AGENCY AGREEMENT

Effective January 28, 2011

Iona Energy Company Limited
Suite 1000, 888 – 3rd Street SW.
Calgary, AB T2P 5C5

Attention: Mr. Brad G. Gunn
Chief Financial Officer

Re: Issue and Sale of Subscription Receipts

Wellington West Capital Markets Inc. (the "**Lead Agent**"), Mackie Research Capital Corporation and National Bank Financial Inc. (together with the Lead Agent, the "**Agents**") understand that Iona Energy Company Limited (the "**Corporation**") proposes to issue and sell, by way of private placement, up to 125,000,000 subscription receipts of the Corporation (the "**Subscription Receipts**") at a price of $0.60 per Subscription Receipt (the "**Subscription Price**"), for aggregate gross proceeds of up to $75,000,000 (the "**Offering**"), subject to the terms and conditions as set out below.

Each Subscription Receipt will be deemed to be exercised by the holders thereof as follows:

(a) on the date of delivery of the Orlando Closing Notice (as hereinafter defined), a number of Subscription Receipts held by each holder representing in the aggregate gross proceeds of $23,000,000 in respect of the Offering will be deemed to have been exercised by the holders thereof, without payment of any additional consideration or further action on the part of the holders, for common shares of the Corporation ("**Common Shares**") in such amount as determined by each such holders' *pro rata* share of the Orlando Funds (as hereinafter defined); and (ii) 0.2 of one right (a "**Liquidity Right**") for each Subscription Receipt exercised, where each whole Liquidity Right entitles the holder thereof to receive one Common Share for each Liquidity Right held by such holder without additional consideration or further action in the event that the Transaction Notice (as hereinafter defined) has not been delivered by the Corporation on or before June 30, 2011 (the "**Liquidity Deadline**");

(b) on the date of delivery of the Second Tranche Notice (as hereinafter defined), a number of Subscription Receipts held by each holder representing in the aggregate the amount of the T&T Funds (as hereinafter defined) will be deemed to have been exercised by the holders thereof, without payment of any additional consideration or further action on the part of the holder, for: (i) Common Shares (or Amalco Shares (as hereinafter defined) in the event that the Transaction (as hereinafter defined) has occurred) in such amount as determined by each such holders' *pro rata* share of the T&T Funds; and (ii) 0.2 of one Liquidity Right for each Subscription Receipt exercised.

Any fractional number of Common Shares equal to or greater than 0.5 will be rounded up to the nearest whole number and less than 0.5 will be rounded down to the nearest whole number. In calculating such fractional interest, all Liquidity Rights held by a holder of Common Shares shall be aggregated. Such Liquidity Rights shall immediately terminate, be of no force or effect and shall not entitle the holder thereof to receive any additional Common Shares in the event that the Corporation delivers the Transaction Notice on or prior to the Liquidity Deadline.

Upon closing of the sale of the Subscription Receipts, the gross proceeds from the sale of the Subscription Receipts (the "**Escrowed Funds**") shall be deposited with Olympia Trust Company, as escrow agent (the "**Escrow Agent**") and shall be invested in short-term obligations of, or guaranteed by, the Government of Canada (and other approved investments). $23,000,000 of the Escrowed Funds (the "**Orlando Funds**") will be deposited with the Escrow Agent to be held in trust until the date that the Corporation and the Lead Agent deliver the Orlando Closing Notice to the Escrow Agent; and the remainder of the Escrowed Funds (the "**T&T Funds**") will be deposited with the Escrow Agent to be held in trust until the date that the Corporation and the Lead Agent deliver the Second Tranche Notice to the Escrow Agent.

The Orlando Funds will only be released to the Corporation upon receipt, on or before 4:30 p.m. (Calgary time) on June 30, 2011, by the Escrow Agent and the Agents of a notice (the "**Orlando Acquisition Notice**") from the Corporation confirming that the Corporation has, to the satisfaction of the Agents, acting reasonably, completed or has met all conditions to complete (other than the delivery of the Orlando Funds or conditions requiring delivery of the Orlando Funds) the Orlando Acquisition (as defined hereinafter); and receipt by the Escrow Agent, of a notice (the "**Orlando Closing Notice**") from the Corporation and the Lead Agent, on behalf of the Agents, releasing the Orlando Funds to the Corporation in connection with the Orlando Acquisition.

The T&T Funds will only be released to the Corporation (or any successor thereto) upon receipt, on or before 4:30 p.m. (Calgary time) on June 30, 2011, by the Escrow Agent and the Agents of: (i) a notice (the "**T&T Acquisition Notice**"), from the Corporation (or any successor thereto) confirming that the Corporation (or any successor thereto) has, to the satisfaction of the Agents, acting reasonably, completed or has met all conditions to complete (other than the delivery of the T&T Funds) the T&T Acquisition (as hereinafter defined), and (ii) a notice (the "**Transaction Notice**"), from the Corporation (or any successor thereto) confirming that the Corporation and NLAC (as hereinafter defined) (or any successor thereto) have, to the satisfaction of the Agents, acting reasonably, completed or have met all conditions to complete the Transaction or a Going Public Transaction (as hereinafter defined); and receipt by the Escrow Agent, of a notice (the "**Second Tranche Notice**") from the Corporation (or any successor thereto) and the Lead Agent, on behalf of the Agents, releasing the T&T Funds to the Corporation (or any successor thereto) in connection with the completion of the later to occur of the T&T Acquisition or the Transaction or Going Public Transaction, as the case may be.

The Escrow Agent will return funds to holders of Subscription Receipts in the following manner:

(a) in the event that the delivery of the Orlando Closing Notice does not occur on or before June 30, 2011, the Orlando Funds will be returned to the Subscribers (the "**Returned Orlando Funds**") on a *pro rata* basis based upon the number of Subscription Receipts held by each Subscriber, including the Subscriber's *pro rata* portion of the interest earned on the Orlando Funds between the Closing Date (as hereinafter defined) and the date immediately preceding the date of payment of the Returned Orlando Funds (less applicable withholding taxes, if any); and

(b) in the event that the delivery of the Second Tranche Notice does not occur on or before June 30, 2011, the T&T Funds will be returned to the Subscribers (the "**Returned T&T Funds**") on a *pro rata* basis based upon the number of Subscription Receipts held by each Subscriber, including the Subscriber's *pro rata* portion of the interest earned on the T&T Funds between the Closing Date and the date immediately preceding the date of payment of the Returned T&T Funds (less applicable withholding taxes, if any).

In the event that the Transaction is completed prior to the T&T Acquisition, any Subscription Receipts outstanding at the time of the Transaction shall be immediately and automatically cancelled and terminated at such time and shall carry no further rights to receive Common Shares, provided however that pursuant to the terms of the Transaction, the Subscription Receipts shall be replaced with new subscription receipts (the "**Replacement Subscription Receipts**") to be issued by Amalco (as hereinafter defined) to the Subscribers, having substantially identical terms to the Subscription Receipts but which shall be exchangeable into common shares of Amalco rather than Common Shares, and which shall not provide for Liquidity Rights.

Each Subscriber will have the right, at any time prior to the satisfaction of all of the Escrow Conditions, to elect to exchange their Subscription Receipts for: (i) Common Shares; and (ii) 0.2 of one Liquidity Right for each Subscription Receipt exercised, and the gross proceeds from the sale from Subscription Receipts will be released to the Corporation upon such election (the "**Subscriber's Election**"). If the Transaction has been completed but an Escrow Condition remains unsatisfied, then a Subscriber may still elect, at any time prior to satisfaction of the Escrow Conditions, to exchange their Replacement Subscription Receipts for Amalco Shares and the gross proceeds from the sale of the Subscription Receipts which have been replaced by such Replacement Subscription Receipts will be released to Amalco upon such election.

The Corporation may in its discretion elect to satisfy the Transaction Notice requirement by undertaking a transaction (a "**Going Public Transaction**") instead of the Transaction, by completing one of the following: (i) the listing of the Common Shares for trading on a recognized Canadian or U.S. exchange (including the Toronto Stock Exchange, TSX Venture Exchange, AMEX or NASDAQ (each a "**Recognized Exchange**"), (ii) the completion of any transaction as a result of which all or substantially all of the outstanding Common Shares are exchanged for the securities of another issuer that are listed on a Recognized Exchange, and (iii) the listing of the Common Shares on a Recognized Exchange pursuant to an initial public offering.

Subject to the terms and conditions hereof, the Agents agree to act as, and the Corporation appoints the Agents as, the sole and exclusive agents of the Corporation to offer the Subscription Receipts for sale on the Closing Date in the Selling Jurisdictions (as hereinafter defined) on a private placement basis at a price of $0.60 per Subscription Receipt and to use their reasonable best efforts to secure subscriptions therefor. The Corporation acknowledges that the Agents shall be under no obligation to purchase any of the Subscription Receipts.

The Subscription Receipts will be issued and sold pursuant to exemptions under Applicable Securities Laws (as hereinafter defined) in the Selling Jurisdictions in accordance with the provisions hereof, including to Accredited Investors (as defined herein) in the United States, in accordance with the provisions hereof.

In connection with the Offering, the Agents shall be entitled to retain as sub-agents other registered securities dealers and may receive (for delivery to the Corporation at the Closing Time (as hereinafter defined)) subscriptions for the Subscription Receipts from other registered securities dealers. The fee payable to such sub-agents shall be for the account of the Agents and shall not exceed the fee payable to the Agents hereunder. The Agents shall, however, be under no obligation to engage any sub-agent.

In consideration for their services hereunder, the Agents shall be entitled to the fee provided for in Section 9. For greater certainty, the services provided by the Agents pursuant to this Agreement will not be subject to the Goods and Services Tax provided for in the *Excise Tax Act* (Canada) and taxable supplies will be incidental to the exempt financial services provided.

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

Section 1 Definitions

As used in this Agreement, including the paragraphs prior to this definitional section and any amendments hereto, unless the context otherwise requires:

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

(b) **"Accredited Investors"** means "accredited investors" as defined in Rule 501(a) of Regulation D;

(c) **"affiliate"** shall have the meaning ascribed thereto in the ABCA;

(d) **"Agent Affiliate"** means Wellington West Capital Markets (USA) Inc. or another U.S. duly registered broker-dealer affiliate of an Agent;

(e) **"Agents' counsel"** means Blake, Cassels & Graydon LLP, or such other legal counsel as the Agents, with the consent of the Corporation, may retain;

(f) **"Agreement"** means this agreement, including any schedules or exhibits attached hereto, and not any particular Article or Section or other portion except as may be specified, and words such as "**hereto**", "**herein**" and "**hereby**" refer to this Agreement as the context requires;

(g) "**Amalco**" means the amalgamated entity that is expected to be formed pursuant to the amalgamation agreement between the Corporation and NLAC;

(h) "**Amalco Shares**" means the common shares in the capital of Amalco;

(i) "**Amalgamation Agreement**" means the letter agreement entered into between the Corporation and NLAC dated December 13, 2010 in respect of the Transaction;

(j) "**Applicable Securities Laws**" includes, without limitation, all applicable securities and corporate laws, rules, regulations, instruments, blanket orders and decision documents in the Selling Jurisdictions;

(k) "**business day**" means a day which is not Saturday, Sunday or a legal holiday in Calgary, Alberta;

(l) "**Closing Date**" means March 10, 2011;

(m) "**Closing Time**" means 9:00 a.m. (Calgary time), or such other time on the Closing Date as the Agents and the Corporation may agree;

(n) "**Common Shares**" means the common shares in the capital of the Corporation;

(o) "**Corporation**" means Iona Energy Company Limited., a corporation duly incorporated pursuant to the provisions of the ABCA and, when the context requires or permits, includes its Subsidiaries and its predecessors;

(p) "**Corporation's counsel**" means Burstall Winger LLP, or such other legal counsel as the Corporation, with the consent of the Agents, may appoint;

(q) "**Directed Selling Efforts**" means "direct selling efforts" as that term is defined in Rule 902 of Regulation S. Without limiting the foregoing, but for greater clarity, such term means, subject to the exclusions from the definition of "directed selling efforts" contained in Regulation S, any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the Subscription Receipts or the Underlying Securities, and includes, without limitation, the placement of any advertisement in a publication with a general circulation in the United States that refers to the offering of the Subscription Receipts or the Underlying Securities;

(r) "**Due Diligence Session**" has the meaning ascribed thereto in Section 2(f) hereof;

(s) "**Due Diligence Session Responses**" means the responses provided by the Corporation, as given by any director or senior officer of the Corporation, at a Due Diligence Session;

(t) "**Environmental Laws**" means applicable federal, provincial, state, municipal or local laws, regulations, orders, government decrees or ordinances with respect to environmental, health or safety matters;

(u) "**Escrow Agent**" means Olympia Trust Company in its capacity as escrow agent for the Escrowed Funds under the Subscription Receipt Agreement, as applicable;

(v) "**Escrow Conditions**" means, collectively, the delivery of the Orlando Closing Notice and the Second Tranche Notice by the Corporation and the Lead Agent to the Escrow Agent;

(w) "**Escrowed Funds**" means the gross proceeds of the Subscription Receipts;

(x) "**Financial Statements**" means the unaudited consolidated financial statements of the Corporation as at and for the year ended December 31, 2010, together with the notes thereto;

(y) "**Foreign Issuer**" means "foreign issuer" as that term is defined in Rule 902 of Regulation S;

(z) "**GCA**" means Gaffney, Cline & Associates, independent oil and natural gas reservoir engineers;

(aa) "**GCA Report**" means the independent engineering evaluation of the crude oil, natural gas and natural gas liquids prepared by GCA dated March 9, 2011 and effective December 31, 2010 relating to the assets to be acquired by the Corporation pursuant to the Orlando Acquisition and the T&T Acquisition;

(bb) "**General Solicitation or General Advertising**" means "general solicitation or general advertising" as used under Rule 502(c) of Regulation D;

(cc) "**Investment Company Act**" means the *United States Investment Company Act* of 1940, as amended;

(dd) "**Indemnified Persons**" means the Agents and the directors, officers, shareholders and employees of the Agents and affiliates of the Agents;

(ee) "**Investor Presentation**" means the corporate presentation entitled "Unlocking Value in the UK North Sea" prepared by the Corporation and attached hereto as Schedule A;

(ff) "**Irrevocable Direction**" shall have the meaning ascribed thereto in the Subscription Receipt Agreement;

(gg) "**Liquidity Right Certificate**" means the certificates representing the Liquidity Rights which certificates shall govern the terms and conditions of the Liquidity Rights and shall be in form mutually acceptable to the Corporation and the Agents, acting reasonably;

(hh) **"Liquidity Right Shares"** means the Common Shares issuable to Subscribers pursuant to the Liquidity Rights in the event that the Transaction Notice has not been delivered by the Corporation pursuant to the Subscription Receipt Agreement;

(ii) **"NLAC"** means Northern Lights Acquisition Corp.;

(jj) **"Offshore Transaction"** means an "offshore transaction" as defined in Regulation S;

(kk) **"Orlando Acquisition"** means the contemplated acquisition by a wholly-owned subsidiary of the Corporation of a 35% equity interest (with the ability to increase to 42.5% in certain circumstances) in certain offshore oil assets located in the United Kingdom North Sea region in exchange for a purchase price of $3,000,000 plus the assumption by a wholly-owned subsidiary of the Corporation of certain obligations relating to the assets;

(ll) **"Orlando Acquisition Agreement"** means the sale and purchase agreement dated December 17, 2010, as amended on February 21, 2011, between Wintershall and Iona Energy Company (UK) Limited, a wholly-owned subsidiary of the Corporation, that provides for the Orlando Acquisition;

(mm) **"Orlando Termination Time"** shall have the meaning ascribed thereto in the Subscription Receipt Agreement;

(nn) **"Perenco"** means Perenco UK Limited;

(oo) **"President's List"** means, collectively, certain directors and officers of the Corporation, their respective family members, close personal friends and close business associates, as specifically set out in the list provided to the Agents;

(pp) **"Regulation D"** means Regulation D adopted by the SEC under the *U.S. Securities Act*;

(qq) **"Regulation S"** means Regulation S adopted by the SEC under the *U.S. Securities Act*;

(rr) **"SEC"** means the United States Securities and Exchange Commission;

(ss) **"Section 4(2)"** means Section 4(2) of the *U.S. Securities Act*;

(tt) **"Securities Commissions"** means, collectively, the securities commissions or similar regulatory authorities in each of the Selling Jurisdictions in Canada and **"Securities Commission"** means any of them;

(uu) **"Selling Dealer Group"** means the dealers and brokers, other than the Agents, who participate in the offer and sale of the Subscription Receipts pursuant to this Agreement;

(vv) "**Selling Jurisdictions**" means each of the provinces of Canada other than Quebec, the United States and such other jurisdictions outside of Canada as may be agreed by the Agents and the Corporation prior to the Closing Date as evidenced by the Corporation's acceptance of a Subscription Agreement with respect thereto;

(ww) "**Substantial U.S. Market Interest**" means "substantial U.S. market interest" as that term is defined in Rule 902 of Regulation S;

(xx) "**Subscribers**" means the persons who, as purchasers, acquire Subscription Receipts by duly completing, executing and delivering Subscription Agreements and any other required documentation;

(yy) "**Subscription Agreements**" means the subscription agreements to be entered into at closing between the Corporation and each of the Subscribers setting out the contractual relationship between the Corporation and the Subscribers, in form and substance satisfactory to the Corporation and the Agents;

(zz) "**Subscription Receipts**" means the subscription receipts offered for sale by the Corporation under the terms of this Agreement and having the terms, conditions, rights and attributes, and in the form, as set forth in the Subscription Receipt Agreement;

(aaa) "**Subscription Receipt Agreement**" means the subscription receipt agreement among the Corporation, the Agents and the Escrow Agent to be dated the Closing Date;

(bbb) "**Subsidiary**" means a subsidiary in respect of the Corporation within the meaning of the ABCA;

(ccc) "**Swaps**" means any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, forward sale, exchange traded futures contract or any other similar transaction (including any option with respect to any of these transactions or any combination of these transactions);

(ddd) "**T&T Acquisition**" means the contemplated acquisition by the Corporation of a 20% interest (with an option to increase to 37.5% in certain circumstances) in certain offshore gas assets and related facilities and infrastructure located in the United Kingdom North Sea region in exchange for a commitment by the Corporation to fund a work program relating to the assets in the approximate amount of $30,000,000;

(eee) **"T&T Acquisition Agreement"** means the definitive agreement to be dated on or about March 17, 2011 between Perenco and the Corporation that will provide for the T&T Acquisition and that will reflect the terms of the T&T LOI;

(fff) **"T&T LOI"** means the letter of intent dated November 8, 2010 between the Corporation and Perenco that provides for the T&T Acquisition;

(ggg) **"T&T Termination Date"** shall have the meaning ascribed thereto in the Subscription Receipt Agreement;

(hhh) **"Tax Act"** means the *Income Tax Act* (Canada), together with any and all Regulations promulgated thereunder, as amended from time to time;

(iii) **"Termination Payment Time"** shall have the meaning ascribed thereto in the Subscription Receipt Agreement;

(jjj) **"Transaction"** means the expected amalgamation pursuant to the Amalgamation Agreement entered into between the Corporation and NLAC to form Amalco and effect a Qualifying Transaction (as such term is defined in policies of the TSX Venture Exchange) such that the Amalco Shares are freely tradeable and listed and posted for trading on the TSX Venture Exchange;

(kkk) **"Transaction Agreements"** means this Agreement, the Subscription Receipt Agreement, the Liquidity Right Certificates and the Subscription Agreements;

(lll) **"United States"** means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

(mmm) **"U.S. Exchange Act"** means the *United States Securities Exchange Act of 1934*, as amended;

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

(ooo) **"Underlying Securities"** means the Common Shares and Liquidity Rights issuable pursuant to the Subscription Receipts, including unless the context requires otherwise, the Liquidity Right Shares, subject to adjustment in certain circumstances as contemplated by the Subscription Receipt Agreement;

(ppp) **"Wintershall"** means Wintershall (E&P) Limited, a company incorporated in England and Wales,

"misrepresentation", **"material change"** and **"material fact"** shall have the meanings ascribed thereto under the Applicable Securities Laws of the Selling Jurisdictions; **"distribution"** means "distribution" or "distribution to the public", as the case may be, as defined under the Applicable Securities Laws of the Selling Jurisdictions; and **"distribute"** has a corresponding meaning. In this Agreement, words importing the singular include the plural and words importing gender include all genders.

Section 2 Corporation's Covenants as to Issuance

The Corporation agrees:

(a) that the Subscription Receipts and, upon the exercise or deemed exercise of the Subscription Receipts, the Underlying Securities, will be duly and validly authorized and issued;

(b) to comply with all covenants of the Corporation set forth in the Transaction Agreements and to duly, punctually and faithfully perform all the obligations to be performed by it under the Transaction Agreements;

(c) the Liquidity Rights will be duly and validly created, authorized and issued and the Liquidity Right Shares will be duly and validly created, authorized and reserved for issuance and, upon deemed exercise of the Liquidity Rights, the Liquidity Right Shares, will be validly issued as fully paid and non-assessable Common Shares;

(d) as soon as reasonably possible, and in any event by the Closing Date, to take all such steps as may be necessary to comply with such requirements of Applicable Securities Laws to enable the Subscription Receipts to be offered for sale and sold on a private placement basis in the Selling Jurisdictions, in accordance with Applicable Securities Laws, through the Agents or any other investment dealers or brokers registered in the applicable Selling Jurisdictions by way of the exemptions under Applicable Securities Laws as contemplated hereby and to comply with the provisions of National Instrument 45-102 and National Instrument 45-106;

(e) to deliver to the Agents as many copies of the Investor Presentation as the Agents may reasonably request and such delivery shall constitute the Corporation's authorization of the Agents to use the Investor Presentation in connection with the Offering in the Selling Jurisdictions; and

(f) prior to the Closing Date, to allow the Agents to conduct all due diligence which the Agents may reasonably require in order to fulfill the Agents' obligations as agents, and will provide to the Agents and their counsel and consultants reasonable access to the Corporation's properties, senior management personnel, legal counsel and corporate, financial and other records for the purposes of conducting such due diligence reviews. Without limiting the generality of the foregoing, the Corporation shall make available its directors, senior management, reserve engineers and auditors, and use commercially reasonable efforts to cause the auditors and reserve engineers to be available, to answer any questions which the Agents may have and to participate in one or more due diligence sessions to be held prior to the Closing Time (collectively, the "**Due Diligence Session**"). The Agents shall distribute a list of written questions to be answered in advance of such Due Diligence Session and the Corporation shall provide written responses to such questions and shall use their reasonable best efforts to have their reserve engineers and auditors provide written responses to such questions in advance of the Due Diligence Session.

Section 3 Corporation's Covenants as to Changes

The Corporation agrees that:

(a) during the period commencing with the date hereof until the later to occur of (i) the closing date of the T&T Acquisition, and (ii) the closing date of the Transaction, the Corporation will promptly inform the Agents of the full particulars of:

(i) any material change (actual, anticipated or threatened) in the assets, liabilities (absolute, accrued, contingent or otherwise), business, operations, capital or condition (financial or otherwise) of the Corporation;

(ii) any change in any material fact contained or referred to in any information regarding the Corporation previously provided to the Agents;

(iii) the discovery by the Corporation of any misrepresentation in any information regarding the Corporation previously provided to the Agents;

(iv) the discovery by the Corporation of any misrepresentation in any information regarding the Orlando Acquisition, the T&T Acquisition or the Transaction previously provided to the Agents by the Corporation, or any material change in the terms of the Orlando Acquisition Agreement, the T&T LOI or the Amalgamation Agreement, including the representations and warranties of any party to the Orlando Acquisition Agreement, the T&T LOI or the Amalgamation Agreement becoming untrue or incorrect or any event or occurrence which may make such representations and warranties untrue or incorrect, or any event or occurrence that arises which the Corporation reasonably believes is or may be of such a nature as to give rise to a right of the Corporation, NLAC or the vendors in respect of the Orlando Acquisition or the T&T Acquisition, as the case may be, to terminate their respective obligations with respect to the Orlando Acquisition Agreement, the T&T LOI or the Amalgamation Agreement, as applicable, or that may result in the Orlando Acquisition, T&T Acquisition or the Transaction not being completed pursuant to and in accordance with the terms and conditions of the Orlando Acquisition Agreement, the T&T LOI or the Amalgamation Agreement, as applicable, on or before June 30, 2011;

provided that if there may be any reasonable doubt as to whether a material change, change in material fact, occurrence or event of the nature referred to in this subsection has occurred, the Corporation shall promptly inform the Agents of the full particulars of the occurrence giving rise to the uncertainty and shall consult with the Agents as to whether the occurrence is of such nature;

(b) during the period commencing with the date hereof until the later to occur of (i) the closing date of the T&T Acquisition, and (ii) the closing date of the Transaction, the Corporation will promptly inform the Agents of the full particulars of:

(i) any request of any Securities Commission, other securities commission or similar regulatory authority, for any information which may be material to the distribution of the Subscription Receipts or the Underlying Securities;

(ii) the issuance by any Securities Commission or other securities commission or similar regulatory authority or by any other competent authority of any order to cease or suspend trading of any securities of the Corporation (including the Subscription Receipts or the Underlying Securities) or of the institution or threat of institution of any proceedings for that purpose; or

(iii) the receipt by the Corporation of any communication from any Securities Commission, other securities commission or similar regulatory authority or any other competent authority relating to the distribution of the Subscription Receipts or the Underlying Securities;

and except as otherwise agreed by the Agents, the Corporation will use its reasonable best efforts to prevent the issuance of any such cease trading order or suspension order and, if issued, to obtain the withdrawal thereof as soon as possible;

(c) during the period commencing on the date hereof until the later to occur of (i) the closing date of the T&T Acquisition, and (ii) the closing date of the Transaction, the Corporation will promptly provide to the Agents, for review by the Agents and the Agents' counsel, and prior to the publication, filing or issuance thereof, shall obtain the approval of the Agents as to the content and form of any press release, such approval not to be unreasonably withheld or delayed. In addition, any press release, announcing or otherwise referring to this Offering, the Orlando Acquisition, T&T Acquisition or the Transaction shall include an appropriate legend on each page as follows: "Not for distribution to U.S. Newswire Services or dissemination in the United States".

Section 4 Corporation's Other Covenants

The Corporation agrees that:

(a) the Corporation shall not take any action that would prevent the Corporation and the Agents from relying on the exemptions from the prospectus requirements of Applicable Securities Laws as contemplated by the Subscription Agreements;

(b) the Corporation will use the proceeds from the issuance and sale of the Subscription Receipts to satisfy the purchase price of the Orlando Acquisition and the T&T Acquisition;

(c) the Corporation will allow the Agents and the Agents' counsel to participate fully in the preparation of the Subscription Agreements, the Subscription Receipt Agreement, the Subscription Receipts and the Liquidity Right Certificates;

(d) the Corporation will make available its senior management persons to meet with potential investors if so requested by the Agents;

(e) the T&T Acquisition Agreement will contain all of the material terms and conditions in the T&T LOI;

(f) the Corporation will use its reasonable best efforts to complete each of the Orlando Acquisition, the T&T Acquisition and the Transaction substantially on the terms and conditions set forth in the Orlando Acquisition Agreement, the T&T LOI and the Amalgamation Agreement, as applicable, on or before June 30, 2011;

(g) the Corporation will take all commercially reasonable steps to satisfy all conditions to completion of the Orlando Acquisition, the T&T Acquisition and the Transaction and the transactions contemplated thereby as soon as practicable and to deliver the Orlando Acquisition Notice and the Second Tranche Notice prior to the Orlando Termination Time and the T&T Termination Date, respectively;

(h) the Corporation will use reasonable best efforts to complete the Transaction by June 30, 2011, and that such Transaction will result in Subscribers resident in the Selling Jurisdictions in Canada, provided they are not a "control person" within the meaning of such term under Applicable Securities Laws, having freely tradeable Common Shares upon completion of such Transaction;

(i) the Corporation will carry on its business in a prudent manner in accordance with industry standards and good business practice and will keep or cause to be kept proper books of accounts in accordance with applicable law;

(j) the Corporation will maintain insurance by insurers of recognized financial responsibility against such losses and risks and in such amounts that are customary in the business in which it is engaged;

(k) the Corporation agrees that all written or oral opinions, advice and materials provided by the Agents to the Corporation in connection with the Offering are intended solely for the benefit and internal use of the Corporation and the Corporation agrees that, unless otherwise required by law, no such opinion, advice or material shall be used for any other purpose or reproduced, disseminated, quoted from or referred to at any time, in any manner or for any purpose, nor shall any public reference to the Agents be made by the Corporation (including its management, directors and counsel) without the prior written consent of the Lead Agent, on behalf of the Agents, in each specific instance. The Agents expressly disclaim any liability or responsibility to the Corporation or any affiliate thereof, their respective management and boards of directors, or any other party, including without limitation, any past, present, or future holder of any securities of the Corporation, by reason of unauthorized use, publication, distribution or reference to any oral or written opinions or advice or materials provided by the Agents or any unauthorized reference to the Agents or the engagement of the Agents hereunder; and

(l) except pursuant to Common Shares issuable in connection with the Offering on the exercise or deemed exercise of the Subscription Receipts or Liquidity Rights or in connection with the Transaction, the Corporation will not, from the date hereof until that date that is 120 days following the Closing Date, directly or indirectly, sell, or offer to sell, or announce the offering of, or enter into or make any agreement or understanding, or announce the making or entry into of any agreement or understanding, to issue, sell or exchange any Common Shares or securities exchangeable or convertible into Common Shares without the prior written consent of the Agents, not to be unreasonably withheld or delayed, provided that notwithstanding the foregoing the Corporation may: (i) grant stock options under the Corporation's existing stock option plan; and (ii) issue Common Shares to the holders thereof or to the holders of other stock options or other convertible securities or instruments of the Corporation existing at the date hereof.

Section 5 Agents' Covenants

The Agents covenant and agree with the Corporation that they will:

(a) conduct their activities in connection with the proposed offer and sale of the Subscription Receipts in compliance with this Agreement and all Applicable Securities Laws and cause a similar covenant to be contained in any agreement entered into with any Selling Dealer Group established in connection with the distribution of the Subscription Receipts;

(b) not solicit subscriptions for Subscription Receipts, trade in Subscription Receipts or otherwise do any act in furtherance of a trade of Subscription Receipts outside of the Selling Jurisdictions except in any other jurisdiction in compliance with the applicable laws thereof and provided that the Agents may so solicit, trade or act within such jurisdiction only if such solicitation, trade or act is in compliance with Applicable Securities Laws in such jurisdiction and does not: (i) obligate the Corporation to take any action to qualify or register any of its securities or any trade of any of its securities (including the distribution of the Subscription Receipts or the Underlying Securities); (ii) obligate the Corporation to establish or maintain any office or director or officer in such jurisdiction; or (iii) subject the Corporation to any reporting or other requirement in such jurisdiction;

(c) obtain from each Subscriber an executed Subscription Agreement and all applicable undertakings, questionnaires and other forms required under

Applicable Securities Laws and supplied to the Agents by the Corporation for completion in connection with the distribution of the Subscription Receipts; and

(d) not advertise the proposed offering or sale of the Subscription Receipts in printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, nor provide or make available to prospective purchasers of Subscription Receipts any document or material which would constitute an offering memorandum as defined under Applicable Securities Laws, other than the Investor Presentation.

Section 6 Representations and Warranties of the Corporation

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

(a) the Corporation has been duly incorporated and is validly existing under the laws of the jurisdiction of its incorporation and has all requisite corporate capacity, power and authority to carry on its business, as now conducted and as presently proposed to be conducted by it, and to own its properties and assets;

(b) the Corporation is qualified to carry on business under the laws of each jurisdiction in which it carries on a material portion of its business;

(c) the Corporation has conducted and is conducting and will conduct its business in compliance in all material respects with all applicable laws, rules and regulations and, in particular, all applicable licensing and environmental legislation, regulations or by-laws or other lawful requirements of any governmental or regulatory bodies applicable to it of each jurisdiction in which it carries on a material portion of its business and holds, and will hold following completion of the Orlando Acquisition, T&T Acquisition and the Transaction, all licences, registrations and qualifications in all jurisdictions in which it carries or proposes to carry on a material portion of its business which are necessary or desirable to carry on the business of the Corporation as now conducted and as presently proposed to be conducted, all such licences, registrations or qualifications are, and will be following completion of the Orlando Acquisition, T&T Acquisition and the Transaction, valid and existing and in good standing and none of such licences, registrations or qualifications contains any burdensome term, provision, condition or limitation which has or is likely to have any material adverse effect on the business of the Corporation as now conducted or as proposed to be conducted, and the Corporation is not aware of any legislation, regulation, rule or lawful requirement presently in force or proposed to be brought into force which the Corporation anticipates the Corporation will be unable to comply with without materially adversely affecting the Corporation;

(d) the Corporation has no material shareholdings in any corporation or business organization other than its two wholly-owned Subsidiaries, Iona Energy Company (UK) Limited and Iona Energy Company (US) Limited; the Corporation is not "affiliated" with or a "holding corporation" of any other body corporate (within the meaning of those terms in the ABCA), nor is it a partner of any partnerships (other than participating in industry partnerships in the ordinary course of business) or limited partnerships except as described herein;

(e) the minute books for the Corporation contain full, true and correct copies of the constating documents of the Corporation and contain copies of all minutes of all meetings and all consent resolutions of the directors, committees of directors and shareholders of the Corporation, and all such meetings were duly called and properly held and all consent resolutions were properly adopted;

(f) the books of account and other records of the Corporation, whether of a financial or accounting nature or otherwise, have been maintained in accordance with prudent business practices;

(g) the Corporation has duly and timely filed, in proper form, returns in respect of taxes under the *Income Tax Act* (Canada), the income tax legislation of any province of Canada or any foreign country having jurisdiction over affairs of the Corporation for all periods in respect of which such filings have heretofore been required and there are no outstanding agreements or waivers extending the statutory period of limitations applicable to any federal, provincial or other income tax return for any period, and all payments by the Corporation to any non-resident of Canada have been made in accordance with applicable legislation in respect of withholding tax; there are no assessments or reassessments respecting the Corporation pursuant to which there are amounts owing or discussions in respect thereof with any taxing authority and the Corporation has withheld from each payment made to any of its officers, directors, former directors and employees the amount of all taxes (including, without limitation, income tax) and other deductions required to be withheld therefrom and has paid the same to the proper tax or other authority within the time required under any applicable tax legislation;

(h) all filings made by the Corporation under which the Corporation has received or is entitled to government incentives, have been made in accordance, in all material respects, with all applicable legislation and contain no misrepresentations of material fact or omit to state any material fact which could cause any amount previously paid to the Corporation or previously accrued on the accounts thereof to be recovered or disallowed;

(i) except to the extent that any violation or other matter referred to in this subparagraph does not have a material adverse effect on the business, financial condition, assets, properties, liabilities or operations of the Corporation:

(i) the Corporation is not in violation of any Environmental Laws;

(ii) the Corporation has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all contaminants without violation of Environmental Laws;

(iii) to the knowledge of the Corporation, there have been no spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes into the earth, air or into any body of water or any municipal or other sewer or drain water systems by the Corporation that have not been remedied;

(iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Corporation;

(v) the Corporation has not failed to report to the proper federal, provincial, municipal or other political subdivision, government, department, commission, board, bureau, agency or instrumentality, domestic or foreign, the occurrence of any event which is required to be so reported by any Environmental Law; and

(vi) the Corporation holds all licences, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licences, permits and approvals are in full force and effect, and the Corporation has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any licence, permit or approval issued pursuant thereto, or that any licence, permit or approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

(j) any and all operations of the Corporation and, to the knowledge of the Corporation, any and all operations by third parties, on or in respect of the assets and properties of the Corporation, have been conducted in accordance with good industry practices and in material compliance with applicable laws, rules, regulations, orders and directions of governmental and other competent authorities;

(k) in respect of the assets, properties and businesses of the Corporation that are operated by it, if any, the Corporation holds all valid licences, permits and similar rights and privileges that are required and necessary under applicable law to operate the assets, properties and businesses of the Corporation as presently operated;

(l) the Corporation has full corporate capacity, power and authority to enter into the Transaction Agreements and to perform its obligations set out herein and therein (including, without limitation, to create, issue and sell the Subscription Receipts and to issue the Underlying Securities), and this Agreement, the Orlando Acquisition Agreement and the T&T LOI have been, and each of the Subscription Agreements, the Subscription Receipt Agreement and the Liquidity Right Certificates will be, on the Closing Date (or the date of delivery, as applicable), duly authorized, executed and delivered by the Corporation and this Agreement and the Subscription Agreements, the Subscription Receipt Agreement and the Liquidity Right Certificates will on the Closing Date (or the date of delivery, as applicable) be, legal, valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their terms subject to laws relating to creditors' rights generally and except as rights to indemnity may be limited by applicable law;

(m) the Corporation had full corporate capacity, power and authority to enter into the Orlando Acquisition Agreement and the T&T Acquisition Agreement and to perform its obligations set out therein, and the Orlando Acquisition Agreement and the T&T Acquisition Agreement have been, or will be, duly authorized, executed and delivered by the Corporation and each of the Orlando Acquisition Agreement and the T&T Acquisition Agreement will on the date of delivery be, a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with its terms subject to laws relating to creditors' rights generally and except as rights to indemnity may be limited by applicable law;

(n) at the Closing Date the Subscription Receipts and the Underlying Securities will be duly and validly created, authorized, allotted and reserved for issuance and, in the case of the Subscription Receipts, upon issuance in accordance with the terms of the Subscription Receipt Agreement and, in the case of the Underlying Securities, upon issuance in accordance with the Subscription Receipt Agreement, and in the case of the Liquidity Right Shares, upon issuance in accordance with the terms of the Liquidity Rights, will be issued as fully paid and non-assessable subscription receipts and Common Shares, respectively;

(o) the Corporation is not in default or breach of, and the execution and delivery of, and the performance of and compliance with the terms of any of the Transaction Agreements by the Corporation or any of the transactions contemplated hereby or thereby, does not and will not result in any breach of, or constitute a default under, and does not and will not create a state of facts which, after notice or lapse of time or both, would result in a breach of or constitute a default under: (i) any term or provision of the articles, by laws or resolutions of the directors (or committee thereof) or shareholders of the Corporation; (ii) any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound; or (iii) any law, judgment, decree, order, statute, rule or regulation applicable to the Corporation or its properties or assets, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) of the Corporation or its properties or assets or would impair the ability of the Corporation to consummate the transactions contemplated hereby or thereby or to duly observe and perform any of its covenants or obligations contained in any of the Transaction Agreements;

(p) there has not been any material change in the assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Corporation from the position set forth in the Financial Statements, and there has not been any material adverse change in the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations, capital or condition (financial or otherwise) of the Corporation since incorporation and since that date there have been no material facts, transactions, events or occurrences which, to the knowledge of the Corporation, could materially adversely affect the capital, assets, liabilities (absolute, accrued, contingent or otherwise), business, operations or condition (financial or otherwise) or results of the operations of the Corporation;

(q) the Financial Statements fairly present, in all material respects and in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition, the results of the operations, cash flows and other information purported to be shown therein of the Corporation as at the dates thereof and for the periods then ended and reflect all assets, liabilities and obligations (absolute, accrued, contingent or otherwise) of the Corporation as at the dates thereof required to be disclosed in accordance with generally accepted accounting principles in Canada, and include all adjustments necessary for a fair presentation;

(r) the Corporation is not a party to or bound by any agreement of guarantee, indemnification (other than an indemnification of directors and officers in accordance with the by-laws of the Corporation and applicable laws, indemnification agreements or covenants that are entered into arising in the ordinary course of business, including operating and similar agreements, indemnification and contribution provisions in the Transaction Agreements, transfer agency agreements) or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person;

(s) the Corporation does not have any loans or other indebtedness outstanding which have been made to or from any of its shareholders, officers, directors or employees or any other person not dealing at arm's length with the Corporation that are currently outstanding;

(t) no officer, director, employee or any other person not dealing at arm's length with the Corporation or, to the knowledge of the Corporation, any associate or affiliate of any such person, owns, has or is entitled to any royalty, net profits interest, carried interest, licensing fee or any other encumbrances or claims of any nature whatsoever which are based on the Corporation's revenues;

(u) none of the directors, officers or employees of the Corporation, any person who owns or will own following completion of the Orlando Acquisition, T&T

Acquisition and the Transaction, directly or indirectly, more than 10% of any class of securities of the Corporation, or any associate or affiliate of any of the foregoing, had, has or will have following completion of the Orlando Acquisition, T&T Acquisition and the Transaction any material interest, direct or indirect, in any material transaction or any proposed material transaction with the Corporation which, as the case may be, materially affects, is material to or will materially affect the Corporation;

(v) since December 31, 2010, the Corporation has not incurred, assumed or suffered any liability (absolute, accrued, contingent or otherwise) or entered into any transaction which is or may be material to the Corporation and which is not in the ordinary course of business, other than in respect of the Orlando Acquisition, T&T Acquisition, the Transaction and this Agreement;

(w) there are no actions, suits, proceedings or inquiries in existence or, to the knowledge of the Corporation, pending or threatened against or affecting the Corporation at law or in equity or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality which in any way materially adversely affects, or may in any way materially adversely affect, the business, operations, capital or condition (financial or otherwise) or assets of the Corporation or which affects or may affect the distribution of the Subscription Receipts or the Underlying Securities and which would impair the ability of the Corporation to consummate the transactions contemplated hereby or to duly observe and perform any of its covenants or obligations contained in any of the Transaction Agreements, or contained in the Orlando Acquisition Agreement or the T&T LOI, and the Corporation is not aware of any existing ground on which such action, suit, proceeding or inquiry might be commenced with any reasonable likelihood of success;

(x) the authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares issuable in series, of which 22,575,065 Common Shares are currently issued and outstanding, each of which shares are validly issued, fully paid and non-assessable;

(y) no person, firm, corporation or other entity holds any securities convertible or exchangeable into shares of the Corporation or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, warrant, option or right (whether or not on condition(s)) for the purchase or other acquisition of any unissued securities of the Corporation except: (i) 264,500 Common Shares subject to warrants granted by the Corporation and exercisable at a price of $0.22 per Common Share until August 12, 2013 (in respect of 137,300 Common Shares) and September 13, 2013 (in respect of 127,200 Common Shares); and (ii) as contemplated by the Subscription Agreements;

(z) Olympia Trust Company acts as the registrar and transfer agent for the Common Shares;

(aa) at the Closing Time, Olympia Trust Company will be duly appointed as the Trustee under the Subscription Receipt Agreement;

(bb) no Securities Commission, other securities commission or similar regulatory authority has issued any order which is currently outstanding preventing or suspending trading in any securities of the Corporation, no such proceeding is, to the knowledge of the Corporation, pending, contemplated or threatened and the Corporation is not in default of any material requirement of Applicable Securities Laws;

(cc) to the knowledge of the Corporation, no insider of the Corporation has a present intention to sell any securities of the Corporation held by it;

(dd) no authorization, approval or consent of any court or governmental authority or agency is required to be obtained by the Corporation in connection with the sale and delivery of the Subscription Receipts or the Underlying Securities;

(ee) other than as provided for in this Agreement, the Corporation has not incurred any obligation or liability, contingent or otherwise, or brokerage fees, finder's fees, underwriter's or agent's commission or other similar forms of compensation with respect to the transactions contemplated by the Orlando Acquisition, T&T Acquisition or the Transaction or hereby;

(ff) the form and terms of definitive certificates representing the Common Shares, the Subscription Receipts and the Liquidity Rights will be, on the Closing Date, duly approved and adopted by the Corporation and will comply with all legal requirements relating thereto;

(gg) although it does not warrant title, and except for permitted encumbrances customary in the oil and gas industry in Alberta, the Corporation does not have reason to believe that the Corporation does not have good title to all of its material assets and undertakings (for the purpose of this clause, the foregoing is referred to as the "**Interest**") and does represent and warrant that such Interest is free and clear of adverse claims created by, through or under the Corporation, except for those arising in the ordinary course of business, which are not material individually or in the aggregate;

(hh) in respect of the assets and properties of the Corporation that are operated by it, if any, the Corporation holds all valid licences, permits and similar rights and privileges that are required and necessary under applicable law to operate the assets and properties of the Corporation as presently operated except where the failure to hold such licenses, permits and similar rights would not have a material adverse effect on the Corporation;

(ii) the Corporation has made available to GCA prior to the issuance of the GCA Reserve Report, for the purpose of preparing the GCA Reserve Report, all information requested by GCA, which information did not contain any misrepresentation at the time such information was provided. The Corporation has no knowledge of a material adverse change in any information provided to GCA since the date that such information was so provided. The Corporation believes that the GCA Reserve Report reasonably presents the quantity and net present values on an aggregate basis of the estimated future net revenues of oil and natural gas reserves attributable to the crude oil, natural gas liquids and natural gas reserves evaluated in such GCA Reserve Report based upon information available at the time the GCA Reserve Report was prepared;

(jj) the Corporation has and will have following completion of the Orlando Acquisition, the T&T Acquisition and the Transaction, any proprietary rights provided in law to patents, trademarks, copyrights, industrial designs, software, firmware, trade secrets, know how, show how, concepts, information and other intellectual and industrial property (collectively "**Intellectual Property**") that would be necessary to permit it to conduct its business, and no Intellectual Property is required to conduct the Corporation's business as presently conducted or as proposed to be conducted;

(kk) it has not received any communications alleging that the Corporation has violated or, by conducting its business as proposed, would violate any of the patents, trademarks, service marks, trade names, copyrights or trade secrets or other proprietary rights of any other person or entity and other than as disclosed by the Corporation to the Agents, the Corporation is not aware of any potential basis for such an allegation or of any reason to believe that such an allegation may be forthcoming;

(ll) the Corporation does not have any knowledge of any outstanding rights of first refusal or other preemptive rights of purchase which entitle any person to acquire any of the rights, title, interests, property or assets of the Corporation;

(mm) each of the leases pursuant to which the Corporation occupies any premises, are in good standing and in full force and effect, and the Corporation is not in breach of any material covenants, conditions or obligations contained therein;

(nn) to the knowledge of the Corporation, any and all operations by third parties in respect of the rights, title, interests, properties or assets of the Corporation have been conducted in accordance with good oil and gas industry practices and in material compliance with applicable laws, rules, regulations, orders and directions of governmental and other competent authorities;

(oo) to the knowledge of the Corporation, none of its directors or officers are now, or have ever been, subject to an order or ruling of any securities regulatory authority or stock exchange prohibiting such individual from acting as a director or officer of a public company or of a company listed on a particular stock exchange;

(pp) the representations and warranties made by the Corporation in the Subscription Agreements and the Subscription Receipt Agreement are, or will be, true and correct as of the date at which they are made;

(qq) other than the Transaction Agreements, the Orlando Acquisition Agreement, the T&T LOI and as set forth in Schedule C hereto, there are no material contracts or agreements to which the Corporation is a party or by which it is bound or will be bound following completion of the Orlando Acquisition, the T&T Acquisition and the Transaction and each of the contracts and agreements set forth in Schedule C constitutes or will constitute a legally valid and binding agreement of the Corporation enforceable in accordance with their respective terms and, to the knowledge of the Corporation, no party thereto is in default thereunder and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default. For the purposes of this subparagraph, any contract or agreement pursuant to which the Corporation will, or may reasonably be expected to, result in a requirement to expend more than an aggregate of $500,000 or receive or be entitled to receive revenue of more than $500,000 in either case in the next 12 months, or is out of the ordinary course of business of the Corporation, shall be considered to be material;

(rr) to the best of the knowledge of the Corporation, no other party is in default in the observance or performance of any term or obligation to be performed by it under any contract to which the Corporation is a party or by which it is bound which is material to the business of the Corporation and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default, in any such case which default or event would reasonably be expected to have a material adverse effect on the assets or properties, business, results of operations, prospects or condition (financial or otherwise) of the Corporation;

(ss) except as set forth in Schedule D hereto, the Corporation is not, and will not be upon completion of the Orlando Acquisition, T&T Acquisition and the Transaction, a party to any contracts of employment which may not be terminated on one month's notice or which provide for payments occurring on a change of control of the Corporation;

(tt) Schedule E hereto sets forth all of the Swaps that the Corporation and any of its Subsidiaries currently has outstanding, together with the details thereof;

(uu) the Corporation does not have in place a shareholder rights protection plan;

(vv) the Corporation is not a "reporting issuer" or the equivalent under Applicable Securities Laws in any province or territory in Canada and the Common Shares are not currently listed on any stock exchange;

(ww) no officer or director of the Corporation, nor to the knowledge of the Corporation, any shareholder of the Corporation, is subject to any limitations or restrictions on their activities or investments, including any non-competition provisions, that would in any way limit or restrict their involvement with the Corporation or business affairs of the Corporation;

(xx) to its knowledge, neither the Corporation nor any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of the Corporation;

(yy) the representations and warranties of the Corporation in the Orlando Acquisition Agreement and T&T LOI, true copies of which have been provided to the Agents, are true and correct as of the date hereof;

(zz) the Corporation does not have any reason to believe that the representations and warranties of Wintershall in the Orlando Acquisition Agreement are not true and correct as of the date hereof or that Wintershall is in breach of any of its covenants in the Orlando Acquisition Agreement;

(aaa) the Corporation does not have any reason to believe that the representations and warranties of Perenco in the T&T LOI are not true and correct as of the date hereof or that Perenco is in breach of any of its covenants in the T&T LOI;

(bbb) the Corporation does not have any reason to believe that the representations and warranties of NLAC in the Amalgamation Agreement are not true and correct as of the date hereof or that NLAC is in breach of any of its covenants in the Amalgamation Agreement;

(ccc) the Due Diligence Session Responses shall be true and correct in all material respects as at the time such responses are given where they relate to matters of fact and the directors and officers of the Corporation will respond in as thorough and complete a fashion as possible. Where the responses reflect the opinion or view of the Corporation or its directors or officers, such opinions or views were honestly held at the time they were given;

(ddd) to the knowledge of the Corporation no event has occurred or condition exists which may prevent the Orlando Acquisition, T&T Acquisition or the Transaction from being completed prior to June 30, 2011;

(eee) all information and statements contained in the Investor Presentation are true and correct in all material respects and contain no misrepresentation;

(fff) the Investor Presentation complies fully with the requirements of Applicable Securities Laws; and

(ggg) neither of the Corporation's wholly-owned Subsidiaries has any material assets, liabilities or commitments other than with respect to Iona Energy Company (UK) Limited in connection with the Orlando Acquisition and the T&T Acquisition.

Section 7 Conditions

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

(a) (i) a legal opinion of the Corporation's counsel (addressed to the Agents, the Subscribers and the Agents' counsel) in form and substance satisfactory to the Agents, acting reasonably, relating to the offering, issuance and sale of the Subscription Receipts, including, without limitation, the matters set forth in Schedule B (or as otherwise agreed by the Agents, acting reasonably), and as to all other legal matters, including compliance with Applicable Securities Laws of the Selling Jurisdictions in Canada, in any way connected with the offering, issuance, sale and delivery of the Subscription Receipts or the Underlying Securities, as the Agents may reasonably request, (ii) if Subscription Receipts are offered and sold to Subscribers that are in the United States, a legal opinion of Dorsey & Whitney LLP, the Corporation's special United States counsel, (addressed to the Agents) in form and substance satisfactory to the Agents, acting reasonably, confirming that the offer and sale of the Subscription Receipts to Subscribers in the United States, and the issuance of the Underlying Securities to such Subscribers does not require registration under the *U.S. Securities Act*.

It is understood that the Corporation's counsel may rely on the opinions of local counsel acceptable to them as to matters governed by the laws of jurisdictions other than the jurisdiction of residence of such counsel or Canada and on certificates of officers of the Corporation, the transfer agent of the Common Shares and the auditors of the Corporation as to relevant matters of fact.

(b) a certificate of the Corporation dated the Closing Date, addressed to the Agents and the Subscribers and signed on the Corporation's behalf by two senior officers of the Corporation satisfactory to the Agents, acting reasonably, certifying that:

(i) the Corporation has complied with and satisfied all terms and conditions of this Agreement on its part to be complied with or satisfied at or prior to the Closing Time, other than those which have been waived in writing by the Agents;

(ii) the representations and warranties of the Corporation set forth in this Agreement, the Subscription Agreements and the Subscription Receipt Agreement are true and correct at the Closing Time, as if made at such time;

(iii) no event of a nature referred to in Section 12(a), (b), (d) or (h) has occurred since the date of this Agreement or to the knowledge of such officers is pending, contemplated or threatened (excluding in the case of Section 12(b) and (d) any requirement of the Agents to make a determination as to whether or not any event or change has, in the Agents' opinion, had or could have the effect specified therein);

(iv) the Corporation has made and/or obtained, on or prior to the Closing Time, all necessary filings, approvals, consents and acceptances under Applicable Securities Laws, and under any applicable agreement or document to which the Corporation is a party or by which it is bound, required for the execution and delivery of this Agreement, the Subscription Agreements, the Subscription Receipt Agreement and the Liquidity Right Certificates, the offering and sale of the Subscription Receipts and the distribution of the Underlying Securities in the Selling Jurisdictions and the consummation of the other transactions contemplated hereby (for greater certainty, other than in respect of the Orlando Acquisition, T&T Acquisition or the Transaction);

(v) there have been no material changes to the Due Diligence Responses; and

(vi) such other matters as may be reasonably requested by the Agents or the Agents' counsel;

and the Agents shall have no knowledge to the contrary; and

(c) a duly executed copy of the Subscription Receipt Agreement and the Liquidity Right Certificates, each in form and substance reasonably satisfactory to the Agents and the Agents' counsel.

The foregoing conditions are for the sole benefit of the Agents and may be waived in whole or in part by the Agents at any time and, without limitation, the Agents shall have the right, on behalf of potential subscribers, to withdraw all Subscription Agreements delivered and not previously withdrawn or rescinded by such persons. If any of the foregoing conditions are not met, the Agents may terminate their obligations under this Agreement without prejudice to any other remedies they may have.

Section 8 Closing

The issue and sale of the Subscription Receipts shall be completed at the Closing Time at the offices of the Corporation's counsel in Calgary, Alberta or at such other place as the Corporation and the Agents may agree. Subject to the conditions set forth in Section 7, the Agents, on the Closing Date, shall deliver to the Corporation:

(a) all completed Subscription Agreements (including any applicable documents specifically referred to in the Subscription Agreements), in form and substance reasonably satisfactory to the Agents and the Agents' counsel;

(b) originally executed copies of all forms required under Applicable Securities Laws from each of the Subscribers; and

(c) a certified cheque or bank draft payable to the Trustee at par in Calgary, Alberta or effect the wire transfer of funds to the Trustee in an amount equal to the aggregate of all subscriptions for the Subscription Receipts delivered to and accepted by the Corporation,

against delivery by the Corporation of:

(d) definitive certificates representing, in the aggregate, all of the Subscription Receipts subscribed for or purchased registered in such name or names as the Agents shall notify the Corporation in writing of not less than 48 hours prior to the Closing Time provided such certificates registered in such names may, subject to receipt by the Corporation and the Trustee of a satisfactory indemnity, be delivered in advance of the Closing Date to the Agents or such other parties in such locations as the Agents may direct and the Agents and the Corporation may agree upon;

(e) a certified cheque or bank draft payable to the Lead Agent at par in Calgary, Alberta in the amount of the expenses payable to the Agents pursuant to Section 10; and

(f) such further documentation as may be contemplated by this Agreement or that may reasonably be requested by Agents' counsel.

The Corporation may not reject any properly completed Subscription Agreement which is in compliance with Applicable Securities Laws, unless the number of Subscription Receipts subscribed for or purchased pursuant to all Subscription Agreements tendered by the Agents exceeds the maximum number of Subscription Receipts to be sold under this Agreement, in which case Subscription Agreements representing the over-allotment shall, in consultation with the Agents, be rejected or unless the acceptance of such Subscription Agreement may breach or violate any Applicable Securities Laws.

Section 9 Fees

In consideration for its services hereunder, the Corporation agrees to pay to the Agents a fee equal to the amount of $0.039 (6.5%) for each of the Subscription Receipts subscribed for and for which the subscription is accepted by the Corporation (except for subscriptions from the President's List, for which a fee equal to the amount of $0.0195 (3.25%) per Subscription Receipt shall be payable), which fee shall be proportionate to, and payable concurrent with, the release of the Escrowed Funds upon satisfaction of the Escrow Conditions (plus any interest earned thereon in accordance with the Subscription Receipt Agreement), payable from the funds held by the Trustee pursuant to the Subscription Receipt Agreement. For greater certainty, any fee payable to the Agents with respect to the release of Escrowed Funds pursuant to the Subscriber's Election shall be payable by the Corporation to the Agents on the earlier of: (i) the date on which all of the Escrow Conditions have been satisfied; and (ii) June 30, 2011.

Notwithstanding the foregoing, in the event the Offering is completed and the Escrow Conditions are not satisfied on or before June 30, 2011, the Corporation shall immediately thereafter pay the Agents a work fee in the amount of $350,000.

Section 10 Expenses

Whether or not the transactions contemplated herein shall be completed, all costs and expenses of or incidental to the creation, issue, sale or distribution of the Subscription Receipts shall be borne by the Corporation, including, without limitation, all costs and expenses of or incidental to the private placement of the Subscription Receipts, the fees and expenses of the Corporation's counsel, agent counsel retained by the Corporation's counsel, the Corporation's auditors, the Trustee, the reasonable out-of-pocket expenses of the Agents, including, but not limited to, travel and road show expenses and the Agents' legal fees (to a maximum of $90,000, exclusive of taxes and disbursements) and reasonable expenses, and all other costs and expenses relating to the transactions contemplated herein. All fees and expenses incurred by the Agents which are reimbursable hereunder shall be payable by the Corporation to the Agents immediately at the Closing Time.

Section 11 Waiver

The Agents may, in respect of the Corporation, waive in whole or in part any breach of, default under or non-compliance with any representation, warranty, covenant, term or condition hereof, or extend the time for compliance therewith, without prejudice to any of its rights in respect of any other representation, warranty, covenant, term or condition hereof or any other breach of, default under or non-compliance with any other representation, warranty, covenant, term or condition hereof, provided that any such waiver or extension shall be binding on the Agents only if the same is in writing.

Section 12 Termination Events

The Agents may terminate their obligations hereunder, without any liability on the Agents' part, by written notice to the Corporation, in the event that after the date hereof and at or prior to the Closing Time:

(a) any order to cease or suspend trading in any securities of the Corporation, or prohibiting or restricting the distribution of the Subscription Receipts or the Underlying Securities is made, or proceedings are announced, commenced or threatened for the making of any such order, by any securities commission or similar regulatory authority or by any other competent authority, and the same has not been rescinded, revoked or withdrawn;

(b) any inquiry, investigation (whether formal or informal) or other proceeding in relation to the Corporation or any of its directors or senior officers is announced or commenced by any securities commission or similar regulatory authority or by any other competent authority or any order is issued under or pursuant to any statute of Canada or of any of the provinces of Canada, or any other applicable law or regulatory authority (unless based on the activities or alleged activities of the Agents or its agent), or there is any change of law, regulation or policy or the interpretation or administration thereof, and the same has not been rescinded, revoked or withdrawn, which, in the sole opinion of the Agents, acting reasonably, materially adversely affects, or may materially adversely affect, the completion of the Orlando Acquisition, T&T Acquisition or the Transaction or, the distribution of the Subscription Receipts or the Underlying Securities;

(c) there should develop, occur or come into effect or existence any event, action, state, condition (including, without limitation, terrorism or accident) or major financial occurrence of national or international consequence, or any action by government, law or regulation, enquiry or any other occurrence of any nature whatsoever which in the sole opinion of the Agents, acting reasonably, seriously adversely affects, or involves, or might be expected to seriously adversely affect or involve, the financial markets or the business, operations or affairs of the Corporation or the state of the financial markets is such that in the opinion of the Agents, as determined by the Agents in its sole discretion, the Subscription Receipts cannot be successfully or profitably marketed or it would be impracticable to offer or continue to offer the Subscription Receipts for sale;

(d) there should occur any change, event, fact or circumstance (actual, contemplated or threatened) of the nature referred to in Section 3(a) hereof or any development that could result in such a change, event, fact or circumstance, any of which, in the opinion of the Agents, as determined by the Agents in its sole discretion, acting reasonably, could reasonably be expected to have a material adverse effect on the business, operations or affairs of the Corporation or the market price or value or the marketability of the Subscription Receipts or the Underlying Securities;

(e) the state of the financial markets in Canada or the United States becomes such that the Subscription Receipts cannot, in the opinion of the Agents, acting reasonably, be profitably marketed;

(f) the Agents, acting reasonably, determines that the Corporation shall be in breach of, default under or non-compliance with any material representation, warranty, covenant, term or condition of this Agreement, the Subscription Agreements, the Liquidity Right Certificates, the Subscription Receipts, the Subscription Receipt Agreement, the Orlando Acquisition Agreement, the T&T LOI, the T&T Acquisition Agreement or the Amalgamation Agreement, as applicable;

(g) the Agents has become aware, as a result of its due diligence review or otherwise (including any Due Diligence Session), of any adverse material information, fact or change (determined solely by the Agents, acting reasonably) with respect to the Corporation which had not been publicly disclosed or disclosed in writing to the Agents prior to the date hereof or which occurred after the effective date hereof but prior to the Closing Time; or

(h) the Amalgamation Agreement, the Orlando Acquisition Agreement or the T&T LOI is terminated and not replaced by an amendment or restatement of such agreement on substantially the same terms and satisfactory in form and containing terms and conditions acceptable to the Agents, acting reasonably, or the

Corporation otherwise notifies the Agents that the Orlando Acquisition, T&T Acquisition or the Transaction will not occur,

in any of such cases, the Agents shall be entitled, at its option, to terminate and cancel its obligations to the Corporation under this Agreement and the obligations of any Subscriber under any Subscription Agreement.

Section 13 Continuation of Termination Right

The Agents may exercise any or all of the rights provided for in Section 7, Section 11 or Section 12 notwithstanding any material change, change, event or state of facts and notwithstanding any act or thing taken or done by the Agents or any inaction by the Agents, whether before or after the occurrence of any material change, change, event or state of facts including, without limitation, any act of the Agents related to the offering or continued offering of the sale of the Subscription Receipts. The Agents shall only be considered to have waived or be estopped from exercising or relying upon any of its rights under or pursuant to Section 7, Section 11 or Section 12 if such waiver or estoppel is in writing and specifically waives or estops such exercise or reliance.

Section 14 Exercise of Termination Right

Any termination pursuant to the terms of this Agreement shall be effected by notice in writing delivered to the Corporation, provided that no termination shall discharge or otherwise affect any obligation of the Corporation under Section 10, Section 15, Section 16, Section 17 or Section 18, as applicable. The rights of the Agents to terminate obligations hereunder are in addition to, and without prejudice to, any other remedies it may have.

Section 15 Survival

All representations, warranties, covenants, indemnities, terms and conditions herein or contained in certificates or documents submitted pursuant to or in connection with the transactions contemplated herein shall survive the payment by the Agents for the Subscription Receipts and shall continue in full force and effect for the benefit of the Agents and the Subscribers regardless of any investigation by or on behalf of the Agents with respect thereto for a period of three years after the Closing Date.

Section 16 Indemnity

The Corporation agrees to indemnify and save each of the Indemnified Persons harmless against and from all liabilities, claims, demands, losses (other than losses of profit), costs, damages and expenses to which any of the Indemnified Persons may be subject or which any of the Indemnified Persons may suffer or incur, whether under the provisions of any statute or otherwise, in any way caused by, or arising directly or indirectly from or in consequence of:

(a) any information or statement contained in any document provided to the Agents by the Corporation in connection with the Offering or contained in this Agreement or any certificate or other document delivered by or on behalf of the

Corporation to the Agents hereunder which is or is alleged to be untrue or any omission or alleged omission to provide any information or state any fact the omission of which makes or is alleged to make any such information or statement untrue or misleading in light of the circumstances in which it was made;

(b) any misrepresentation or alleged misrepresentation contained in any document provided to the Agents by the Corporation in connection with the Offering;

(c) any prohibition or restriction of trading in the securities of the Corporation or any prohibition or restriction affecting the distribution of the Subscription Receipts or the Underlying Securities (not based upon the activities or the alleged activities of any of the Agents or the Selling Dealer Group members, if any) imposed by any Securities Commission or any other competent authority;

(d) any order made or any inquiry, investigation (whether formal or informal) or other proceeding commenced or threatened by any Securities Commission or any other one or more competent authorities (not based upon the activities or the alleged activities of any of the Agents or the Selling Dealer Group members, if any) into the affairs of the Corporation or any of its directors, officers or principal shareholders or relating to or affecting the trading or distribution of the Subscription Receipts or the Underlying Securities;

(e) any breach of, default under or non-compliance by the Corporation with any representation, warranty, term or condition of this Agreement, the Amalgamation Agreement, the Orlando Acquisition Agreement, the T&T LOI, the T&T Acquisition Agreement, the Subscription Agreements, the Subscription Receipts, the Subscription Receipt Agreement, the Liquidity Right Certificates or any document delivered pursuant thereto or any requirement of Applicable Securities Laws; or

(f) the release of the Escrowed Funds by the Trustee to or on the direction of the Corporation,

provided that in the event and to the extent that a court of competent jurisdiction in the final judgement from which no appeal can be made or a regulatory authority in a final ruling from which no appeal can be made shall determine that any matter in respect of which indemnity may be sought hereunder resulted solely from the gross negligence, fraud or willful misconduct of an Indemnified Person, this indemnity shall not apply.

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

The Corporation agrees that in case any legal proceedings or investigation shall be brought against or initiated against the Corporation by any governmental commission, regulatory authority, exchange, court or other authority and an Indemnified Person or other representative of the Agents shall be required to testify or respond to procedures designed to discover information regarding, in connection with or relating to the performance of professional services rendered to the Corporation by the Agents, the Corporation shall pay the Agents the reasonable costs (including an amount to reimburse the Agents for the time spent by their personnel in connection therewith on a per diem basis and out of pocket expenses) in connection therewith unless such proceedings or investigations shall be brought or initiated as a result of any gross negligence, fraud, bad faith or wilful misconduct of the Agents, or any of their affiliates or any member of the Selling Dealer Group.

Section 17 Notice of Indemnity Claim

If any claim contemplated by Section 16 shall be asserted against any of the Indemnified Persons in respect of which indemnification is or might reasonably be considered to be provided for in such section, such Indemnified Person shall notify the Corporation as soon as possible of the nature of such claim and the Corporation shall be entitled (but not required) to assume the defence of any suit brought to enforce such claim, provided however, that the defence shall be through legal counsel selected by the Corporation and acceptable to the Indemnified Person acting reasonably and that no admission of liability or settlement may be made by the Corporation or the Indemnified Person without the prior written consent of the other, such consent not to be unreasonably withheld. The Indemnified Person shall have the right to retain its own counsel in any proceeding relating to a claim contemplated by Section 16 if:

(a) the Indemnified Person has been advised in writing by counsel that there may be a reasonable legal defence available to the Indemnified Person which is different from or additional to a defence available to the Corporation or that a conflict of interest exists or reasonably may exist which makes representation by counsel chosen by the Corporation not advisable (in which case the Corporation shall not have the right to assume the defence of such proceedings on the Indemnified Person's behalf);

(b) the Corporation shall not have undertaken the defence of such proceedings, or indicated its intent to do so, and employed counsel within ten days after notice of commencement of such proceedings; or

(c) the employment of such counsel has been authorized by the Corporation in connection with the defence of such proceeding;

and, in any such event, the reasonable fees and expenses of such Indemnified Person's counsel (on a solicitor and his own client basis) shall be paid by the Corporation; it being understood, however, that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate law firm (in addition to any local counsel) for all Indemnified Persons.

It is the intention of the Corporation to constitute the Agents as trustee for the Indemnified Persons for the purposes of Section 16, Section 17 and Section 18 and the Agents agree to accept such trust and to hold and enforce such covenants on behalf of such persons.

Section 18 Right of Contribution

In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this Agreement is due in accordance with its terms but is (in whole or in part), for any reason, held by a court to be unavailable from the Corporation on grounds of policy or otherwise, the Corporation and the party or parties seeking indemnification shall contribute to the aggregate liabilities, claims, demands, losses (other than losses of profit), costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) to which they may be subject or which they may suffer or incur:

(a) in such proportion as is appropriate to reflect the relative benefit received by the Corporation on the one hand and by the Agents on the other hand from the offering of the Subscription Receipts; or

(b) if the allocation provided by Section 18(a) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in Section 18(a) but also to reflect the relative fault of the party or parties seeking indemnity, on the one hand, and the parties from whom indemnity is sought, on the other hand, in connection with the statement, omission, misrepresentation or alleged misrepresentation, order, inquiry, investigation or other matter or thing which resulted in such liabilities, claims, demands, losses, costs, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Corporation, on the one hand, and the Agents, on the other hand, shall be deemed to be in the same proportion that the total proceeds of the offering received by the Corporation (net of fees but before deducting expenses) bear to the consideration received by the Agents.

The amount paid or payable by an Indemnified Person as a result of liabilities, claims, demands, losses (other than losses of profit), costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof) referred to above shall, without limitation, include any legal or other expenses reasonably incurred by the Indemnified Person in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof), whether or not resulting in any action, suit, proceeding or claim.

The Corporation agrees that it would not be just and equitable if contributions pursuant to this Agreement were determined by pro rata allocation or by any other method of allocation which does not take into account the equitable considerations referred to in the immediately preceding sections. The rights to contribution provided in this Section 18 shall be in addition to, and without prejudice to, any other right to contribution which the Agents may have.

Any liability of the Agents under this Section 18 shall be limited to the amount paid to the Agents pursuant to Section 9.

Section 19 Notices

Any notice or other communication to be given hereunder shall, in the case of notice to be given to the Corporation, be addressed to:

Iona Energy Company Limited
1000, 888 - 3rd Street S.W.
Calgary, Alberta
T2P 5C5

Attention: Mr. Brad G. Gunn
Chief Financial Officer
Facsimile No. (403) 775-7442

with a copy to:

Burstall Winger LLP
1600, 333 – 7th Avenue S.W.
Calgary, Alberta
T2P TZ1

Attention: Jay Zammit
Facsimile No.: (403) 266-6016

and, in the case of notice to be given to the Agents, be addressed to:

Wellington West Capital Markets Inc.
3rd Floor, 129 – 8th Avenue S.W.
Calgary, Alberta
T2P 1B4

Attention: Jeff Reymer
Facsimile No.: (403) 781-2719

with a copy to:

Blake, Cassels & Graydon LLP
Suite 3500, Bankers Hall East
855 – 2nd Street S.W.
Calgary, Alberta
T2P 4J8

Attention: Jeff Bakker
Telecopy No.: (403) 260-9700

or to such other address as the party may designate by notice given to the others. Each communication shall be personally delivered to the addressee or sent by facsimile transmission to the addressee, and:

(a) a communication which is personally delivered shall, if delivered before 4:30 p.m. (local time) on a business day, be deemed to be given and received on that day and, in any other case be deemed to be given and received on the first business day following the day on which it is delivered; and

(b) a communication which is sent by facsimile transmission shall, if sent on a business day before 4:30 p.m. (local time), be deemed to be given and received on that day and, in any other case, be deemed to be given and received on the first business day following the day on which it is sent.

Section 20 Trust

It is the intention of the Corporation to constitute the Agents as trustee for the Subscribers in respect of the benefit of the representations, warranties and covenants of the Corporation set forth in this Agreement.

Section 21 Authority to Bind Agents

The Corporation shall be entitled to and shall act on any notice, waiver, extension or communication given by or on behalf of the Agents by the Lead Agent, which shall represent the Agents and which shall have the authority to bind the Agents in respect of all matters hereunder, except in respect of any settlement under Section 17 or Section 18. While not affecting the foregoing, the Lead Agent shall consult with the other Agents with respect to any such notice, waiver, extension or other communication prior to the provision of any such notice, waiver, extension or other communication.

Section 22 Acknowledgement and Consent

The Corporation: (i) acknowledges and agrees that the Agent has certain statutory obligations as a registrant under the Applicable Securities Laws and has fiduciary relationships with its respective clients; and (ii) consents to the Agent acting hereunder while continuing to act for its respective clients. To the extent that an Agent statutory obligations as a registrant under Applicable Securities Laws or fiduciary relationships with its clients conflicts with its obligations hereunder, the Agent shall be entitled to fulfil its statutory obligations as a registrant under Applicable Securities Laws and its duties to its clients. Nothing in this Agreement shall be interpreted to prevent an Agent from fulfilling its statutory obligations as a registrant under Applicable Securities Laws or to act as a fiduciary of its clients.

Section 23 Severance

If one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

Section 24 Governing Law

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

Section 25 Time of the Essence

Time shall be of the essence of this Agreement.

Section 26 Counterpart Execution

This Agreement may be executed in one or more counterparts and by facsimile each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

Section 27 Entire Agreement

It is understood that the terms and conditions of this Agreement supersede any previous verbal or written agreement between the Agents and the Corporation with respect to the issuance of securities by the Corporation.

Section 28 U.S. Securities Matters

The Agents and the Corporation agree as follows:

(a) The Agents acknowledge that none of the Subscription Receipts or Underlying Securities have been or will be registered under the *U.S. Securities Act* or the securities laws of any state in the United States and that the Subscription Receipts are being offered and sold pursuant to Applicable Securities Laws and, in each case, in reliance upon and in compliance with Rule 903 of Regulation S or pursuant to the exemption from the registration requirements of the *U.S. Securities Act* provided by Rule 506 of Regulation D and similar exemptions under applicable state securities laws. The Agents acknowledge and agree that the Subscription Receipts may only be (i) offered and sold in Offshore Transactions in accordance with Rule 903 of Regulation S or (ii) offered within the United States by the Agents through the Agent Affiliate(s) and sold by the Corporation to Accredited Investors pursuant to the exemption from the registration requirements provided by Rule 506 of Regulation D.

(b) The Agents represent, warrant, covenant and agree that neither the Agents nor the Agent Affiliate(s):

(i) has made or will make any Directed Selling Efforts;

(ii) has made or will make (except to the extent permitted by this Section 28) any offer to sell or solicitation of any offer to buy any of the Subscription Receipts to any person in the United States;

(iii) has made or will make (except to the extent permitted by this Section 28) any sale of any of the Subscription Receipts (including any Subscription Receipts purchased by the Agents pursuant to this Agreement or any Underlying Securities acquired pursuant thereto) to any person unless, at the time the order to purchase such Subscription Receipts was placed, such person was outside the United States or the Agents, the Agent Affiliate(s), and any person acting on their behalf reasonably believe that such person was outside the United States; and

(iv) has taken or will take any action in connection with the offer and sale of the Securities that would constitute a violation of Regulation M under the *U.S. Exchange Act*.

(c) The Agents represent, warrant, covenant and agree that all offers and sales of Subscription Receipts in the United States have been or shall be made by or through the Agent Affiliate in compliance with all applicable federal and state laws and regulations governing registration and conduct of broker-dealers.

(d) The Corporation and the Agents agree that the Subscription Receipts may be offered within the United States by the Agents through the Agent Affiliate(s) and sold by the Corporation in accordance with Rule 506 of Regulation D and, thereunder, only to persons that the Agents or the Agent Affiliate(s) had a reasonable basis to believe and did believe to be Accredited Investors and, on the date hereof, continue to believe that each such purchaser is an Accredited Investor.

(e) The Agents represent, warrant, covenant and agree for themselves and for their affiliates that offers to sell and solicitations of offers to buy any Subscription Receipts in the United States have not and will not be made by any form of General Solicitation or General Advertising or in any manner involving a public offering within the meaning of Section 4(2) of the *U.S. Securities Act*.

(f) The Agents agree to inform each purchaser that none of the Subscription Receipts or Underlying Securities have been or will be registered under the *U.S. Securities Act* or the securities laws of any state in the United States and to inform each purchaser of the Subscription Receipts in the United States that the Subscription Receipts are being offered and sold in the United States in reliance upon the exemption from the provisions of Section 5 of the *U.S. Securities Act* provided by Rule 506 of Regulation D.

(g) The Agents agree that offers to sell, solicitations of offers to buy and sales of Subscription Receipts in the United States shall be made only in transactions that are exempt from the registration or qualification requirements of applicable United States state securities ("**Blue Sky**") laws, in accordance with the applicable U.S. federal and state requirements relating to the registration of brokers and dealers only by the Agent Affiliate(s) or, upon consent of the Corporation, another U.S. registered broker or dealer selected by the Agents, acting as principal, and pursuant to Rule 506 of Regulation D and Section 4(2), only to persons who, prior to the sale and delivery of the Subscription Receipts to them, execute and deliver a United States Subscription Agreement for Subscription Receipts in the form agreed upon by the Corporation and the Agents.

(h) The Corporation represents that it is and as of the date of issuance of the Subscription Receipts will be a Foreign Issuer and that as of the date hereof there is and as of the date of issuance of the Subscription Receipts there will be no Substantial U.S. Market Interest in any class of its equities securities.

(i) The Corporation represents that it is not, and as a result of the sale of the Subscription Receipts or issuance of the Underlying Securities as contemplated hereby, will not be, an "investment company" under of the *Investment Company Act.*

(j) The Corporation represents, warrants, covenants and agrees that neither it, nor any of its affiliates, nor any person acting on behalf of it or its affiliates (other than the Agents and the Agent Affiliate(s) or any person acting on their behalf as to which the Corporation makes no representation, warranty, covenant or agreement):

(i) has made or will make any Directed Selling Efforts, or has taken or will take any action, including any Directed Selling Efforts, that would (A) cause the exemption afforded by Rule 506 of Regulation D or the exclusion from registration afforded by Rule 903 of Regulation S to be unavailable for offers and sales of the Subscription Receipts pursuant to this Agreement; or (B) constitute a violation of Regulation M under the *U.S. Exchange Act*;

(ii) in connection with the offer or sale of the Subscription Receipts in the United States, has engaged or will engage in any General Solicitation or General Advertising in the United States or has acted or will act in any manner involving a public offering within the meaning of Section 4(2); and

(iii) during the period beginning six months prior to the start of the offering of Subscription Receipts and ending six months after the completion of the offering of Subscription Receipts, the Corporation has not sold, offered for sale or solicited any offer to buy and will not sell, offer for sale or solicit any offer to buy, any of its securities in the United States in a manner that would be integrated with and would cause the exemption from registration provided by Rule 506 of Regulation D to be unavailable with respect to offers and sales of the Subscription Receipts pursuant to this Agreement..

(k) None of the Corporation or any of its predecessors or affiliates have been subject to any order, judgment or decree of any court of competent jurisdiction temporarily, preliminarily or permanently enjoining such person for failure to comply with Rule 503 of Regulation D.

(l) The Corporation will make available to Subscribers of the Subscription Receipts that are in the United States, upon their written request, timely and accurate information as to its status as a "passive foreign investment company" (a "**PFIC**") within the meaning of Section 1297 of the United States Internal Revenue Code of 1986, as amended (the "**Code**"), and will provide to a Subscriber of such Subscription Receipts in the United States, upon written request, all information and documentation that such Subscriber making a "qualified electing fund" or "QEF" election under Section 1295 of the Code with respect to the Corporation is required to obtain for U.S. federal income tax purposes.

(m) The Corporation represents that the Common Shares are not registered under Section 12 of the *U.S. Exchange Act* and the Corporation does not have a reporting obligation under Section 15(d) of the *U.S. Exchange Act*.

(n) None of the Corporation or any of its predecessors or affiliates has had the registration of a class of securities under the U.S. Exchange Act revoked by the SEC pursuant to Section 12(j) of the U.S. Exchange Act and any rules or regulations promulgated thereunder.

(o) The Agents have not entered, and will not enter, into any contractual arrangements with respect to the distribution of the Subscription Receipts or the Underlying Securities in the United States, except (i) with the Agent Affiliate(s) or (ii) with one or more members of the Selling Dealer Group.

(p) The Agents shall cause each member of the Selling Dealer Group and each affiliate of any of the Agents (including the Agent Affiliate(s)) to agree, for the benefit of the Corporation, to the same provisions as are contained in this Section 28.

(q) The Agents will deliver to Subscribers of the Subscription Receipts in the United States, through the Agent Affiliate(s), a copy of the same information relating to the Corporation as provided to Subscribers in Canada and the Agents agree that they have not and will not use any written material other than such documents in connection therewith.

(r) The Agents severally and not jointly covenant and agree with the Corporation that they will:

(i) offer the Subscription Receipts in the United States only through the Agent Affiliate(s), each of which is on the date hereof and will be, on the date of each offer or sale of Subscription Receipts in the United States, duly registered as a broker-dealer pursuant to Section 15(b) of the U.S. Exchange Act and the securities laws of each state in which such offer or sale is made (unless exempted from the respective state's broker-dealer registration requirements) and a member of and in good standing with the Financial Industry Regulatory Authority, Inc., and will otherwise comply with applicable U.S. state and federal laws governing the registration and conduct of broker-dealers;

(ii) not make any other contractual arrangements for the distribution of the Subscription Receipts in the United States without the prior consent of the Corporation;

(iii) obtain from each Subscriber a duly completed and executed Subscription Agreement for Subscription Receipts in the form agreed upon by the Corporation and the Agents and deliver such Subscription Agreements to the Corporation; and

(iv) deliver such other documents with respect to the issue of the Subscription Receipts or Underlying Securities as may be required by Applicable Securities Laws.

(s) Neither the Corporation nor any of the Agents or any person acting on their behalf will, directly or indirectly, pay any commission or other remuneration for soliciting the exchange of the Subscription Receipts for Underlying Securities or take any action that would cause the exemption from registration set forth in Section 3(a)(9) of the *U.S. Securities Act* to become unavailable with respect to the issuance of the Underlying Securities.

(t) At least one business day prior to the Closing Date, the Agent shall cause their respective Agent Affiliates that have offered and sold Subscription Receipts in the United States to provide the Corporation with a list of all purchasers of Subscription Receipts in the United States.

(u) At closing, each Agent who has offered and sold Subscription Receipts in the United States, and its Agent Affiliate will provide an executed certificate, substantially in the form of Schedule F hereto and any Agent that does not deliver such a certificate shall be deemed to have represented and warranted to the Corporation that it has not offered or sold Subscription Receipts in the United States.

(the remainder of this page has been intentionally left blank)

If the foregoing is in accordance with your understanding and is agreed to by you, please confirm your acceptance by signing the enclosed copies of this letter at the place indicated and by returning the same to us.

WELLINGTON WEST CAPITAL MARKETS INC.

Per: (signed) "*Authorized Signatory*"

MACKIE RESEARCH CAPITAL CORPORATION

Per: (signed) "*Authorized Signatory*"

NATIONAL BANK FINANCIAL INC.

Per: (signed) "*Authorized Signatory*"

ACCEPTED AND AGREED to effective as of the 28th day of January, 2011.

IONA ENERGY COMPANY LIMITED

Per: (signed) "*Authorized Signatory*"

SCHEDULE A

INVESTOR PRESENTATION

See attached.

[Redacted]

SCHEDULE B

1. the Corporation has been duly incorporated and is a valid and subsisting corporation under the laws of the jurisdiction of its incorporation and has all requisite corporate capacity and power to carry on its business as now conducted by it and to own its properties and assets;

2. the Corporation has full corporate power and authority to enter into this Agreement, the Subscription Agreements, the Subscription Receipts, the Subscription Receipt Agreement, the Amalgamation Agreement, the Orlando Acquisition Agreement, the T&T LOI and the T&T Acquisition Agreement and to perform its obligations set out herein and therein, and each of this Agreement, the Subscription Agreements, the Subscription Receipt Agreement, the Orlando Acquisition Agreement, the T&T LOI and the T&T Acquisition Agreement has been duly authorized, executed and delivered by the Corporation and this Agreement, the Subscription Agreements, the Subscription Receipts, the Amalgamation Agreement, the Orlando Acquisition Agreement, the T&T LOI, the T&T Acquisition Agreement and the Subscription Receipt Agreement each constitute a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with their respective terms, subject to laws relating to creditors' rights generally and except as rights to indemnity may be limited by applicable law;

3. the execution and delivery of this Agreement, the Subscription Agreements, the Subscription Receipt Agreement, the Subscription Receipts, the Amalgamation Agreement, the Orlando Acquisition Agreement and the T&T LOI and the fulfillment of the terms hereof and thereof by the Corporation, and the performance of and compliance with the terms of this Agreement, the Subscription Agreements, the Subscription Receipt Agreement, the Subscription Receipts, the Amalgamation Agreement, the Orlando Acquisition Agreement and the T&T LOI by the Corporation do not and will not result in a breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under:

   (a) any applicable laws of the Province of Alberta or the federal laws of Canada applicable therein;

   (b) any term or provision of the articles, by-laws or other constating documents, as applicable, of the Corporation or, of which counsel is aware, any resolutions of the shareholders or directors (or any committee thereof) of the Corporation;

   (c) of which counsel is aware, any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound on the Closing Date; or

   (d) of which counsel is aware, any judgment, decree or order, of any court, governmental agency or body or regulatory authority having jurisdiction over the Corporation or its properties or assets, which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) or assets of the Corporation, subject, in the case of the Amalgamation Agreement, the Orlando Acquisition Agreement and the T&T LOI, to receipt of all required regulatory, governmental and third party consents, approvals and waivers as may be required to consummate the transactions contemplated thereby;

4. the Corporation has full corporate power and authority to enter into the Liquidity Right Certificates and to perform its obligations set out therein, and the Liquidity Right Certificates will, assuming the execution and delivery of such certificates by the Corporation in the final form presented to the Agents, constitute a legal, valid and binding obligation of the Corporation enforceable against the Corporation in accordance with their terms, subject to laws relating to creditors' rights generally and except as rights to indemnity may be limited by applicable law at the time of execution and delivery;

5. the execution and delivery of the Liquidity Right Certificates and the fulfillment of the terms thereof by the Corporation, and the performance of and compliance with the terms of the Liquidity Right Certificates by the Corporation will not, at time of execution and delivery, result in a breach of, or constitute a default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or constitute a default under:

   (a) any applicable laws of the Province of Alberta or the federal laws of Canada applicable therein;

   (b) any term or provision of the articles, by-laws or other constating documents, as applicable, of the Corporation or, of which counsel is aware, any resolutions of the shareholders or directors (or any committee thereof) of the Corporation;

   (c) of which counsel is aware, any indenture, mortgage, note, contract, agreement (written or oral), instrument, lease or other document to which the Corporation is a party or by which it is bound upon closing of the Orlando Acquisition, T&T Acquisition and the Transaction; or

   (d) of which counsel is aware, any judgment, decree or order, of any court, governmental agency or body or regulatory authority having jurisdiction over the Corporation or its properties or assets,

   which default or breach might reasonably be expected to materially adversely affect the business, operations, capital or condition (financial or otherwise) or assets of the Corporation;

6. the Subscription Receipts and Underlying Securities have been reserved and allotted for issuance and, in the case of the Subscription Receipts, when issued in accordance with the terms of the Subscription Agreements and the Subscription Receipt Agreement or, in the case of the Underlying Securities, upon the exercise or deemed exercise of the Subscription Receipts, as applicable, will be validly issued as fully paid and non-assessable securities of the Corporation;

7. the Liquidity Rights have been duly authorized and validly issued, and the Liquidity Right Shares have been duly and validly authorized, reserved and conditionally allotted for issuance and, when issued in accordance with the terms of the Liquidity Rights and upon full payment therefor, the Liquidity Right Shares will be validly issued as fully paid and non-assessable Common Shares of the Corporation;

8. the offering, sale and issue of the Subscription Receipts by the Corporation to Subscribers in the Selling Jurisdictions in accordance with and pursuant to the Subscription Agreements and the distribution of the Subscription Receipts, Underlying Securities, Liquidity Rights, Liquidity Right Shares is or will be, as applicable, exempt from the prospectus requirements of the Applicable Securities Laws, subject to the filing of required notices and assuming distribution by registrants who comply with the relevant provisions of Applicable Securities Laws;

9. No prospectus or registration pursuant to the dealer registration requirements is required, nor are other documents required to be filed, proceedings taken or approvals, permits, consents or authorizations of regulatory authorities obtained under the Applicable Securities Laws to permit: the issuance and delivery by the Corporation of the Underlying Securities and the Liquidity Right Shares, as the case may be, upon deemed exercise of the Subscription Receipts and Liquidity Rights, as the case may be, in accordance with the terms thereof to holders of such Subscription Receipts and Liquidity Rights, as the case may be;

10. as to the first trade in the Subscription Receipts, Underlying Securities and Liquidity Right Shares;

11. as to the first trade in Common Shares issued pursuant to Subscription Receipts and Liquidity Rights following completion of the Transaction;

12. Olympia Trust Company has been duly appointed by the Corporation as trustee and escrow agent under the Subscription Receipt Agreement;

13. the form and terms of the definitive certificates representing the Subscription Receipts, the Common Shares (including the Liquidity Right Shares) and the Liquidity Rights have been duly approved and adopted by the board of directors of the Corporation and comply with all legal requirements relating thereto; and

14. additionally relating to the authorized and issued capital of the Corporation.

SCHEDULE C

MATERIAL CONTRACTS

None

SCHEDULE D

EMPLOYMENT AGREEMENTS

None

SCHEDULE E

SWAPS

None

SCHEDULE F

AGENTS' CERTIFICATE

In connection with the offer and sale of subscription receipts (the "**Subscription Receipts**") of Iona Energy Company Limited (the "**Corporation**") to one or more U.S. institutional investors (the "**U.S. Purchasers**"), the undersigned, [•], and [•], as its U.S. affiliate, who has signed below in its capacity as placement agent in the United States for the Agent (the "**Agent Affiliate**"), do hereby certify that:

1. the Agent Affiliate is on the date hereof, and was on the date of each offer and sale of Subscription Receipts in the United States, a duly registered broker or dealer with the United States Securities and Exchange Commission and the securities laws of each state in which such offer or sale is made (unless exempted from the respective state's broker-dealer registration requirements), and a member of, and in good standing with, the Financial Industry Regulatory Authority, Inc., and all offers and sales of Subscription Receipts in the United States will be effected by the Agent Affiliate in accordance with all U.S. state and federal laws governing the registration and conduct of broker-dealers;

2. all the Subscription Receipts offered and sold in the United States were offered by the Agent Affiliate and sold by the Corporation to "accredited investors" ("**Accredited Investors**") as defined in Rule 501(a) of Regulation D under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**");

3. they have not solicited offers for, or offered to sell, the Subscription Receipts in the United States by means of any form of general solicitation or general advertising (as those terms are used in Regulation D under the U.S. Securities Act;

4. each offeree of the Subscription Receipts in the United States has been sent a copy of the same information in respect of the Corporation as provided to Canadian subscribers (the "**Offering Documents**") and they have not used and will not use any written material other than the Offering Documents;

5. immediately prior to transmitting the Offering Documents to offerees that were in the United States, they had reasonable grounds to believe and did believe that each such offeree was an Accredited Investor, and, on the date hereof, they continue to believe that each purchaser of the Subscription Receipts in the United States or that was offered Subscription Receipts in the United States is an Accredited Investor;

6. prior to any sale by the Corporation of Subscription Receipts to a person in the United States or that was offered Subscription Receipts in the United States, they caused each such purchaser to complete and sign a United States Subscription Agreement for Subscription Receipts, in the form agreed to by the Corporation and the Agents;

7. neither they, nor any of their affiliates, have taken or will take any action which would constitute a violation of Regulation M under the *U.S. Exchange Act*; and

8. the Offering has been conducted in compliance with the Agency Agreement.

Terms used herein that are defined in the Agency Agreement and are not otherwise defined herein have the meanings given to them in the Agency Agreement.

Dated: ________________, 2011.

[•]

By: ________________________________
Name:
Title:

[•]

By: ________________________________
Name:
Title: