

AMENDED DELTA LAND FUND AGREEMENT

2010 THIS AMENDED DELTA LAND FUND AGREEMENT made as of June 17,

BETWEEN:

Basic Oil Ltd., a corporation incorporated under the laws of
Alberta
(hereinafter referred to as "Basic"),

OF THE FIRST PART,

Carcajou Resources Corp., a corporation incorporated under the
laws of Alberta
(hereinafter referred to as "Carcajou"),

OF THE SECOND PART,

Danmac Resources Ltd., a corporation incorporated under the
laws of Alberta
(hereinafter referred to as the "Danmac"),

OF THE THIRD PART,

Kivacorp Petroleum Ltd., a corporation incorporated under the
laws of Alberta
(hereinafter referred to as the "Kivacorp"),

OF THE FOURTH PART,

Purdy & Partners Inc., a corporation incorporated under the laws
of Alberta
(hereinafter referred to as the "Purdy"),

OF THE FIFTH PART,

Radoslav Prodanovic, an individual residing in the City of
Calgary, Alberta (hereinafter referred to as the "Rob"),

OF THE SIXTH PART,

- and -

Alice-Marie Maughan, an individual residing in the City of
Calgary, Alberta (hereinafter referred to as the "AM Maughan"),

OF THE SEVENTH PART.

WHEREAS the Participants entered into a Land Fund Agreement made as of February 5, 2010 (“Land Fund Agreement”); and

WHEREAS, pursuant to the Land Fund Agreement, the Participants acquired interests in Petroleum and Natural Gas Rights through successfully bidding at three Saskatchewan Crown land sales; and

WHEREAS, as of the date of this Amended Delta Land Fund Agreement, the Participants wish to amend, replace and supercede the Land Fund Agreement with the Amended Delta Land Fund Agreement to account for, inter alia, additional funding by certain Participants, to evidence Petroleum and Natural Gas Rights acquired, and to provide for the continued acquisition and development of petroleum and natural gas rights in Western Canada, in accordance with the terms of this Amended Delta Land Fund Agreement; and

NOW, THEREFORE, THIS AGREEMENT WITNESSES that, in consideration of the premises and the mutual covenants of the parties herein contained, Participants agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions:

In this Agreement, unless the context requires otherwise, the following terms and expressions shall have the meanings hereinafter assigned to them, namely:

“Agreement” means this agreement and all Schedules attached to this agreement and all amendments made to this agreement in accordance with its terms, and the expressions “Article”, “Section”, “clause” and “Schedule” followed by a number of letter mean and refer to the specified Article, section, clause, or Schedule of this Agreement;

“Business Day” means any day other than a Saturday, Sunday or statutory holiday in the Province of Alberta;

“Declaration of Trust” means a declaration between the Operator and the Participants whereby the Operator will hold the Petroleum and Natural Gas Rights acquired, as agent and trustee on behalf of the Participants, in the form attached as Schedule “B” hereto;

“Effective Date” means June 17, 2010;

“Enerplus Lands” means Saskatchewan petroleum and natural gas lease number 46967 covering section 11-14-20-W3M and including the well and related equipment located at 9-11-14-20-W3M well;

“Joint Operating Costs” means all third party acquisition costs, lease rentals, third party accounting and legal costs and those costs associated with the Joint Venture Program;

“Joint Venture Program” means the acquisition of Petroleum and Natural Gas Rights and management and development of the Joint Venture Properties;

“Joint Venture Properties” means collectively:

- (i) the Petroleum and Natural Gas Rights;
- (ii) the Participants’ interest in any Wells;
- (iii) the Participants’ interest in any Production or proceeds of Production; and
- (iv) all other interests contemplated by this Agreement and related to any of the foregoing;

“Operator” means Carcajou until it resigns or is deemed to have resigned or is otherwise replaced by a vote in writing by a majority of the Participants;

“Operating Procedure” means, collectively the CAPL 1990 Operating Procedure as amended by this Agreement, the 1993 CAPL Assignment Procedure and the 1996 Petroleum Accountants Society of Canada Accounting Procedure, including the elections and rates set out on Schedule “C” hereto;

“Overriding Royalty Procedure” means the 1997 CAPL Overriding Royalty Procedure, including the elections set out on Schedule “D”;

“Participant” means a party to this Agreement;

“Participant’s Commitment Amount” has the meaning ascribed in Section 2.1 (a);

“Person” means:

- (i) an individual, trust, trustee, executor, administrator or other legal representative;
- (ii) a corporation or a partnership; and
- (iii) any other entity, the existence of which is recognized at law or in equity;

“Petroleum and Natural Gas Rights” means, crown petroleum and/or natural gas leases and licences, freehold petroleum and/or natural gas leases, developed and undeveloped working interests and royalty interests, set out and described on Schedule “A” hereto, as amended from time to time;

“Production” means the production and sale of petroleum substances from or allocated to the Petroleum and Natural Gas Rights;

“Prospect Fee” means an undivided twenty five percent (25%) interest in the Petroleum and Natural Gas Rights as further described in Section 3.2;

“Related Party” means, when used in reference to a Person, any other Person that is an associate (as such term is defined in the *Securities Act* (Alberta)) of the Person or that is related, affiliated or otherwise associated with the Person or that would be considered to a non-arm’s length party with respect to the Person, and **“Related Parties”** means all such other Persons;

“Royalty” means an overriding royalty based on each Participant’s initial working interest in the Petroleum and Natural Gas Rights subject to the terms of the Overriding Royalty Procedure;

“Term” means the period from the Effective Date to and including the date referred to in Section 10.1(a);

“Title Documents” means the title documents, including petroleum and natural gas leases or licences, joint operating agreements, farmout agreements, gross overriding royalty agreements, pooling agreements and other agreements whereby the Participants acquire or farmout Petroleum and Natural Gas Rights; and

“Wells” means wells drilled by third parties or by the Participants or acquired from third parties, with respect to the Petroleum and Natural Gas rights acquired by the Participants.

1.2 Headings, etc.:

In this Agreement:

- (a) the division of this Agreement into articles and, sections and clauses and the use of headings is for convenience of reference only, and shall not modify or affect the interpretation or construction of this Agreement or any of its provisions;
- (b) all words and the pronouns relating thereto shall be read and construed as the number and gender of the party or parties require, and the verb shall be read and construed as agreeing with the relevant word or pronoun; and
- (c) a reference to a statute shall include every regulation made pursuant to such statute, all amendments to the statute or to any such regulation in force from time to time, and any statute or regulation that supplements or supersedes any such statute or any such regulation.

1.3 Schedules:

The following Schedules are attached hereto and made a part of this Agreement:

- (a) Schedule “A” – which describes the Petroleum and Natural Gas Rights and the Title Documents with respect thereto, acquired from time to time pursuant to this Agreement;
- (b) Schedule “B” – which is the form of Declaration of Trust;
- (c) Schedule “C” – which sets out the elections and rates applicable to the Operating Procedure; and
- (d) Schedule “D” – which is the Overriding Royalty Procedure and the elections.

1.4 Application of the Operating Procedure:

- (a) The Operating Procedure shall only be applicable in the event that all or some of the Participants elect to drill a well pursuant to Section 4.2(c)(i).

- (b) If there is a conflict between this Agreement and the Operating Procedure, this Agreement will prevail.
- (c) The parties agree that this Agreement shall be referred to as the "Head Agreement" for the purpose of the Overriding Royalty Procedure.

1.5 Replacement of the Land Fund Agreement

As of the Effective Date of this Agreement, the Participants hereby agree to replace and supercede the Land Fund Agreement with this Amended Delta Land Fund Agreement. The Participants expressly acknowledge that each Participant's interest in the Petroleum and Natural Gas Rights have been amended as a result of additional funding provided by certain Participants and each Participant accepts such amended interest in the Petroleum and Natural Gas Rights as more particularly set out in this Agreement.

ARTICLE 2 PARTICIPATION

2.1 Participation:

- (a) Each Participant has paid the amount listed below ("Participant's Commitment Amount") to Carcajou for and on behalf of the Joint Venture Program, in accordance with the terms of this Agreement and Carcajou acknowledges receipt of such funds from each Participant:

Participant	Participant's Commitment Amount
Basic	\$200,000
Carcajou	\$300,000
Danmac	\$300,000
Kivacorp	\$150,000
Purdy	\$650,000
Rob	\$100,000
AM Maughan	\$100,000
Sum of Participant's Commitment Amount	\$1,800,000

- (b) Each Participant's initial working interest in Petroleum and Natural Gas Rights acquired pursuant to this Agreement shall be calculated by taking such Participant's Commitment Amount and dividing by the sum of all of the Participant's Commitment Amounts and reducing such amount by the Prospect Fee and such Participant's initial working interest shall be subject to the Royalty.
- (c) Notwithstanding the foregoing, Basic and Carcajou hereby agree that each of Basic's and Carcajou's initial working interest in Petroleum and Natural Gas Rights acquired pursuant to this Agreement shall be equal.

2.2 Payment of Joint Operating Costs:

- (a) Each Participant agrees to pay its proportionate share of the Joint Operating Costs incurred in connection with the Joint Venture Properties.
- (b) The Operator may, from time to time, request advances from each Participant for the Participant's proportionate share of the Joint Operating Costs incurred or to be incurred by the Operator. The Participant shall pay its proportionate share of such Joint Operating Costs within ten (10) Business Days of the receipt of a written request from the Operator in respect thereof. The Operator shall make appropriate adjustments to the account of each Participant at the end of each month to reflect actual amounts paid to the Operator by each Participant in respect of Joint Operating Costs.
- (c) If the Participant does not pay its proportionate share of the Joint Operating Costs in the manner and within the time required, the Operator may:
 - (i) charge the Participant interest on any outstanding amount of Joint Operating Costs and the Participant agrees to pay interest on such amounts at the National Bank of Canada prime rate plus two percent (2%) calculated from the date that payments for such Joint Operating Costs were due; and
 - (ii) recover the Participant's proportionate share of outstanding Joint Operating Costs from the Participant's share of the cash flow from the sale proceeds or the Production from any Wells;

2.3 Title Documents:

Upon the acquisition of Petroleum and Natural Gas Rights, the Operator shall execute a Declaration of Trust in the form attached as Schedule "B" hereto. The interests acquired by each Participant by virtue of this Agreement shall be subject to the terms and conditions of the Title Documents to which the Joint Venture Properties are subject. The Operator shall use its reasonable commercial efforts to pay all lease rentals and to keep all such Title Documents in good standing during the term of the Joint Venture Program.

2.4 Records:

The Operator shall establish and maintain the files and records with respect to the Title Documents and the Joint Venture Properties, evidencing each Participant's interests.

ARTICLE 3 OVERHEAD

3.1 Overhead:

- (a) The Participants agree that there shall be no geological, geophysical, engineering, land or other consulting fees, costs or expenses charged by any of the Participants for providing technical expertise with respect to the acquisition, development, farmout or sale of any Petroleum and Natural Gas Rights, other than the Prospect Fee and the Royalty referred to in Section 3.2.
- (b) Notwithstanding the foregoing and for greater certainty:
 - (i) the Operator shall be entitled to reimbursement of its out of pocket costs and expenses required to establish and maintain the records and to carry out the joint venture accounting, on behalf of the Participants; and
 - (ii) the Operator shall be entitled to a reimbursement of reasonable legal and third party accounting costs incurred with respect to establishing and operating this Agreement and the Joint Venture Program, on behalf of the Participants.
- (c) The Participants agree to pay or reimburse its proportionate share of such costs and expenses to the Operator.

3.2 Prospect Fee and Royalty:

- (a) The Participants agree:

- (i) that twenty five per cent (25%) of the Participant's Commitment Amount shall be allocated as a Prospect Fee toward carrying Basic as to an undivided twelve and one half percent (12.5%) and Carcajou as to an undivided twelve and one half percent (12.5%) initial working interest in the acquisition of the Petroleum and Natural Gas Rights; and
- (ii) to grant to Basic a two percent (2.0%) Royalty and Carcajou a one percent (1.0 %) Royalty in the Petroleum and Natural Gas Rights.
- (b) The Participants agree that no Prospect Fee with respect to any lands shall be incurred or payable unless an acquisition of Petroleum and Natural Gas Rights is completed on behalf of the Participants.

ARTICLE 4

MANAGEMENT OF JOINT VENTURE PROPERTIES

4.1 Advisory Committee:

- (a) The Participants agree to establish a committee of not less than three (3) representatives, for the purpose of:
 - (i) identifying, evaluating and determining the acquisition of Petroleum and Natural Gas Rights;
 - (ii) determining whether any Petroleum and Natural Gas Rights should be sold, farmed out or recommending that the Participants should participate in the drilling of a well;
 - (iii) negotiating the terms of any transfer, sale or farmout;
 - (iv) appointing an operator or replacement operator;
 - (v) identifying, determining and accepting additional participants into the Joint Venture Program from time to time; and
 - (vi) making a recommendation to terminate the Joint Venture Program.
- (b) The initial members of the advisory committee shall be:
 - (i) Mike Maughan;

- (ii) Jim MacDonald
 - (iii) Dan MacDonald; and
 - (iv) Rob Purdy.
- (c) A meeting of the advisory committee shall occur not less than once per quarter and may be in person or by conference call, unless otherwise waived by the members of such committee. A party may replace its representative to the advisory committee from time to time, by notice in writing to the other Participants.
 - (d) All members of the advisory committee who have or may have a conflict or personal interest, directly or indirectly with respect to any of the Petroleum and Natural Gas Rights, shall disclose such conflict or personal interest to the advisory committee prior to any matter being voted on.
 - (e) A quorum for any meeting of the advisory committee shall be not less than three (3).
 - (f) All matters requiring a vote of the advisory committee shall require an affirmative not of not less than sixty six percent (66%).
 - (g) Subject to Section 4.2(c), the advisory committee agrees to not farmout or sell any interests in the Petroleum and Natural Gas Rights to any non-arms length third party, without prior written consent of at least eighty percent (80%) of the Participants.
 - (h) The members of the advisory committee shall not be liable for any costs, obligations, claims, cause or causes of action, arising out of or attributable to the Joint Venture Program or the Petroleum and Natural Gas Rights, other than with respect to willful misconduct.

4.2 Purpose:

- (a) It is general intent of the Participants to acquire Petroleum and Natural Gas Rights and to encourage third parties to pay for the costs to drill wells to develop such Petroleum and Natural Gas Rights and to retain an interest in the Petroleum and Natural Gas Rights.

- (b) In addition, the Participants agree to the farmout or sale of the Petroleum and Natural Gas Rights on such terms and conditions determined or negotiated, in the sole discretion of the advisory committee.
- (c) In the event that the advisory committee recommends that the Participants participate in the drilling of an initial well on a prospect, the Participants shall have the right within thirty (30) days of the receipt of such recommendation in writing, to elect by notice in writing to the Operator, to:
 - (i) participate as to their proportionate share; or
 - (ii) not participate and to sell and transfer their respective interests in the applicable Petroleum and Natural Gas Rights to those Participants who wish to participate, on consideration of the repayment of its proportionate share of the original purchase price for such rights; or
 - (iii) not participate and be deemed to be a party to the Operating Procedure subject to the production penalty provisions set out in Clause 1007 of the Operating Procedure.

In the event that a Participant fails to elect by notice in writing to the Operator within such thirty (30) day period then such Participant shall be deemed to have elected alternative 4.2(c)(iii).

4.3 Operator:

- (a) The Operator shall conduct the Joint Venture Program on behalf of the Participants subject to the direction and decisions of the advisory committee. All decisions relating to the Joint Venture Program and all such decisions shall be final and binding upon each Participant.
- (b) Without limiting the generality of the foregoing, the Operator:
 - (i) shall prepare and submit the bids to acquire Petroleum and Natural Gas Rights;
 - (ii) shall hold the registered title to the Petroleum and Natural Gas Rights subject to the Declaration of Trust and the Title Documents;
 - (iii) shall pay the lease rentals and applicable acquisition costs;

- (iv) may acquire and cause to be processed and interpreted seismic lines and data required for the purpose of evaluating the acquisition and/or farming out such Petroleum and Natural Gas Rights;
- (v) may acquire reservoir engineering reports, drilling reports, completion data, operation cost analysis, environmental protection plans and assessments, and any other such technical reports for the purpose of evaluating the acquisition and/or farming out of such Petroleum and Natural Gas Rights;
- (vi) shall transfer the Participant's beneficial interest in any Title Documents to each Participant upon termination of this Agreement or as otherwise directed by the advisory committee;
- (vii) shall deposit all funds received into the separate bank account referred to in Section 9.2;
- (viii) shall resign or be deemed to have resigned as Operator and be replaced by any other party appointed by a majority of the Participants, as operator, in the event that:
 - A. it becomes bankrupt or subject to a receivership or bankruptcy order or other creditor arrangement; or
 - B. if it is breach of this Agreement and fails to remedy such breach within thirty (30) days of a notice in writing from the advisory committee.
- (c) In the event that a parcel of Petroleum and Natural Gas Rights is farmed out or otherwise disposed of and the Operator as the agent for the Participants becomes subject to a third party operating agreement, the Participants agree to be bound by the terms and conditions of such joint operating agreement.
- (d) In the event that some or all of the Participants elect to participate in the drilling of a well pursuant to Section 4.2(c)(i) or the Participants acquire the Enerplus Lands, the Operator agrees to:
 - (i) arrange for the drilling, completion, abandonment, recompletion, workover and equipping of wells which the Participants agree to acquire or drill and

cause such wells to be operated and produced and market the petroleum substances for the respective accounts of the Participants;

- (ii) carry insurance as provided in the Operating Procedure on behalf of the parties, excluding loss of income, and determine the limits of loss, deductibles and periods of indemnity relating to such insurance;
 - (iii) administer the Goods and Services Tax, or replacement legislation, for all goods and services supplied or acquired by the Operator;
 - (iv) take any reasonable measures, including establishing or participating in restoration funds to abandon, restore or reclaim well and facility sites and pipelines in which the Participant may have an interest, as required by appropriate regulatory authority and/or by good oil and gas industry practices;
 - (v) enter into contracts with any non-arm's length party to provide services in relation to the Joint Venture Properties, including, without limitation, the services of contract field operators of any Joint Venture Properties; and
 - (vi) maintain the Joint Venture Properties in a proper and prudent manner in accordance with good oil and gas industry practices and in material compliance with all applicable laws, rules, regulations, orders and directions of governmental and other competent authorities.
- (e) In the event that the Operator receives an operation notice from a third party pursuant to a joint operating agreement and/or a notice from a third party to acquire additional petroleum and natural gas rights, the Operator agrees to provide a copy of such operation notice, authority for expenditure and other information received from the third party and the Participants (including the Operator) agree as follows:
- (i) the Participants shall advise the Operator in writing of its election to participate or not participate within ten (10) days;
 - (ii) subject to subsection (v) herein, those Participants who wish to participate shall also be obligated to participate and pay for the proportionate share of those Participants who elect not to participate;

- (iii) in the event that the Operator has not received the election from a Participant, within the ten (10) day period, such Participant shall be deemed to have elected not to participate;
- (iv) all Participants who elected not to participate or were deemed to have elected not to participate shall be subject to the production penalties and other provisions of such joint operating agreement;
- (v) if the remaining Participants have not confirmed in writing with the Operator to participate and to pay the Operator, for their proportionate share and the proportionate share of those Participants who elected not to participate or were deemed to have elected not to participate prior to the date in which the Operator may or is required to respond to the third party operations notice, the Operator shall have the right to either:

A. participate and pay the third party the full amount or

B. elect not to participate.

notwithstanding that some of the Participants had elected to participate.

4.4 No Independent Operations

Subject to Section 4.2(c), the Participants covenant and agree that no Participant or group of Participants shall have the right to initiate any independent operation for the drilling of a well with respect to any of the Joint Venture Properties, without the prior written consent of not less than ninety percent (90%) of the Participants.

4.5 Proceeds

The Participants agree that in the event that any of the Petroleum and Natural Gas Rights are sold or any proceeds are received as a result of a farmout including without limitation, the payment of any overriding royalty, the Operator shall within thirty (30) days of the receipt of the same; distribute such net proceeds to each of the Participants as to their respective proportionate share, after deducting any outstanding amounts owed by such Participant at such time.

ARTICLE 5 JOINT OPERATING AGREEMENT

5.1 Operating Procedure:

The Participants who elect to participate in the drilling of well and those Participants (if any) who have elected the alternative set out in Section 4.2(c)(iii) shall enter into a separate joint operating agreement with the Operating Procedure attached thereto. The Participants agree that no rights of first refusal shall apply.

5.2 Overriding Royalty Procedure:

The Royalty granted pursuant to Section 3.2 shall be subject to the Overriding Royalty Procedure.

ARTICLE 6 REPORTS AND BOOKS

6.1 Access:

Each Participant may upon two (2) Business Days prior written notice to the Operator, attend at the office of the Operator to review the Joint Venture Program accounts and land records directly relating to the Joint Venture Properties.

6.2 Reporting:

- (a) The Operator agrees to provide an acquisition report with respect to each acquisition of Petroleum and Natural gas Rights and Schedule "A" shall be amended accordingly.
- (b) Once Production has commenced from the Joint Venture Properties, the Operator agrees to provide joint interest billing statements each month in the ordinary course of business.

ARTICLE 7 TITLE

7.1 Title Registrations:

- (a) The Operator shall hold title to all Petroleum and Natural Gas Rights acquired pursuant to this Agreement, as agent, for an on behalf of each Participant subject to the terms of this Agreement.

- (b) Except as otherwise provided in this Agreement, Operator shall not have the right to and covenants and agrees not to, farmout, assign, transfer, encumber or grant any security interest, in or to any of the Petroleum Natural Gas Rights.
- (c) In the event that any of the Petroleum and Natural Gas Rights are farmed out, the Operator shall use its reasonable efforts to have each of the Participants recognized in order that each Participant received its proportionate share of any gross overriding royalty or working interest directly.

ARTICLE 8 RELATIONSHIP OF PARTIES

8.1 Obligations Not Joint and Several:

Notwithstanding anything contained in this Agreement to the contrary, the obligations and duties of each Participant are separate and independent and not joint and several, and each party shall be responsible and/or liable only for the due performance of its respective obligations as set out in this Agreement.

8.2 Tenant in Common Ownership:

- (a) Each Participant will hold its beneficial interests in the Joint Venture Properties as a tenant in common.
- (b) The parties acknowledge and agree that it is not their intention to create a partnership and this Agreement shall not be interpreted or construed as creating a partnership.

ARTICLE 9 COMMINGLING OF FUNDS

9.1 Commingling of Funds:

The Operator shall not be entitled to commingle any funds received from or on behalf of the Participants with funds of the Operator and others.

9.2 Separate Bank Account:

The Operator agrees to establish and maintain at the cost of the Participants, a separate bank account in trust for and on behalf of the Participants, with a chartered bank.

ARTICLE 10 TERMINATION

10.1 Termination:

- (a) The term of this agreement shall expire on March 31, 2016 unless otherwise extended by an agreement in writing among the Participants.
- (b) If the term is not extended, the Operator shall within thirty (30) days transfer or cause to be transferred the remaining Petroleum and Natural Gas Rights and other remaining Joint Venture Properties and any uncommitted balance of Participant's Commitment Amount to the Participants as to their respective proportionate interest therein.

ARTICLE 11 NOTICES

11.1 Addresses for Service:

The provisions of Article XXII of the Operating Procedure will govern the service of notices to this Agreement and, as contemplated therein, the address for service of notices of each of the parties hereto will be:

Basic Oil Ltd.	Carcajou Resources Corp.
1127 Prospect SW	SW22-21-3-W5M
Calgary, AB T2T 0X2	Box 15, Site 4, RR 1
Attention: Mr. Mike Maughan	Millarville, AB, T0L 1K0
	Attention: Mr. Dan MacDonald
Danmac Resources Ltd.	Kivacorp. Petroleum Ltd.
#78, 100 Signature Way S.W.	1216 Belavista Cres. S.W.
Calgary, AB, T3H 2W6	Calgary, AB, T2V 2B1
Attention: Mr. Jim MacDonald	Attention: Mr. Dave Fitzpatrick

Purdy and Partners Inc.	Radoslav Prodanovic
2550, 700- 2nd Street S.W.	3223 2 nd Street S.W.
Calgary, AB T2P 2W2	Calgary, AB
Attention: Mr. Rob Purdy	T2S 1T5
Alice-Marie Maughan	
1122 Talon Avenue S.W.	
Calgary, AB, T2T 1G1	

ARTICLE 12 MISCELLANEOUS PROVISIONS

12.1 Arbitration:

In the event that the parties are unable to resolve or settle a dispute within ninety (90) days after notice in writing to the other parties, any party may commence arbitration proceedings. The parties agree that such dispute shall be resolved by one arbitrator pursuant to the Simplified Arbitration Rules of the ADR Institute of Canada, Inc., provided always that the cost of the arbitrator shall be allocated equally among the parties. The place of arbitration shall be Calgary, Alberta.

12.2 No Waiver:

No failure on the part of any party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any right or remedy in law or in equity or by statute or otherwise conferred. No waiver of any provision of this Agreement, including without limitation this Section 12.2 shall be effective unless an instrument in writing dated subsequent to the date hereof is executed by a duly authorized representative of the party making such waiver.

12.3 GST Election:

- (a) In executing this Agreement, each Participant authorizes the Operator to make an election or elections under subsection 273(1) of the Excise Tax Act (Canada) or similar elections for any replacement legislation, if applicable. The Participant shall be bound by that election when made for the duration of this Agreement.

- (b) Each Participant covenants and agrees to provide the Operator with such Participant's GST registration number upon the request of the Operator.

12.4 Governing Law:

This Agreement shall be governed in all respects by the laws in force in the Province of Alberta and the parties agree to be bound by the courts of the Province of Alberta.

12.5 Binding Effect:

The provisions of this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, successors, legal representatives and permitted assigns, as the case may be.

12.6 Entire Agreement:

No amendments shall be made to this Agreement unless in writing, executed by the parties hereto. This Agreement supersedes all other agreements, documents, writings and oral understandings among the parties hereto relating to the subject matter hereof.

12.7 Enforceability:

The invalidity, illegality or unenforceability of any provision of this Agreement shall not affect the validity, legality or enforceability of any of the remaining provisions of this Agreement.

12.8 Counterpart Execution:

This Agreement may be executed in one or more counterparts. Each counterpart shall constitute an original and all counterparts together shall constitute one and the same agreement. Facsimile copies of executed counterparts shall be conclusively regarded for all purposes as originally executed counterparts pending delivery of the originals.


12.9 Supercedes:

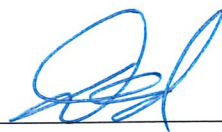
This Agreement is intended to supercede and replace all discussions, understandings, agreements, representations or warranties made by or entered into among any of the Participants with respect to the matters contemplated by this Agreement including but not limited to, the Land Fund Agreement.

IN WITNESS WHEREOF the parties hereto executed this Agreement with effect as of the day and year first above written.

BASIC OIL LTD.

CARCAJOU RESOURCES CORP.


Per: 
Mike Maughan

Per: 
Dan MacDonald

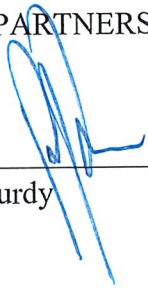
DANMAC RESOURCES LTD.

KIVACORP PETROLEUM LTD.

Per: 
J.S. MacDonald

Per: 
Dave Fitzpatrick

PURDY & PARTNERS INC.

Per: 
Rob Purdy


Radoslav Prodanovic

Witness: 


Alice-Marie Maughan

Witness: 

This is the counterpart execution page to an Amended Delta Land Fund Agreement made effective June 17, 2010 amongst Basic Oil Ltd., Carcajou Resources Corp., Danmac Resources Ltd., Kivacorp Petroleum Ltd., Purdy & Partners Inc., Radoslav Prodanovic, and Alice-Marie Maughan.

Schedule "A"

This is Schedule "A" attached to and made part of an Amended Delta Land Fund Agreement made effective June 17, 2010 amongst Basic Oil Ltd., Carcajou Resources Corp., Danmac Resources Ltd., Kivacorp Petroleum Ltd., Purdy & Partners Inc., Radoslav Prodanovic, and Alice-Marie Maughan.

PART 1

Lease or Parcel Number	Land Description	Bonus Bid
PN63750	Twp 15, Rge 17 W3M: Sections 17, 20, 29	\$271,000
PN63751	Twp 15, Rge 18 W3M: Section 15	\$180,500
PN63760	Twp 13, Rge 19 W3M: Section 30	\$211,000
PN63765	Twp 14, Rge 20 W3M: Section 2	\$180,500
PN63766	Twp 14, Rge 20 W3M: Section 14	\$180,500
PN63767	Twp 14, Rge 20 W3M: Section 24	\$62,000
PN64101	Twp 13, Rge 20 W3M: Section 23	\$53,000
PN64088	Twp 14, Rge 18 W3M: Section 31	\$76,000
PN64102	Twp 13, Rge 20 W3M: NE Section 26	\$10,312.75
PN64287	Twp 15, Rge 16 W3M: Section 23	\$12,000
PN64299	Twp 14, Rge 19 W3M: S/2 & NE Section 27	\$65,100
PN64300	Twp 14, Rge 20 W3M: Section 25	\$65,100
PN64301	Twp 14, Rge 20 W3M: Section 35	\$12,000

The initial working interest of the above parcels is as follows:

Participant	Working Interest*
Basic	22.92%
Carcajou	22.92%
Danmac	12.50%
Kivacorp	6.25%
Purdy	27.07%
Rob	4.17%
AM Maughan	4.17%

*subject to the Crown lessor royalty and 3.0% gross overriding royalty

PART 2

As per the Agreement, Schedule "A" to be amended after the acquisition of any additional Petroleum and Natural Gas Rights.

Schedule "B"

This is Schedule "B" attached to and made part of an Amended Delta Land Fund Agreement made effective June 17, 2010 amongst Basic Oil Ltd., Carcajou Resources Corp., Danmac Resources Ltd., Kivacorp Petroleum Ltd., Purdy & Partners Inc., Radoslav Prodanovic, and Alice-Marie Maughan.

DECLARATION OF TRUST

THIS DECLARATION OF TRUST made effective _____, 2010 (the "**Effective Date**").

AMONG:

CARCAJOU RESOURCES CORP., a corporation formed pursuant to laws of the Province of Alberta

(hereinafter referred to as the "**Trustee**")

-and-

THE PARTIES TO THE LAND FUND AGREEMENT made effective February 5, 2010 (as amended from time to time)

(hereinafter collectively referred to as the "**Beneficiaries**")

WHEREAS the Trustee holds a registered undivided one hundred percent (100%) of the leasehold interest in the Saskatchewan crown petroleum and natural gas leases and licences set out on Schedule "A" hereto (the "**Title Documents**");

WHEREAS each of the Beneficiaries are a party to the Amended Delta Land Fund Agreement made effective June 17, 2010 (the "**Agreement**");

AND WHEREAS it is expedient for the Trustee, as operator, to hold certain of the Title Documents in trust for the benefit of each of the Beneficiaries, as to their respective participating interests pursuant to the terms of the Agreement and this Declaration;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT, in consideration of the sum of Ten Dollars (\$10.00) the receipt and sufficiency of which is hereby acknowledged by the Trustee, and the premises, the Parties agree as follows:

1. Definitions

Unless otherwise defined herein, all capitalized words used herein shall have the meaning given to such words in the Agreement.

2. Declaration of Trust

The Trustee hereby acknowledges and declares that it holds and will continue to hold the Title Documents in trust for and on behalf of each of the Beneficiaries as to their respective participating interests, together with all benefits and advantages to be derived therefrom for the residue of the terms of the Title Documents and any renewals, continuances or extensions thereof. The Beneficiaries agree to pay or to assume responsibility for their respective share of all royalties, rentals, taxes, charges, encumbrances and other levies which may be payable with respect to each of their interest in the Title Documents.

3. Bare Trustee

The Trustee acknowledges that it holds the legal title to the Title Documents as bare trustee, and Trustee will not sell, transfer, assign, encumber, alienate, or in any way dispose of Beneficiary's interest in the Title Documents or any part thereof except pursuant to the Agreement.

4. Conveyance

Subject to the terms of the Agreement, the Trustee shall execute and deliver all such documents and do all such things as may be reasonably required to convey the legal and registrable title of the Title Documents to each of the Beneficiaries, as to their respective participating interest and novate the Beneficiaries into any and all agreements relating to such applicable Title Documents.

5. Liability and Indemnity

The Beneficiaries covenant and agree with the Trustee to be liable to and, in addition, to indemnify and save harmless the Trustee from and against any and all liability, costs, and expenses including, without limitation, all penalties, fines, court costs, legal costs (on a solicitor and his own client basis), accountant and other professional expenses, claims or damages whatsoever incurred or suffered by Trustee whether directly or indirectly, as a result of the Trustee holding the Beneficiaries interest in the Title Documents in trust, unless caused by the gross negligence or willful misconduct of the Trustee.

6. Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and assigns.

7. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta, and each of the Parties submits to the jurisdiction of the courts of the Province of Alberta for the interpretation and enforcement thereof.

8. Further Assurances

Each of the Parties shall from time to time and at all times on and after the Effective Date, do and perform all such further acts and execute and deliver all further agreements, assurances, deeds, assignments, conveyances, novations, notices, releases and other documents and instruments, as may reasonably be required to more fully assure the carrying out of the terms of this Agreement.

9. Counterpart Execution

This Agreement may be executed in one or more counterparts. Each counterpart shall constitute an original and all counterparts together shall constitute one and the same agreement. Facsimile copies of executed counterparts shall be conclusively regarded for all purposes as originally executed counterparts pending delivery of the originals.

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

TRUSTEE:

CARCAJOU RESOURCES CORP.

Per: _____

Schedule "C"

This is Schedule "C" attached to and made part of an Amended Delta Land Fund Agreement made effective June 17 amongst Basic Oil Ltd., Carcajou Resources Corp., Danmac Resources Ltd., Kivacorp Petroleum Ltd., Purdy & Partners Inc., Radoslav Prodanovic, and Alice-Marie Maughan.

1990 CAPL OPERATING PROCEDURE

- I. Operator: Carcajou
- II. Insurance (Clause 311): A
- III. Marketing Fee: (Clause 604): A
- IV. Casing Point Election (Clause 903): A
- V. Penalty for Independent Operations (Clause 1007):
(a) (iv) Development Wells 300% (b) (iv) Exploratory Wells 500%
- VI. Title Preserving Well(Clause 1010(a)(iv)) : 180 days
- VII. Dispositions of Interests (Clause 2401): A
- VIII. Recognition Upon Assignment (Clause 2404) : replaced by 1993 CAPL Assignment Procedure

1996 PASC ACCOUNTING PROCEDURE

- 105. Operating Fund: 10 %
- 110. Approvals: Clause N/A ; from 2 Owners totaling 75 %
- 112. Expenditure Limitations:
 - (a) excess of \$25,000.00
 - (c) excess of \$25,000.00
- 201(a) 6 Labour: Delete and replace as follows:

"Salaries and wages of the Operator's employees engaged in Production Engineering who are either temporarily or permanently assigned to and directly employed off-site in direct support of Joint Operations."
- 202. Employee Benefits:
 - (b) not to exceed 25%

205(b) **Modify as follows:**

Clause 205(b)(1) – **Deleted**

Clause 205(b)(2) –

Modify: Engineering and Design Costs in the 1996 PASC Accounting Procedure to read as follows:

“For projects within the Operator’s approval authority pursuant to Subclause 112(a) of this Accounting Procedure, ten percent (10%) of the total project costs.”

207 **Services:** replace “warehouse” with “Warehouse” throughout

213. **Camp and Housing:** (b) shall / shall not X

216. **Warehouse Handling:** 5%

221. **Allocation Options:** N/A

302 **Overhead Rates:**

(a) Each Exploration Project

OR

(1) 5% of the first \$ 50,000.00 of Cost; plus

(2) 3% of the next \$ 100,000.00 of Cost; plus

(3) 1% of Cost exceeding the sum of (1) and (2)

(b) Drilling of a well %

OR

(1) 3% of the first \$ 50,000.00 of Cost; plus

(2) 2% of the next \$ 100,000.00 of Cost; plus

(3) 1% of Cost exceeding the sum of (1) and (2)

(c) Initial Construction %

OR

(1) 5% of the first \$ 50,000.00 of Cost; plus

(2) 3% of the next \$ 100,000.00 of Cost; plus

(3) 1% of Cost exceeding the sum of (1) and (2)

(d) Subsequent Construction Project %

OR

(1) 5% of the first \$ 50,000.00 of Cost; plus

(2) 3% of the next \$ 100,000.00 of Cost; plus

(3) 1% of Cost exceeding the sum of (1) and (2)

(e) Operation and Maintenance:

(1) % of Cost; and/or

(2) \$ 250.00 per Producing Well per month; or

(3) \$ _____ Flat Rate per month.

Subclauses 302(e)(2) and 302(e)(3) hereof shall _____ / shall not X

406 **Dispositions:** \$25,000.00

406 **Dispositions:** replace “affiliates” with “Affiliates”

501 **Inventories:** replace “warehouse” with “Warehouse”

Schedule "D"

This is Schedule "D" attached to and made part of an Amended Delta Land Fund Agreement made effective June 17, 2010 amongst Basic Oil Ltd., Carcajou Resources Corp., Danmac Resources Ltd., Kivacorp Petroleum Ltd., Purdy & Partners Inc., Radoslav Prodanovic, and Alice-Marie Maughan.

1997 CAPL Overriding Royalty Procedure

1.01 (b) Effective Date shall have the same meaning as in the Head Agreement.

2.01 (A) (a) for crude oil, 3%

(b) Alternate 1 will apply

3 % of the gross monthly production ...

2.04 B. Alternate 1 only

2.08 Optional Clause 2.08 will not apply