

**SECOND AMENDMENT TO  
DHAROOR VALLEY PRODUCTION SHARING AGREEMENT**

THIS SECOND AMENDMENT TO THE DHAROOR VALLEY PRODUCTION SHARING AGREEMENT is dated the 16th day of January, 2011 (the “**Effective Date**”)

**BETWEEN:**

**THE GOVERNMENT OF PUNTLAND**, as represented by the  
Puntland Petroleum and Mineral Agency, Garowe, Puntland

(“**State**”)

**AND:**

**CANMEX HOLDINGS (BERMUDA) II LTD.**, a company  
incorporated under the laws of Bermuda and having an office at  
Canon’s Court, 22 Victoria Street, Hamilton, HM 12, Bermuda  
(and a wholly owned subsidiary of **AFRICA OIL CORP.** a  
company incorporated under the laws of the Province of British  
Columbia and having an office at Suite 2101, Vancouver, BC,  
Canada, V6C 3E8)

(“**Canmex**”)

**AND:**

**RANGE RESOURCES LTD.**, a company incorporated under the  
laws of Victoria, Australia and having an office at Ground Floor, 1  
Havelock Street, West Perth, WA, 6005, Australia

(“**Range**”)

**AND:**

**LION ENERGY PUNTLAND (DHAROOR) N.V.**, a company  
incorporated under the laws of the Netherland Antilles and having  
its registered office at Landhuis Joonchi, Kaya Richard J. Beaujon  
z/n, Curaçao, Netherland Antilles (and a wholly-owned subsidiary  
of **LION ENERGY CORP.**, a company incorporated under the  
laws of British Columbia and having an office at having an office  
at Suite 440 – 789 West Pender Street, Vancouver, British  
Columbia)

(“**Lion**”)

WHEREAS:

A. State, Canmex and Range are parties to a Production Sharing Agreement dated January 17, 2007, as amended by an Amending Agreement made November 25, 2009 (the Production Sharing Agreement, as amended by the Amending Agreement, is hereinafter referred to as the “**PSA**”) relating to the exploration and development of the Dharoor Valley Exploration Area;

B. Lion has taken an assignment of an interest in the PSA by a farmout agreement made August 19, 2009, which farmout agreement was ratified and approved by State by a Deed of Assignment made November 25, 2009;

C. State, Canmex, Range and Lion (together, the “**Parties**”) wish to further amend certain provisions of the PSA and to enter into this agreement (the “**Agreement**”) to confirm their agreement in respect of the amendments to the PSA; and

THEREFORE in consideration of the mutual covenants and agreements in this Agreement, the Parties hereto agree as follows:

**1. DEFINITIONS**

Any capitalized terms not otherwise defined in this Agreement shall have the same meanings ascribed to those terms in the PSA.

**2. INTERPRETATION**

**2.1 Governing Law**

This Agreement, and any modification, will be governed and interpreted according to the Laws of the Province of British Columbia and the federal laws of Canada applicable therein except the laws that are inconsistent with this Agreement.

**2.2 Severability**

If any one or more of the provisions contained in this Agreement is found to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

**2.3 Parties In Interest**

This Agreement enures to the benefit of and is binding on the Parties hereto and their respective successors and permitted assigns.

### **3. REPRESENTATIONS AND WARRANTIES**

#### **3.1 Representations and Warranties of State**

State hereby represents and warrants to each of Canmex, Range and Lion as follows, and acknowledges that each of Canmex, Range and Lion are relying upon the accuracy of each of such representations and warranties in connection with the maintenance of their ongoing rights and the fulfilment of their ongoing obligations under the PSA, as amended, and all transactions contemplated under this Agreement:

(a) State has the full power, authority and jurisdiction, under all applicable laws and the Constitution of the Government of Puntland, to enter into this Agreement and to bind the Government of Puntland and the Puntland Petroleum and Mineral Agency to the terms hereof ; and

(b) This Agreement, when executed by State, will be binding upon, and fully enforceable against the Government of Puntland and the Puntland Petroleum and Mineral Agency, without any further action by or on behalf of the Government of Puntland or the Puntland Petroleum and Mineral Agency and without the need for ratification by the Government of Puntland.

### **4. AMENDMENTS TO PSA**

#### **4.1 Amendments**

(a) Section 3.3.1 is amended by deleting the initial reference to “[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]” and replacing it with “[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]”;

(b) Annex “C” is amended by deleting the section entitled “Exploration Area – (Dharoor Valley)” and replacing it with the following:

- **“Exploration Area (Dharoor Valley):**

- i. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION];*

- ii. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION];*

- iii. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION];*

- iv. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION];*
  
- v. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION];*
  - 1. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION];*
  
  - 2. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION];* and
  
- vi. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION];*
  - 1. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]*
  
  - 2. *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]"*

## **5 PRODUCTION SHARING AGREEMENT**

### **5.1 No Further Amendment**

Other than as amended herein, all terms of the Production Sharing Agreement between the Parties remain in full force and effect.

### **5.2 Good Standing**

By executing this Agreement the State confirms and acknowledges that, other than in respect of the minimum work obligations described in items (v) and (vi) of the section entitled "Exploration

Area (Dharoor Valley)” of Annex “C” of the PSA, as amended by this Agreement, the PSA is in good standing and is fully effective.

## **6. OTHER AGREEMENT TERMS**

In consideration of the agreement of the Parties to amend the terms of the PSA and the mutual covenants and agreements in this Agreement, the Parties further covenant and agree as follows:

### **6.1 Proposed Farmout**

Canmex, Range and Lion agree that they are prepared to enter into a farmout agreement for up to a thirty (30%) percent interest in the PSA with a mutually satisfactory farmout partner, on terms acceptable to State.

### **6.2 Terms of Relinquishment**

State, Canmex, Range and Lion agree that the *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]* percent interest in the original Agreement Area to be relinquished pursuant to section 5.1.2 of the PSA shall be comprised of an area, to be mutually agreed on or before February 28, 2011, that has a commercial value under a newly negotiated production sharing agreement.

### **6.3 Infrastructure Payment**

Canmex agrees that it will, within 5 business days of the Effective Date, make a one-time payment to the Government of Puntland in the amount of *[REDACTED - TERMS CONSTITUTE SENSITIVE BUSINESS INFORMATION]* for the development of infrastructure.

## **7. EFFECTIVE DATE**

This Agreement shall be effective on the Effective Date.

**8. COUNTERPARTS**

This Agreement may be signed in several counterparts and by facsimile transmission, each of which so executed will be deemed to be an original and such counterparts together will constitute one and the same agreement.

IN WITNESS WHEREOF the Parties hereto have executed and delivered this Amending Agreement.

**GOVERNMENT OF PUNTLAND / DEPARTMENT OF MINERALS AND PETROLEUM**

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Issa Mohamud Farah

**CANMEX HOLDINGS (BERMUDA) II LIMITED**

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Authorized Signatory

**RANGE RESOURCES LIMITED**

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Authorized Signatory

**LION ENERGY PUNTLAND (DHAROOR) N.V.**

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Authorized Signatory

The form and content of this Second Amending Agreement – Dharoor Valley is hereby endorsed by and approved and consented to.

**THE GOVERNMENT OF THE PUNTLAND STATE**

per:

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President H.E. Abdirahman Mohamed Muhamud

