advisors as it may reasonably require for the purpose of discharging its duties or determining its rights under this Escrow Agreement and may rely and act upon the advice of such counsel or advisor. The Escrow Agent will give written notice to the Issuer as soon as practicable that it has retained legal counsel or other advisors. The Issuer will pay or reimburse the Escrow Agent for any reasonable fees, expenses and disbursements of such counsel or advisors.

(i) In the event of any disagreement arising under the terms of this Escrow Agreement, the Escrow Agent will be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by a written agreement among the Parties or by a court of competent jurisdiction.

(j) The Escrow Agent will have no duties or responsibilities except as expressly provided in this Escrow Agreement and will have no duty or responsibility arising under any other agreement, including any agreement referred to in this Escrow Agreement, to which the Escrow Agent is not a party.

(k) The Escrow Agent will have the right not to act and will not be liable for refusing to act unless it has received clear and reasonable documentation that complies with the terms of this Escrow Agreement. Such documentation must not require the exercise of any discretion or independent judgment.

(l) The Escrow Agent is authorized to cancel any share certificate delivered to it and hold such Shareholder's Securities in electronic, or uncertificated form only, pending release of such Securities from escrow.

(m) The Escrow Agent will have no responsibility with respect to any Securities in respect of which no share certificate or other evidence or electronic or uncertificated form of these Securities has been delivered to it, or otherwise received by it.

9. Limitation of Liability of the Escrow Agent

The Escrow Agent will not be liable to any of the Parties hereunder for any action taken or omitted to be taken by it under or in connection with this Escrow Agreement, except for losses directly, principally and immediately caused by its bad faith, wilful misconduct or negligence. Under no circumstances will the Escrow Agent be liable for any special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages hereunder, including any loss of profits, whether foreseeable or unforeseeable. Notwithstanding the foregoing or any other provision of this Escrow Agreement, in no event will the collective liability of the Escrow Agent under or in connection with this Escrow Agreement to any one or more Parties, except for losses directly caused by its bad faith, wilful misconduct or negligence, exceed the amount of its annual fees under this Escrow Agreement.

10. Remuneration of the Escrow Agent

The Issuer will pay the Escrow Agent reasonable remuneration for its services under this Escrow Agreement, which fees are subject to revision from time to time on 30 days' written notice. The Issuer will reimburse the Escrow Agent for its reasonable expenses and disbursements. Any amount due under this section and unpaid 30 days after request for such payment, will bear interest from the expiration of such period at a rate per annum equal to the then current rate charged by the Escrow Agent, payable on demand.

11. Resignation of the Escrow Agent

If the Escrow Agent wishes to resign as escrow agent, the Escrow Agent will give written notice to the Issuer. If the Issuer wishes the Escrow Agent to resign as escrow agent, the Issuer will give written notice to the Escrow Agent. The resignation of the Escrow Agent will be effective and the Escrow Agent will cease to be bound by this Escrow Agreement on the date that is 60 days after the date of receipt of

the notices referred to above by the Escrow Agent or Issuer, as applicable, or on such other date as the Escrow Agent and the Issuer may agree upon (the "**Resignation Date**"), provided that the Resignation Date will not be a date that is less than 10 business days before a release date and the Issuer will, before the Resignation Date, have appointed another escrow agent who has accepted such appointment, which appointment will be binding on the Issuer and the Shareholder.

12. Permitted Transfers Within Escrow

12.1 Transfer to Insiders

Subject to applicable securities legislation, Securities may be transferred within escrow by a Shareholder to: (i) another Shareholder; (ii) an individual who is a director, senior officer, employee or consultant of the Issuer or a subsidiary of the Issuer; (iii) a child or a spouse of the Shareholder; (iv) a person or company of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (i), (ii) or (iii); (v) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons or companies described in paragraphs (i), (ii), (iii) or (iv); or (vi) such party that may be approved by the board of directors of the Issuer, provided that the Escrow Agent first receives:

(a) a written direction from the Issuer, approved and executed by Chief Executive Officer or Chief Financial Officer of the Issuer, approving the transfer;

(b) where the Securities are transferred in accordance with (vi) above, a certified copy of a resolution of the board of directors of the Issuer approving the transfer;

(c) a transfer power of attorney, duly executed by the transferor with signature guaranteed if required by the Escrow Agent; and

(d) an Acknowledgment signed by the transferee or an amended or new Escrow Agreement reflecting the transfer.

12.2 Transfer Upon Bankruptcy

In the event of the bankruptcy of a Shareholder, the Securities of the Shareholder may be transferred within escrow to the trustee in bankruptcy or other person (or company) legally entitled to such Securities, provided that the Escrow Agent first receives:

(a) a certified copy of either:

(i) the assignment in bankruptcy of the Shareholder filed with the Superintendent of Bankruptcy; or

(ii) the Receiving Order adjudging the Shareholder bankrupt;

(b) a certified copy of a certificate of appointment of the trustee in bankruptcy;

(c) a transfer power of attorney, duly executed by the transferor, with signature guaranteed if required by the Escrow Agent; and

(d) an Acknowledgment signed by the trustee in bankruptcy or other person (or company) legally entitled to the Securities or an amended or new Escrow Agreement reflecting the transfer.

12.3 Transfer to Certain Plans

Securities may be transferred within escrow by a Shareholder to a registered retirement savings plan ("**RRSP**"), registered retirement income find ("**RRIF**"), registered education savings plan ("**RESP**") or a tax-free savings account ("**TFSA**"), or subsequently between RRSPs or from an RRSP to an RRIF or RESP, provided that the Escrow Agent first receives:

(a) evidence from the trustee of the RRSP, RRIF, RESP or TFSA, as applicable stating that, to the best of the trustee's knowledge, the Shareholder is, during the Shareholder's lifetime, the sole beneficiary of the RRSP, RRIF, RESP or TFSA;

(b) a transfer power of attorney, duly executed by the transferor, with signature guaranteed if required by the Escrow Agent; and

(c) an Acknowledgment signed by the trustee of the RRSP, RRIF, RESP or TFSA as applicable, or an amended or new Escrow Agreement reflecting the transfer.

12.4 Effect of Transfer Within Escrow

Upon completion of a transfer of Securities pursuant to this Section 12, the transferee will be a Shareholder and the Securities transferred will remain in escrow to be held in and released from escrow on the same terms and conditions as were applicable prior to the transfer.

13. Release of Securities

Subject to Sections 15 and 17, the Securities will be released from escrow as follows:

(a) one third of the Securities shall be released on the First Release Date;

(b) an additional one third of the Securities shall be released on the Second Release Date; and

(c) the balance of the Securities shall be released on the Final Release Date.

14. Delivery of Certificates to Shareholder

The Escrow Agent will, as soon as reasonably practicable after the applicable release date, deliver the certificates evidencing the Securities released from escrow to the Shareholder in accordance with Section 18.3 hereof and the Escrow Agent is hereby specifically authorized and granted such powers as are necessary to effect any splits of the certificates representing the Securities in order to effect the release and in connection therewith the Issuer will, as soon as reasonably practicable, cause separate replacement certificates to be prepared and delivered to the Escrow Agent.

15. Change of Control

All Securities shall be released from escrow if a Change of Control takes place, upon receipt by the Escrow Agent of documentation from the Issuer confirming the Change of Control, including the date of the Change of Control.

16. Take-Over Bid

16.1 Deliveries to Escrow Agent

If a Shareholder wishes to tender certain Securities of the Shareholder (the "**Tendered Securities**") to a take-over bid (as defined in the *Securities Act* (Alberta)), which is not exempt from the take-over bid requirements of applicable securities legislation made for all of the Common Shares (a "**Transaction**"), the Shareholder shall deliver to the Escrow Agent:

(a) a written direction signed by the Shareholder (a "**Direction**") that directs the Escrow Agent to deliver to a specified person (or company) (the "**Depository**") either:

(i) certificates evidencing the Tendered Securities, or

(ii) where the Shareholder has provided the Escrow Agent with a notice of guaranteed delivery or similar notice of the Shareholder's intent to tender the Tendered Securities to the Transaction, that notice, together with a letter of transmittal or similar document which provides that all certificates, whether or not the Transaction is completed, shall be delivered or returned to the Escrow Agent, as the case may be, and held in accordance with this Escrow Agreement; and

(b) such other information concerning or evidence of the Transaction as the Escrow Agent may reasonably require.

16.2 Deliveries to Depository

As soon as practicable after its receipt of the information and documentation specified in Section 16.1, the Escrow Agent will deliver to the Depository, in accordance with the Direction, the documentation specified or provided under Section 16.

16.3 Exchange of Securities

The Escrow Agent will hold any securities acquired by the Shareholder under a Transaction in escrow on the same terms and conditions, including release dates, as applied to the Securities for which they were exchanged, substituted or constituted consideration.

17. Ceasing to be a Service Provider

Unless otherwise resolved by the Board of Directors of the Issuer, upon a Shareholder ceasing to be a Service Provider during the term of the escrow created hereunder, all of the Common Shares of the Shareholder then held in escrow shall be deemed to be repurchased by the Issuer for cancellation or, at

the discretion of the Issuer, transferred and sold within escrow to another party who is a Service Provider as the Issuer may designate (the "**Purchasing Party**"). If so repurchased or transferred or sold, such repurchase, transfer or sale shall be completed at a price per Common Share equal to the lesser of $4.40 and the five day weighted trading price of the Common Shares ending on the last trading day immediately prior to the Shareholder ceasing to be a Service Provider (in each case, subject to applicable laws including with respect to the price at which such Common Shares may be transferred or repurchased). In such event, the Escrow Agent shall, as applicable, return the certificates for the Securities to the Issuer for cancellation or register the securities to the Purchasing Party as directed by the Issuer.

18. Notices

18.1 Notice to Escrow Agent

Documents will be considered to have been delivered to the Escrow Agent on the next business day following the date of transmission, if delivered by facsimile, the date of physical delivery, if delivered by hand or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the following:

OLYMPIA TRUST COMPANY
2300, 125 - 9th Avenue S.E.
Calgary, Alberta T2G 0P6
Attention: Manager, Corporate and Shareholder Services
Facsimile: (403) 265-1455

18.2 Notice to Issuer

Documents will be considered to have been delivered to the Issuer on the next business day following the date of transmission, if delivered by facsimile, the date of physical delivery, if delivered by hand or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the following:

ZAPATA ENERGY CORPORATION
500, 435 – 4th Avenue SW
Calgary, Alberta T2P 3A8
Attention: P. Daniel O'Neil
Facsimile: (403) 294-7877

18.3 Deliveries to Shareholders

Documents will be considered to have been delivered to the Shareholder on the next business day following the date of transmission, if delivered by facsimile, the date of physical delivery, if delivered by hand or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the addresses of the Shareholder as it appears on the register of Common Shares maintained by Olympia Trust Company.

The Escrow Agent will, unless the Shareholder directs the Escrow Agent in writing otherwise, deliver all certificates representing Securities of the Shareholder that have been released from escrow to the address

of the Shareholder as it appears on the register of Common Shares maintained by Olympia Trust Company.

18.4 Change of Address

Any change in an address will be effective only upon delivery to the other Party of written notice of such change.

18.5 Postal Interruption

A Party will not effect a delivery by mail if the Party is aware of an actual or impending disruption of postal service.

19. Further Assurances

The Parties will execute and deliver any further documents and perform any further acts necessary to carry out the intent of this Escrow Agreement.

20. Time

Time is of the essence in this Escrow Agreement.

21. Governing Laws

This Escrow Agreement will be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

22. Counterparts

This Escrow Agreement may be executed by facsimile and in two or more counterparts, each of which will be deemed to be an original and all of which will constitute one agreement.

23. Enurement

This Escrow Agreement will entire to the benefit of and be binding on the Parties and their heirs, executors, administrators, successors and permitted assigns. This Escrow Agreement may be executed either originally or via facsimile, and may be executed in one or more counterparts.

(remainder of page intentionally blank)

The Parties have executed and delivered this Agreement as of the date set out above.

ZAPATA ENERGY CORPORATION

Per: _____

Per: _____

OLYMPIA TRUST COMPANY

Per: _____

Per: _____

and the Security Holders set forth on the following execution pages.

Shareholder Execution Page

(***Information provided below should be identical to the registration instructions on the face page of the Subscription Agreement and this page is to be executed by the registered holder of the Securities***)

_____

(Name of Shareholder – Please Print)

_____

(Authorized Signatory – Please Sign)

_____

(Position, if applicable)

Address:

_____

_____

_____

Securities:

Class of Securities	Number
Common Shares	

SCHEDULE "A"

Shareholders

SCHEDULE "B"

Acknowledgment and Agreement to be Bound

The undersigned hereby acknowledges that the securities listed in the attached Schedule "A" (the "**Securities**") have been or will be transferred to the undersigned and that such Securities are subject to an Escrow Agreement dated _____ _____, 2010 (the "**Escrow Agreement**").

In consideration of good and valuable consideration (the receipt and sufficiency of which is acknowledged), the undersigned agrees to be bound by the Escrow Agreement in respect of the Securities.

DATED at _____ on _____

Where the Shareholder is an individual:

SIGNED, SEALED AND DELIVERED by)
● in the)
presence of:)
)
_____)
Name)
)
_____)
Address)
)
_____)
Occupation)

_____
●

Where the Shareholder is a corporation:

The CORPORATE/COMMON of)
● was affixed in the)
presence of:)
)
_____)
Authorized Signatory)
)

_____
●

SCHEDULE C - FORM OF UNIT ESCROW AGREEMENT AND FLOW-THROUGH UNIT ESCROW AGREEMENT

UNIT ESCROW AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, 2010.

AMONG:

ZAPATA ENERGY CORPORATION
(the "**Issuer**")

AND:

OLYMPIA TRUST COMPANY
(the "**Escrow Agent**")

AND:

THE UNDERSIGNED SECURITYHOLDERS OF THE ISSUER
(the "**Security Holders**")

(collectively, the "**Parties**")

WHEREAS the Security Holders agree to deposit in escrow with the Escrow Agent the securities of the Issuer set opposite their name on Schedule "A" attached hereto, to be held in accordance with the terms of this Escrow Agreement;

AND WHEREAS the Escrow Agent has agreed to hold such securities in accordance with the terms of this Escrow Agreement;

NOW THEREFORE in consideration of the covenants contained in this Escrow Agreement and other good and valuable consideration (the receipt and sufficiency of which is acknowledged), the Parties agree as follows:

1. **Interpretation**

In this Escrow Agreement:

(a) "**Acknowledgement**" means an acknowledgement and agreement to be bound, in the form of Schedule "B" to this Escrow Agreement;

(b) "**Change of Control**" means, at any time after the Effective Date:

(i) the purchase or acquisition of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares, but excluding any issue or sale of Voting Shares to an investment dealer or group of investment

dealers as underwriters for distribution to the public either by way of prospectus or private placement; or

(ii) the approval by the shareholders of the Issuer of an amalgamation, arrangement, merger or other consolidation or combination of the Issuer with another issuer pursuant to which the shareholders of the Issuer immediately thereafter do not own shares of the successor or continuing issuer which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing issuer which may be cast to elect directors of that issuer, except where executive management of the Issuer is substantially the same, or is expected to be substantially the same, post-closing the proposed transaction, and the Issuer's board of directors determination of "substantially the same" shall be final and binding; or

(iii) the election at a meeting of the Issuer's shareholders as directors of the Issuer that number of persons which would represent a majority of the board of directors of the Issuer who are not included in the slate for election as directors proposed to the Issuer's shareholders by the Issuer; or

(iv) approval by the shareholders of the Issuer of the sale, lease or other disposition of all or substantially all of the assets of the Issuer; or

(v) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii) or (iv) referred to above;

(c) "**Common Shares**" means common shares in the capital of the Issuer, as such may be redesignated or amended from time to time;

(d) "**Convertible Securities**" means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;

(e) "**Effective Date**" means the date of this Escrow Agreement;

(f) "**Final Release Date**" means eighteen months after the Effective Date;

(g) "**First Release Date**" means six months after the Effective Date;

(h) "**Holder**" means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the *Business Corporations Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;

(i) "**Second Release Date**" means one year from the Effective Date;

(j) "**Securities**" means an aggregate of ● Common Shares and ● Common Share purchase warrants (or where such warrants have been exercised, the Common Shares issued upon such exercise) deposited with the Escrow Agent by the Security Holders;

(k) "**Service Provider**" means:

(i) a director, officer or employee of the Issuer or of any of its subsidiaries;

(ii) any person or company engaged to provide ongoing management or consulting services for the Issuer or for any entity controlled by the Issuer; and

(iii) any person providing services to the Issuer pursuant to an agreement; and

(l) "**Voting Shares**" means any securities of the Issuer ordinarily carrying the right to vote at elections of directors.

2. Deposit of Securities in Escrow

The Security Holders hereby agree to deposit the Securities with the Escrow Agent upon execution of the Escrow Agreement, to be held in escrow under this Escrow Agreement and to deliver forthwith to the Escrow Agent any certificates evidencing such Securities.

3. Direction to Escrow Agent

The Issuer and the Security Holders hereby direct the Escrow Agent to retain the Securities in escrow until the Securities are released from escrow pursuant to the terms of this Escrow Agreement.

4. Restrictions on Dealing with Securities

No Securities, and no interest in, control or direction over or certificate evidencing the Securities, may, directly or indirectly, be sold, assigned, transferred, redeemed, surrendered for consideration, mortgaged, hypothecated, charged, pledged, encumbered or otherwise dealt with in any manner except as provided in this Escrow Agreement.

5. Voting of Securities in Escrow

Escrow of the Securities will not impair any right of a Security Holder to exercise voting rights attaching to the Securities, if any.

6. Dividends on Securities in Escrow

Escrow of the Securities will not impair any right of a Security Holder to receive a dividend or other distribution on the Securities or to elect the form or manner in which a dividend or other distribution on the Securities will be paid.

7. Exercise of Other Rights Attaching to Securities in Escrow

Subject to Section 2, escrow of the Securities will not impair any right of a Security Holder to exercise a right attaching to a Security that entitles the Security Holder to purchase or otherwise acquire another security of the Corporation or to exchange or convert a Security for or into another security of the Corporation, provided that the securities so acquired are deposited in escrow with the Escrow Agent to be released on the same terms as the Security to which the right attached.

8. Matters Concerning the Escrow Agent

(a) The Escrow Agent accepts duties and responsibilities under this Escrow Agreement, and the Securities and any share certificates or other evidence of the Securities, solely as a custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Escrow Agent shall owe no duties hereunder as a trustee.

(b) The Escrow Agent will not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any escrow security deposited with it.

(c) The Escrow Agent will have no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of any information or document, including the representative capacity in which a party purports to act, that the Escrow Agent receives as a condition to a release from escrow or a transfer of Securities within escrow under this Escrow Agreement.

(d) The Escrow Agent will have no responsibility for Securities that it has released to a Security Holder or at a Security Holder's direction according to this Escrow Agreement.

(e) The Issuer and each Security Holder hereby jointly and severally agree to indemnify and hold harmless the Escrow Agent, its affiliates, and their current and former directors, officers, employees and agents from and against any and all claims, demands, losses, penalties, costs, expenses, fees and liabilities, including, without limitation, legal fees and expenses, directly or indirectly arising out of, in connection with, or in respect of, this Escrow Agreement, except where same result directly and principally from negligence, wilful misconduct or bad faith on the part of the Escrow Agent. This indemnity survives the release of the Securities, the resignation or termination of the Escrow Agent and the termination of this Escrow Agreement.

(f) The Escrow Agent will be protected in acting and relying reasonably upon any notice, direction, instruction, order, certificate, confirmation, request, waiver, consent, receipt, statutory declaration or other paper or document (collectively referred to as "**Documents**") furnished to it and purportedly signed by any officer or person required to or entitled to execute and deliver to the Escrow Agent any such Document in connection with this Escrow Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth or accuracy of any information therein contained, which it in good faith believes to be genuine.

(g) The Escrow Agent will not be bound by any notice of a claim or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Escrow Agreement unless received by it in writing, and signed by the other Parties and approved by the securities regulators if applicable, and, if the duties or indemnification of the Escrow Agent in this Escrow Agreement are affected, unless it has given its prior written consent.

(h) The Escrow Agent may consult with or retain such legal counsel and advisors as it may reasonably require for the purpose of discharging its duties or determining its rights under this Escrow Agreement and may rely and act upon the advice of such counsel or advisor. The Escrow Agent will give written notice to the Issuer as soon as practicable that it has retained legal counsel or other advisors. The Issuer will pay or reimburse the Escrow Agent for any reasonable fees, expenses and disbursements of such counsel or advisors.

(i) In the event of any disagreement arising under the terms of this Escrow Agreement, the Escrow Agent will be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by a written agreement among the Parties or by a court of competent jurisdiction.

(j) The Escrow Agent will have no duties or responsibilities except as expressly provided in this Escrow Agreement and will have no duty or responsibility arising under any other agreement, including any agreement referred to in this Escrow Agreement, to which the Escrow Agent is not a party.

(k) The Escrow Agent will have the right not to act and will not be liable for refusing to act unless it has received clear and reasonable documentation that complies with the terms of this Escrow Agreement. Such documentation must not require the exercise of any discretion or independent judgment.

(l) The Escrow Agent is authorized to cancel any share certificate delivered to it and hold such Security Holder's Securities in electronic, or uncertificated form only, pending release of such Securities from escrow.

(m) The Escrow Agent will have no responsibility with respect to any Securities in respect of which no share certificate or other evidence or electronic or uncertificated form of these Securities has been delivered to it, or otherwise received by it.

9. Limitation of Liability of the Escrow Agent

The Escrow Agent will not be liable to any of the Parties hereunder for any action taken or omitted to be taken by it under or in connection with this Escrow Agreement, except for losses directly, principally and immediately caused by its bad faith, wilful misconduct or negligence. Under no circumstances will the Escrow Agent be liable for any special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages hereunder, including any loss of profits, whether foreseeable or unforeseeable. Notwithstanding the foregoing or any other provision of this Escrow Agreement, in no event will the collective liability of the Escrow Agent under or in connection with this Escrow Agreement to any one or more Parties, except for losses directly caused by its bad faith, wilful misconduct or negligence, exceed the amount of its annual fees under this Escrow Agreement.

10. Remuneration of the Escrow Agent

The Issuer will pay the Escrow Agent reasonable remuneration for its services under this Escrow Agreement, which fees are subject to revision from time to time on 30 days' written notice. The Issuer will reimburse the Escrow Agent for its reasonable expenses and disbursements. Any amount due under this section and unpaid 30 days after request for such payment, will bear interest from the expiration of such period at a rate per annum equal to the then current rate charged by the Escrow Agent, payable on demand.

11. Resignation of the Escrow Agent

If the Escrow Agent wishes to resign as escrow agent, the Escrow Agent will give written notice to the Issuer. If the Issuer wishes the Escrow Agent to resign as escrow agent, the Issuer will give written notice to the Escrow Agent. The resignation of the Escrow Agent will be effective and the Escrow Agent will cease to be bound by this Escrow Agreement on the date that is 60 days after the date of receipt of

the notices referred to above by the Escrow Agent or Issuer, as applicable, or on such other date as the Escrow Agent and the Issuer may agree upon (the "**Resignation Date**"), provided that the Resignation Date will not be a date that is less than 10 business days before a release date and the Issuer will, before the Resignation Date, have appointed another escrow agent who has accepted such appointment, which appointment will be binding on the Issuer and the Security Holder.

12. Permitted Transfers Within Escrow

12.1 Transfer to Insiders

Subject to applicable securities legislation, Securities may be transferred within escrow by a Security Holder to: (i) another Security Holder; (ii) an individual who is a director, senior officer, employee or consultant of the Issuer or a subsidiary of the Issuer; (iii) a child or a spouse of the Security Holder; (iv) a person or company of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (i), (ii) or (iii); or (v) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons or companies described in paragraphs (i), (ii), (iii) or (iv); provided that the Escrow Agent first receives:

(a) a written direction from the Issuer, approved and executed by Chief Executive Officer or Chief Financial Officer of the Issuer, approving the transfer;

(b) a transfer power of attorney, duly executed by the transferor with signature guaranteed if required by the Escrow Agent; and

(c) an Acknowledgment signed by the transferee or an amended or new Escrow Agreement reflecting the transfer.

12.2 Transfer Upon Bankruptcy

In the event of the bankruptcy of a Security Holder, the Securities of the Security Holder may be transferred within escrow to the trustee in bankruptcy or other person (or company) legally entitled to such Securities, provided that the Escrow Agent first receives:

(a) a certified copy of either:

(i) the assignment in bankruptcy of the Security Holder filed with the Superintendent of Bankruptcy; or

(ii) the Receiving Order adjudging the Security Holder bankrupt;

(b) a certified copy of a certificate of appointment of the trustee in bankruptcy;

(c) a transfer power of attorney, duly executed by the transferor, with signature guaranteed if required by the Escrow Agent; and

(d) an Acknowledgment signed by the trustee in bankruptcy or other person (or company) legally entitled to the Securities or an amended or new Escrow Agreement reflecting the transfer.

12.3 Transfer to Certain Plans

Securities may be transferred within escrow by a Security Holder to a registered retirement savings plan ("**RRSP**"), registered retirement income find ("**RRIF**"), registered education savings plan ("**RESP**") or a tax-free savings account ("**TFSA**"), or subsequently between RRSPs or from an RRSP to an RRIF or RESP, provided that the Escrow Agent first receives:

(a) evidence from the trustee of the RRSP, RRIF, RESP or TFSA, as applicable stating that, to the best of the trustee's knowledge, the Security Holder is, during the Security Holder's lifetime, the sole beneficiary of the RRSP, RRIF, RESP or TFSA;

(b) a transfer power of attorney, duly executed by the transferor, with signature guaranteed if required by the Escrow Agent; and

(c) an Acknowledgment signed by the trustee of the RRSP, RRIF, RESP or TFSA, as applicable, or an amended or new Escrow Agreement reflecting the transfer.

12.4 Effect of Transfer Within Escrow

Upon completion of a transfer of Securities pursuant to this Section 12, the transferee will be a Security Holder and the Securities transferred will remain in escrow to be held in and released from escrow on the same terms and conditions as were applicable prior to the transfer.

13. Release of Securities

Subject to Sections 15 and 17, the Securities will be released from escrow as follows:

(a) one third of the Securities shall be released on the First Release Date;

(b) an additional one third of the Securities shall be released on the Second Release Date; and

(c) the balance of the Securities shall be released on the Final Release Date.

14. Delivery of Certificates to Security Holder

The Escrow Agent will, as soon as reasonably practicable after the applicable release date, deliver the certificates evidencing the Securities released from escrow to the Security Holder in accordance with Section 18.3 hereof and the Escrow Agent is hereby specifically authorized and granted such powers as are necessary to effect any splits of the certificates representing the Securities in order to effect the release and in connection therewith the Issuer will, as soon as reasonably practicable, cause separate replacement certificates to be prepared and delivered to the Escrow Agent.

15. Change of Control

All Securities shall be released from escrow if a Change of Control takes place, upon receipt by the Escrow Agent of documentation from the Issuer confirming the Change of Control, including the date of the Change of Control.

16. Take-Over Bid

16.1 Deliveries to Escrow Agent

If a Security Holder wishes to tender certain Securities of the Security Holder (the "**Tendered Securities**") to a take-over bid (as defined in the *Securities Act* (Alberta)), which is not exempt from the take-over bid requirements of applicable securities legislation made for all of the Common Shares (a "**Transaction**"), the Security Holder shall deliver to the Escrow Agent:

(a) a written direction signed by the Security Holder (a "**Direction**") that directs the Escrow Agent to deliver to a specified person (or company) (the "**Depository**") either:

(i) certificates evidencing the Tendered Securities, or

(ii) where the Security Holder has provided the Escrow Agent with a notice of guaranteed delivery or similar notice of the Security Holder's intent to tender the Tendered Securities to the Transaction, that notice, together with a letter of transmittal or similar document which provides that all certificates, whether or not the Transaction is completed, shall be delivered or returned to the Escrow Agent, as the case may be, and held in accordance with this Escrow Agreement; and

(b) such other information concerning or evidence of the Transaction as the Escrow Agent may reasonably require.

16.2 Deliveries to Depository

As soon as practicable after its receipt of the information and documentation specified in Section 16.1, the Escrow Agent will deliver to the Depository, in accordance with the Direction, the documentation specified or provided under Section 16.

16.3 Exchange of Securities

The Escrow Agent will hold any securities acquired by the Security Holder under a Transaction in escrow on the same terms and conditions, including release dates, as applied to the Securities for which they were exchanged, substituted or constituted consideration.

17. Ceasing to be a Service Provider

Unless otherwise resolved by the Board of Directors of the Issuer, upon a Security Holder ceasing to be a Service Provider during the term of the escrow created hereunder, all of the Securities of the Security Holder then held in escrow shall be deemed to be repurchased by the Issuer for cancellation or, at the discretion of the Issuer, transferred and sold within escrow to another party who is a Service Provider, as the Issuer may designate (the "**Purchasing Party**"). If so repurchased or transferred or sold, such repurchase, transfer or sale shall be completed at (i) a price per unit (comprised of one Common Share and one common share purchase warrant, combined) equal to the lesser of $4.40 and the five day weighted trading price of the Common Shares ending on the last trading day immediately prior to the Security Holder ceasing to be a Service Provider; and (ii) where the common share purchase warrant has been exercised during the term of the escrow hereunder, at a price per Common Share equal to the lesser

of $5.17 and the five day weighted trading price of the Common Shares ending on the last trading day immediately prior to the Security Holder ceasing to be a Service Provider (in each case, subject to applicable laws including with respect to the price at which such Common Shares may be transferred or repurchased). In such event, the Escrow Agent shall, as applicable, return the certificates for the Securities to the Issuer for cancellation or register the securities to the Purchasing Party as directed by the Issuer.

18. Notices

18.1 Notice to Escrow Agent

Documents will be considered to have been delivered to the Escrow Agent on the next business day following the date of transmission, if delivered by facsimile, the date of physical delivery, if delivered by hand or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the following:

OLYMPIA TRUST COMPANY
2300, 125 - 9th Avenue S.E.
Calgary, Alberta T2G 0P6
Attention: Manager, Corporate and Shareholder Services
Facsimile: (403) 265-1455

18.2 Notice to Issuer

Documents will be considered to have been delivered to the Issuer on the next business day following the date of transmission, if delivered by facsimile, the date of physical delivery, if delivered by hand or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the following:

ZAPATA ENERGY CORPORATION
500, 435 – 4th Avenue SW
Calgary, Alberta T2P 3A8
Attention: P. Daniel O'Neil
Facsimile: (403) 294-7877

18.3 Deliveries to Security Holders

Documents will be considered to have been delivered to the Security Holder on the next business day following the date of transmission, if delivered by facsimile, the date of physical delivery, if delivered by hand or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the addresses set forth below each Security Holder's name on Schedule "A" attached hereto.

The Escrow Agent will, unless the Security Holder directs the Escrow Agent in writing otherwise, deliver all certificates representing Securities of the Security Holder that have been released from escrow to the address of the Security Holder set forth in Schedule "A".

18.4 Change of Address

Any change in an address will be effective only upon delivery to the other Party of written notice of such change.

18.5 Postal Interruption

A Party will not effect a delivery by mail if the Party is aware of an actual or impending disruption of postal service.

19. Further Assurances

The Parties will execute and deliver any further documents and perform any further acts necessary to carry out the intent of this Escrow Agreement.

20. Time

Time is of the essence in this Escrow Agreement.

21. Governing Laws

This Escrow Agreement will be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

22. Counterparts

This Escrow Agreement may be executed by facsimile and in two or more counterparts, each of which will be deemed to be an original and all of which will constitute one agreement.

23. Enurement

This Escrow Agreement will entire to the benefit of and be binding on the Parties and their heirs, executors, administrators, successors and permitted assigns. This Escrow Agreement may be executed either originally or via facsimile, and may be executed in one or more counterparts.

(remainder of page intentionally blank)

The Parties have executed and delivered this Agreement as of the date set out above.

ZAPATA ENERGY CORPORATION

Per: _____

Per: _____

OLYMPIA TRUST COMPANY

Per: _____

Per: _____

and the Security Holders set forth on the following execution pages:

Security Holder Execution Page

(***Information provided below should be identical to the registration instructions on the face page of the Subscription Agreement and this page is to be executed by the registered holder of the Securities***)

_____

(Name of Security Holder – Please Print)

_____

(Authorized Signatory – Please Sign)

_____

(Position, if applicable)

Address:

_____

_____

_____

Securities:

Class of Securities	Number
Common Shares	
Common Share Purchase Warrants	

SCHEDULE "A"

Security Holders

SCHEDULE "B"

Acknowledgment and Agreement to be Bound

The undersigned hereby acknowledges that the securities listed in the attached Schedule "A" (the "**Securities**") have been or will be transferred to the undersigned and that such Securities are subject to an Escrow Agreement dated _____ _____, 2010 (the "**Escrow Agreement**").

In consideration of good and valuable consideration (the receipt and sufficiency of which is acknowledged), the undersigned agrees to be bound by the Escrow Agreement in respect of the Securities.

DATED at _____ on _____

Where the Security Holder is an individual:

SIGNED, SEALED AND DELIVERED by)
● in the)
presence of:)
)
_____) _____
) ●
Name)
)
_____)
Address)
)
_____)
Occupation)

Where the Security Holder is a corporation:

The CORPORATE/COMMON of)
● was affixed in the)
presence of:)
)
_____) _____
) ●
Authorized Signatory)
)

FLOW-THROUGH UNIT ESCROW AGREEMENT

THIS AGREEMENT is made as of the _____ day of _____, 2010.

AMONG:

ZAPATA ENERGY CORPORATION
(the "**Issuer**")

AND:

OLYMPIA TRUST COMPANY
(the "**Escrow Agent**")

AND:

THE UNDERSIGNED SECURITYHOLDERS OF THE ISSUER
(the "**Security Holders**")

(collectively, the "**Parties**")

WHEREAS the Security Holders agree to deposit in escrow with the Escrow Agent the securities of the Issuer set opposite their name on Schedule "A" attached hereto, to be held in accordance with the terms of this Escrow Agreement;

AND WHEREAS the Escrow Agent has agreed to hold such securities in accordance with the terms of this Escrow Agreement;

NOW THEREFORE in consideration of the covenants contained in this Escrow Agreement and other good and valuable consideration (the receipt and sufficiency of which is acknowledged), the Parties agree as follows:

1. **Interpretation**

In this Escrow Agreement:

(a) "**Acknowledgement**" means an acknowledgement and agreement to be bound, in the form of Schedule "B" to this Escrow Agreement;

(b) "**Change of Control**" means, at any time after the Effective Date:

(i) the purchase or acquisition of any Voting Shares or Convertible Securities by a Holder which results in the Holder beneficially owning, or exercising control or direction over, Voting Shares or Convertible Securities such that, assuming only the conversion of Convertible Securities beneficially owned or over which control or direction is exercised by the Holder, the Holder would beneficially own, or exercise control or direction over, Voting Shares carrying the right to cast more than 50% of the votes attaching to all Voting Shares, but excluding any issue or sale of Voting Shares to an investment dealer or group of investment

dealers as underwriters for distribution to the public either by way of prospectus or private placement; or

(ii) the approval by the shareholders of the Issuer of an amalgamation, arrangement, merger or other consolidation or combination of the Issuer with another issuer pursuant to which the shareholders of the Issuer immediately thereafter do not own shares of the successor or continuing issuer which would entitle them to cast more than 50% of the votes attaching to all shares in the capital of the successor or continuing issuer which may be cast to elect directors of that issuer, except where executive management of the Issuer is substantially the same, or is expected to be substantially the same, post-closing the proposed transaction, and the Issuer's board of directors determination of "substantially the same" shall be final and binding; or

(iii) the election at a meeting of the Issuer's shareholders as directors of the Issuer that number of persons which would represent a majority of the board of directors of the Issuer who are not included in the slate for election as directors proposed to the Issuer's shareholders by the Issuer; or

(iv) approval by the shareholders of the Issuer of the sale, lease or other disposition of all or substantially all of the assets of the Issuer; or

(v) the completion of any transaction or the first of a series of transactions which would have the same or similar effect as any transaction or series of transactions referred to in subsections (i), (ii), (iii) or (iv) referred to above;

(c) "**Common Shares**" means common shares in the capital of the Issuer, as such may be redesignated or amended from time to time;

(d) "**Convertible Securities**" means any securities convertible or exchangeable into Voting Shares or carrying the right or obligation to acquire Voting Shares;

(e) "**Effective Date**" means the date of this Escrow Agreement;

(f) "**Final Release Date**" means eighteen months after the Effective Date;

(g) "**First Release Date**" means six months after the Effective Date;

(h) "**Holder**" means a person, a group of persons or persons acting jointly or in concert or persons associated or affiliated, within the meaning of the *Business Corporations Act* (Alberta), with any such person, group of persons or any of such persons acting jointly or in concert;

(i) "**Second Release Date**" means one year from the Effective Date;

(j) "**Securities**" means an aggregate of ● Common Shares and ● Common Share purchase warrants (or where such warrants have been exercised, the Common Shares issued upon such exercise) deposited with the Escrow Agent by the Security Holders; and

(k) "**Voting Shares**" means any securities of the Issuer ordinarily carrying the right to vote at elections of directors.

2. Deposit of Securities in Escrow

The Security Holders hereby agree to deposit the Securities with the Escrow Agent upon execution of the Escrow Agreement, to be held in escrow under this Escrow Agreement and to deliver forthwith to the Escrow Agent any certificates evidencing such Securities.

3. Direction to Escrow Agent

The Issuer and the Security Holders hereby direct the Escrow Agent to retain the Securities in escrow until the Securities are released from escrow pursuant to the terms of this Escrow Agreement.

4. Restrictions on Dealing with Securities

No Securities, and no interest in, control or direction over or certificate evidencing the Securities, may, directly or indirectly, be sold, assigned, transferred, redeemed, surrendered for consideration, mortgaged, hypothecated, charged, pledged, encumbered or otherwise dealt with in any manner except as provided in this Escrow Agreement.

5. Voting of Securities in Escrow

Escrow of the Securities will not impair any right of a Security Holder to exercise voting rights attaching to the Securities, if any.

6. Dividends on Securities in Escrow

Escrow of the Securities will not impair any right of a Security Holder to receive a dividend or other distribution on the Securities or to elect the form or manner in which a dividend or other distribution on the Securities will be paid.

7. Exercise of Other Rights Attaching to Securities in Escrow

Subject to Section 2, escrow of the Securities will not impair any right of a Security Holder to exercise a right attaching to a Security that entitles the Security Holder to purchase or otherwise acquire another security of the Corporation or to exchange or convert a Security for or into another security of the Corporation, provided that the securities so acquired are deposited in escrow with the Escrow Agent to be released on the same terms as the Security to which the right attached.

8. Matters Concerning the Escrow Agent

(a) The Escrow Agent accepts duties and responsibilities under this Escrow Agreement, and the Securities and any share certificates or other evidence of the Securities, solely as a custodian, bailee and agent. No trust is intended to be, or is or will be, created hereby and the Escrow Agent shall owe no duties hereunder as a trustee.

(b) The Escrow Agent will not be responsible or liable in any manner whatsoever for the sufficiency, correctness, genuineness or validity of any escrow security deposited with it.

(c) The Escrow Agent will have no responsibility for seeking, obtaining, compiling, preparing or determining the accuracy of any information or document, including the representative capacity in which a party purports to act, that the Escrow Agent receives as a condition to a release from escrow or a transfer of Securities within escrow under this Escrow Agreement.

(d) The Escrow Agent will have no responsibility for Securities that it has released to a Security Holder or at a Security Holder's direction according to this Escrow Agreement.

(e) The Issuer and each Security Holder hereby jointly and severally agree to indemnify and hold harmless the Escrow Agent, its affiliates, and their current and former directors, officers, employees and agents from and against any and all claims, demands, losses, penalties, costs, expenses, fees and liabilities, including, without limitation, legal fees and expenses, directly or indirectly arising out of, in connection with, or in respect of, this Escrow Agreement, except where same result directly and principally from negligence, wilful misconduct or bad faith on the part of the Escrow Agent. This indemnity survives the release of the Securities, the resignation or termination of the Escrow Agent and the termination of this Escrow Agreement.

(f) The Escrow Agent will be protected in acting and relying reasonably upon any notice, direction, instruction, order, certificate, confirmation, request, waiver, consent, receipt, statutory declaration or other paper or document (collectively referred to as "**Documents**") furnished to it and purportedly signed by any officer or person required to or entitled to execute and deliver to the Escrow Agent any such Document in connection with this Escrow Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth or accuracy of any information therein contained, which it in good faith believes to be genuine.

(g) The Escrow Agent will not be bound by any notice of a claim or demand with respect thereto, or any waiver, modification, amendment, termination or rescission of this Escrow Agreement unless received by it in writing, and signed by the other Parties and approved by the securities regulators if applicable, and, if the duties or indemnification of the Escrow Agent in this Escrow Agreement are affected, unless it has given its prior written consent.

(h) The Escrow Agent may consult with or retain such legal counsel and advisors as it may reasonably require for the purpose of discharging its duties or determining its rights under this Escrow Agreement and may rely and act upon the advice of such counsel or advisor. The Escrow Agent will give written notice to the Issuer as soon as practicable that it has retained legal counsel or other advisors. The Issuer will pay or reimburse the Escrow Agent for any reasonable fees, expenses and disbursements of such counsel or advisors.

(i) In the event of any disagreement arising under the terms of this Escrow Agreement, the Escrow Agent will be entitled, at its option, to refuse to comply with any and all demands whatsoever until the dispute is settled either by a written agreement among the Parties or by a court of competent jurisdiction.

(j) The Escrow Agent will have no duties or responsibilities except as expressly provided in this Escrow Agreement and will have no duty or responsibility arising under any other agreement, including any agreement referred to in this Escrow Agreement, to which the Escrow Agent is not a party.

(k) The Escrow Agent will have the right not to act and will not be liable for refusing to act unless it has received clear and reasonable documentation that complies with the terms of this Escrow Agreement. Such documentation must not require the exercise of any discretion or independent judgment.

(l) The Escrow Agent is authorized to cancel any share certificate delivered to it and hold such Security Holder's Securities in electronic, or uncertificated form only, pending release of such Securities from escrow.

(m) The Escrow Agent will have no responsibility with respect to any Securities in respect of which no share certificate or other evidence or electronic or uncertificated form of these Securities has been delivered to it, or otherwise received by it.

9. Limitation of Liability of the Escrow Agent

The Escrow Agent will not be liable to any of the Parties hereunder for any action taken or omitted to be taken by it under or in connection with this Escrow Agreement, except for losses directly, principally and immediately caused by its bad faith, wilful misconduct or negligence. Under no circumstances will the Escrow Agent be liable for any special, indirect, incidental, consequential, exemplary, aggravated or punitive losses or damages hereunder, including any loss of profits, whether foreseeable or unforeseeable. Notwithstanding the foregoing or any other provision of this Escrow Agreement, in no event will the collective liability of the Escrow Agent under or in connection with this Escrow Agreement to any one or more Parties, except for losses directly caused by its bad faith, wilful misconduct or negligence, exceed the amount of its annual fees under this Escrow Agreement.

10. Remuneration of the Escrow Agent

The Issuer will pay the Escrow Agent reasonable remuneration for its services under this Escrow Agreement, which fees are subject to revision from time to time on 30 days' written notice. The Issuer will reimburse the Escrow Agent for its reasonable expenses and disbursements. Any amount due under this section and unpaid 30 days after request for such payment, will bear interest from the expiration of such period at a rate per annum equal to the then current rate charged by the Escrow Agent, payable on demand.

11. Resignation of the Escrow Agent

If the Escrow Agent wishes to resign as escrow agent, the Escrow Agent will give written notice to the Issuer. If the Issuer wishes the Escrow Agent to resign as escrow agent, the Issuer will give written notice to the Escrow Agent. The resignation of the Escrow Agent will be effective and the Escrow Agent will cease to be bound by this Escrow Agreement on the date that is 60 days after the date of receipt of the notices referred to above by the Escrow Agent or Issuer, as applicable, or on such other date as the Escrow Agent and the Issuer may agree upon (the "**Resignation Date**"), provided that the Resignation Date will not be a date that is less than 10 business days before a release date and the Issuer will, before the Resignation Date, have appointed another escrow agent who has accepted such appointment, which appointment will be binding on the Issuer and the Security Holder.

12. Permitted Transfers Within Escrow

12.1 Transfer to Insiders

Subject to applicable securities legislation, Securities may be transferred within escrow by a Security Holder to: (i) another Security Holder; (ii) an individual who is a director, senior officer, employee or consultant of the Issuer or a subsidiary of the Issuer; (iii) a child or a spouse of the Security Holder; (iv) a person or company of which a majority of the voting securities are beneficially owned by, or a majority of the directors are, persons or companies described in paragraphs (i), (ii) or (iii); or (v) a trust or estate of which all of the beneficiaries or a majority of the trustees are persons or companies described in paragraphs (i), (ii), (iii) or (iv); provided that the Escrow Agent first receives:

(a) a written direction from the Issuer, approved and executed by Chief Executive Officer or Chief Financial Officer of the Issuer, approving the transfer;

(b) a transfer power of attorney, duly executed by the transferor with signature guaranteed if required by the Escrow Agent; and

(c) an Acknowledgment signed by the transferee or an amended or new Escrow Agreement reflecting the transfer.

12.2 Transfer Upon Bankruptcy

In the event of the bankruptcy of a Security Holder, the Securities of the Security Holder may be transferred within escrow to the trustee in bankruptcy or other person (or company) legally entitled to such Securities, provided that the Escrow Agent first receives:

(a) a certified copy of either:

(i) the assignment in bankruptcy of the Security Holder filed with the Superintendent of Bankruptcy; or

(ii) the Receiving Order adjudging the Security Holder bankrupt;

(b) a certified copy of a certificate of appointment of the trustee in bankruptcy;

(c) a transfer power of attorney, duly executed by the transferor, with signature guaranteed if required by the Escrow Agent; and

(d) an Acknowledgment signed by the trustee in bankruptcy or other person (or company) legally entitled to the Securities or an amended or new Escrow Agreement reflecting the transfer.

12.3 Transfer to Certain Plans

Securities may be transferred within escrow by a Security Holder to a registered retirement savings plan ("**RRSP**"), registered retirement income find ("**RRIF**"), registered education savings plan ("**RESP**") or a

tax-free savings account ("**TFSA**"), or subsequently between RRSPs or from an RRSP to an RRIF or RESP, provided that the Escrow Agent first receives:

(a) evidence from the trustee of the RRSP, RRIF, RESP or TFSA, as applicable stating that, to the best of the trustee's knowledge, the Security Holder is, during the Security Holder's lifetime, the sole beneficiary of the RRSP, RRIF, RESP or TFSA;

(b) a transfer power of attorney, duly executed by the transferor, with signature guaranteed if required by the Escrow Agent; and

(c) an Acknowledgment signed by the trustee of the RRSP, RRIF, RESP or TFSA, as applicable, or an amended or new Escrow Agreement reflecting the transfer.

12.4 Effect of Transfer Within Escrow

Upon completion of a transfer of Securities pursuant to this Section 12, the transferee will be a Security Holder and the Securities transferred will remain in escrow to be held in and released from escrow on the same terms and conditions as were applicable prior to the transfer.

13. Release of Securities

Subject to Section 15, the Securities will be released from escrow as follows:

(a) one third of the Securities shall be released on the First Release Date;

(b) an additional one third of the Securities shall be released on the Second Release Date; and

(c) the balance of the Securities shall be released on the Final Release Date.

14. Delivery of Certificates to Security Holder

The Escrow Agent will, as soon as reasonably practicable after the applicable release date, deliver the certificates evidencing the Securities released from escrow to the Security Holder in accordance with Section 17.3 hereof and the Escrow Agent is hereby specifically authorized and granted such powers as are necessary to effect any splits of the certificates representing the Securities in order to effect the release and in connection therewith the Issuer will, as soon as reasonably practicable, cause separate replacement certificates to be prepared and delivered to the Escrow Agent.

15. Change of Control

All Securities shall be released from escrow if a Change of Control takes place, upon receipt by the Escrow Agent of documentation from the Issuer confirming the Change of Control, including the date of the Change of Control.

16. Take-Over Bid

16.1 Deliveries to Escrow Agent

If a Security Holder wishes to tender certain Securities of the Security Holder (the "**Tendered Securities**") to a take-over bid (as defined in the *Securities Act* (Alberta)), which is not exempt from the take-over bid requirements of applicable securities legislation made for all of the Common Shares (a "**Transaction**"), the Security Holder shall deliver to the Escrow Agent:

(a) a written direction signed by the Security Holder (a "**Direction**") that directs the Escrow Agent to deliver to a specified person (or company) (the "**Depository**") either:

(i) certificates evidencing the Tendered Securities, or

(ii) where the Security Holder has provided the Escrow Agent with a notice of guaranteed delivery or similar notice of the Security Holder's intent to tender the Tendered Securities to the Transaction, that notice, together with a letter of transmittal or similar document which provides that all certificates, whether or not the Transaction is completed, shall be delivered or returned to the Escrow Agent, as the case may be, and held in accordance with this Escrow Agreement; and

(b) such other information concerning or evidence of the Transaction as the Escrow Agent may reasonably require.

16.2 Deliveries to Depository

As soon as practicable after its receipt of the information and documentation specified in Section 16.1, the Escrow Agent will deliver to the Depository, in accordance with the Direction, the documentation specified or provided under Section 16.

16.3 Exchange of Securities

The Escrow Agent will hold any securities acquired by the Security Holder under a Transaction in escrow on the same terms and conditions, including release dates, as applied to the Securities for which they were exchanged, substituted or constituted consideration.

17. Notices

17.1 Notice to Escrow Agent

Documents will be considered to have been delivered to the Escrow Agent on the next business day following the date of transmission, if delivered by facsimile, the date of physical delivery, if delivered by hand or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the following:

OLYMPIA TRUST COMPANY
2300, 125 - 9th Avenue S.E.

Calgary, Alberta T2G 0P6
Attention: Manager, Corporate and Shareholder Services
Facsimile: (403) 265-1455

17.2 Notice to Issuer

Documents will be considered to have been delivered to the Issuer on the next business day following the date of transmission, if delivered by facsimile, the date of physical delivery, if delivered by hand or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the following:

ZAPATA ENERGY CORPORATION
500, 435 – 4th Avenue SW
Calgary, Alberta T2P 3A8
Attention: P. Daniel O'Neil
Facsimile: (403) 294-7877

17.3 Deliveries to Security Holders

Documents will be considered to have been delivered to the Security Holder on the next business day following the date of transmission, if delivered by facsimile, the date of physical delivery, if delivered by hand or by prepaid courier, or five business days after the date of mailing, if delivered by mail, to the addresses set forth below each Security Holder's name on Schedule "A" attached hereto.

The Escrow Agent will, unless the Security Holder directs the Escrow Agent in writing otherwise, deliver all certificates representing Securities of the Security Holder that have been released from escrow to the address of the Security Holder set forth in Schedule "A".

17.4 Change of Address

Any change in an address will be effective only upon delivery to the other Party of written notice of such change.

17.5 Postal Interruption

A Party will not effect a delivery by mail if the Party is aware of an actual or impending disruption of postal service.

18. Further Assurances

The Parties will execute and deliver any further documents and perform any further acts necessary to carry out the intent of this Escrow Agreement.

19. Time

Time is of the essence in this Escrow Agreement.

20. Governing Laws

This Escrow Agreement will be construed in accordance with and governed by the laws of the Province of Alberta and the laws of Canada applicable therein.

21. Counterparts

This Escrow Agreement may be executed by facsimile and in two or more counterparts, each of which will be deemed to be an original and all of which will constitute one agreement.

22. Enurement

This Escrow Agreement will entire to the benefit of and be binding on the Parties and their heirs, executors, administrators, successors and permitted assigns. This Escrow Agreement may be executed either originally or via facsimile, and may be executed in one or more counterparts.

(remainder of page intentionally blank)

The Parties have executed and delivered this Agreement as of the date set out above.

ZAPATA ENERGY CORPORATION

Per: _____

Per: _____

OLYMPIA TRUST COMPANY

Per: _____

Per: _____

and the Security Holders set forth on the following execution pages:

Security Holder Execution Page

(***Information provided below should be identical to the registration instructions on the face page of the Subscription Agreement and this page is to be executed by the registered holder of the Securities***)

_____

(Name of Security Holder – Please Print)

_____

(Authorized Signatory – Please Sign)

_____

(Position, if applicable)

Address:

_____

_____

_____

Securities:

Class of Securities	Number
Common Shares	
Common Share Purchase Warrants	

SCHEDULE "A"

Security Holders

SCHEDULE "B"

Acknowledgment and Agreement to be Bound

The undersigned hereby acknowledges that the securities listed in the attached Schedule "A" (the "**Securities**") have been or will be transferred to the undersigned and that such Securities are subject to an Escrow Agreement dated _____ _____, 2010 (the "**Escrow Agreement**").

In consideration of good and valuable consideration (the receipt and sufficiency of which is acknowledged), the undersigned agrees to be bound by the Escrow Agreement in respect of the Securities.

DATED at _____ on _____

Where the Security Holder is an individual:

SIGNED, SEALED AND DELIVERED by)
● in the)
presence of:)
)
_____) _____
Name) ●
)
_____)
Address)
)
_____)
Occupation)

Where the Security Holder is a corporation:

The CORPORATE/COMMON of)
● was affixed in the)
presence of:)
)
_____) _____
Authorized Signatory) ●
)

SCHEDULE D - FORM OF SHARE SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT FOR COMMON SHARES

TO: Zapata Energy Corporation (the "Corporation")

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase that number of common shares in the capital of the Corporation (the "**Shares**") set forth below for the aggregate subscription price set forth below (the "**Aggregate Subscription Price**"), representing a subscription price of $4.40 per Share, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Common Shares of Zapata Energy Corporation" attached hereto (together with this page and the attached Exhibits and Schedules, the "**Subscription Agreement**"). **In addition to this face page, the Subscriber must also complete Exhibit 1 attached hereto, if applicable, complete and execute the escrow agreement attached as Exhibit 2 hereto, complete and execute Exhibit 3, if applicable, and complete and execute Exhibit 4, if applicable.**

_____
(Name of Subscriber - please print)

By: _____
(Authorized Signature)

_____
(Official Capacity or Title - please print)

_____
(Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

_____
(Subscriber's Address)

_____

_____
(Telephone Number) (E-Mail Address)

Number of Shares:

Aggregate Subscription Price:

If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to NI 45-106 (as defined herein) by virtue of being either (i) a trust company or trust corporation acting on behalf of a fully managed account managed by the trust company or trust corporation; or (ii) a person acting on behalf of a fully managed account managed by it, and in each case satisfying the criteria set forth in NI 45-106, complete the following and ensure that Exhibit 1 is completed in respect of such principal ("Disclosed Beneficial Purchaser"):

_____
(Name of Principal)

_____
(Principal's Address)

_____
(Principal's Telephone Number) (Principal's E-Mail Address)

Register the Shares as set forth below:

_____
(Name)

_____
(Account reference, if applicable)

_____
(Address)

_____

_____

Deliver the Shares as set forth below:

_____
(Name)

_____
(Account reference, if applicable)

_____
(Contact Name)

_____
(Address)

_____

The Subscriber owns, directly or indirectly, the following number of Shares (excluding the Shares subscribed for hereunder):

_____

The Subscriber is ☐ or is not ☐ an insider of the Corporation

The Subscriber is ☐ or is not ☐ a member of the Pro Group (as defined under the policies of the TSX Venture Exchange

ACCEPTANCE: The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

_____, 2010

ZAPATA ENERGY CORPORATION

Subscription No:

By: _____

This is the first page of an agreement comprised of 9 pages (not including Exhibits 1, 2, 3, or 4).

TERMS AND CONDITIONS OF SUBSCRIPTION FOR COMMON SHARES OF ZAPATA ENERGY CORPORATION

Terms of the Offering

1. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser on whose behalf the Subscriber is contracting) that this subscription is subject to rejection or allotment by the Corporation in whole or in part.

2. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser on whose behalf the Subscriber is contracting) that the Shares subscribed for by it hereunder form part of a larger issuance and sale by the Corporation of up to 1,787,500 Shares at a price of $4.40 per Share, up to 1,394,317 units (the "**Units**") at a price of $4.40 per Unit, and up to 681,819 units (the "**Flow-Through Units**") at a price of $4.40 per Flow-Through Unit (the "**Offering**"). Each Unit is comprised of one Share and one performance warrant and each Flow-Through Unit is comprised of one Share issued on a "flow-through" basis and one performance warrant.

Representations, Warranties and Covenants by Subscriber

3. The Subscriber, on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting (for the purposes of the following representations, warranties and covenants, any reference to the "Subscriber" or "it" includes the Subscriber and each person on whose behalf the Subscriber is contracting), represents, warrants and covenants to the Corporation and its counsel (and acknowledges that the Corporation and its counsel are relying thereon) that both at the date hereof and at the Closing Time (as defined herein):

(a) it has been independently advised as to restrictions with respect to trading in the Shares imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation with respect thereto, acknowledges that it is aware of the characteristics of the Shares, the risks relating to an investment therein and of the fact that it may not be able to resell the Shares except in accordance with limited exemptions under applicable securities legislation and regulatory policy until expiry of the applicable restricted period and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Shares will bear a legend indicating that the resale of such securities is restricted for a period of 4 months and one day from the closing of the Offering; the Subscriber further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it;

(b) it has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, any prospectus, sales or advertising literature, or any other document (other than an annual report, annual information form, interim report, information circular or any other continuous disclosure document, other than an offering memorandum, the content of which is prescribed by statute or regulation) describing or purporting to describe the business and affairs of the Corporation which has been prepared for delivery to, and review by, prospective purchasers in order to assist it in making an investment decision in respect of the Shares;

(c) it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Shares;

(d) unless it is purchasing under subparagraph 3(e), it is purchasing the Shares as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Shares, it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Subscriber's Address" on the face page hereof and:

(i) it is an "**accredited investor**", as such term is defined in National Instrument 45-106 - *Prospectus and Registration Exemptions* of the Canadian Securities Administrators adopted under the securities legislation of the Canadian jurisdictions ("**NI 45-106**"), it was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106, and it has concurrently executed and delivered a Representation Letter in the form attached as **Exhibit 1** to this Subscription Agreement and has initialed or placed a check mark in **Appendix "A"** thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set forth in such definition; or

(ii) it will have an acquisition cost of purchasing the Shares sold hereunder of not less than $150,000 paid in cash at the time of the trade and it was not created or used solely to purchase or hold securities to permit it to purchase

securities in reliance on the exemption from the registration and prospectus requirements of applicable securities laws;

(iii) it is resident in or otherwise subject to applicable securities laws of a province of Canada other than Ontario and it is one of the following and has so indicated by initialing the applicable paragraph:

_____ (A) a "director", "executive officer" or "control person" (as such terms are defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement) of the Corporation, or of an affiliate (as such term is defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement) of the Corporation; or

_____ (B) a "spouse" (as such term is defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement), parent, grandparent, brother, sister or child of any person referred to in subparagraph (A) above; or

_____ (C) a parent, grandparent, brother, sister or child of the spouse of any person referred to in subparagraph (A) above; or

_____ (D) a close personal friend of any person referred to in subparagraph (A) above and (i) it certifies to the Corporation it has reviewed and understands the guidance respecting the meaning of the phrase "close personal friend" set forth below, (ii) if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with any of such persons and (iii) if it is resident in Saskatchewan, it has completed the Risk Acknowledgement Form attached as **Exhibit 4**; or

_____ (E) a close business associate of any person referred to in subparagraph (A) above and (i) it certifies to the Corporation it has reviewed and understands the guidance respecting the meaning of the phrase "close business associate" set forth below, (ii) if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with any of such persons, and (iii) if it is resident in Saskatchewan, it has completed the Risk Acknowledgement Form attached as **Exhibit 4**; or

_____ (F) a "founder" (as such term is defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement) of the Corporation, or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the Corporation and (i) if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with such founder of the Corporation, and (ii) if it is resident in Saskatchewan, it has completed the Risk Acknowledgement Form attached as **Exhibit 4**; or

_____ (G) a parent, grandparent, brother, sister or child of a spouse of a founder of the Corporation; or

_____ (H) a person of which a majority of the voting securities are beneficially owned by, or a majority of directors are, persons described in subparagraphs (A) through (G) above, and, if it is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, it has completed the Risk Acknowledgement Form attached as **Exhibit 4**; or

_____ (I) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in subparagraphs (A) through (G) above, and if it is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, it has completed the Risk Acknowledgement Form attached as **Exhibit 4**; or

*(**Note:** for the purposes of subparagraphs (D) and (F) above, a person is not a close personal friend solely because the individual is a relative or a member of the same organization, association or religious group or because the individual is a client, customer or former client or customer, nor is an individual a close personal friend as a result of being a close personal friend of a close personal friend of one of the listed individuals above, rather the relationship must be direct. A*

close personal friend is one who knows the director, executive officer, founder or control person well enough and has known them for a sufficient period of time to be in a position to assess their capabilities and trustworthiness. Further, for the purposes of subparagraphs (E) and (F) above, a person is not a "close business associate" if the person is a casual business associate or a person introduced or solicited for purposes of purchasing securities nor is the individual a close business associate solely because the individual is a client, customer, former client or customer, nor is the individual a close business associate if they are a close business associate of a close business associate of one of the listed individuals above, rather the relationship must be direct. A close business associate is an individual who had sufficient prior dealings with the director, executive officer, founder or control person to be in a position to assess their capabilities and trustworthiness.)

(iv) it is an employee, executive officer, director or consultant (as such terms (other than employee) are defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** to this Subscription Agreement) of the Corporation or a related entity of the Corporation and its participation in the trade is voluntary, meaning it is not induced to participate in the trade by expectation of employment or appointment or continued employment or appointment with, or engagement to provide services or continued engagement to provide services to, as applicable, the Corporation or a related entity of the Corporation; or

(e) if it is not purchasing as a principal, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each Disclosed Beneficial Purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Shares, it acknowledges that the Corporation is required by law to disclose to certain regulatory authorities the identity of each Disclosed Beneficial Purchaser of Shares for whom it may be acting, and it is resident in the jurisdiction set out as the "Subscriber's Address" and each Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the "Principal's Address" on the face page hereof and either:

(i) it is an "accredited investor" as such term is defined in paragraphs (p) or (q) of the definition of "accredited investor" in NI 45-106 and reproduced in **Appendix "A"** to **Exhibit 1** of this Subscription Agreement and is therefore deemed to be purchasing as principal pursuant to NI 45-106 and it has concurrently executed and delivered a Representation Letter in the form attached hereto as **Exhibit 1** and has initialled or placed a check mark in **Appendix "A"** thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set out in paragraphs (p) or (q) of **Appendix "A"** thereto; or

(ii) subject to securities laws applicable to the Subscriber, it is acting as agent for one or more disclosed beneficial purchasers and each of such beneficial purchasers complies with one of the criteria of paragraph 3(d) hereof;

(f) it acknowledges that:

(i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Shares;

(ii) there is no government or other insurance covering the Shares;

(iii) there are risks associated with the purchase of the Shares;

(iv) there are restrictions on the Subscriber's ability to resell the Shares and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Shares;

(v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under the *Securities Act* (Alberta) and other applicable securities laws and, as a consequence of acquiring Shares pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Alberta) and other applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber;

(g) it is aware that the Shares have not been and will not be registered under the United States *Securities Act of 1933*, as amended ("**U.S. Securities Act**") or the securities laws of any state, territory or possession of the United States and that these securities may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and the applicable laws of all applicable states and acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Shares;

(h) the Shares have not been offered to the Subscriber in the United States, and the individuals making the order to purchase the Shares and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;

(i) it is not a U.S. Person (as defined in Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not purchasing the Shares on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person;

(j) it undertakes and agrees that it will not offer or sell the Shares in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available;

(k) if a corporation, partnership, unincorporated association or other entity, it has been duly incorporated or created, it is valid and subsisting under the laws of its jurisdiction of incorporation or creation, it has the legal capacity to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, shareholders or otherwise have been given and obtained;

(l) if an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto;

(m) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber;

(n) in the case of a subscription by it for Shares acting as agent for a Disclosed Beneficial Purchaser, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such principal and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable agreement of, such principal;

(o) it and each Disclosed Beneficial Purchaser has such knowledge of financial and business affairs as to be capable of evaluating the merits and risks of its investment and is able to bear the economic risk of loss of its investment;

(p) except for this Subscription Agreement, it has relied solely upon publicly available information relating to the Corporation and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation, such publicly available information having been delivered to the Subscriber without independent investigation or verification by the Corporation, and agrees that the Corporation and the Corporation's counsel assume no responsibility or liability of any nature whatsoever for the accuracy, adequacy or completeness of the publicly available information or as to whether all information concerning the Corporation required to be disclosed by the Corporation has been generally disclosed;

(q) it confirms that neither the Corporation, nor any of its directors, officers, employees or representatives, has made any representations (oral or written) to the Subscriber, including:

  (i) that any person will resell or repurchase the Shares, except pursuant to provisions of the Escrow Agreement attached as **Exhibit 2** hereto;

  (ii) that any person will refund the purchase price of the Shares, except pursuant to provisions of the Escrow Agreement attached as **Exhibit 2** hereto; or

  (iii) as to the future price or value of the Shares;

(r) it acknowledges that the Corporation's counsel is acting as counsel to the Corporation, and not as counsel to the Subscriber;

(s) it understands, acknowledges and is aware that the Shares are being offered for sale only on a "private placement" basis and that the sale and delivery of the Shares is conditional, among other things, upon such sale being exempt from the requirements under applicable securities laws as to the filing of a prospectus or delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the filing of a prospectus or delivering an offering memorandum and, as a consequence (i) it is restricted from using most of the civil remedies available under applicable securities legislation; (ii) it may not receive information that would otherwise be

required to be provided to it under applicable securities legislation; and (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities legislation;

(t) it acknowledges that the Corporation may complete additional financings in the future in order to develop the business of the Corporation and to fund its ongoing development; that there is no assurance that such financings will be available and, if available, on reasonable terms; any such future financings may have a dilutive effect on current securityholders, including the Subscriber; that if such future financings are not available, the Corporation may be unable to fund its ongoing development;

(u) if required by applicable securities laws, regulations, rules, policies or orders or by any securities commission or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Shares (including, without limitation, in the case of an accredited investor, a Representation Letter in the form attached as **Exhibit 1**, in the case of a Subscriber that is not an individual, a Form 4C in the form attached as **Exhibit 3** and in the case of a Subscriber that is resident in or otherwise subject to the laws of the province of Saskatchewan and are a close personal friend or close business associate of a director, executive officer, control person or founder (as defined in NI 45-106) of the Corporation, or of an affiliate (as defined in the *Securities Act* (Alberta)) of the Corporation or a person described in paragraphs 3(d)(iii)(H) or 3(d)(iii)(I), a Risk Acknowledgement Form in the form attached as **Exhibit 4**;

(v) it will not resell the Shares, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules;

(w) the entering into of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber, and if the Subscriber is not a natural person, any of the Subscriber's constating documents, or any agreement to which the Subscriber is a party or by which it is bound; and

(x) the Subscriber acknowledges that it has been encouraged to obtain independent legal, income tax and investment advice with respect to its subscription for the Shares and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber for purposes of giving representations, warranties and covenants under this Subscription Agreement.

Escrow Agreement

4. The Subscriber acknowledges and agrees that, as a condition to the Corporation agreeing to issue the Shares to the Subscriber, the Subscriber shall execute and deliver the Escrow Agreement attached as **Exhibit 2** hereto concurrently with this Subscription Agreement. The Subscriber acknowledges and agrees that, upon issuance, the Shares and the certificates representing the Shares shall be held in escrow in accordance with the terms and conditions of the Escrow Agreement and may only be released in accordance with the terms and conditions of the Escrow Agreement and may be subject to repurchase without the consent of the Subscriber as provided in the Escrow Agreement in the event that the Subscriber ceases to be a "service provider" of the Corporation, as such term is defined in the Escrow Agreement. The Subscriber acknowledges and agrees that it has read the Escrow Agreement and understands the terms and conditions thereof and has been encouraged to obtain independent legal advice with respect to the entering into of the Escrow Agreement.

Closing

5. The Subscriber agrees to deliver to the Corporation c/o Heenan Blaikie LLP, Suite 1200 425, 1st Street SW, Calgary, Alberta, T2P 3L8, Attn: Chris Peng, not later than 4:00 p.m. (Calgary time) on April 9, 2010: (a) this duly completed and executed Subscription Agreement; (b) a fully executed and completed Representation Letter in the form of **Exhibit 1**, if applicable, (c) a fully executed and completed Escrow Agreement in the form of **Exhibit 2**; (d) a duly executed Form 4C in the form attached as **Exhibit 3** if the Subscriber is not an individual, if applicable; (e) a duly executed Form 45-106F5 in the form attached as **Exhibit 4,** if applicable, and (f) a certified cheque or bank draft payable to the Corporation for the Aggregate Subscription Price or payment of the same amount in such other manner as is acceptable to the Corporation. If this Subscription Agreement is rejected in whole or in part, the Subscriber acknowledges that the unused portion of the subscription amount will be promptly returned to it without interest.

6. The sale of the Shares pursuant to this Subscription Agreement will be completed at the offices of the Corporation at 2:00 p.m. or such other time as the Corporation and P. Daniel O'Neil, acting on behalf of the Subscriber, may agree (the "**Closing Time**") on April 13, 2010 or such earlier or later date as the Corporation and P. Daniel O'Neil may agree (the "**Closing Date**").

7. The Corporation shall be entitled to rely on delivery of a facsimile copy of executed Subscription Agreements, and acceptance by the Corporation of such facsimile subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

General

8. The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein (including those contained in any of the exhibits or appendices hereto) will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Shares. The representations, warranties and covenants of the Subscriber herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Shares and the Subscriber agrees to indemnify and hold harmless the Corporation and its affiliates, shareholders, directors, officers, partners, employees and agents (including its legal counsel), from and against all losses, claims, costs, expenses and damages or liabilities whatsoever which any of them may suffer or incur which are caused or arise, directly or indirectly, from a breach thereof. The Subscriber undertakes to immediately notify the Corporation c/o Heenan Blaikie LLP at Suite 1200, 425 – 1st Street S.W., Calgary, Alberta, T2P 3L8, Attention: P. Daniel O'Neil (Fax: 1-866-299-9377), of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time.

9. The Subscriber hereby irrevocably authorizes P. Daniel O'Neil, in his sole discretion: (a) to act as its representative at the closing and to execute in its name and on its behalf all closing receipts and documents required; (b) to complete or correct any errors or omissions in any form or document, including this Subscription Agreement, provided by the Subscriber; (c) to receive on its behalf certificates representing the Shares purchased under this Subscription Agreement; and (d) to approve any opinions, certificates or other documents addressed to the Subscriber.

10. The Subscriber, on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting, acknowledges that this Subscription Agreement and the Exhibits hereto require the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility to purchase the Shares under applicable securities laws, preparing and registering certificates representing the Shares to be issued to the Subscriber and completing filings required by any stock exchange or securities regulatory authority. The Subscriber's personal information may be disclosed by the Corporation to: (a) stock exchanges or securities regulatory authorities, (b) the Corporation's registrar and transfer agent, (c) Canada Revenue Agency; (d) any government agency, board or other entity; and (e) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber's personal information. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in Section 5 hereof as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby. If it is a resident of or otherwise subject to applicable securities laws of Ontario, the Subscriber acknowledges that it has been notified by the Corporation (a) of the delivery to the Ontario Securities Commission (the "**OSC**") of the full name, residential address and telephone number of the Subscriber, the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of distribution; (b) that this information is being collected indirectly by the OSC under the authority granted to it in securities legislation; (c) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and (d) that the Administrative Assistant to the Director of Corporate Finance at the OSC can be contacted at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or at (416) 593-8086 regarding any questions about the OSC's indirect collection of this information.

11. The Subscriber represents and warrants that the funds representing the Aggregate Subscription Price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLA**") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge, none of the subscription funds to be provided by the Subscriber (i) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber. The Subscriber further covenants and agrees that it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and shall provide the Corporation with appropriate information in connection therewith.

12. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Shares to the Subscriber shall be borne by the Subscriber.

13. Any obligation of the Corporation to sell the Shares to the Subscriber is subject to (a) performance by the Subscriber of its covenants under and in accordance with this Subscription Agreement; (b) the truth, at the time of acceptance and at the Closing Date (as defined herein), of the Subscriber's representations and warranties in this Subscription Agreement (including those contained in any of the exhibits or appendices hereto); (c) the trade of the Shares to the Subscriber being exempt from the prospectus requirements of applicable securities laws; (d) the Corporation having obtained all required regulatory approvals to permit the completion of such sale; and (e) the Subscriber executing and delivering all requisite documentation as required by this Subscription Agreement and applicable securities laws with respect to the Shares.

14. The Subscriber understands that the information provided herein will be relied upon by the Corporation for purposes of determining the eligibility of the Subscriber to purchase the Shares. The Subscriber agrees to provide upon request any additional information that the Corporation determines necessary or appropriate in determining the Subscriber's eligibility.

15. The contract arising out of this Subscription Agreement and all documents relating thereto, which by common accord has been or will be drafted in English, shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta. Time shall be of the essence hereof.

16. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

17. The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided that, except for the assignment by a Subscriber who is acting as nominee or agent for the beneficial owner and as otherwise herein provided, this Subscription Agreement shall not be assignable by any party without prior written consent of the other parties.

18. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

19. Subject to Section 9, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

20. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

21. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement (including exhibits), references to dollar amounts are to Canadian dollars.

22. The obligations of the parties hereunder are subject to acceptance of the terms of the Offering by the TSX Venture Exchange and all other required regulatory approval.

23. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

DELIVERY INSTRUCTIONS

Deliver to:

Zapata Energy Corporation
c/o Heenan Blaikie LLP
Suite 1200, 425 1st Street SW
Calgary, Alberta
T2P 3L8

Attention: **Chris Peng**
E-mail: **cpeng@heenan.ca**
Phone: **(403) 261-5232**
Facsimile: **1 (866) 299-9377**

No later than 4:00 p.m. (Calgary time) on April 9, 2010 (or two business days before the Closing Date of which the Subscriber receives notice):

(a) the attached Subscription Agreement completed and executed;

(b) a **certified cheque** or **bank draft** payable to Zapata Energy Corporation for the aggregate subscription price or payment of the same amount in such other manner as is acceptable to Zapata Energy Corporation;

(c) if you are a resident in or otherwise subject to the securities laws of **any jurisdiction of Canada** and are an "accredited investor", a fully executed and completed **Representation Letter** (**Exhibit 1**) and **Appendix "A"** thereto completed and executed;

(d) a duly executed and completed Escrow Agreement in the form of **Exhibit 2**;

(e) a duly executed Form 4C in the form attached as **Exhibit 3** if the Subscriber is not an individual, if applicable; and

(f) if you are resident in or otherwise subject to the securities laws of **Saskatchewan** and are a close personal friend or close business associate of a director, executive officer, control person or founder (as defined in 45-106) of the Corporation, or of an affiliate (as defined in the *Securities Act* (Alberta)) of the Corporation or a person described in paragraphs 3(d)(iii)(H) or 3(d)(iii)(I) of the attached Subscription Agreement, a fully executed **Risk Acknowledgement Form** in the form of **Exhibit 4**.

EXHIBIT 1

REPRESENTATION LETTER

(FOR ACCREDITED INVESTORS)

TO: Zapata Energy Corporation (the "Corporation")

In connection with the purchase of common shares of the Corporation ("**Shares**") by the undersigned subscriber (the "**Subscriber**") or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "**Disclosed Beneficial Purchaser**"), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Subscriber is purchasing the Shares as principal for its own account or complies with the provisions of paragraph 3(e) of the Subscription Agreement;

2. The Subscriber or Disclosed Beneficial Purchaser, as applicable, is (and will be at the Closing Time) an "accredited investor" within the meaning of National Instrument 45-106 entitled "Prospectus and Registration Exemptions" ("**NI 45-106**") by virtue of satisfying the indicated criterion as set out in Appendix "A" to this Representation Letter;

3. The Subscriber or Disclosed Beneficial Purchaser, as applicable, was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106; and

4. Upon execution of this Exhibit 1 by the Subscriber, this Exhibit 1 shall be incorporated into and form a part of the Subscription Agreement.

Dated: _____, 2010

_____
Print name of Subscriber

By: _____
Signature

_____
Print name of Signatory (if different from Subscriber)

_____
Title

_____
Name of Disclosed Beneficial Purchaser (if applicable)

IMPORTANT: PLEASE INITIAL THE APPLICABLE PROVISION IN APPENDIX "A" ON THE NEXT PAGES

APPENDIX "A"

TO EXHIBIT 1

NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.

Accredited Investor - (defined in National Instrument 45-106) means:

_____ (a) a Canadian financial institution, or a Schedule III bank; or

_____ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

_____ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or

_____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador); or

_____ (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or

_____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or

_____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or

_____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or

_____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; or

_____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000; or

_____ (k) an individual whose net income before taxes exceeded $200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialled.)

_____ (l) an individual who, either alone or with a spouse, has net assets of at least $5,000,000; or

_____ (m) a person, other than an individual or investment fund, that has net assets of at least $5,000,000 as shown on its most recently prepared financial statements; or

_____ (n) an investment fund that distributes or has distributed its securities only to

(i) a person that is or was an accredited investor at the time of the distribution,

(ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 or 2.19 of National Instrument 45-106, or

(iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106; or

_____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or

_____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or

_____ (q) a person acting on behalf of a fully managed account managed by that person, if that person

(i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and

(ii) in Ontario, is purchasing a security that is not a security of an investment fund; or

_____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or

_____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or

_____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in National Instrument 45-106); or

_____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

_____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor.

For the purposes hereof:

(a) "**affiliate**" means an issuer connected with another issuer because

(i) one of them is the subsidiary of the other;

(ii) each of them is controlled by the same person; or

(iii) for the purposes of Saskatchewan securities law, both are subsidiaries of the same issuer;

(b) "**Canadian financial institution**" means

(i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or

(ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) "**consultant**" means, for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that

(i) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution;

(ii) provides the services under a written contract with the issuer or a related entity of the issuer; and

(iii) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer and includes, for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;

(d) "**control**" for the purposes of this Subscription Agreement, a person (first person) is considered to control another person (second person) where

(i) the first person beneficially owns or directly or indirectly, exercises control of discretion over securities of the second person carrying votes which, if exercised would entitle the first person to elect a majority of the directors of the second person, unless that firs person holds the voting securities only to secure an obligation,

(ii) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or

(iii) the second person is a limited partnership and the general partner of the limited partnership is the first person;

(e) "**director**" means

(i) a member of the board of directors of a company or an individual who performs similar functions for a company, and

(ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

(f) "**eligibility adviser**" means

(i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and

(ii) in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or

association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not

(A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officer, founders, or control persons, and

(B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

(g) "**executive officer**" means, for an issuer, an individual who is

(i) a chair, vice-chair or president,

(ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or

(iii) performing a policy-making function in respect of the issuer;

(h) "**financial assets**" means

(i) cash,

(ii) securities, or

(iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

(i) "**foreign jurisdiction**" means a country other than Canada or a political subdivision of a country other than Canada;

(j) "**founder**" means, in respect of an issuer, a person who,

(i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and

(ii) at the time of the trade is actively involved in the business of the issuer;

(k) "**fully managed account**" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

(l) "**investment fund**" means a mutual fund or a non-redeemable investment fund, and for greater certainty in British Columbia, includes

(i) an employee venture capital corporation that does not have restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia) and whose business objective is making multiple investments; and

(ii) a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia) whose business objective is making multiple investments;

(m) "**jurisdiction**" means a province or territory of Canada except when used in the term foreign jurisdiction;

(n) "**local jurisdiction**" means the jurisdiction in which the Canadian securities regulatory authority is situate;

(o) "**non-redeemable investment fund**" means an issuer,

(i) whose primary purpose is to invest money provided by its securityholders,

(ii) that does not invest,

(A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or

(B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and

(iii) that is not a mutual fund;

(p) "**person**" includes

(i) an individual,

(ii) a corporation,

(iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

(q) "**regulator**" means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction (except with respect to Ontario, where "regulator" means the Director as defined under the *Securities Act* (Ontario));

(r) "**related liabilities**" means

(i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or

(ii) liabilities that are secured by financial assets;

(s) "**Schedule III bank**" means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(t) "**spouse**" means, an individual who,

(i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,

(ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or

(iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

(u) "**subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references are in Canadian Dollars.

EXHIBIT 2

ESCROW AGREEMENT

EXHIBIT 3

TSX venture EXCHANGE

FORM 4C

CORPORATE PLACEE REGISTRATION FORM

Where subscribers to a Private Placement are not individuals, the following information about the placee must be provided if such subscribers:

(a) will hold more than 5% of the Issuer's issued and outstanding Listed Shares on a upon completion of the Private Placement; or

(b) are subscribing for more than 25% of the Private Placement.

This Form will remain on file with the Exchange. The corporation, trust, portfolio manager or other entity (the "Placee") need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed Issuers. If as a result of the Private Placement, the Placee becomes an Insider of the Issuer, Insiders of the Placee are reminded that they must file a Personal Information Form (2A) or, if applicable, Declarations, with the Exchange.

1. Placee Information:

   (a) Name: _____

   (b) Complete Address: _____
   _____

   (c) Jurisdiction of Incorporation or Creation: _____

2. (a) Is the Placee purchasing securities as a portfolio manager: (Yes/No)? _____

   (b) Is the Placee carrying on business as a portfolio manager outside of Canada: (Yes/No)? _____

3. If the answer to 2(b) above was "Yes", the undersigned certifies that:

(a) It is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;

(b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in _____ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

(c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;

(d) the total asset value of the investment portfolios it manages on behalf of clients is not less than $20,000,000; and

(e) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.

4. If the answer to 2(a). above was "No", please provide the names and addresses of Control Persons of the Placee:

Name *	**City**	**Province or State**	**Country**

* If the Control Person is not an individual, provide the name of the individual that makes the investment decisions on behalf of the Control Person.

The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions.

Dated at _____ on _____

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____

(Please print name of individual whose signature

appears above)

Acknowledgement - Personal Information

"Personal Information" means any information about an identifiable individual, and includes information contained in sections 1, 2 and 4, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to this Form; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated at _____ on _____

_____
(Name of Purchaser - please print)

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____

(Please print name of individual whose signature

appears above)

THIS IS NOT A PUBLIC DOCUMENT

EXHIBIT 4
RISK ACKNOWLEDGEMENT
CLOSE PERSONAL FRIENDS AND CLOSE BUSINESS ASSOCIATES

The undersigned (the "Subscriber"), a resident of Saskatchewan, hereby represents and warrants, as an integral part of the attached subscription agreement, that he, she or it in all respects acknowledges and understands the following:

FORM 45-106F5

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities regulatory authority has evaluated or endorsed the merits of these securities.
- I will not be able to sell these securities for 4 months.
- I could lose all the money I invest.
- I do not have a 2-day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus.

I am investing $_____ [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a close personal friend or *close* business associate of _____[state name], who is a _____ [state title – founder, director, executive officer or control person] of _____ [state name of issuer or its affiliate – if an affiliate state "an affiliate of the issuer" and give the issuer's name]

I acknowledge that I am purchasing based on my close relationship with _____ [state name of founder, director, executive officer or control person] whom I know well enough and for a sufficient period of time to be able to assess his/her capabilities and trustworthiness.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

_____ _____
Date Signature of Purchaser

_____
Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You are buying Exempt Market Securities. They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and

- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority.

There are restrictions on your ability to resell *exempt market securities*. Exempt market securities are more risky than other securities.

You may not receive any written information about the issuer or its business.

If you have questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at http://www.sfsc.gov.sk.ca.

Purchaser's initials: _____

SCHEDULE E – FORM OF UNIT SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT FOR UNITS

TO: Zapata Energy Corporation (the "Corporation")

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of units of the Corporation (the "**Units**") set forth below for the aggregate subscription price set forth below (the "**Aggregate Subscription Price**"), representing a subscription price of $4.40 per Unit, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Units of Zapata Energy Corporation" attached hereto (together with this page and the attached Exhibits and Schedules, the "**Subscription Agreement**"). Each Unit shall be comprised of one common share in the capital of the Corporation (a "**Share**") and one share purchase warrant of the Corporation transferrable, in certain limited circumstances by the Corporation (see Section 4 hereof) (a "**Warrant**"). Each whole Warrant shall, subject to the terms and conditions of this Subscription Agreement and the terms and conditions set out in the warrant certificate, the form of which is attached hereto at **Exhibit 3** (the "**Warrant Certificate**"), entitle the holder thereof to acquire one Share at a price of $5.17 for the period stipulated in the Warrant Certificate. **In addition to this face page, the Subscriber must also complete Exhibit 1 attached hereto, if applicable, complete and execute the escrow agreement attached as Exhibit 2 hereto, and complete and execute Exhibit 4 and Exhibit 5, if applicable.**

_____
(Name of Subscriber - please print)

By: _____
(Authorized Signature)

_____
(Official Capacity or Title - please print)

_____
(Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

_____
(Subscriber's Address)

_____

_____
(Telephone Number) (E-Mail Address)

Number of Units:

Aggregate Subscription Price (CDN$):

If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to NI 45-106 (as defined herein) by virtue of being either (i) a trust company or trust corporation acting on behalf of a fully managed account managed by the trust company or trust corporation; or (ii) a person acting on behalf of a fully managed account managed by it, and in each case satisfying the criteria set forth in NI 45-106, complete the following and ensure that Exhibit 1 is completed in respect of such principal ("Disclosed Beneficial Purchaser"):

_____
(Name of Principal)

_____
(Principal's Address)

_____
(Principal's Telephone Number) (Principal's E-Mail Address)

Register the Shares and Warrants comprising the Units as set forth below:

_____
(Name)

_____
(Account reference, if applicable)

_____
(Address)

_____

_____

Deliver the Shares and Warrants comprising the Units as set forth below:

_____
(Name)

_____
(Account reference, if applicable)

_____
(Contact Name)

_____
(Address)

_____

The Subscriber owns, directly or indirectly, the following number of Shares (excluding the Units subscribed for hereunder):

_____

The Subscriber is ☐ or is not ☐ an insider of the Corporation

The Subscriber is ☐ or is not ☐ a member of the Pro Group (as defined under the policies of the TSX Venture Exchange

ACCEPTANCE: The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

_____, 2010

ZAPATA ENERGY CORPORATION

Subscription No:

By: _____

This is the first page of an agreement comprised of 9 pages (not including Exhibits 1, 2, 3, 4 or 5)

TERMS AND CONDITIONS OF SUBSCRIPTION FOR UNITS OF ZAPATA ENERGY CORPORATION

Terms of the Offering

1. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser on whose behalf the Subscriber is contracting) that this subscription is subject to rejection or allotment by the Corporation in whole or in part.

2. The Subscriber acknowledges, on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser on whose behalf the Subscriber is contracting, that the Units subscribed for by it hereunder form part of a larger issuance and sale by the Corporation of up to 1,394,317 Units at a price of $4.40 per Unit, 1,787,500 Shares at a price of $4.40 per Share, and up to 681,819 units (the "**Flow-Through Units**") at a price of $4.40 per Flow-Through Unit (the "**Offering**"). Each Unit is comprised of one Share and one Warrant and each Flow-Through Unit is comprised of one Share issued on a “flow-through” basis and one Warrant. Each Warrant shall, subject to the terms and conditions of this Subscription Agreement and the terms and conditions set out in the Warrant Certificate, the form of which is attached as Exhibit 3 hereto, entitle the holder thereof to acquire one Share at a price of $5.17 for the period stipulated in the Warrant Certificate.

Representations, Warranties and Covenants by Subscriber

3. The Subscriber, on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting (for the purposes of the following representations, warranties and covenants, any reference to the "Subscriber" or "it" includes the Subscriber and each person on whose behalf the Subscriber is contracting), represents, warrants and covenants to the Corporation and its counsel (and acknowledges that the Corporation and its counsel are relying thereon) that both at the date hereof and at the Closing Time (as defined herein):

(a) it has been independently advised as to restrictions with respect to trading in the Shares and the Warrants comprising the Units and any Shares issuable upon exercise of the Warrants (together, the "**Securities**") imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation with respect thereto, acknowledges that it is aware of the characteristics of the Securities, the risks relating to an investment therein and of the fact that it may not be able to resell the Securities except in accordance with limited exemptions under applicable securities legislation and regulatory policy until expiry of the applicable restricted period and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Securities will bear a legend indicating that the resale of such securities is restricted for a period of 4 months and one day from the closing of the Offering; the Subscriber further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it;

(b) it has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, any prospectus, sales or advertising literature, or any other document (other than an annual report, annual information form, interim report, information circular or any other continuous disclosure document, other than an offering memorandum, the content of which is prescribed by statute or regulation) describing or purporting to describe the business and affairs of the Corporation which has been prepared for delivery to, and review by, prospective purchasers in order to assist it in making an investment decision in respect of the Units;

(c) it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Units;

(d) unless it is purchasing under subparagraph 3(e), it is purchasing the Units as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Securities, it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Subscriber's Address" on the face page hereof and:

(i) it is an "**accredited investor**", as such term is defined in National Instrument 45-106 - *Prospectus and Registration Exemptions* of the Canadian Securities Administrators adopted under the securities legislation of the Canadian jurisdictions ("**NI 45-106**"), it was not created or used solely to purchase or hold securities as an

accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106, and it has concurrently executed and delivered a Representation Letter in the form attached as **Exhibit 1** to this Subscription Agreement and has initialed or placed a check mark in **Appendix "A"** thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set forth in such definition; or

(ii) it will have an acquisition cost of purchasing the Units sold hereunder of not less than $150,000 paid in cash at the time of the trade and it was not created or used solely to purchase or hold securities to permit it to purchase securities in reliance on the exemption from the registration and prospectus requirements of applicable securities laws; or

(iii) it is resident in or otherwise subject to applicable securities laws of a province of Canada other than Ontario and it is one of the following and has so indicated by initialing the applicable paragraph:

_____ (A) a "director", "executive officer" or "control person" (as such terms are defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement) of the Corporation, or of an affiliate (as such term is defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement) of the Corporation; or

_____ (B) a "spouse" (as such term is defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement), parent, grandparent, brother, sister or child of any person referred to in subparagraph (A) above; or

_____ (C) a parent, grandparent, brother, sister or child of the spouse of any person referred to in subparagraph (A) above; or

_____ (D) a close personal friend of any person referred to in subparagraph (A) above and (i) it certifies to the Corporation it has reviewed and understands the guidance respecting the meaning of the phrase "close personal friend" set forth below, (ii) if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with any of such persons and (iii) if it is resident in Saskatchewan, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

_____ (E) a close business associate of any person referred to in subparagraph (A) above and (i) it certifies to the Corporation it has reviewed and understands the guidance respecting the meaning of the phrase "close business associate" set forth below, (ii) if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with any of such persons, and (iii) if it is resident in Saskatchewan, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

_____ (F) a "founder" (as such term is defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement) of the Corporation, or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the Corporation and (i) if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with such founder of the Corporation, and (ii) if it is resident in Saskatchewan, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

_____ (G) a parent, grandparent, brother, sister or child of a spouse of a founder of the Corporation; or

_____ (H) a person of which a majority of the voting securities are beneficially owned by, or a majority of directors are, persons described in subparagraphs (A) through (G) above, and, if it is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

_____ (I) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in subparagraphs (A) through (G) above, and if it is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

*(**Note:** for the purposes of subparagraphs (D) and (F) above, a person is not a close personal friend solely because the individual is a relative or a member of the same organization, association or religious group or because the individual is a client, customer or former client or customer, nor is an individual a close personal friend as a result of being a close personal friend of a close personal friend of one of the listed individuals above, rather the relationship must be direct. A close personal friend is one who knows the director, executive officer, founder or control person well enough and has known them for a sufficient period of time to be in a position to assess their capabilities and trustworthiness. Further, for the purposes of subparagraphs (E) and (F) above, a person is not a "close business associate" if the person is a casual business associate or a person introduced or solicited for purposes of purchasing securities nor is the individual a close business associate solely because the individual is a client, customer, former client or customer, nor is the individual a close business associate if they are a close business associate of a close business associate of one of the listed individuals above, rather the relationship must be direct. A close business associate is an individual who had sufficient prior dealings with the director, executive officer, founder or control person to be in a position to assess their capabilities and trustworthiness.)*

or

(iv) it is an employee, executive officer, director or consultant (as such terms (other than employee) are defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** to this Subscription Agreement) of the Corporation or a related entity of the Corporation and its participation in the trade is voluntary, meaning it is not induced to participate in the trade by expectation of employment or appointment or continued employment or appointment with, or engagement to provide services or continued engagement to provide services to, as applicable, the Corporation or a related entity of the Corporation;

(e) if it is not purchasing as a principal, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each Disclosed Beneficial Purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Securities, it acknowledges that the Corporation is required by law to disclose to certain regulatory authorities the identity of each Disclosed Beneficial Purchaser of Units for whom it may be acting, and it is resident in the jurisdiction set out as the "Subscriber's Address" and each Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the "Principal's Address" on the face page hereof and either:

(i) it is an "accredited investor" as such term is defined in paragraphs (p) or (q) of the definition of "accredited investor" in NI 45-106 and reproduced in **Appendix "A"** to **Exhibit 1** of this Subscription Agreement and is therefore deemed to be purchasing as principal pursuant to NI 45-106 and it has concurrently executed and delivered a Representation Letter in the form attached hereto as **Exhibit 1** and has initialled or placed a check mark in **Appendix "A"** thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set out in paragraphs (p) or (q) of **Appendix "A"** thereto; or

(ii) subject to securities laws applicable to the Subscriber, it is acting as agent for one or more disclosed beneficial purchasers and each of such beneficial purchasers complies with one of the criteria of paragraph 3(d) hereof;

(f) it acknowledges that:

(i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;

(ii) there is no government or other insurance covering the Securities;

(iii) there are risks associated with the purchase of the Securities;

(iv) there are restrictions on the Subscriber's ability to resell the Securities and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling Securities;

(v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company

registered to sell securities under the *Securities Act* (Alberta) and other applicable securities laws and, as a consequence of acquiring Units pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Alberta) and other applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber;

(g) it is aware that the Securities have not been and will not be registered under the United States *Securities Act of 1933*, as amended ("**U.S. Securities Act**") or the securities laws of any state, territory or possession of the United States and that the Securities may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and the applicable laws of all applicable states and acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Securities;

(h) the Units have not been offered to the Subscriber in the United States, and the individuals making the order to purchase the Units and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;

(i) it is not a U.S. Person (as defined in Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not purchasing the Units on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person;

(j) it undertakes and agrees that it will not offer or sell the Securities in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available;

(k) if a corporation, partnership, unincorporated association or other entity, it has been duly incorporated or created, it is valid and subsisting under the laws of its jurisdiction of incorporation or creation, it has the legal capacity to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, shareholders or otherwise have been given and obtained;

(l) if an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto;

(m) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber;

(n) in the case of a subscription by it for Units acting as agent for a Disclosed Beneficial Purchaser, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such principal and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable agreement of, such principal;

(o) it and each Disclosed Beneficial Purchaser has such knowledge of financial and business affairs as to be capable of evaluating the merits and risks of its investment and is able to bear the economic risk of loss of its investment;

(p) except for this Subscription Agreement, it has relied solely upon publicly available information relating to the Corporation and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation, such publicly available information having been delivered to the Subscriber without independent investigation or verification by the Corporation, and agrees that the Corporation and the Corporation's counsel assume no responsibility or liability of any nature whatsoever for the accuracy, adequacy or completeness of the publicly available information or as to whether all information concerning the Corporation required to be disclosed by the Corporation has been generally disclosed;

(q) it confirms that neither the Corporation, nor any of its directors, officers, employees or representatives, has made any representations (oral or written) to the Subscriber, including:

(i) that any person will resell or repurchase the Securities, except pursuant to provisions of the Escrow Agreement attached as **Exhibit 2** hereto;

(ii) that any person will refund the purchase price of the Securities, except pursuant to provisions of the Escrow Agreement attached as **Exhibit 2** hereto; or

(iii) as to the future price or value of the Securities;

(r) it acknowledges that the Corporation's counsel is acting as counsel to the Corporation, and not as counsel to the Subscriber;

(s) it understands, acknowledges and is aware that the Units are being offered for sale only on a "private placement" basis and that the sale and delivery of the Units is conditional, among other things, upon such sale being exempt from the requirements under applicable securities laws as to the filing of a prospectus or delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the filing of a prospectus or delivering an offering memorandum and, as a consequence (i) it is restricted from using most of the civil remedies available under applicable securities legislation; (ii) it may not receive information that would otherwise be required to be provided to it under applicable securities legislation; and (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities legislation;

(t) it acknowledges that the Corporation may complete additional financings in the future in order to develop the business of the Corporation and to fund its ongoing development; that there is no assurance that such financings will be available and, if available, on reasonable terms; any such future financings may have a dilutive effect on current securityholders, including the Subscriber; that if such future financings are not available, the Corporation may be unable to fund its ongoing development;

(u) if required by applicable securities laws, regulations, rules, policies or orders or by any securities commission or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Units (including, without limitation, in the case of an accredited investor, a Representation Letter in the form attached as **Exhibit 1**, in the case of a Subscriber that is not an individual, a Form 4C in the form attached as **Exhibit 4**) and in the case of a Subscriber that is resident in or otherwise subject to the laws of the province of Saskatchewan and is a close personal friend or close business associate of a director, executive officer, control person or founder (as defined in NI 45-106) of the Corporation, or of an affiliate (as defined in the *Securities Act* (Alberta) of the Corporation or a person described in paragraphs 3(d)(iii)(H) or 3(d)(iii)(I), a Risk Acknowledgement Form in the form attached as **Exhibit 5**;

(v) it will not resell the Securities, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules;

(w) the entering into of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber, and if the Subscriber is not a natural person, any of the Subscriber's constating documents, or any agreement to which the Subscriber is a party or by which it is bound; and

(x) the Subscriber acknowledges that it has been encouraged to obtain independent legal, income tax and investment advice with respect to its subscription for the Securities and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber for purposes of giving representations, warranties and covenants under this Subscription Agreement.

Escrow Agreement

4. The Subscriber acknowledges and agrees that, as a condition to the Corporation agreeing to issue the Units to the Subscriber, the Subscriber shall execute and deliver the Escrow Agreement attached as **Exhibit 2** hereto concurrently with this Subscription Agreement. The Subscriber acknowledges and agrees that, upon issuance, the Securities and the certificates representing the Securities shall be held in escrow in accordance with the terms and conditions of the Escrow Agreement, may only be released in accordance with the terms and conditions of the Escrow Agreement and may be subject to repurchase without the consent of the Subscriber as provided in the Escrow Agreement in the event that the Subscriber ceases to be a "service provider" of the Corporation, as such term is defined in the Escrow Agreement. The Subscriber acknowledges and agrees that it has read the Escrow Agreement and understands the terms and conditions thereof and has been encouraged to obtain independent legal advice with respect to the entering into of the Escrow Agreement.

Closing

5. The Subscriber agrees to deliver to the Corporation c/o Heenan Blaikie LLP, Suite 1200 425, 1st Street SW, Calgary, Alberta, T2P 3L8, Attn: Chris Peng, not later than 4:00 p.m. (Calgary time) on April 9, 2010: (a) this duly completed and executed Subscription Agreement; (b) a fully executed and completed Representation Letter in the form of **Exhibit 1**, if applicable, (c) a fully executed and completed Escrow Agreement in the form of **Exhibit 2**; (d) a duly executed Form 4C in the form attached as **Exhibit 4** if the Subscriber is not an individual, if applicable; (e) a duly executed Form 45-106F5 in the form attached as **Exhibit 5**, if applicable, and (f) a certified cheque or bank draft payable to the Corporation for the Aggregate Subscription Price or payment of the same amount in such other manner as is acceptable to the Corporation. If this Subscription Agreement is rejected in whole or in part, the Subscriber acknowledges that the unused portion of the subscription amount will be promptly returned to it without interest.

6. The sale of the Units pursuant to this Subscription Agreement will be completed at the offices of the Corporation at 2:00 p.m. or such other time as the Corporation and P. Daniel O'Neil, acting on behalf of the Subscriber, may agree (the "**Closing Time**") on April 13, 2010 or such earlier or later date as the Corporation and P. Daniel O'Neil may agree (the "**Closing Date**").

7. The Corporation shall be entitled to rely on delivery of a facsimile copy of executed Subscription Agreements, and acceptance by the Corporation of such facsimile subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

General

8. The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein (including those contained in any of the exhibits or appendices hereto) will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Units. The representations, warranties and covenants of the Subscriber herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Units and the Subscriber agrees to indemnify and hold harmless the Corporation and its affiliates, shareholders, directors, officers, partners, employees and agents (including its legal counsel), from and against all losses, claims, costs, expenses and damages or liabilities whatsoever which any of them may suffer or incur which are caused or arise, directly or indirectly, from a breach thereof. The Subscriber undertakes to immediately notify the Corporation c/o Heenan Blaikie LLP at Suite 1200, 425 – 1st Street S.W., Calgary, Alberta, T2P 3L8, Attention: P. Daniel O'Neil (Fax: 1-866-299-9377), of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time.

9. The Subscriber hereby irrevocably authorizes P. Daniel O'Neil, in his sole discretion: (a) to act as its representative at the closing and to execute in its name and on its behalf all closing receipts and documents required; (b) to complete or correct any errors or omissions in any form or document, including this Subscription Agreement, provided by the Subscriber; (c) to receive on its behalf certificates representing the Units (including the Shares and Warrants comprising the Units) purchased under this Subscription Agreement; and (d) to approve any opinions, certificates or other documents addressed to the Subscriber.

10. The Subscriber, on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting, acknowledges that this Subscription Agreement and the Exhibits hereto require the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility to purchase the Units under applicable securities laws, preparing and registering certificates representing the Units (including the Shares and Warrants comprising the Units) to be issued to the Subscriber and completing filings required by any stock exchange or securities regulatory authority. The Subscriber's personal information may be disclosed by the Corporation to: (a) stock exchanges or securities regulatory authorities, (b) the Corporation's registrar and transfer agent, (c) Canada Revenue Agency; (d) any government agency, board or other entity; and (e) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber's personal information. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in Section 5 hereof as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby. If it is a resident of or otherwise subject to applicable securities laws of Ontario, the Subscriber acknowledges that it has been notified by the Corporation (a) of the delivery to the Ontario Securities Commission (the "**OSC**") of the full name, residential address and

telephone number of the Subscriber, the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of distribution; (b) that this information is being collected indirectly by the OSC under the authority granted to it in securities legislation; (c) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and (d) that the Administrative Assistant to the Director of Corporate Finance at the OSC can be contacted at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or at (416) 593-8086 regarding any questions about the OSC's indirect collection of this information.

11. The Subscriber represents and warrants that the funds representing the Aggregate Subscription Price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLA**") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge, none of the subscription funds to be provided by the Subscriber (i) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber. The Subscriber further covenants and agrees that it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and shall provide the Corporation with appropriate information in connection therewith.

12. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Units to the Subscriber shall be borne by the Subscriber.

13. Any obligation of the Corporation to sell the Units to the Subscriber is subject to (a) performance by the Subscriber of its covenants under and in accordance with this Subscription Agreement; (b) the truth, at the time of acceptance and at the Closing Date (as defined herein), of the Subscriber's representations and warranties in this Subscription Agreement (including those contained in any of the exhibits or appendices hereto); (c) the trade of the Units to the Subscriber being exempt from the prospectus requirements of applicable securities laws; (d) the Corporation having obtained all required regulatory approvals to permit the completion of such sale; and (e) the Subscriber executing and delivering all requisite documentation as required by this Subscription Agreement and applicable securities laws with respect to the Units.

14. The Subscriber understands that the information provided herein will be relied upon by the Corporation for purposes of determining the eligibility of the Subscriber to purchase the Units. The Subscriber agrees to provide upon request any additional information that the Corporation determines necessary or appropriate in determining the Subscriber's eligibility.

15. The contract arising out of this Subscription Agreement and all documents relating thereto, which by common accord has been or will be drafted in English, shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta. Time shall be of the essence hereof.

16. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

17. The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided that, except for the assignment by a Subscriber who is acting as nominee or agent for the beneficial owner and as otherwise herein provided, this Subscription Agreement shall not be assignable by any party without prior written consent of the other parties.

18. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

19. Subject to Section 14, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

20. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

21. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement (including exhibits), references to dollar amounts are to Canadian dollars.

22. The obligations of the parties hereunder are subject to acceptance of the terms of the Offering by the TSX Venture Exchange and all other required regulatory approval.

23. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

DELIVERY INSTRUCTIONS

Deliver to:

Zapata Energy Corporation
c/o Heenan Blaikie LLP
Suite 1200, 425 1st Street SW
Calgary, Alberta
T2P 3L8

Attention: **Chris Peng**
E-mail: **cpeng@heenan.ca**
Phone: **(403) 261-5232**
Facsimile: **1 (866) 299-9377**

No later than 4:00 p.m. (Calgary time) on April 9, 2010 (or two business days before the Closing Date of which the Subscriber receives notice):

(a) the attached Subscription Agreement completed and executed;

(b) a **certified cheque** or **bank draft** payable to Zapata Energy Corporation for the aggregate subscription price or payment of the same amount in such other manner as is acceptable to Zapata Energy Corporation;

(c) if you are a resident in or otherwise subject to the securities laws of **any jurisdiction of Canada** and are an "accredited investor", a fully executed and completed **Representation Letter** (**Exhibit 1**) and **Appendix "A"** thereto completed and executed;

(d) a duly executed and completed Escrow Agreement in the form of **Exhibit 2**;

(e) a duly executed Form 4C in the form attached as **Exhibit 4** if the Subscriber is not an individual, if applicable; and

(f) if you are resident or otherwise subject to the securities laws of **Saskatchewan** and are a close personal friend or close business associate of a director, executive officer, control person or founder (as defined in NI45-106) of the Corporation, or of an affiliate (as defined in the *Securities Act* (Alberta)) of the Corporation or a person described in paragraphs 3(d)(iii)(H) or 3(d)(iii)(I) of the attached Subscription Agreement, a fully executed **Risk Acknowledgement Form** in the form of **Exhibit 5**.

EXHIBIT 1

REPRESENTATION LETTER

(FOR ACCREDITED INVESTORS)

TO: Zapata Energy Corporation (the "Corporation")

In connection with the purchase of units of the Corporation ("**Units**"), each Unit being comprised of one common share (a "**Share**") and one Share purchase warrant (a "**Warrant**") by the undersigned subscriber (the "**Subscriber**") or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "**Disclosed Beneficial Purchaser**"), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Subscriber is purchasing the Units as principal for its own account or complies with the provisions of paragraph 3(e) of the Subscription Agreement;

2. The Subscriber or Disclosed Beneficial Purchaser, as applicable, is (and will be at the Closing Time) an "accredited investor" within the meaning of National Instrument 45-106 entitled "Prospectus and Registration Exemptions" ("**NI 45-106**") by virtue of satisfying the indicated criterion as set out in Appendix "A" to this Representation Letter;

3. The Subscriber or Disclosed Beneficial Purchaser, as applicable, was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106; and

4. Upon execution of this Exhibit 1 by the Subscriber, this Exhibit 1 shall be incorporated into and form a part of the Subscription Agreement.

Dated: _____, 2010

_____
Print name of Subscriber

By: _____
Signature

_____
Print name of Signatory (if different from Subscriber)

_____
Title

_____
Name of Disclosed Beneficial Purchaser (if applicable)

IMPORTANT: PLEASE INITIAL THE APPLICABLE PROVISION IN APPENDIX "A" ON THE NEXT PAGES

APPENDIX "A"

TO EXHIBIT 1

NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.

Accredited Investor - (defined in National Instrument 45-106) means:

_____ (a) a Canadian financial institution, or a Schedule III bank; or

_____ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

_____ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or

_____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador); or

_____ (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or

_____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or

_____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or

_____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or

_____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; or

_____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000; or

_____ (k) an individual whose net income before taxes exceeded $200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialled.)

_____ (l) an individual who, either alone or with a spouse, has net assets of at least $5,000,000; or

_____ (m) a person, other than an individual or investment fund, that has net assets of at least $5,000,000 as shown on its most recently prepared financial statements; or

_____ (n) an investment fund that distributes or has distributed its securities only to

(i) a person that is or was an accredited investor at the time of the distribution,

(ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 or 2.19 of National Instrument 45-106, or

(iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106; or

_____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or

_____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or

_____ (q) a person acting on behalf of a fully managed account managed by that person, if that person

(i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and

(ii) in Ontario, is purchasing a security that is not a security of an investment fund; or

_____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or

_____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or

_____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in National Instrument 45-106); or

_____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

_____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor.

For the purposes hereof:

(a) "**affiliate**" means an issuer connected with another issuer because

(i) one of them is the subsidiary of the other;

(ii) each of them is controlled by the same person; or

(iii) for the purposes of Saskatchewan securities law, both are subsidiaries of the same issuer;

(b) "**Canadian financial institution**" means

(i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or

(ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) "**consultant**" means, for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that

(i) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution;

(ii) provides the services under a written contract with the issuer or a related entity of the issuer; and

(iii) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer and includes, for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;

(d) "**control**" for the purposes of this Subscription Agreement, a person (first person) is considered to control another person (second person) where

(i) the first person beneficially owns or directly or indirectly, exercises control of discretion over securities of the second person carrying votes which, if exercised would entitle the first person to elect a majority of the directors of the second person, unless that firs person holds the voting securities only to secure an obligation,

(ii) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or

(iii) the second person is a limited partnership and the general partner of the limited partnership is the first person;

(e) "**director**" means

(i) a member of the board of directors of a company or an individual who performs similar functions for a company, and

(ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

(f) "**eligibility adviser**" means

(i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and

(ii) in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not

(A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officer, founders, or control persons, and

(B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

(g) "**executive officer**" means, for an issuer, an individual who is

(i) a chair, vice-chair or president,

(ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or

(iii) performing a policy-making function in respect of the issuer;

(h) "**financial assets**" means

(i) cash,

(ii) securities, or

(iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

(i) "**foreign jurisdiction**" means a country other than Canada or a political subdivision of a country other than Canada;

(j) "**founder**" means, in respect of an issuer, a person who,

(i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and

(ii) at the time of the trade is actively involved in the business of the issuer;

(k) "**fully managed account**" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

(l) "**investment fund**" means a mutual fund or a non-redeemable investment fund, and for greater certainty in British Columbia, includes

(i) an employee venture capital corporation that does not have restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia) and whose business objective is making multiple investments; and

(ii) a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia) whose business objective is making multiple investments;

(m) "**jurisdiction**" means a province or territory of Canada except when used in the term foreign jurisdiction;

(n) "**local jurisdiction**" means the jurisdiction in which the Canadian securities regulatory authority is situate;

(o) "**non-redeemable investment fund"** means an issuer,

(i) whose primary purpose is to invest money provided by its securityholders,

(ii) that does not invest,

(A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or

(B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and

(iii) that is not a mutual fund;

(p) "**person**" includes

(i) an individual,

(ii) a corporation,

(iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

(q) "**regulator**" means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction (except with respect to Ontario, where "regulator" means the Director as defined under the *Securities Act* (Ontario));

(r) "**related liabilities**" means

(i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or

(ii) liabilities that are secured by financial assets;

(s) "**Schedule III bank**" means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(t) "**spouse**" means, an individual who,

(i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,

(ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or

(iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

(u) "**subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references are in Canadian Dollars.

EXHIBIT 2

ESCROW AGREEMENT

EXHIBIT 3

FORM OF WARRANT CERTIFICATE

EXHIBIT 4

TSX venture EXCHANGE

FORM 4C

CORPORATE PLACEE REGISTRATION FORM

Where subscribers to a Private Placement are not individuals, the following information about the placee must be provided if such subscribers:

(a) will hold more than 5% of the Issuer's issued and outstanding Listed Shares on a upon completion of the Private Placement; or

(b) are subscribing for more than 25% of the Private Placement.

This Form will remain on file with the Exchange. The corporation, trust, portfolio manager or other entity (the "Placee") need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed Issuers. If as a result of the Private Placement, the Placee becomes an Insider of the Issuer, Insiders of the Placee are reminded that they must file a Personal Information Form (2A) or, if applicable, Declarations, with the Exchange.

1. Placee Information:

   (a) Name: _____

   (b) Complete Address: _____

   _____

   (c) Jurisdiction of Incorporation or Creation: _____

2. (a) Is the Placee purchasing securities as a portfolio manager: (Yes/No)? _____

   (b) Is the Placee carrying on business as a portfolio manager outside of Canada: (Yes/No)? _____

3. If the answer to 2(b) above was "Yes", the undersigned certifies that:

   (a) It is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;

(b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in _____ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

(c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;

(d) the total asset value of the investment portfolios it manages on behalf of clients is not less than $20,000,000; and

(e) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.

4. If the answer to 2(a). above was "No", please provide the names and addresses of Control Persons of the Placee:

Name *	**City**	**Province or State**	**Country**

* If the Control Person is not an individual, provide the name of the individual that makes the investment decisions on behalf of the Control Person.

The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions.

Dated at _____ on _____

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____
(Please print name of individual whose signature

appears above)

Acknowledgement - Personal Information

"Personal Information" means any information about an identifiable individual, and includes information contained in sections 1, 2 and 4, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to this Form; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated at _____ on _____

_____
(Name of Purchaser - please print)

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____

(Please print name of individual whose signature

appears above)

THIS IS NOT A PUBLIC DOCUMENT

EXHIBIT 5
RISK ACKNOWLEDGEMENT
CLOSE PERSONAL FRIENDS AND CLOSE BUSINESS ASSOCIATES

The undersigned (the "Subscriber"), a resident of Saskatchewan, hereby represents and warrants, as an integral part of the attached subscription agreement, that he, she or it in all respects acknowledges and understands the following:

FORM 45-106F5

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities regulatory authority has evaluated or endorsed the merits of these securities.
- I will not be able to sell these securities for 4 months.
- I could lose all the money I invest.
- I do not have a 2-day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus.

I am investing $_____ [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a close personal friend or *close* business associate of _____[state name], who is a _____ [state title – founder, director, executive officer or control person] of _____ [state name of issuer or its affiliate – if an affiliate state "an affiliate of the issuer" and give the issuer's name]

I acknowledge that I am purchasing based on my close relationship with _____ [state name of founder, director, executive officer or control person] whom I know well enough and for a sufficient period of time to be able to assess his/her capabilities and trustworthiness.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

_____ _____
Date Signature of Purchaser

_____
Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You are buying Exempt Market Securities. They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and

- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority.

There are restrictions on your ability to resell *exempt market securities*. Exempt market securities are more risky than other securities.

You may not receive any written information about the issuer or its business.

If you have questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at http://www.sfsc.gov.sk.ca.

Purchaser's initials: _____

SCHEDULE F – FORM OF FLOW-THROUGH UNIT SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT FOR UNITS (FLOW-THROUGH SHARES)

TO: Zapata Energy Corporation (the "Corporation")

The undersigned (hereinafter referred to as the "**Subscriber**") hereby irrevocably subscribes for and agrees to purchase the number of units of the Corporation (the "**Units**") set forth below for the aggregate subscription price set forth below (the "**Aggregate Subscription Price**"), representing a subscription price of $4.40 per Unit, upon and subject to the terms and conditions set forth in "Terms and Conditions of Subscription for Units of Zapata Energy Corporation" attached hereto (together with this page and the attached Exhibits and Schedules, the "**Subscription Agreement**"). Each Unit shall be comprised of one common share in the capital of the Corporation (a "**Share**") issued on a flow-through basis pursuant to the *Income Tax Act* (Canada) (a "**Flow-Through Share**") and one non-transferable share purchase warrant of the Corporation (a "**Warrant**"). Each whole Warrant shall, subject to the terms and conditions of this Subscription Agreement and the terms and conditions set out in the warrant certificate, the form of which is attached hereto at **Exhibit 3** (the "**Warrant Certificate**"), entitle the holder thereof to acquire one Share at a price of $5.17 for the period stipulated in the Warrant Certificate. **In addition to this face page, the Subscriber must also complete Exhibit 1 attached hereto, if applicable, complete and execute the escrow agreement attached as Exhibit 2 hereto, and complete and execute Exhibit 4 and Exhibit 5, if applicable.**

_____
(Name of Subscriber - please print)

By: _____
(Authorized Signature)

_____
(Official Capacity or Title - please print)

_____
(Please print name of individual whose signature appears above if different than the name of the subscriber printed above.)

_____
(Subscriber's Address)

_____
(Telephone Number) (E-Mail Address)

_____
(Social Insurance Number, Federal Corporate Tax Account Number or Tax Shelter ID Number)

Number of Units:

Aggregate Subscription Price (CDN$):

If the Subscriber is signing as agent for a principal and is not deemed to be purchasing as principal pursuant to NI 45-106 (as defined herein) by virtue of being either (i) a trust company or trust corporation acting on behalf of a fully managed account managed by the trust company or trust corporation; or (ii) a person acting on behalf of a fully managed account managed by it, and in each case satisfying the criteria set forth in NI 45-106, complete the following and ensure that Exhibit 1 is completed in respect of such principal ("Disclosed Beneficial Purchaser"):

_____
(Name of Principal)

_____
(Principal's Address)

_____
(Principal's Telephone Number) (Principal's E-Mail Address)

Register the Flow-Through Shares and Warrants comprising the Units as set forth below:

_____
(Name)

_____
(Account reference, if applicable)

_____
(Address)

Deliver the Flow-Through Shares and Warrants comprising the Units as set forth below:

_____
(Name)

_____
(Account reference, if applicable)

_____
(Contact Name)

_____
(Address)

The Subscriber owns, directly or indirectly, the following number of Shares (excluding the Units subscribed for hereunder):

_____

The Subscriber is ☐ or is not ☐ an insider of the Corporation

The Subscriber is ☐ or is not ☐ a member of the Pro Group (as defined under the policies of the TSX Venture Exchange

ACCEPTANCE: The Corporation hereby accepts the subscription as set forth above on the terms and conditions contained in this Subscription Agreement.

_____, 2010

ZAPATA ENERGY CORPORATION

Subscription No:

By: _____

This is the first page of an agreement comprised of 11 pages (not including Exhibits 1, 2, 3, 4 or 5)

TERMS AND CONDITIONS OF SUBSCRIPTION FOR UNITS OF ZAPATA ENERGY CORPORATION

Terms of the Offering

1. The Subscriber acknowledges (on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser on whose behalf the Subscriber is contracting) that this subscription is subject to rejection or allotment by the Corporation in whole or in part.

2. The Subscriber acknowledges, on its own behalf and, if applicable, on behalf of each Disclosed Beneficial Purchaser on whose behalf the Subscriber is contracting, that the Units subscribed for by it hereunder form part of a larger issuance and sale by the Corporation of up to 681,819 Units at a price of $4.40 per Unit, 1,787,500 Shares at a price of $4.40 per Share, and up to 1,394,317 units (the "**Non-Flow-Through Units**") at a price of $4.40 per Non-Flow-Through Unit (the "**Offering**"). Each Unit is comprised of one Flow-Through Share and one Warrant and each Non-Flow-Through Unit is comprised of one Share and one Warrant. Each Warrant shall, subject to the terms and conditions of this Subscription Agreement and the terms and conditions set out in the Warrant Certificate, the form of which is attached as Exhibit 3 hereto, entitle the holder thereof to acquire one Share at a price of $5.17 for the period stipulated in the Warrant Certificate.

3. The parties agree that the subscription price for each Unit is attributable as to $4.40 for the Flow-Through Share and as to $nil for to the Warrant.

Representations, Warranties and Covenants by Subscriber

4. The Subscriber, on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting (for the purposes of the following representations, warranties and covenants, any reference to the "Subscriber" or "it" includes the Subscriber and each person on whose behalf the Subscriber is contracting), represents, warrants and covenants to the Corporation and its counsel (and acknowledges that the Corporation and its counsel are relying thereon) that both at the date hereof and at the Closing Time (as defined herein):

(a) it has been independently advised as to restrictions with respect to trading in the Flow-Through Shares and the Warrants comprising the Units and any Shares issuable upon exercise of the Warrants (together, the "**Securities**") imposed by applicable securities laws in the jurisdiction in which it resides, confirms that no representation (written or oral) has been made to it by or on behalf of the Corporation with respect thereto, acknowledges that it is aware of the characteristics of the Securities, the risks relating to an investment therein and of the fact that it may not be able to resell the Securities except in accordance with limited exemptions under applicable securities legislation and regulatory policy until expiry of the applicable restricted period and compliance with the other requirements of applicable law; and it agrees that any certificates representing the Securities will bear a legend indicating that the resale of such securities is restricted for a period of 4 months and one day from the closing of the Offering; the Subscriber further acknowledges that it has been advised to consult its own legal counsel in its jurisdiction of residence for full particulars of the resale restrictions applicable to it;

(b) it has not received or been provided with, nor has it requested, nor does it have any need to receive, any offering memorandum, any prospectus, sales or advertising literature, or any other document (other than an annual report, annual information form, interim report, information circular or any other continuous disclosure document, other than an offering memorandum, the content of which is prescribed by statute or regulation) describing or purporting to describe the business and affairs of the Corporation which has been prepared for delivery to, and review by, prospective purchasers in order to assist it in making an investment decision in respect of the Units;

(c) it has not become aware of any advertisement in printed media of general and regular paid circulation (or other printed public media), radio, television or telecommunications or other form of advertisement (including electronic display) with respect to the distribution of the Units;

(d) unless it is purchasing under subparagraph 3(e), it is purchasing the Units as principal for its own account, not for the benefit of any other person, for investment only and not with a view to the resale or distribution of all or any of the Securities, it is resident in or otherwise subject to applicable securities laws of the jurisdiction set out as the "Subscriber's Address" on the face page hereof and:

(i) it is an "**accredited investor**", as such term is defined in National Instrument 45-106 - *Prospectus and Registration Exemptions* of the Canadian Securities Administrators adopted under the securities legislation of the Canadian jurisdictions ("**NI 45-106**"), it was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106, and it has concurrently executed and delivered a Representation Letter in the form attached as **Exhibit 1** to this Subscription Agreement and has initialed or placed a check mark in **Appendix "A"** thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set forth in such definition; or

(ii) it will have an acquisition cost of purchasing the Units sold hereunder of not less than $150,000 paid in cash at the time of the trade and it was not created or used solely to purchase or hold securities to permit it to purchase securities in reliance on the exemption from the registration and prospectus requirements of applicable securities laws; or

(iii) it is resident in or otherwise subject to applicable securities laws of a province of Canada other than Ontario and it is one of the following and has so indicated by initialing the applicable paragraph:

_____ (A) a "director", "executive officer" or "control person" (as such terms are defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement) of the Corporation, or of an affiliate (as such term is defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement) of the Corporation; or

_____ (B) a "spouse" (as such term is defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement), parent, grandparent, brother, sister or child of any person referred to in subparagraph (A) above; or

_____ (C) a parent, grandparent, brother, sister or child of the spouse of any person referred to in subparagraph (A) above; or

_____ (D) a close personal friend of any person referred to in subparagraph (A) above and (i) it certifies to the Corporation it has reviewed and understands the guidance respecting the meaning of the phrase "close personal friend" set forth below, (ii) if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with any of such persons and (iii) if it is resident in Saskatchewan, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

_____ (E) a close business associate of any person referred to in subparagraph (A) above and (i) it certifies to the Corporation it has reviewed and understands the guidance respecting the meaning of the phrase "close business associate" set forth below, (ii) if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with any of such persons, and (iii) if it is resident in Saskatchewan, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

_____ (F) a "founder" (as such term is defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** of this Subscription Agreement) of the Corporation, or a spouse, parent, grandparent, brother, sister, child, close personal friend or close business associate of a founder of the Corporation and (i) if requested by the Corporation or its counsel, will provide a signed statement describing the relationship with such founder of the Corporation, and (ii) if it is resident in Saskatchewan, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

_____ (G) a parent, grandparent, brother, sister or child of a spouse of a founder of the Corporation; or

_____ (H) a person of which a majority of the voting securities are beneficially owned by, or a majority of directors are, persons described in subparagraphs (A) through (G) above, and, if it is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

_____ (I) a trust or estate of which all of the beneficiaries or a majority of the trustees or executors are persons described in subparagraphs (A) through (G) above, and if it is resident in Saskatchewan and the trade is based in whole or in part on a close personal friendship or close business association, it has completed the Risk Acknowledgement Form attached as **Exhibit 5**; or

*(**Note:** for the purposes of subparagraphs (D) and (F) above, a person is not a close personal friend solely because the individual is a relative or a member of the same organization, association or religious group or because the individual is a client, customer or former client or customer, nor is an individual a close personal friend as a result of being a close personal friend of a close personal friend of one of the listed individuals above, rather the relationship must be direct. A close personal friend is one who knows the director, executive officer, founder or control person well enough and has known them for a sufficient period of time to be in a position to assess their capabilities and trustworthiness. Further, for the purposes of subparagraphs (E) and (F) above, a person is not a "close business associate" if the person is a casual business associate or a person introduced or solicited for purposes of purchasing securities nor is the individual a close business associate solely because the individual is a client, customer, former client or customer, nor is the individual a close business associate if they are a close business associate of a close business associate of one of the listed individuals above, rather the relationship must be direct. A close business associate is an individual who had sufficient prior dealings with the director, executive officer, founder or control person to be in a position to assess their capabilities and trustworthiness.)*

or

(iv) it is an employee, executive officer, director or consultant (as such terms (other than employee) are defined in NI 45-106 and reproduced in **Appendix A** to **Exhibit 1** to this Subscription Agreement) of the Corporation or a related entity of the Corporation and its participation in the trade is voluntary, meaning it is not induced to participate in the trade by expectation of employment or appointment or continued employment or appointment with, or engagement to provide services or continued engagement to provide services to, as applicable, the Corporation or a related entity of the Corporation;

(e) if it is not purchasing as a principal, it is duly authorized to enter into this Subscription Agreement and to execute and deliver all documentation in connection with the purchase on behalf of each Disclosed Beneficial Purchaser, each of whom is purchasing as principal for its own account, not for the benefit of any other person, and not with a view to the resale or distribution of all or any of the Securities, it acknowledges that the Corporation is required by law to disclose to certain regulatory authorities the identity of each Disclosed Beneficial Purchaser of Units for whom it may be acting, and it is resident in the jurisdiction set out as the "Subscriber's Address" and each Disclosed Beneficial Purchaser is resident in the jurisdiction set out as the "Principal's Address" on the face page hereof and either:

(i) it is an "accredited investor" as such term is defined in paragraphs (p) or (q) of the definition of "accredited investor" in NI 45-106 and reproduced in **Appendix "A"** to **Exhibit 1** of this Subscription Agreement and is therefore deemed to be purchasing as principal pursuant to NI 45-106 and it has concurrently executed and delivered a Representation Letter in the form attached hereto as **Exhibit 1** and has initialled or placed a check mark in **Appendix "A"** thereto indicating that the Subscriber satisfies one of the categories of "accredited investor" set out in paragraphs (p) or (q) of **Appendix "A"** thereto; or

(ii) subject to securities laws applicable to the Subscriber, it is acting as agent for one or more disclosed beneficial purchasers and each of such beneficial purchasers complies with one of the criteria of paragraph 3(d) hereof;

(f) it acknowledges that:

(i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Securities;

(ii) there is no government or other insurance covering the Securities;

(iii) there are risks associated with the purchase of the Securities;

(iv) there are restrictions on the Subscriber's ability to resell the Securities and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling Securities;

(v) the Corporation has advised the Subscriber that the Corporation is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under the *Securities Act* (Alberta) and other applicable securities laws and, as a consequence of acquiring Units pursuant to this exemption, certain protections, rights and remedies provided by the *Securities Act* (Alberta) and other applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber;

(g) it is aware that the Securities have not been and will not be registered under the United States *Securities Act of 1933*, as amended ("**U.S. Securities Act**") or the securities laws of any state, territory or possession of the United States and that the Securities may not be offered or sold, directly or indirectly, in the United States without registration under the U.S. Securities Act or compliance with requirements of an exemption from registration and the applicable laws of all applicable states and acknowledges that the Corporation has no present intention of filing a registration statement under the U.S. Securities Act in respect of the Securities;

(h) the Units have not been offered to the Subscriber in the United States, and the individuals making the order to purchase the Units and executing and delivering this Subscription Agreement on behalf of the Subscriber were not in the United States when the order was placed and this Subscription Agreement was executed and delivered;

(i) it is not a U.S. Person (as defined in Regulation S under the U.S. Securities Act, which definition includes, but is not limited to, an individual resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. Person and any partnership or corporation organized or incorporated under the laws of the United States) and is not purchasing the Units on behalf of, or for the account or benefit of, a person in the United States or a U.S. Person;

(j) it undertakes and agrees that it will not offer or sell the Securities in the United States unless such securities are registered under the U.S. Securities Act and the securities laws of all applicable states of the United States or an exemption from such registration requirements is available;

(k) if a corporation, partnership, unincorporated association or other entity, it has been duly incorporated or created, it is valid and subsisting under the laws of its jurisdiction of incorporation or creation, it has the legal capacity to enter into and be bound by this Subscription Agreement and further certifies that all necessary approvals of directors, shareholders or otherwise have been given and obtained;

(l) if an individual, it is of the full age of majority and is legally competent to execute this Subscription Agreement and take all action pursuant hereto;

(m) this Subscription Agreement has been duly and validly authorized, executed and delivered by and constitutes a legal, valid, binding and enforceable obligation of the Subscriber;

(n) in the case of a subscription by it for Units acting as agent for a Disclosed Beneficial Purchaser, it is duly authorized to execute and deliver this Subscription Agreement and all other necessary documentation in connection with such subscription on behalf of such principal and this Subscription Agreement has been duly authorized, executed and delivered by or on behalf of, and constitutes a legal, valid, binding and enforceable agreement of, such principal;

(o) it and each Disclosed Beneficial Purchaser has such knowledge of financial and business affairs as to be capable of evaluating the merits and risks of its investment and is able to bear the economic risk of loss of its investment;

(p) except for this Subscription Agreement, it has relied solely upon publicly available information relating to the Corporation and not upon any verbal or written representation as to fact or otherwise made by or on behalf of the Corporation, such publicly available information having been delivered to the Subscriber without independent investigation or verification by the Corporation, and agrees that the Corporation and the Corporation's counsel assume no responsibility or liability of any nature whatsoever for the accuracy, adequacy or completeness of the publicly available

information or as to whether all information concerning the Corporation required to be disclosed by the Corporation has been generally disclosed;

(q) it confirms that neither the Corporation, nor any of its directors, officers, employees or representatives, has made any representations (oral or written) to the Subscriber, including:

(i) that any person will resell or repurchase the Securities;

(ii) that any person will refund the purchase price of the Securities; or

(iii) as to the future price or value of the Securities;

(r) it acknowledges that the Corporation's counsel is acting as counsel to the Corporation, and not as counsel to the Subscriber;

(s) it understands, acknowledges and is aware that the Units are being offered for sale only on a "private placement" basis and that the sale and delivery of the Units is conditional, among other things, upon such sale being exempt from the requirements under applicable securities laws as to the filing of a prospectus or delivery of an offering memorandum or upon the issuance of such orders, consents or approvals as may be required to permit such sale without the filing of a prospectus or delivering an offering memorandum and, as a consequence (i) it is restricted from using most of the civil remedies available under applicable securities legislation; (ii) it may not receive information that would otherwise be required to be provided to it under applicable securities legislation; and (iii) the Corporation is relieved from certain obligations that would otherwise apply under applicable securities legislation;

(t) it acknowledges that the Corporation may complete additional financings in the future in order to develop the business of the Corporation and to fund its ongoing development; that there is no assurance that such financings will be available and, if available, on reasonable terms; any such future financings may have a dilutive effect on current securityholders, including the Subscriber; that if such future financings are not available, the Corporation may be unable to fund its ongoing development;

(u) if required by applicable securities laws, regulations, rules, policies or orders or by any securities commission or other regulatory authority, the Subscriber will execute, deliver, file and otherwise assist the Corporation in filing, such reports, undertakings and other documents with respect to the issue of the Units (including, without limitation, in the case of an accredited investor, a Representation Letter in the form attached as **Exhibit 1**, in the case of a Subscriber that is not an individual, a Form 4C in the form attached as **Exhibit 4**) and in the case of a Subscriber that is resident in or otherwise subject to the laws of the province of Saskatchewan and is a close personal friend or close business associate of a director, executive officer, control person or founder (as defined in NI 45-106) of the Corporation, or of an affiliate (as defined in the *Securities Act* (Alberta) of the Corporation or a person described in paragraphs 3(d)(iii)(H) or 3(d)(iii)(I), a Risk Acknowledgement Form in the form attached as **Exhibit 5**;

(v) it will not resell the Securities, except in accordance with the provisions of applicable securities legislation, regulations, rules, policies and orders and stock exchange rules;

(w) it does not act jointly or in concert with any other subscriber for Flow-Through Shares for the purposes of acquisition of the Flow-Through Shares;

(x) the acquisition of the Flow-Through Shares hereunder by the Subscriber will not result in the Subscriber becoming a "control person", as defined under applicable securities laws;

(y) the entering into of this Subscription Agreement and the completion of the transactions contemplated hereby do not and will not result in a violation of any of the terms or provisions of any law applicable to the Subscriber, and if the Subscriber is not a natural person, any of the Subscriber's constating documents, or any agreement to which the Subscriber is a party or by which it is bound; and

(z) the Subscriber acknowledges that it has been encouraged to obtain independent legal, income tax and investment advice with respect to its subscription for the Securities and accordingly, has had the opportunity to acquire an understanding of the meanings of all terms contained herein relevant to the Subscriber for purposes of giving representations, warranties and covenants under this Subscription Agreement.

Matters Relating to the Flow Through Shares

5. In addition to other terms defined herein, for the purposes of Sections 4, 5, 6 and 7 hereof, the following words and phrases have the following meanings:

(a) "**Act**" means the *Income Tax Act* (Canada), together with any and all regulations promulgated thereunder, as amended from time to time;

(b) **"Canadian Exploration Expense(s)"** or **"CEE"** means Canadian exploration expense described in paragraphs (a) or (d) of the definition of "Canadian exploration expense" in subsection 66.1(6) of the Act or that would be described in paragraph (h) of such definition if the reference therein to "paragraphs (a) to (d) and (f) to (g.1)" were a reference to "paragraphs (a) and (d)", excluding amounts which are prescribed to constitute "Canadian exploration and development overhead expense" under the Act, the amount of any assistance described in paragraph 66(12.6)(a) of the Act and any expense described in paragraph 66(12.6)(b.1) of the Act;

(c) "**Commitment Amount**" means an amount equal to $4.40 multiplied by the number of Flow-Through Shares subscribed and paid for pursuant to this Subscription Agreement;

(d) **"Expenditure Period"** means the period commencing on the date of acceptance by the Corporation of this Subscription Agreement and ending on the earlier of:

(i) the date on which the Commitment Amount has been fully expended in accordance with the terms hereof; and

(ii) December 31, 2011;

(e) **"Principal Business Corporation"** means a principal business corporation as defined in subsection 66(15) of the Act; and

(f) **"Qualifying Expenditures"** means expenses that are CEE at the date they are incurred.

6. The Corporation hereby represents and warrants to the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) and acknowledges that the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) is relying thereon that:

(a) the Corporation has the full corporate right, power and authority to incur and renounce to the Subscriber, Qualifying Expenditures in an amount equal to the Commitment Amount; and

(b) the incurring and renouncing of Qualifying Expenditures to the Subscriber pursuant hereto, does not and will not constitute a breach of or default under the constating documents of the Corporation or any law, regulation, order or ruling applicable to the Corporation or any agreement, contract or indenture to which the Corporation is a party or by which it is bound; and

(c) the Corporation is, and at all material times will be, a Principal Business Corporation; and

(d) excluding the effect of any agreement to which the Corporation is not a party and of which it has no knowledge, upon issuance pursuant to the provisions hereof, the Flow-Through Shares will be "flow through shares" as defined in subsection 66(15) of the Act and will not constitute "prescribed shares" for the purpose of Regulation 6202.1 to the Act.

7. The Corporation covenants and agrees with the Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting):

(a) to keep proper books, records and accounts of all Qualifying Expenditures and all transactions affecting the Commitment Amount and the Qualifying Expenditures and upon reasonable notice and on a reasonable basis, to make such books, records and accounts available for inspection and review by or on behalf of the Subscriber at the Subscriber's expense; and

(b) to incur, during the Expenditure Period, Qualifying Expenditures in such amount as enables the Corporation to renounce to the Subscriber, Qualifying Expenditures in an amount equal to the Commitment Amount; and

(c) to renounce to the Subscriber, pursuant to subsections 66(12.6) and 66(12.66) of the Act and effective on or before December 31, 2010, Qualifying Expenditures incurred during the Expenditure Period in an amount equal to the Commitment Amount; and

(d) to deliver to the Subscriber within the time period required by the Act and in any event, not later than February 28, 2011, a statement setting forth the aggregate amounts of such Qualifying Expenditures renounced to the Subscriber (including the T-101 Forms); and

(e) that all Qualifying Expenditures renounced to the Subscriber pursuant to this Subscription Agreement will be Qualifying Expenditures incurred by the Corporation that, but for the renunciation to the Subscriber, the Corporation would be entitled to deduct in computing its income for the purposes of Part I of the Act; and

(f) the Corporation has no reason to believe that it will be unable to incur Qualifying Expenditures during the Expenditure Period in an amount equal to the Commitment Amount, that it will be unable to renounce to the Subscriber effective on or before December 31, 2010 Qualifying Expenditures in an amount equal to the Commitment Amount or to expect any reduction of such amount by virtue of subsection 66(12.73) of the Act;

(g) that the Corporation will not reduce the amount to be renounced to the Subscriber hereunder pursuant to subsections 66(12.6) or 66(12.66) of the Act and, in the event the amount so renounced to the Subscriber hereunder is reduced pursuant to subsection 66(12.73) of the Act, the Corporation shall indemnify the Subscriber as to, and pay to the Subscriber, an amount equal to the amount of any tax (within the meaning of paragraph (c) of the proposed definition of "excluded obligation" in Regulation 6202.1(5) to the Act) payable under the Act (and under any corresponding provincial legislation) by the Subscriber (or, if the Subscriber is a partnership, by any member thereof) as a consequence of such reduction, provided that nothing in this paragraph shall derogate from any rights or remedies the Subscriber may have at common law with respect to liabilities other than those payable under the Act and any corresponding provincial legislation. The foregoing indemnity shall have no force or effect and the Subscriber shall not have any recourse or rights of action to the extent that such indemnity, recourse or right of action would otherwise cause the Flow-Through Shares to be "prescribed shares" within the meaning of section 6202.1 of the regulations to the Act; and

(h) that if the Corporation does not renounce to the Subscriber Qualifying Expenditures equal to the Commitment Amount effective on or before December 31, 2010, the Corporation shall indemnify the Subscriber as to, and pay to the Subscriber, an amount equal to the amount of any tax (within the meaning of paragraph (c) of the proposed definition of "excluded obligation" in Regulation 6202.1(5) to the Act) payable under the Act (and under any corresponding provincial legislation) by the Subscriber (or, if the Subscriber is a partnership, by any member thereof) as a consequence of such failure, provided that nothing in this paragraph shall derogate from any rights or remedies the Subscriber may have at common law with respect to liabilities other than those payable under the Act and any corresponding provincial legislation. The foregoing indemnity shall have no force or effect and the Subscriber shall not have any recourse or rights of action to the extent that such indemnity, recourse or right of action would otherwise cause the Flow-Through Shares to be "prescribed shares" within the meaning of section 6202.1 of the regulations to the Act; and

(i) that the Corporation will maintain its status as a Principal Business Corporation throughout the Expenditure Period; and

(j) to file all prescribed forms required under the Act necessary to renounce Qualifying Expenditures equal to the Commitment Amount to the Subscriber effective on or before December 31, 2010 and to provide the Subscriber with a copy of all such forms as are required to be provided thereto, all on a timely basis; and

(k) that the Corporation will not be subject to the provisions of subsection 66(12.67) of the Act in a manner which impairs its ability to renounce Qualifying Expenditures to the Subscriber in an amount equal to the Commitment Amount;

(l) that the Corporation will refrain from entering into transactions or taking deductions which would otherwise reduce its cumulative CEE to an extent it would preclude renunciation of Qualifying Expenditures hereunder in an amount equal to the Commitment Amount as contemplated herein; and

(m) to renounce Qualifying Expenditures to the Subscribers to this Offering pro rata based on the number of Flow-Through Shares issued pursuant thereto before renouncing Qualifying Expenditures pursuant to any agreement entered into by the Corporation following the Closing Date and, if the Corporation is required under the Act or otherwise to reduce Qualifying Expenditures previously renounced to Subscribers hereunder, to first reduce to the extent possible any Qualifying Expenditures renounced to persons under any agreement entered into following the Closing Date.

8. The Subscriber (on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting) covenants, agrees and represents and warrants to the Corporation:

(a) that neither the Subscriber, nor Disclosed Beneficial Purchaser, as the case may be, has knowingly or will knowingly enter into any agreement or arrangement to which the Corporation is not a party which will cause the Flow-Through Shares to be or become "prescribed shares" for purposes of the Act;

(b) the Subscriber or the Disclosed Beneficial Purchaser, as the case may be, deals and at all relevant times will continue to deal at arm's length with the Corporation for purposes of the Act until January 1, 2012; and

(c) the Subscriber is not a non-resident of Canada for purposes of the Act.

Escrow Agreement

9. The Subscriber acknowledges and agrees that, as a condition to the Corporation agreeing to issue the Units to the Subscriber, the Subscriber shall execute and deliver the Escrow Agreement attached as **Exhibit 2** hereto concurrently with this Subscription Agreement. The Subscriber acknowledges and agrees that, upon issuance, the Securities and the certificates representing the Securities shall be held in escrow in accordance with the terms and conditions of the Escrow Agreement, may only be released in accordance with the terms and conditions of the Escrow Agreement. The Subscriber acknowledges and agrees that it has read the Escrow Agreement and understands the terms and conditions thereof and has been encouraged to obtain independent legal advice with respect to the entering into of the Escrow Agreement.

Closing

10. The Subscriber agrees to deliver to the Corporation c/o Heenan Blaikie LLP, Suite 1200 425, 1st Street SW, Calgary, Alberta, T2P 3L8, Attn: Chris Peng, not later than 4:00 p.m. (Calgary time) on April 9, 2010: (a) this duly completed and executed Subscription Agreement; (b) a fully executed and completed Representation Letter in the form of **Exhibit 1**, if applicable, (c) a fully executed and completed Escrow Agreement in the form of **Exhibit 2**; (d) a duly executed Form 4C in the form attached as **Exhibit 4** if the Subscriber is not an individual, if applicable; (e) a duly executed Form 45-106F5 in the form attached as **Exhibit 5**, if applicable, and (f) a certified cheque or bank draft payable to the Corporation for the Aggregate Subscription Price or payment of the same amount in such other manner as is acceptable to the Corporation. If this Subscription Agreement is rejected in whole or in part, the Subscriber acknowledges that the unused portion of the subscription amount will be promptly returned to it without interest.

11. The sale of the Units pursuant to this Subscription Agreement will be completed at the offices of the Corporation at 2:00 p.m. or such other time as the Corporation and P. Daniel O'Neil, acting on behalf of the Subscriber, may agree (the "**Closing Time**") on April 13, 2010 or such earlier or later date as the Corporation and P. Daniel O'Neil may agree (the "**Closing Date**").

12. The Corporation shall be entitled to rely on delivery of a facsimile copy of executed Subscription Agreements, and acceptance by the Corporation of such facsimile subscriptions shall be legally effective to create a valid and binding agreement between the Subscriber and the Corporation in accordance with the terms hereof. In addition, this Subscription Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same document.

General

13. The Subscriber agrees that the representations, warranties and covenants of the Subscriber herein (including those contained in any of the exhibits or appendices hereto) will be true and correct both as of the execution of this Subscription Agreement and as of the Closing Time and will survive the completion of the issuance of the Units. The representations, warranties and covenants of the Subscriber herein are made with the intent that they be relied upon by the Corporation and its counsel in determining the eligibility of a purchaser of Units and the Subscriber agrees to indemnify and hold harmless the Corporation and its affiliates, shareholders, directors, officers, partners, employees and agents (including its legal counsel), from and against all losses, claims, costs, expenses and damages or liabilities whatsoever which any of them may suffer or incur which are caused or arise, directly or indirectly, from a breach thereof. The Subscriber undertakes to immediately notify the Corporation c/o Heenan Blaikie LLP at Suite 1200, 425 – 1st Street S.W., Calgary, Alberta, T2P 3L8, Attention: P. Daniel O'Neil (Fax: 1-866-299-9377), of any change in any statement or other information relating to the Subscriber set forth herein which takes place prior to the Closing Time.

14. The Subscriber hereby irrevocably authorizes P. Daniel O'Neil, in his sole discretion: (a) to act as its representative at the closing and to execute in its name and on its behalf all closing receipts and documents required; (b) to complete or correct any errors or omissions in any form or document, including this Subscription Agreement, provided by the Subscriber; (c) to receive on its behalf certificates representing the Units (including the Flow-Through Shares and Warrants comprising the Units) purchased under this Subscription Agreement; and (d) to approve any opinions, certificates or other documents addressed to the Subscriber.

15. The Subscriber, on its own behalf and, if applicable, on behalf of each person on whose behalf the Subscriber is contracting, acknowledges that this Subscription Agreement and the Exhibits hereto require the Subscriber to provide certain personal information to the Corporation. Such information is being collected by the Corporation for the purposes of completing the Offering, which includes, without limitation, determining the Subscriber's eligibility to purchase the Units under applicable securities laws, preparing and registering certificates representing the Units (including the Flow-Through Shares and Warrants comprising the Units) to be issued to the Subscriber and completing filings required by any stock exchange or securities regulatory authority. The Subscriber's personal information may be disclosed by the Corporation to: (a) stock exchanges or securities regulatory authorities, (b) the Corporation's registrar and transfer agent, (c) Canada Revenue Agency; (d) any government agency, board or other entity; and (e) any of the other parties involved in the Offering, including legal counsel, and may be included in record books in connection with the Offering. By executing this Subscription Agreement, the Subscriber is deemed to be consenting to the foregoing collection, use and disclosure of the Subscriber's personal information. The Subscriber also consents to the filing of copies or originals of any of the Subscriber's documents described in Section 9 hereof as may be required to be filed with any stock exchange or securities regulatory authority in connection with the transactions contemplated hereby. If it is a resident of or otherwise subject to applicable securities laws of Ontario, the Subscriber acknowledges that it has been notified by the Corporation (a) of the delivery to the Ontario Securities Commission (the "**OSC**") of the full name, residential address and telephone number of the Subscriber, the number and type of securities purchased, the total purchase price, the exemption relied upon and the date of distribution; (b) that this information is being collected indirectly by the OSC under the authority granted to it in securities legislation; (c) that this information is being collected for the purposes of the administration and enforcement of the securities legislation of Ontario; and (d) that the Administrative Assistant to the Director of Corporate Finance at the OSC can be contacted at Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or at (416) 593-8086 regarding any questions about the OSC's indirect collection of this information.

16. The Subscriber represents and warrants that the funds representing the Aggregate Subscription Price which will be advanced by the Subscriber to the Corporation hereunder will not represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLA**") and the Subscriber acknowledges that the Corporation may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, pursuant to the PCMLA. To the best of its knowledge, none of the subscription funds to be provided by the Subscriber (i) have been or will be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction, or (ii) are being tendered on behalf of a person or entity who has not been identified to the Subscriber. The Subscriber further covenants and agrees that it shall promptly notify the Corporation if the Subscriber discovers that any of such representations ceases to be true, and shall provide the Corporation with appropriate information in connection therewith.

17. The Subscriber acknowledges and agrees that all costs incurred by the Subscriber (including any fees and disbursements of any counsel retained by the Subscriber) relating to the sale of the Units to the Subscriber shall be borne by the Subscriber.

18. Any obligation of the Corporation to sell the Units to the Subscriber is subject to (a) performance by the Subscriber of its covenants under and in accordance with this Subscription Agreement; (b) the truth, at the time of acceptance and at the Closing Date (as defined herein), of the Subscriber's representations and warranties in this Subscription Agreement (including those contained in any of the exhibits or appendices hereto); (c) the trade of the Units to the Subscriber being exempt from the prospectus requirements of applicable securities laws; (d) the Corporation having obtained all required regulatory approvals to permit the completion of such sale; and (e) the Subscriber executing and delivering all requisite documentation as required by this Subscription Agreement and applicable securities laws with respect to the Units.

19. The Subscriber understands that the information provided herein will be relied upon by the Corporation for purposes of determining the eligibility of the Subscriber to purchase the Units. The Subscriber agrees to provide upon request any additional information that the Corporation determines necessary or appropriate in determining the Subscriber's eligibility.

20. The contract arising out of this Subscription Agreement and all documents relating thereto, which by common accord has been or will be drafted in English, shall be governed by and construed in accordance with the laws of the Province of Alberta and

the federal laws of Canada applicable therein. The parties irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Alberta. Time shall be of the essence hereof.

21. This Subscription Agreement represents the entire agreement of the parties hereto relating to the subject matter hereof and there are no representations, covenants or other agreements relating to the subject matter hereof except as stated or referred to herein.

22. The terms and provisions of this Subscription Agreement shall be binding upon and enure to the benefit of the Subscriber and the Corporation and their respective heirs, executors, administrators, successors and assigns; provided that, except for the assignment by a Subscriber who is acting as nominee or agent for the beneficial owner and as otherwise herein provided, this Subscription Agreement shall not be assignable by any party without prior written consent of the other parties.

23. The Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder, agrees that this subscription is made for valuable consideration and may not be withdrawn, cancelled, terminated or revoked by the Subscriber, on its own behalf and, if applicable, on behalf of others for whom it is contracting hereunder.

24. Subject to Section 14, neither this Subscription Agreement nor any provision hereof shall be modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom any waiver, change, discharge or termination is sought.

25. The invalidity, illegality or unenforceability of any provision of this Subscription Agreement shall not affect the validity, legality or enforceability of any other provision hereof.

26. The headings used in this Subscription Agreement have been inserted for convenience of reference only and shall not affect the meaning or interpretation of this Subscription Agreement or any provision hereof. In this Subscription Agreement (including exhibits), references to dollar amounts are to Canadian dollars.

27. The obligations of the parties hereunder are subject to acceptance of the terms of the Offering by the TSX Venture Exchange and all other required regulatory approval.

28. The covenants, representations and warranties contained herein shall survive the closing of the transactions contemplated hereby.

DELIVERY INSTRUCTIONS

Deliver to:

Zapata Energy Corporation
c/o Heenan Blaikie LLP
Suite 1200, 425 1st Street SW
Calgary, Alberta
T2P 3L8

Attention: **Chris Peng**
E-mail: **cpeng@heenan.ca**
Phone: **(403) 261-5232**
Facsimile: **1 (866) 299-9377**

No later than 4:00 p.m. (Calgary time) on April 9, 2010 (or two business days before the Closing Date of which the Subscriber receives notice):

(a) the attached Subscription Agreement completed and executed;

(b) a **certified cheque** or **bank draft** payable to Zapata Energy Corporation for the aggregate subscription price or payment of the same amount in such other manner as is acceptable to Zapata Energy Corporation;

(c) if you are a resident in or otherwise subject to the securities laws of **any jurisdiction of Canada** and are an "accredited investor", a fully executed and completed **Representation Letter** (**Exhibit 1**) and **Appendix "A"** thereto completed and executed;

(d) a duly executed and completed Escrow Agreement in the form of **Exhibit 2**;

(e) a duly executed Form 4C in the form attached as **Exhibit 4** if the Subscriber is not an individual, if applicable; and

(f) if you are resident or otherwise subject to the securities laws of **Saskatchewan** and are a close personal friend or close business associate of a director, executive officer, control person or founder (as defined in NI45-106) of the Corporation, or of an affiliate (as defined in the *Securities Act* (Alberta)) of the Corporation or a person described in paragraphs 3(d)(iii)(H) or 3(d)(iii)(I) of the attached Subscription Agreement, a fully executed **Risk Acknowledgement Form** in the form of **Exhibit 5**.

EXHIBIT 1

REPRESENTATION LETTER

(FOR ACCREDITED INVESTORS)

TO: Zapata Energy Corporation (the "Corporation")

In connection with the purchase of units of the Corporation ("**Units**"), each Unit being comprised of one common share (a "**Share**") issued on a flow-through basis pursuant to the *Income Tax Act* (Canada) and one Share purchase warrant (a "**Warrant**") by the undersigned subscriber (the "**Subscriber**") or, if applicable, the principal on whose behalf the undersigned is purchasing as agent (the "**Disclosed Beneficial Purchaser**"), the Subscriber hereby represents, warrants, covenants and certifies to the Corporation that:

1. The Subscriber is purchasing the Units as principal for its own account or complies with the provisions of paragraph 3(e) of the Subscription Agreement;

2. The Subscriber or Disclosed Beneficial Purchaser, as applicable, is (and will be at the Closing Time) an "accredited investor" within the meaning of National Instrument 45-106 entitled "Prospectus and Registration Exemptions" ("**NI 45-106**") by virtue of satisfying the indicated criterion as set out in Appendix "A" to this Representation Letter;

3. The Subscriber or Disclosed Beneficial Purchaser, as applicable, was not created or used solely to purchase or hold securities as an accredited investor as described in paragraph (m) of the definition of "accredited investor" in NI 45-106; and

4. Upon execution of this Exhibit 1 by the Subscriber, this Exhibit 1 shall be incorporated into and form a part of the Subscription Agreement.

Dated: _____, 2010

_____
Print name of Subscriber

By: _____
Signature

_____
Print name of Signatory (if different from Subscriber)

_____
Title

_____
Name of Disclosed Beneficial Purchaser (if applicable)

IMPORTANT: PLEASE INITIAL THE APPLICABLE PROVISION IN APPENDIX "A" ON THE NEXT PAGES

APPENDIX "A"

TO EXHIBIT 1

NOTE: THE INVESTOR MUST INITIAL BESIDE THE APPLICABLE PORTION OF THE DEFINITION BELOW.

Accredited Investor - (defined in National Instrument 45-106) means:

_____ (a) a Canadian financial institution, or a Schedule III bank; or

_____ (b) the Business Development Bank of Canada incorporated under the *Business Development Bank of Canada Act* (Canada); or

_____ (c) a subsidiary of any person referred to in paragraphs (a) or (b), if the person owns all of the voting securities of the subsidiary, except the voting securities required by law to be owned by directors of that subsidiary; or

_____ (d) a person registered under the securities legislation of a jurisdiction of Canada as an adviser or dealer, other than a person registered solely as a limited market dealer under one or both of the *Securities Act* (Ontario) or the *Securities Act* (Newfoundland and Labrador); or

_____ (e) an individual registered or formerly registered under the securities legislation of a jurisdiction of Canada as a representative of a person referred to in paragraph (d); or

_____ (f) the Government of Canada or a jurisdiction of Canada, or any crown corporation, agency or wholly-owned entity of the Government of Canada or a jurisdiction of Canada; or

_____ (g) a municipality, public board or commission in Canada and a metropolitan community, school board, the Comité de gestion de la taxe scolaire de l'île de Montréal or an intermunicipal management board in Québec; or

_____ (h) any national, federal, state, provincial, territorial or municipal government of or in any foreign jurisdiction, or any agency of that government; or

_____ (i) a pension fund that is regulated by either the Office of the Superintendent of Financial Institutions (Canada) or a pension commission or similar regulatory authority of a jurisdiction of Canada; or

_____ (j) an individual who, either alone or with a spouse, beneficially owns financial assets having an aggregate realizable value that before taxes, but net of any related liabilities, exceeds $1,000,000; or

_____ (k) an individual whose net income before taxes exceeded $200,000 in each of the two most recent calendar years or whose net income before taxes combined with that of a spouse exceeded $300,000 in each of the two most recent calendar years and who, in either case, reasonably expects to exceed that net income level in the current calendar year; or

(Note: if individual accredited investors wish to purchase through wholly-owned holding companies or similar entities, such purchasing entities must qualify under section (t) below, which must be initialled.)

_____ (l) an individual who, either alone or with a spouse, has net assets of at least $5,000,000; or

_____ (m) a person, other than an individual or investment fund, that has net assets of at least $5,000,000 as shown on its most recently prepared financial statements; or

_____ (n) an investment fund that distributes or has distributed its securities only to

(i) a person that is or was an accredited investor at the time of the distribution,

(ii) a person that acquires or acquired securities in the circumstances referred to in sections 2.10 or 2.19 of National Instrument 45-106, or

(iii) a person described in paragraph (i) or (ii) that acquires or acquired securities under section 2.18 of National Instrument 45-106; or

_____ (o) an investment fund that distributes or has distributed securities under a prospectus in a jurisdiction of Canada for which the regulator or, in Québec, the securities regulatory authority, has issued a receipt; or

_____ (p) a trust company or trust corporation registered or authorized to carry on business under the *Trust and Loan Companies Act* (Canada) or under comparable legislation in a jurisdiction of Canada or a foreign jurisdiction, acting on behalf of a fully managed account managed by the trust company or trust corporation, as the case may be; or

_____ (q) a person acting on behalf of a fully managed account managed by that person, if that person

(i) is registered or authorized to carry on business as an adviser or the equivalent under the securities legislation of a jurisdiction of Canada or a foreign jurisdiction, and

(ii) in Ontario, is purchasing a security that is not a security of an investment fund; or

_____ (r) a registered charity under the *Income Tax Act* (Canada) that, in regard to the trade, has obtained advice from an eligibility adviser or an adviser registered under the securities legislation of the jurisdiction of the registered charity to give advice on the securities being traded; or

_____ (s) an entity organized in a foreign jurisdiction that is analogous to any of the entities referred to in paragraphs (a) to (d) or paragraph (i) in form and function; or

_____ (t) a person in respect of which all of the owners of interests, direct, indirect or beneficial, except the voting securities required by law to be owned by directors, are persons that are accredited investors (as defined in National Instrument 45-106); or

_____ (u) an investment fund that is advised by a person registered as an adviser or a person that is exempt from registration as an adviser; or

_____ (v) a person that is recognized or designated by the securities regulatory authority or, except in Ontario and Québec, the regulator as an accredited investor.

For the purposes hereof:

(a) "**affiliate**" means an issuer connected with another issuer because

(i) one of them is the subsidiary of the other;

(ii) each of them is controlled by the same person; or

(iii) for the purposes of Saskatchewan securities law, both are subsidiaries of the same issuer;

(b) "**Canadian financial institution**" means

(i) an association governed by the *Cooperative Credit Associations Act* (Canada) or a central cooperative credit society for which an order has been made under section 473(1) of that Act, or

(ii) a bank, loan corporation, trust company, trust corporation, insurance company, treasury branch, credit union, caisse populaire, financial services cooperative, or league that, in each case, is authorized by an enactment of Canada or a jurisdiction of Canada to carry on business in Canada or a jurisdiction of Canada;

(c) "**consultant**" means, for an issuer, a person, other than an employee, executive officer, or director of the issuer or of a related entity of the issuer, that

(i) is engaged to provide services to the issuer or a related entity of the issuer, other than services provided in relation to a distribution;

(ii) provides the services under a written contract with the issuer or a related entity of the issuer; and

(iii) spends or will spend a significant amount of time and attention on the affairs and business of the issuer or a related entity of the issuer and includes, for an individual consultant, a corporation of which the individual consultant is an employee or shareholder, and a partnership of which the individual consultant is an employee or partner;

(d) "**control**" for the purposes of this Subscription Agreement, a person (first person) is considered to control another person (second person) where

(i) the first person beneficially owns or directly or indirectly, exercises control of discretion over securities of the second person carrying votes which, if exercised would entitle the first person to elect a majority of the directors of the second person, unless that firs person holds the voting securities only to secure an obligation,

(ii) the second person is a partnership, other than a limited partnership, and the first person holds more than 50% of the interests of the partnership, or

(iii) the second person is a limited partnership and the general partner of the limited partnership is the first person;

(e) "**director**" means

(i) a member of the board of directors of a company or an individual who performs similar functions for a company, and

(ii) with respect to a person that is not a company, an individual who performs functions similar to those of a director of a company;

(f) "**eligibility adviser**" means

(i) a person that is registered as an investment dealer and authorized to give advice with respect to the type of security being distributed, and

(ii) in Saskatchewan and Manitoba, also means a lawyer who is a practicing member in good standing with a law society of a jurisdiction of Canada or a public accountant who is a member in good standing of an institute or association of chartered accountants, certified general accountants or certified management accountants in a jurisdiction of Canada provided that the lawyer or public accountant must not

(A) have a professional, business or personal relationship with the issuer, or any of its directors, executive officer, founders, or control persons, and

(B) have acted for or been retained personally or otherwise as an employee, executive officer, director, associate or partner of a person that has acted for or been retained by the issuer or any of its directors, executive officers, founders or control persons within the previous 12 months;

(g) "**executive officer**" means, for an issuer, an individual who is

(i) a chair, vice-chair or president,

(ii) a vice-president in charge of a principal business unit, division or function including sales, finance or production, or

(iii) performing a policy-making function in respect of the issuer;

(h) "**financial assets**" means

(i) cash,

(ii) securities, or

(iii) a contract of insurance, a deposit or an evidence of a deposit that is not a security for the purposes of securities legislation;

(i) "**foreign jurisdiction**" means a country other than Canada or a political subdivision of a country other than Canada;

(j) "**founder**" means, in respect of an issuer, a person who,

(i) acting alone, in conjunction, or in concert with one or more persons, directly or indirectly, takes the initiative in founding, organizing or substantially reorganizing the business of the issuer, and

(ii) at the time of the trade is actively involved in the business of the issuer;

(k) "**fully managed account**" means an account of a client for which a person makes the investment decisions if that person has full discretion to trade in securities for the account without requiring the client's express consent to a transaction;

(l) "**investment fund**" means a mutual fund or a non-redeemable investment fund, and for greater certainty in British Columbia, includes

(i) an employee venture capital corporation that does not have restricted constitution, and is registered under Part 2 of the *Employee Investment Act* (British Columbia) and whose business objective is making multiple investments; and

(ii) a venture capital corporation registered under Part 1 of the *Small Business Venture Capital Act* (British Columbia) whose business objective is making multiple investments;

(m) "**jurisdiction**" means a province or territory of Canada except when used in the term foreign jurisdiction;

(n) "**local jurisdiction**" means the jurisdiction in which the Canadian securities regulatory authority is situate;

(o) "**non-redeemable investment fund"** means an issuer,

(i) whose primary purpose is to invest money provided by its securityholders,

(ii) that does not invest,

(A) for the purpose of exercising or seeking to exercise control of an issuer, other than an issuer that is a mutual fund or a non-redeemable investment fund, or

(B) for the purpose of being actively involved in the management of any issuer in which it invests, other than an issuer that is a mutual fund or a non-redeemable investment fund, and

(iii) that is not a mutual fund;

(p) "**person**" includes

(i) an individual,

(ii) a corporation,

(iii) a partnership, trust, fund and an association, syndicate, organization or other organized group of persons, whether incorporated or not, and

(iv) an individual or other person in that person's capacity as a trustee, executor, administrator or personal or other legal representative;

(q) "**regulator**" means, for the local jurisdiction, the Executive Director as defined under securities legislation of the local jurisdiction (except with respect to Ontario, where "regulator" means the Director as defined under the *Securities Act* (Ontario));

(r) "**related liabilities**" means

(i) liabilities incurred or assumed for the purpose of financing the acquisition or ownership of financial assets, or

(ii) liabilities that are secured by financial assets;

(s) "**Schedule III bank**" means an authorized foreign bank named in Schedule III of the *Bank Act* (Canada);

(t) "**spouse**" means, an individual who,

(i) is married to another individual and is not living separate and apart within the meaning of the *Divorce Act* (Canada), from the other individual,

(ii) is living with another individual in a marriage-like relationship, including a marriage-like relationship between individuals of the same gender, or

(iii) in Alberta, is an individual referred to in paragraph (i) or (ii) above, or is an adult interdependent partner within the meaning of the *Adult Interdependent Relationships Act* (Alberta); and

(u) "**subsidiary**" means an issuer that is controlled directly or indirectly by another issuer and includes a subsidiary of that subsidiary.

All monetary references are in Canadian Dollars.

EXHIBIT 2

ESCROW AGREEMENT

EXHIBIT 3

FORM OF WARRANT CERTIFICATE

EXHIBIT 4

TSX venture EXCHANGE

FORM 4C

CORPORATE PLACEE REGISTRATION FORM

Where subscribers to a Private Placement are not individuals, the following information about the placee must be provided if such subscribers:

(a) will hold more than 5% of the Issuer's issued and outstanding Listed Shares on a upon completion of the Private Placement; or

(b) are subscribing for more than 25% of the Private Placement.

This Form will remain on file with the Exchange. The corporation, trust, portfolio manager or other entity (the "Placee") need only file it on one time basis, and it will be referenced for all subsequent Private Placements in which it participates. If any of the information provided in this Form changes, the Placee must notify the Exchange prior to participating in further placements with Exchange listed Issuers. If as a result of the Private Placement, the Placee becomes an Insider of the Issuer, Insiders of the Placee are reminded that they must file a Personal Information Form (2A) or, if applicable, Declarations, with the Exchange.

1. Placee Information:

   (a) Name: _____

   (b) Complete Address: _____

   _____

   (c) Jurisdiction of Incorporation or Creation: _____

2. (a) Is the Placee purchasing securities as a portfolio manager: (Yes/No)? _____

   (b) Is the Placee carrying on business as a portfolio manager outside of Canada: (Yes/No)? _____

3. If the answer to 2(b) above was "Yes", the undersigned certifies that:

   (a) It is purchasing securities of an Issuer on behalf of managed accounts for which it is making the investment decision to purchase the securities and has full discretion to purchase or sell securities for such accounts without requiring the client's express consent to a transaction;

(b) it carries on the business of managing the investment portfolios of clients through discretionary authority granted by those clients (a "portfolio manager" business) in _____ [jurisdiction], and it is permitted by law to carry on a portfolio manager business in that jurisdiction;

(c) it was not created solely or primarily for the purpose of purchasing securities of the Issuer;

(d) the total asset value of the investment portfolios it manages on behalf of clients is not less than $20,000,000; and

(e) it has no reasonable grounds to believe, that any of the directors, senior officers and other insiders of the Issuer, and the persons that carry on investor relations activities for the Issuer has a beneficial interest in any of the managed accounts for which it is purchasing.

4. If the answer to 2(a). above was "No", please provide the names and addresses of Control Persons of the Placee:

Name *	**City**	**Province or State**	**Country**

* If the Control Person is not an individual, provide the name of the individual that makes the investment decisions on behalf of the Control Person.

The undersigned acknowledges that it is bound by the provisions of applicable Securities Law, including provisions concerning the filing of insider reports and reports of acquisitions.

Dated at _____ on _____

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____
(Please print name of individual whose signature

appears above)

Acknowledgement - Personal Information

"Personal Information" means any information about an identifiable individual, and includes information contained in sections 1, 2 and 4, as applicable, of this Form.

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

(a) the disclosure of Personal Information by the undersigned to the Exchange (as defined in Appendix 6B) pursuant to this Form; and

(b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6B or as otherwise identified by the Exchange, from time to time.

Dated at _____ on _____

_____
(Name of Purchaser - please print)

_____
(Authorized Signature)

_____
(Official Capacity - please print)

_____

(Please print name of individual whose signature

appears above)

THIS IS NOT A PUBLIC DOCUMENT

EXHIBIT 5
RISK ACKNOWLEDGEMENT
CLOSE PERSONAL FRIENDS AND CLOSE BUSINESS ASSOCIATES

The undersigned (the "Subscriber"), a resident of Saskatchewan, hereby represents and warrants, as an integral part of the attached subscription agreement, that he, she or it in all respects acknowledges and understands the following:

FORM 45-106F5

I acknowledge that this is a risky investment:

- I am investing entirely at my own risk.
- No securities regulatory authority has evaluated or endorsed the merits of these securities.
- I will not be able to sell these securities for 4 months.
- I could lose all the money I invest.
- I do not have a 2-day right to cancel my purchase of these securities or the statutory rights of action for misrepresentation I would have if I were purchasing the securities under a prospectus.

I am investing $_____ [total consideration] in total; this includes any amount I am obliged to pay in future.

I am a close personal friend or *close* business associate of _____[state name], who is a _____ [state title – founder, director, executive officer or control person] of _____ [state name of issuer or its affiliate – if an affiliate state "an affiliate of the issuer" and give the issuer's name]

I acknowledge that I am purchasing based on my close relationship with _____ [state name of founder, director, executive officer or control person] whom I know well enough and for a sufficient period of time to be able to assess his/her capabilities and trustworthiness.

I acknowledge that this is a risky investment and that I could lose all the money I invest.

_____ _____
Date Signature of Purchaser

_____
Print name of Purchaser

Sign 2 copies of this document. Keep one copy for your records.

WARNING

You are buying Exempt Market Securities. They are called *exempt market securities* because two parts of securities law do not apply to them. If an issuer wants to sell *exempt market securities* to you:

- the issuer does not have to give you a prospectus (a document that describes the investment in detail and gives you some legal protections), and

- the securities do not have to be sold by an investment dealer registered with a securities regulatory authority.

There are restrictions on your ability to resell *exempt market securities*. Exempt market securities are more risky than other securities.

You may not receive any written information about the issuer or its business.

If you have questions about the issuer or its business, ask for written clarification before you purchase the securities. You should consult your own professional advisers before investing in the securities.

For more information on the exempt market, refer to the Saskatchewan Financial Services Commission's website at http://www.sfsc.gov.sk.ca.

Purchaser's initials: _____

SCHEDULE G – INITIAL INVESTOR GROUP INVESTMENT

[INTENTIONALLY DELETED]