SUMMARY OF COMPANY AGREEMENTS

This summary has been posted on the website of PetroNova Inc. (the "**Corporation**" or "**PetroNova**") in both the English and Spanish language pursuant to section 6.1(l) of the equity, note and warrant subscription agreement between the Corporation and International Finance Corporation dated September 7, 2012 and section 6.1(l) of the equity, note and warrant subscription agreement between the Corporation and IFC African, Latin American and Caribbean Fund, LP dated September 7, 2012 (collectively, the "**Agreements**"), copies of which are available under the Corporation's SEDAR profile at www.sedar.com.

The below summary of certain of the "Company Agreements" (as such term is defined in the Agreements) is based on information contained in the Annual Information Form of the Corporation for the financial year ended December 31, 2011 dated April 18, 2012 (the "**AIF**"), a copy of which is available under the Corporation's SEDAR profile at www.sedar.com. For further information regarding the business and operations of the Corporation and the risks associated with the business and operations of the Corporation, please see the AIF.

Unless otherwise noted, all information contained in this summary is presented as at December 31, 2011 and does not reflect events that occurred subsequent to that date.

Definitions

In this summary, the following terms have the following meanings.

"**ANH**" means the Agencia Nacional de Hidrocarburos, or the National Hydrocarbons Agency, an agency of the Colombian government and the Colombian hydrocarbons regulator;

"**Caguan-Putumayo Basin**" means the Caguan-Putumayo Basin located in southern Colombia;

"**Cayman Opco**" means PetroNova Colombia Inc., a body corporate incorporated under the laws of the Cayman Islands and a wholly owned subsidiary of PetroNova International Inc., a wholly owned subsidiary of the Corporation;

"**Cayman Opco CB**" means the Colombian branch of Cayman Opco;

"**CPO 6 Block**" means the CPO 6 Block located in the Llanos Basin;

"**CPO 6 E&P Contract**" means the E&P Contract relating to the CPO 6 Block dated January 14, 2009 between the ANH, Tecpetrol and VenezuelaCo;

"**CPO 7 Block**" means the CPO 7 Block located in the Llanos Basin;

"**CPO 7 E&P Contract**" means the E&P Contract relating to the CPO 7 Block dated January 14, 2009 between the ANH, Tecpetrol and VenezuelaCo;

"**CPO 13 Block**" means the CPO 13 Block located in the Llanos Basin;

"**CPO 13 E&P Contract**" means the E&P Contract relating to the CPO 13 Block dated January 14, 2009 between the ANH, Tecpetrol and VenezuelaCo;

"**E&P Contract**" means an exploration and production contract used in Colombia established by the ANH, as more particularly described under the heading *"Industry Conditions – E&P Contracts"*;

“**Llanos Basin**” means the Llanos Basin located in the eastern region of Colombia;

“**Participating Interest**” means with respect to any party to an E&P Contract, the undivided ownership interest of such party (expressed as a percentage of the total ownership interests of all parties in such contract) in the rights and obligations derived from such contract, which ownership interest has been recognized by the ANH and the Colombian Ministry of Energy and Mines;

“**Private Working Interest**” means with respect to any person, the undivided interest of such person (expressed as a percentage of the total interests of all parties) in the rights and obligations derived from an E&P Contract pursuant to a private agreement, which interest has not been recognized as a Participating Interest by the ANH;

“**PUT 2 Block**” means the PUT 2 Block located in the Caguan-Putumayo Basin;

“**PUT 2 E&P Contract**” means the E&P Contract relating to the PUT 2 Block dated February 18, 2009 between the ANH and VenezuelaCo;

“**Tecpetrol**” means Tecpetrol Colombia S.A.S. (formerly Tecpecol S.A.), a body corporate incorporated under the laws of Colombia, and an affiliate of Tecpetrol S.A.;

“**Tinigua Block**” means the Tinigua Block located in the Caguan-Putumayo Basin;

“**Tinigua E&P Contract**” means the E&P Contract relating to the Tinigua Block dated January 23, 2009 between the ANH and VenezuelaCo;

“**Tinigua Participation Agreement**” means the agreement dated May 10, 2010 between Cayman Opco and an independent third party, pursuant to which Cayman Opco has agreed to assign 10% of its Participating Interest in the Tinigua E&P Contract, as more particularly described under the heading *“Summary – Tinigua Block”*; and

“**VenezuelaCo**” means Inepetrol S.A., a body corporate incorporated under the laws of Venezuela and a wholly owned subsidiary of Inepetrol Corporation A.B.

Summary

PUT 2 Block

The Corporation has a 100% Participating Interest in the PUT 2 Block which is 96,665 gross (96,665 net) acres in size. The Participating Interest was granted by the ANH on February 18, 2009 and Cayman Opco CB has been designated by the ANH as operator of the block. The PUT 2 E&P Contract sets out the terms of the Corporation’s Participating Interest in the PUT 2 Block and provides for a sliding scale royalty rate on oil and gas production plus an additional 1% participation factor payable to the ANH. See *“Industry Conditions – E&P Contracts”*.

The Corporation’s exploration program under the PUT 2 E&P Contract is as follows:

Phase	Duration(1)	Exploration Program	Status	Amount $(2)
1(3)	42 months(4)	Acquire, process and interpret 79 km of 2D seismic	Completed	1,975,000
		Drill one (1) Exploratory A-3 Well	Pending	4,000,000
	13 months	Acquire, process and interpret 12 km of 2D seismic	Completed	300,000
2	36 months	Drill two (2) Exploratory A-3 Wells	N/A	8,000,000
	13 months	Acquire, process and interpret 10 km^2 of 3D seismic	Completed	400,000
			Total Exploration Program	14,675,000

Notes:

(1) Indicates the duration in months following the expiry of the 6 month pre-exploration phase.

(2) As at December 31, 2011, the Corporation had incurred expenditures in the amount of approximately $16,965,318 in respect of the Corporation's obligations under Phase 1 and Phase 2 of the exploration program required under the PUT 2 E&P Contract.

(3) Represents the Corporation's minimum financial obligation in respect of the work to be completed under Phase 1 of the PUT 2 E&P Contract and is based on management's cost estimate for such work at the time the PUT 2 E&P Contract was granted. The actual cost of such work may be more or less than the amounts prescribed in the PUT 2 E&P Contract and such variances could be material. Phase 2 does not represent a financial obligation to the Corporation.

(4) Subsequent to the filing of the AIF, on August 3, 2012, the ANH reinstated six (6) additional months to Phase 1 which extended Phase 1 from 36 months to 42 months ending February 17, 2013.

Tinigua Block

The Corporation has a 100% Participating Interest (which is subject to a 10% Private Working Interest) in the Tinigua Block which is 105,471 gross (94,924 net) acres in size. The Participating Interest was granted by the ANH on January 23, 2009 and Cayman Opco CB has been designated by the ANH as operator of the block. The Tinigua E&P Contract sets out the terms of the Corporation's Participating Interest in the Tinigua Block and provides for a sliding scale royalty rate on oil and gas production. There is no additional participation factor payable to the ANH under the Tinigua E&P Contract. See *"Industry Conditions – E&P Contracts"*.

Pursuant to the terms of the Tinigua Participation Agreement, the Corporation has agreed, subject to the fulfillment of certain conditions, including the approval of ANH, to assign 10% of its rights to the Tinigua E&P Contract to an independent third party. Under the terms of the Tinigua Participation Agreement, the Corporation is required to pay all costs and expenses associated with Phase 1 of the exploration program outlined below. After such time, the third party may elect to participate further in the Tinigua Block. Should the third party elect to participate, it: (i) is responsible for 10% of all future costs; (ii) is obligated to repay the Corporation its share of incurred costs and expenses; and (iii) is entitled, subject to receipt of ANH approval, to the formal assignment to it of a 10% Participating Interest in the Tinigua E&P Contract. Should the third party elect not to participate, the Corporation will retain the 10% Participating Interest without further obligation to or from the third party.

The Corporation's exploration program under the Tinigua E&P Contract is as follows:

Phase	Duration(1)	Exploration Program	Status	Estimated Amount ($) (2)
1(3)(4)	33 months(4)	Conduct surface geological study in 50 km^2 area of interest including sampling of stratigraphic column and structure data	Completed	150,000
		Conduct bio-stratigraphy from samples of surface geology of pre-existing wells	Completed	50,000
		Conduct satellital image of the area of environmental interests relating to facilities and areas to be conducted by seismic	Completed	62,000
		Reprocess 2D seismic data	Completed	100,000
		Conduct surface geochemical survey of 100 sample points for rock and fluid analyses and identify geochemical anomalies of interest	Completed	150,000
		Acquire, process and interpret 55.4 km^2 3D seismic	In Progress	3,000,000
		Study interpretation of geological and geophysical data	Pending	200,000
2	12 months	Drill one (1) Exploratory A-3 Well	N/A	4,500,000
3	12 months	Drill one (1) Exploratory A-2 Well	N/A	4,500,000

4	8 months	Re-interpretation and study	N/A	350,000
5	12 months	Acquire, process and interpret 25 km^2 3D seismic	N/A	2,500,000
6	10 months	Drill one (1) Exploratory A-2 Well	N/A	4,500,000
			Total Exploration Program	20,062,000

Notes:

(1) Indicates the duration in months following the expiry of the 6 month pre-exploration phase. The duration of Phase 1 was extended from 18 months to 24 months on November 25, 2010.

(2) As at December 31, 2011, the Corporation had incurred expenditures in the amount of approximately $7,060,095 in respect of the Corporation's obligations under Phase 1 of the exploration program required under the Tinigua E&P Contract.

(3) Represents the Corporation's minimum financial obligation in respect of the work to be completed under Phase 1 of the Tinigua E&P Contract and is based on management's cost estimate for such work at the time the Tinigua E&P Contract was granted. The actual cost of such work may be more or less than the amounts prescribed in the Tinigua E&P Contract and such variances could be material. Phases 2 to 6 do not represent a financial obligation to the Corporation.

(4) On January 20, 2012, a fifth amendment to the Tinigua E&P Contract was incorporated which extended Phase 1 from 24 months to 33 months. On March 12, 2012, a six month extension of Phase 1 of the exploration program was requested by the Corporation. Subsequent to the filing of the AIF, on May 31, 2012, the ANH reinstated sixty-six (66) additional days to Phase 1 which extended Phase 1 from 33 months to 33 months and 66 days ending June 28, 2013.

CPO 6 Block

The Corporation has a 20% Participating Interest in the CPO 6 Block which is 543,350 gross (108,670 net) acres in size. The Participating Interest was granted by the ANH on January 14, 2009 and Tecpetrol, the owner of the remaining 80% Participating Interest, has been designated by the ANH as operator of the block. The CPO 6 E&P Contract sets out the terms of the Corporation's Participating Interest in the CPO 6 Block and provides for a sliding scale royalty rate on oil and gas production plus an additional 39% participation factor payable to the ANH. See *"Industry Conditions – E&P Contracts"*.

The exploration program of the Corporation and Tecpetrol (collectively, the "**Llanos Contractors**") under the CPO 6 E&P Contract is as follows:

Phase	**Duration(1)**	**Exploration Program**	**Status**	**Amount $**	**PetroNova's Obligation(2)**
1(3)(4)	48 months	Acquire, process and interpret 600 km of 2D seismic	Completed	12,000,000	2,400,000
		Drill two (2) Exploratory A-3 Wells to 1,800 m	Completed	2,760,000	552,000
	48 months	Drill one (1) Exploratory A-3 Well to 2,100 m	Completed	1,600,000	320,000
2	36 months	Drill three (3) Exploratory A-3 Wells to 1,800 m	N/A	4,140,000	828,000
		Total Exploration Program		20,500,000	4,100,000

Notes:

(1) Indicates the duration in months following the expiry of the 6 month pre-exploration phase.

(2) The Corporation has a 20% Participating Interest in the CPO 6 E&P Contract. Accordingly, PetroNova is responsible for 20% of the financial obligation associated with the minimum exploration commitment. As at December 31, 2011, the Corporation had incurred expenditures in the amount of approximately $5,542,763 in respect of the Corporation's obligations under Phase 1 of the minimum exploration program required under the CPO 6 E&P Contract.

(3) Represents the Llanos Contractors' minimum financial obligation in respect of the work to be completed under Phase 1 of the CPO 6 E&P Contract and is based on the Llanos Contractors' cost estimate for such work at the time the CPO 6 E&P Contract was granted. The actual cost of such work may be more or less than the amounts prescribed in the CPO 6 E&P Contract and such variances could be material. Phase 2 does not represent a financial obligation to the Corporation.

(4) On December 27, 2011, the ANH reinstated twelve (12) additional months to Phase 1 which extended Phase 1 from 36 months to 48 months ending July 13, 2013.

CPO 7 Block

The Corporation has a 20% Participating Interest in the CPO 7 Block which is 627,792 gross (125,558 net) acres in size. The Participating Interest was granted by the ANH on January 14, 2009 and Tecpetrol, the owner of the remaining 80% Participating Interest, has been designated by the ANH as operator of the block. The CPO 7 E&P Contract sets out the terms of the Corporation's Participating Interest in the CPO 7 Block and provides for a sliding scale royalty rate on oil and gas production plus an additional 47% participation factor payable to the ANH. See *"Industry Conditions – E&P Contracts"*.

The Llanos Contractors' exploration program under the CPO 7 E&P Contract is as follows:

Phase	**Duration(1)**	**Exploration Program**	**Status**	**Amount $**	**PetroNova's Obligation(2)**
1(3)(4)	48 months	Acquire, process and interpret 650 km of 2D seismic	Completed	13,000,000	2,600,000
		Drill two (2) Exploratory A-3 Wells to 1,700 m	N/A	2,560,000	512,000
	48 months	Drill one (1) Exploratory A-3 Wells to 2,100 m	N/A	1,600,000	320,000
2	36 months	Drill three (3) Exploratory A-3 Wells to 1,700 m	N/A	3,840,000	768,000
			Total Exploration Program	21,000,000	4,200,000

Notes:

(1) Indicates the duration in months following the expiry of the 6 month pre-exploration phase.

(2) The Corporation has a 20% Participating Interest in the CPO 7 E&P Contract. Accordingly, PetroNova is responsible for 20% of the financial obligation associated with the minimum exploration commitment. As at December 31, 2011, the Corporation had incurred expenditures in the amount of approximately $5,665,728 in respect of the Corporation's obligations under Phase 1 of the minimum exploration program required under the CPO 7 E&P Contract.

(3) Represents the Llanos Contractors' minimum financial obligation in respect of the work to be completed under Phase 1 of the CPO 7 E&P Contract and is based on the Llanos Contractors' cost estimate for such work at the time the CPO 7 E&P Contract was granted. The actual cost of such work may be more or less than the amounts prescribed in the CPO 7 E&P Contract and such variances could be material. Phase 2 does not represent a financial obligation to the Corporation.

(4) On December 27, 2011, the ANH reinstated twelve (12) additional months to Phase 1 which extended Phase 1 from 36 months to 48 months ending July 13, 2013.

CPO 13 Block

The Corporation has a 20% Participating Interest in the CPO 13 Block which is 466,896 gross (93,379 net) acres in size. The Participating Interest was granted by the ANH on January 14, 2009 and Tecpetrol, the owner of the remaining 80% Participating Interest, has been designated by the ANH as operator of the block. The CPO 13 E&P Contract sets out the terms of the Corporation's Participating Interest in the CPO 13 Block and provides for a sliding scale royalty rate on oil and gas production plus an additional 32% participation factor payable to the ANH. See *"Industry Conditions – E&P Contracts"*.

The Llanos Contactors' exploration program under the CPO 13 E&P Contract is as follows:

Phase	**Duration(1)**	**Exploration Program**	**Status**	**Estimated Amount $**	**PetroNova's Obligation(2)**
1(3)(4)	60 months	Acquire, process and interpret 775 km of 2D seismic	Completed	15,500,000	3,100,000
		Drill three (3) Exploratory A-3 Wells to 900 m	N/A	2,880,000	576,000
	60 months	Acquire, process and interpret 15 km of 2D seismic	N/A	300,000	60,000
2	36 months	Drill three (3) Exploratory A-3 Wells to 900 m	N/A	2,880,000	576,000
			Total Exploration Program	21,560,000	4,312,000

Notes:

(1) Indicates the duration in months following the expiry of the 6 month pre-exploration phase.

(2) The Corporation has a 20% Participating Interest in the CPO 13 E&P Contract. Accordingly, PetroNova is responsible for 20% of the financial obligation associated with the minimum exploration commitment. As at December 31, 2011, the Corporation had incurred expenditures in the amount of approximately $5,718,330 in respect of the Corporation's obligations under Phase 1 of the minimum exploration program required under the CPO 13 E&P Contract.

(3) Represents the Llanos Contractors' minimum financial obligation in respect of the work to be completed under Phase 1 of the CPO 13 E&P Contract and is based on the Llanos Contractors' cost estimate for such work at the time the CPO 13 E&P Contract was granted. The actual cost of such work may be more or less than the amounts prescribed in the CPO 13 E&P Contract and such variances could be material. Phase 2 does not represent a financial obligation to the Corporation.

(4) On December 12, 2011, the ANH reinstated twenty-four (24) additional months to Phase 1 which extended Phase 1 from 36 months to 60 months ending July 13, 2014.

Industry Conditions

E&P Contracts

An E&P Contract is the principal contract used by the ANH to grant exploration and production rights. Under the terms of an E&P Contract, an exploration and production company (known as the "**Contractor**") retains the exclusive: (i) rights from the ANH to explore and produce conventional hydrocarbons within a delineated contract area; (ii) rights to the income from any production area or commercial field discovered within the contract area, subject to royalties and other fees payable to the ANH; and (iii) rights for the use of subsoil to conduct exploration and development operations. E&P Contracts also include a provision for a "high price share" if a cumulative production from a field of 5 million barrels of oil ("**MMbbls**") is reached. An E&P Contract is a long-term contract divided into the following stages: exploration period, evaluation period and production period, each as described below.

Exploration Period

An exploration period has a six year exploration term comprised of a number of exploration phases ranging from between one and three years each. Each exploration phase may be extended for six additional months if the Contractor complies with the conditions contained in the E&P Contract to obtain such extensions.

During the exploration period, the Contractor is required to carry out a mandatory exploration program for each phase as prescribed in the specific E&P Contract. During the first phase of the exploration period, the mandatory exploration program typically consists of the completion of a prescribed seismic acquisition program and the drilling of an Exploratory A-3 Well. Each subsequent phase of the exploration period also contains specific seismic acquisition and drilling obligations. The Contractor is required to submit to the ANH an exploration plan for each phase setting out its plan for fulfilling the required exploration operations. The E&P Contract allows for amendments to the exploration plan and the substitution of an exploratory well for seismic acquisition obligations, all with the prior approval of the ANH. Prior to the commencement of operations for each phase within the exploration period, the Contractor is required to deliver to the ANH a performance guarantee from an acceptable banking institution for a specified amount (typically 50%) of the budgeted value of the operations to be performed. Provided the Corporation has satisfied its obligations, the Corporation has the right at the end of each phase to withdraw and not to proceed to the next phase of the exploration period. In those circumstances, the Corporation forfeits its Participating Interest but is not obligated to make any further payments. The Corporation may also terminate its obligations under the E&P Contract during a phase. In those circumstances, the Corporation is obligated to pay the ANH 50% of the uncompleted commitments for the terminated phase plus the entire amount of the additional exploration program of such phase set out in the E&P Contract.

If, during any phase of the exploration period, the Contractor makes a discovery that it considers to have commercial potential, it is required to notify the ANH in writing of the discovery and shall thereupon be entitled to undertake an evaluation program as described below.

Provided that there is a discovery and the Contractor undertakes an evaluation program, the Contractor is entitled, upon the expiry of the exploration period, to withhold 50% of the contract area prescribed in the E&P Contract (excluding the areas set out in the evaluation program or any production areas) to conduct a subsequent exploration program. Notification of the Contractor's intention to conduct a subsequent or additional exploration program must be provided to the ANH prior to the expiry of the last phase of the exploration period. The subsequent exploration program shall be for a maximum of two phases, eighteen (18) months each, and must include, at a minimum, the drilling of one (1) exploratory well in each of the two phases. Provided that the Contractor meets its contractual work obligations in the first phase of the subsequent exploration period, it may elect to continue to the second phase. In such case, the Contractor is entitled to retain 50% of the contract area for second phase operations, with the balance of the contract area (excluding the areas set out in the evaluation program or any production areas) being relinquished to the ANH. Should the Contractor elect not to proceed to the second phase of a subsequent exploration program, the Contractor must relinquish the entirety of the remaining contract area (excluding the areas set out in the evaluation program or any production areas) to the ANH.

At any time during the exploration period, a contractor may voluntarily relinquish part of the contract area by demonstrating to the ANH that, despite the relinquishment, the Contractor will be able to comply with its mandatory exploration program obligations on the remaining part of the contract area.

Nothing in the E&P Contract limits the right of the Contractor to perform exploration and seismic operations in excess of the minimum obligations set out in the mandatory exploration program, provided that all operations require the ANH to provide its approval in advance. Excess operations conducted in one phase may be credited towards work obligations in future phases with prior approval from the ANH.

Evaluation Period

In the event a Contractor makes a discovery which it considers to have commercial potential, it has the right, upon the submission of an application to the ANH, to determine the commercial viability of the discovery by conducting an evaluation program for a period of up to two years duration on a defined evaluation area encompassing the discovery. The evaluation program submitted to the ANH must set forth the operations to be conducted and may be extended for one additional year (two years in the case of heavy oil or gas) where certain criteria are met, including notification of additional time necessary to drill an additional well or wells.

Upon the completion of the evaluation program and prior to the expiry of the evaluation period, the Contractor is required to declare whether or not the discovery is a commercial discovery. Where the discovery is declared to be a commercial discovery, the discovery is considered a commercial field on the date of such declaration at which time the production period is deemed to commence. If the Contractor does not declare the discovery to be a commercial discovery, in the manner or within the time specified in the E&P Contract, the discovery is deemed not to be a commercial discovery. In that case, the Contractor will lose any and all rights to the discovery and the evaluation area must be returned to the ANH without further compensation.

Production Period

Upon the declaration of field commerciality during an evaluation period, the Contractor is required to submit to the ANH, for its approval, the proposed areal extent of the discovered field plus a surrounding area of not more than one (1) kilometre, which area is designated as the production area. The production area may be extended at a later date in certain limited circumstances with the approval of the ANH. In addition, within ninety (90) days of the declaration of field commerciality, the Contractor is required to submit to the ANH, for its approval, a detailed development plan which includes a description of the drilling program for development wells, the required facilities and infrastructure and the proposed delivery point for future production. The Contractor is also obligated to establish an appropriate abandonment fund in accordance with the formulas established in the E&P Contract.

The production period has a duration of twenty-four (24) years per productive field commencing from the declaration of field commerciality and can be extended in successive periods of up to ten (10) years each until the end of the economic life of the field, subject to certain requirements established in the E&P Contract, including: (i) continuous production in the field during the five (5) years preceding the extension request; (ii) demonstration by the Contractor that during the previous four (4) years it has drilled one exploratory well in each calendar year; and (iii) payment of 5% to 10% of the remaining projected field value to the ANH.

ANH Participation in Production

Pursuant to the terms of the E&P Contracts, the ANH is entitled to a participation factor, after royalties, in all future production from a commercial field. The high price sharing formula and the fees for use of subsoil, described in more detail below, do not apply to the ANH participation factor. The ANH participating share of production for each of the Corporation's properties is set out below:

Block	ANH Participation Factor	Contractor Share
Tinigua	Nil	100%
PUT 2	1%	99%
CPO 6	39%	61%
CPO 7	47%	53%
CPO 13	32%	68%

Royalties

Royalties payable during the production period are calculated on a field-by-field basis using a sliding scale (s/s) that ranges from a minimum of 8% (for incremental production up to 5,000 barrels of oil per day ("**Bbl/d**")) up to a maximum of 25% (for incremental production above 600,000 Bbl/d) as illustrated below:

	Royalty Rate (%)			
Production Rate (BOE/d)[1] per field	**Light Crude**	**Gas Onshore**	**Heavy Crude**	**Gas Offshore**
0 to 5,000	8	6.4	6	4.8
5,001 to 125,000	s/s 8 – 20	s/s 6.4 – 16	s/s 6 – 15	s/s 4.8 – 12
125,001 to 400,000	20	16	15	12
400,001 to 600,000	s/s 20 – 25	s/s 16 – 20	s/s 15 – 18.75	s/s 12 – 15
> 600,000	25	20	18.75	15

Production of oil with gravity equal to or less than 15° API attract 75% of the royalties applicable to light crude. For the purposes of royalty calculations for natural gas, the conversion factor of 1 barrel ("**Bbl**") = 5.700 cubic feet is utilized.

All of the Corporation's E&P Contracts are subject to this sliding scale royalty.

High Price Share

The high price sharing formula is applicable in circumstances where aggregate production from an oil field exceeds a prescribed minimum number of barrels and where the price per barrel received is in excess of a prescribed reference price. High price sharing for liquids is triggered when gross cumulative production per field exceeds 5 MMbbls and oil sales price (WTI) exceeds prescribed benchmarks, according to the following formula:

ANH Payment = Price of Hydrocarbons at Delivery Point x Contractor Net Volume x Q, where:

$Q = [(P - Po) / P] \times S$
P = WTI price
Po = Reference price
S = Participation percentage

Reference base price (Po)

[1] Means "barrels of oil equivalent per day". The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 thousand cubic feet: 1 Bbl is based on an energy equivalency method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

API gravity of the liquid hydrocarbons	Po ($/Bbl) (Year 2011)	Po ($/Bbl) (Year 2012)
> 29° API	31.29	32.61
> 22° API and ≤ 29° API	32.50	33.87
> 15° API and ≤ 22° API	33.71	35.14
Discoveries located in water depths > 300 m	38.52	40.15
> 10° API and ≤ 15° API	48.14	50.18

Exported Natural Gas Distance in straight line from the delivery point and receipt point in country of destination	Po $/MMBTU (Year 2011)	Po $/MMBTU (Year 2012)
Lower than or equal to 500 km	$7.23	$7.54
Higher than 500 km and lower than or equal to 1,000 km	$8.43	$8.79
More than 1,000 km or LNG Plan	$9.63	$10.04

S Factor:

WTI price (P)	Participation Percentage (S)
Po ≤ P < 2Po	30%
2Po ≤ P < 3Po	35%
3Po ≤ P < 4Po	40%
4Po ≤ P < 5Po	45%
5Po ≤ P	50%

Economic rights for the use of subsoil

Fees for subsoil access and use are determined based upon whether the Contractor is in an exploration period, an evaluation period or production period. For each phase during an exploration period, the Contractor is required to pay a fee to the ANH for access to the subsoil. No fee is payable for the first phase of an exploration period where the first phase is less than one (1) year in duration. The fee is payable per hectare on a sliding scale basis depending upon the duration of the phase of the exploration period and the size of the contract area. The fee is indexed on an annual basis using the U.S. inflation index. The following table sets out the subsoil access fee payable by the Contractor for the contract area (excluding evaluation and production areas) in 2011:

Size of Area	First 100,000 hectares		Additional hectares (above 100,000 hectares)	
Phase duration	≤18 months	>18 months	≤18 months	>18 months
Fee Range inside polygon A and B:				
2012	$2.48	$3.30	$3.30	$4.95
2011	$2.38	$3.17	$3.17	$4.75
Outside polygon A and B:				
2012	$1.66	$2.48	$2.48	$3.30
2011	$1.59	$2.38	$2.38	$3.17