

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Laredo Oil, Inc.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934



Date of Report (Date of earliest event reported)

June 14, 2011

Laredo Oil, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or Other Jurisdiction of Incorporation)

333-153168

(Commission File Number)

26-2435874

(IRS Employer Identification No.)

111 Congress Avenue, Suite 400

Austin, Texas

(Address of Principal Executive Offices)

78701

(Zip Code)

Registrant's telephone number, including area code

(512) 279-7870

Not Applicable

(Former Name or Former Address, if Changed Since Last Report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On June 14, 2011, Laredo Oil, Inc. ("the Company") entered into several agreements with Stranded Oil Resources Corporation ("SORC"), an indirect, wholly owned subsidiary of Alleghany Corporation ("Alleghany"), to seek recovery of stranded crude oil from mature, declining oil fields by using the Enhanced Oil Recovery ("EOR") method known as Underground Gravity Drainage ("UGD"). Such agreements consist of a License Agreement between the Company and SORC (the "License Agreement"), a License Agreement between the Company and Mark See, the Company's Chairman and CEO (the "MS-Company License Agreement"), an Additional Interests Grant Agreement between the Company and SORC, a Management Services Agreement between the Company and SORC (the "MSA"), a Finder's Fee Agreement between the Company and SORC and a Stockholders Agreement among the Company, SORC and Alleghany Capital Corporation, each of which are dated June 14, 2011 (collectively, the "Agreements").

The Agreements stipulate that the Company and Mark See, Laredo Chairman and CEO, will provide management and expertise through exclusive, perpetual license agreements and a management services agreement with SORC. As consideration for the licenses to SORC, the Company will receive an interest in SORC net profits as defined in the License Agreement (the "Royalty") which will range from 17.25% to 19.99%. Under the License Agreement, the Company agreed that a portion of the Royalty equal to at least 2.25% of the net profits shall be used to fund a long term incentive plan for the benefit of its employees, as determined by the Company's Board of Directors. Additionally, in the event of a SORC IPO or other defined corporate event, the Company will receive a minimum of 17.25%, but not more than 19.99%, of the SORC common equity or proceeds emanating from the event in exchange for termination of the Royalty. Under certain circumstances regarding termination of exclusivity and license terminations, the Royalty could be reduced to 7.25%.

The Management Services Agreement provides that the Company will provide the services of key employees ("Key Persons"), including Mark See, in exchange for monthly and quarterly management service fees. Mark See will act as the CEO of SORC pursuant to the MSA. He and other members of Company management will spend substantially all of their time and effort in fulfilling the terms of the agreement whereby they use their best efforts to evaluate, acquire, develop and recover crude oil from fields conducive to the UGD oil recovery method. The quarterly management services fee is \$122,500 and the monthly management services fee is comprised of the salaries, benefit costs, and FICA taxes for the Key Persons identified in the agreement. In addition, SORC will reimburse the Company for expenses incurred by the Key Persons in connection with their rendition of services under the MSA. The Company may submit written requests to SORC for additional funding for payment of the Company's operating costs and expenses which SORC, in its sole and absolute discretion, will determine whether to fund.

It is expected that SORC will be funded solely by Alleghany Capital Corporation, a wholly-owned subsidiary of Alleghany ("Alleghany Capital"), in exchange for issuance by SORC of 12% Cumulative Preferred Stock and common stock. Prior to Laredo Oil receiving any cash distributions from SORC, all accrued dividends must be paid and preferred shares redeemed. The initial funding commitment, subject to various conditions including certain milestones, is \$16 million which can be increased by the SORC Board of Directors.

The Additional Interests Grant Agreement provides that from June 14, 2011 until August 13, 2011, SORC shall fund the Company an aggregate amount not to exceed \$415,000 to be used by the Company for the sole purpose of paying and retiring in full one or more of the Company's debt obligations. Under the Finder's Fee Agreement, SORC agreed to fund the Company for amounts payable to Sunrise Securities Corporation ("Sunrise") for certain finder's fees relating to Alleghany's potential investment in SORC, which amounts shall not exceed \$1,100,000 in the aggregate. Under the MS-Company License Agreement, Mark See granted the Company an exclusive license to use certain "Licensed Intellectual Property" (as defined therein) solely for the purpose of including such "Licensed Intellectual Property" in the "Licensed Intellectual Property" which is the subject of the license granted to SORC under the Company License Agreement. The Stockholders Agreement, which shall not be effective unless and until the Royalty is converted into SORC common stock pursuant to the License Agreement, provides, among other things, that the Company shall have certain registration rights in respect of the SORC common stock it acquires.

This foregoing description of the terms of the Agreements does not purport to be complete and is qualified in its entirety by the terms and conditions of the Agreements attached hereto as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5 and 10.6., which are incorporated by reference into this Item 1.01. The information provided in Item 3.02 below is incorporated by reference into this Item 1.01.

Item 3.02. Unregistered Sales of Equity Securities

As payment for arranging the transaction between the Company and SORC, the Company has agreed to issue Sunrise Securities Corporation warrants equal to 10% of the total issued and outstanding fully diluted number of shares of common stock of the Company. The warrants have a term of 10 years and contain customary terms including provisions for cashless exercise, change of control, full antidilution, and customary demand and piggyback registration rights. A copy of the form of warrant is attached as Exhibit 10.7 to this Current Report on Form 8-K and is incorporated by reference into this Item 3.02.

Item 8.01. Other Events.

On June 14, 2011, the Company issued a press release announcing the Company's entry into certain agreements with SORC. A copy of this release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item 8.01.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
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10.1	License Agreement dated June 14, 2011 between Laredo Oil, Inc. and Stranded Oil Resources Corporation
10.2	License Agreement dated June 14, 2011 between Mark See, an individual and Laredo Oil, Inc.
10.3	Additional Interests Grant Agreement dated June 14, 2011 between Stranded Oil Resources Corporation and Laredo Oil, Inc.
10.4	Stockholders Agreement dated June 14, 2011 among Laredo Oil, Inc., Alleghany Capital Corporation and Stranded Oil Resources Corporation
10.5	Management Services Agreement dated June 14, 2011 between Laredo Oil, Inc. and Stranded Oil Resources Corporation
10.6	Finder's Fee Agreement dated June 14, 2011 between Stranded Oil Resources Corporation and Laredo Oil, Inc.
10.7	Form of Common Stock Purchase Warrant
99.1	Press Release dated June 14, 2011 announcing Laredo Oil Enters Into Agreements with Subsidiary of Alleghany Corporation to Seek Recovery of Stranded Oil.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LAREDO OIL, INC.

Date: June 20, 2011

By: /s/ Bradley E. Sparks
Bradley E. Sparks
Chief Financial Officer and Treasurer

EXHIBIT INDEX

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LICENSE AGREEMENT

between

LAREDO OIL, INC., a Delaware corporation

and

STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

Dated as of June 14, 2011

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement") is dated as of June 14, 2011 ("Agreement Date"), and is between LAREDO OIL, INC., a Delaware corporation (the "Licensor"), and STRANDED OIL RESOURCES CORPORATION, a Delaware corporation (the "Licensee").

RECITALS

WHEREAS, Licensor owns and holds, and has the right to use and exploit, the Licensed Intellectual Property (as defined below in Section 1);

WHEREAS, Licensee wishes to obtain from Licensor an exclusive license to use and exploit the Licensed Intellectual Property under the terms and conditions set forth in this Agreement;

WHEREAS, Licensor is willing to grant to Licensee such exclusive license to use the Licensed Intellectual Property under the terms and conditions set forth in this Agreement;

WHEREAS, concurrently herewith, Licensor and Mark See, an individual ("MS"), are entering into a certain License Agreement of even date herewith ("MS-Laredo License") pursuant to which MS grants to Licensor an exclusive license to use the "Licensed Intellectual Property" defined therein solely for the purpose of including such "Licensed Intellectual Property" in the Licensed Intellectual Property which is the subject of the license granted to Licensee hereunder. MS is the President, Chief Executive Officer and Director of Laredo and owns and controls a majority of the issued and outstanding capital stock of Laredo;

WHEREAS, concurrently herewith Licensor and Licensee are entering into a certain Management Services Agreement of even date herewith ("Management Services Agreement");

WHEREAS, except as otherwise expressly provided in this Agreement, this Agreement shall remain in full force and effect without regard to the continued effectiveness of either the MS-Laredo License or the Management Services Agreement; and

WHEREAS, concurrently herewith, Licensor and Licensee are executing and delivering a certain Additional Interests Grant Agreement of even date herewith ("Additional Interests Grant Agreement").

WHEREAS, concurrently herewith, Licensee and Alleghany Capital Corporation, a Delaware corporation ("Alleghany") are executing and delivering a certain Funding Agreement of even date herewith ("Funding Agreement").

WHEREAS, concurrently herewith, Licensor, Licensee and Alleghany are executing and delivering a Stockholders' Agreement in the form of Exhibit A annexed hereto ("Stockholders' Agreement"), which will become effective automatically if and when the Royalty converts into common stock of the Licensee pursuant to Section 3.4 of this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Agreement, and in consideration of the execution and delivery of this Agreement and the Management Services Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Licensee, on the one hand, and Licensor, on the other, hereby agree as follows:

AGREEMENT

1. Defined Terms

“**Acquired Field**” means an Available Field with respect to which Licensee has acquired title, control, or other rights sufficient to enable Licensee to drill a Test Well on such Available Field, construct a UGD Facility on such Available Field, and extract the oil therefrom.

“**Acquired Field No. 1**” means the first Acquired Field.

“**Acquired Field No. 2**” means the second Acquired Field.

“**Additional Interests**” shall have the meaning set forth in the Additional Interests Grant Agreement.

“**Affiliate**” means as of the date of determination any Person that, directly or indirectly, through one or more intermediaries, is (and for so long as it is) controlled by, controls or is under common control with Licensor or Licensee, as the case may be. The term “**control**” (including the terms **controlling**, **controlled by** and **under common control with**) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

“**Alleghany**” means Alleghany Capital Corporation, a Delaware corporation.

“**Available Field**” means a Field which satisfies all of the following requirements:

- (a) such Field has been identified by Licensor through the application of the Selection Process;
- (b) such Field has been presented to Licensee for its consideration, together with a reasonably detailed written report from Licensor setting forth (i) the basis upon which such Field has been selected utilizing the Selection Process; (ii) a statement by Licensor to the effect that such Field is a suitable and feasible candidate for application of the UGD Process; (iii) an estimate of the amount of the original oil in place with respect to such Field; (iv) an estimate of the amount of cumulative oil produced to date and the current oil production rate with respect to such Field; (v) an estimate of the amount of the remaining available oil in place with respect to such Field; (vi) the estimated initial oil production rate and ultimate oil recovery of each lateral and the projected total number of laterals with respect to such Field; (vii) the estimated future production profile and financial projections for such Field; and (viii) the estimated costs and timing to drill a Test Well, construct the UGD chamber, and complete the drilling program with respect to such Field;

- (c) neither such Field nor any portion thereof or interest therein is held, owned or subject to the control of the United States Government or any agency thereof, including, without limitation, the Bureau of Land Management, any State Government or any agency thereof (other than under specific conditions, as pre-approved by the Licensee Board), or any Indian Tribe;
- (d) there are no unusual or material legal, environmental, geologic or other restrictions or conditions applicable to such Field or any portion thereof or interest therein which could prevent or interfere with or materially delay the drilling of the Test Well on such Field, the construction of the UGD Facility on such Field, or the extraction of the oil therefrom; and
- (e) such Field, or sufficient rights with respect to such Field to enable Licensee to drill a Test Well on such Field, construct a UGD Facility on such Field, and extract the oil therefrom, is otherwise available for purchase or acquisition by Licensee (i) at a price within 15% of its Proved PV 10 value based on currently producing wells and strip pricing as determined by an independent energy consultant selected and paid for by Licensee; and (ii) on customary terms and conditions.

"Change of Control" with respect to Licensor means any of the following transactions:

- (a) a merger or consolidation involving Licensor where the surviving entity is not Licensor; or
- (b) a merger or consolidation involving Licensor where Licensor is the surviving entity and immediately following the consummation of such merger or consolidation more than fifty percent (50%) of Licensor's issued and outstanding capital stock (determined on an as-converted basis) is owned, directly or indirectly, by a Person who or which was not an Affiliate of Licensor immediately prior to such merger; or
- (c) the sale, transfer or other disposition of all or substantially all of the assets of Licensor to a Person who or which is not an Affiliate of Licensor, in one transaction or a series of transactions; or
- (d) the acquisition, directly or indirectly, in one transaction or a series of transactions, by a Person who or which is not an Affiliate of Licensor, of more than fifty percent (50%) of Licensor's issued and outstanding capital stock (determined on an as-converted basis); or
- (e) the adoption, authorization, approval or ratification by the Board of Directors of Licensor or the stockholders of Licensor of any plan, letter of intent, or agreement to enter into or effect any of the transactions referred to in subparagraphs (a) through (d) above.

Provided, however, that a Change of Control shall not include a merger of Licensor where the sole purpose is to change its state of incorporation.

“**Confidential Information**” has the meaning set forth in Section 9.1.

“**Corporate Event**” means any one or more of the following:

- (a) the liquidation, dissolution or winding up of Licensee;
- (b) a merger or consolidation of Licensee in which Alleghany does not retain at least fifty percent (50%) of the common stock voting power of the surviving corporation or a right to elect a majority of the members of the Board of Directors of the surviving company;
- (c) a sale by Alleghany of the outstanding capital stock of Licensee owned by Alleghany where Alleghany does not retain at least fifty percent (50%) of the common stock voting power of Licensee or a right to elect a majority of the members of the Board of Directors of Licensee;
- (d) the exclusive licensing of all or substantially all of Licensee’s intellectual property;
- (e) the sale of all or substantially all Licensee’s assets;
- (f) a Qualified IPO; or
- (g) the incurrance of indebtedness for borrowed money for the purpose of using the proceeds of such borrowing to pay a dividend in respect of the common stock of Licensee; provided, however, that no such indebtedness for borrowed money shall constitute a Corporate Event if Licensor receives that percentage of the dividend being paid from such borrowed funds equal to the Royalty Percentage multiplied by the aggregate amount of the dividend being paid.

“**Development Failure**” means one or more of the following: (a) Development Failure—Field Acquisition; (b) Development Failure—Test Well Funding; (c) Development Failure—UGD Permit Funding; (d) Development Failure—UGD Development Funding; and/or (e) Development Failure—UGD Development Funding Commitment.

“**Development Failure—Field Acquisition**” means, subject to any “Force Majeure Event(s)” (as defined in Section 10.2 below), that prior to the ninetieth (90th) day following the Trigger Date—Field Acquisition, Licensee shall have failed to commit in writing to acquire at least two (2) of the Available Fields which satisfy all of the requirements set forth in “Trigger Date--Field Acquisition”, or sufficient rights with respect to at least two of such Available Fields to enable Licensee to drill a Test Well and construct a UGD Facility on one of such Fields; provided, however, that such failure by Licensee shall not constitute a Development Failure--Field Acquisition if in order to purchase two (2) of such Available Fields Licensee will be required to pay an aggregate purchase price which exceeds the sum of Eleven Million Dollars (\$11,000,000), unless Licensee otherwise agrees, in its sole and absolute discretion, to waive such monetary limitation in writing; provided, further, however, that if the purchase price for one (1) of such Available Fields is less than Eleven Million Dollars (\$11,000,000), then a Development Failure--Field Acquisition shall be deemed to have occurred if Licensee shall have failed to commit in writing to acquire that one Available Field, or sufficient rights with respect to that one Available Field to enable Licensee to drill a Test Well and construct a UGD Facility on such Field, within ninety (90) days following the Trigger Date--Field Acquisition. Notwithstanding the foregoing, if Licensee, in its sole and absolute discretion, purchases one of such Available Fields and the actual purchase price for such Field exceeds Eleven Million Dollars (\$11,000,000), then Licensee shall not be obligated to purchase any other Available Fields and no Development Failure--Field Acquisition shall exist.

“Development Failure—Test Well Funding” means with respect to Acquired Field No. 1 or Acquired Field No. 2, subject to any “Force Majeure Event(s)” (as defined in Section 10.2 below), that prior to the ninetieth (90th) day following the Trigger Date—Test Well Funding, Licensee shall have failed to receive a written commitment from Alleghany to immediately fund Licensee, on an as, if and when needed basis, with sufficient amounts to pay for all of the reasonable costs and expenses of drilling one Test Well on Acquired Field No. 1 or Acquired Field No. 2; provided, however, that the failure to receive such a written commitment from Alleghany shall not constitute a Development Failure--Field Acquisition if the cost of drilling and completing such Test Well and obtaining the reserve reports, plus the aggregate amount of all sums paid by Licensee to Licensor under the Management Services Agreement from inception through the completion of such Test Well, exceeds or will exceed the aggregate sum of Five Million Dollars (\$5,000,000), unless Licensee otherwise agrees, in its sole and absolute discretion, to waive such monetary limitation.

“Development Failure—UGD Development Funding” means with respect to the Test Well Field, subject to any “Force Majeure Event(s)” (as defined in Section 10.2 below), that prior to the ninetieth (90th) day following the Trigger Date—UGD Development Funding, Licensee shall have failed to receive a written commitment from Alleghany to immediately fund Licensee, on an as, if and when needed basis, with sufficient amounts necessary for Licensee to pay all of the reasonable costs and expenses of commencing and completing construction of the UGD Facility on such Test Well Field and extracting the oil therefrom utilizing the UGD Process (**“UGD Development Funding Commitment”**).

“Development Failure—UGD Development Funding Commitment” means with respect to the Test Well Field, subject to any “Force Majeure Event(s)” (as defined in Section 10.2 below), Alleghany breaches its UGD Development Funding Commitment to Licensee and fails to cure such breach within thirty (30) days after receipt of a written notice from Licensee or Licensor setting forth in reasonable detail the alleged nature and extent of such breach; provided, however, that no such Development Failure—UGD Development Funding Commitment shall be deemed to have occurred if as of the date of such alleged breach: (a) any Claim exists which either temporarily or permanently prohibits or suspends the commencement or continuation of construction of the UGD Facility on such Test Well Field and/or the extracting of oil therefrom, or any Claim has been asserted which, if determined adversely, would temporarily or permanently prohibit or suspend the commencement or continuation of construction of the UGD Facility on such Test Well Field and/or extracting oil therefrom; or (b) an Event of Default exists.

“Development Failure—UGD Permit Funding” means with respect to the Test Well Field, subject to any “Force Majeure Event(s)” (as defined in Section 10.2 below), that prior to the ninetieth (90th) day following the Trigger Date—UGD Permit Funding, Licensee shall have failed to receive a written commitment from Alleghany to immediately fund Licensee, on an as, if and when needed basis, with sufficient amounts necessary for Licensee to pay all of the reasonable costs and expenses of obtaining the Permits, Land Use Rights, Environmental Compliance and bonds necessary in order to commence construction of the UGD Facility on such Test Well Field.

“Disclosing Party” has the meaning set forth in Section 9.1.

“Effective Date” means the Agreement Date.

“Encumbrance” means any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, equity, trust, equitable interest, claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, infringement, interference, order, proxy, option, right of first refusal, preemptive right, community property interest, legend, defect, impediment, exception, reservation, limitation, impairment, imperfection of title, condition or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

“Event of Default” means the existence or occurrence of any one or more of the following: (a) any breach or failure on the part of Licensor to perform one or more of its duties and obligations under this Agreement or any Related Agreement and, if such breach or failure is capable of being cured or remedied, such breach or failure is not cured or remedied (i) within thirty (30) days after Licensor receives written notice of such breach or failure or (ii) if any other cure period for such breach or failure is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (b) the breach or inaccuracy of any representation or warranty made by Licensor in this Agreement or any Related Agreement and, if such breach or inaccuracy is capable of being cured or remedied, such breach or inaccuracy is not cured or remedied (i) within thirty (30) days after Licensor receives written notice of such breach or inaccuracy or (ii) if any other cure period for such breach or inaccuracy is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (c) any breach or failure on the part of Licensor to perform one or more of its duties and obligations under any other written agreement with any Person other than Licensee if such breach or failure materially and adversely affects or is reasonably expected to materially and adversely affect Licensor’s ability to perform its duties and obligations under this Agreement or any Related Agreement; (d) any MS-Laredo Event of Default; and/or (e) any termination of the MS-Laredo License and/or the Management Services Agreement, including, without limitation, any such termination or deemed termination in any bankruptcy proceeding.

“Field” means any property which contains a mature oil field and was identified through the application of the Selection Process for purposes of drilling a Test Well, constructing a UGD Facility and extracting the oil therefrom utilizing the UGD Process.

“**GAAP**” means generally accepted accounting principles in the United States.

“**Improvement**” means any improvement, enhancement, invention, development, derivative work, modification of any kind including, using, based upon, or resulting from the Licensed Intellectual Property, including, without limitation, any improvement, change and modification to any method, process, composition, or any enhancement in the manufacture, formulation, ingredients, preparation, presentation, means of delivery, or use; provided that such improvement, enhancement, invention, development, derivative work, or modification was conceived, invented, authored, created, discovered, developed and/or reduced to practice during the Term.

“**Intellectual Property Rights**” means all of the following anywhere in the world and all legal right, title, or interest in the following, whether or not filed, perfected, registered or recorded and whether now or later existing, filed, issued or acquired, including all renewals: (a) all patents, patent applications and all related reissues, reexaminations, divisions, renewals, extensions, provisionals, continuations and continuations in part; (b) copyrights, copyright applications, copyright registrations, copyrightable works, works or authorship, moral rights, and all other corresponding rights; (c) trade secrets, Know-How and other rights with respect to confidential or proprietary information; (d) other rights with respect to inventions, discoveries, improvements, Know-How, formulae, algorithms, processes, technical information and other technology; (e) all other intellectual and industrial property and proprietary rights (of every kind and nature throughout the universe and however designated) whether or not analogous to any of the foregoing rights (excluding Trademarks), whether arising by operation of law, contract, license or otherwise, (f) any and all registrations, applications, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force throughout the universe (including without limitation rights in any of the foregoing), and (g) any and all causes of action arising from or related to any of the foregoing.

“**Issued Additional Interests**” shall have the meaning set forth in the Additional Interests Grant Agreement.

“**Know-How**” means, collectively, know-how, research and development information, unpatented inventions, developments, improvements, discoveries, techniques, processes, formulas, algorithms, specifications, drawings, designs, results, reports, data, trade secrets, and other confidential and/or proprietary information or materials.

“**License**” has the meaning set forth in Section 2.1.

“**Licensed Intellectual Property**” means all of the Know-How and other Intellectual Property Rights which Licensor has created, developed, owns, holds or uses, and which Licensor may hereafter create, develop, own, hold or use, relating to (a) the recovery of stranded oil from an existing mature oil field with specific characteristics using an enhanced oil recovery method known as “Underground Gravity Drainage”, which uses conventional mining processes to establish a chamber underneath such oil reserves from where closely spaced wellbores can be drilled up into the oil reservoir, using gravity to then drain the targeted reservoir through the wellbores (referred to generally as the “**UGD Process**”); and (b) the process, procedures, protocols, formulae, criteria and methodology for determining which oil fields are more suitable

for the recovery of such stranded oil through application of the UGD Process (referred to generally as the "**Selection Process**"), and the term "Licensed Intellectual Property" shall include any and all Licensor Improvements. In addition, and without limiting the foregoing, for purposes of this Agreement the term "Licensed Intellectual Property" shall include all of the MS Intellectual Property.

"Licensee Improvement" means any Improvement conceived, invented, authored, created, discovered, developed and/or reduced to practice by or for Licensee and/or its Sublicensees, and/or its or their Affiliates (including, without limitation, by employees, consultants and/or contractors of Licensee and/or its Sublicensees, and/or its or their Affiliates), other than to the extent done by or for Licensor or its Affiliates (including, without limitation, by employees, consultants and/or contractors of Licensor or its Affiliates).

"Licensor Improvement" means any Improvement conceived, invented, authored, created, discovered, developed and/or reduced to practice in whole or in part by or for Licensor and/or its Affiliates (including, without limitation, by employees, consultants and/or contractors of Licensor or its Affiliates), other than to the extent done by or for Licensee and/or its Sublicensees, and/or its or their Affiliates, or otherwise constituting a "work for hire" under the Management Services Agreement.

"Licensed Know-How" means all Know-How included within the definition of Licensed Intellectual Property, and any and all information or materials provided, disclosed or otherwise made available to or accessed by Licensee via the Licensed Know-How Support.

"Licensed Know-How Support" means the provision and disclosure of information and materials which is necessary or useful for the understanding and use of the Licensed Know-How.

"MS-Laredo Event of Default" means the existence or occurrence of any one or more of the following: (a) any breach or failure on the part of MS to perform one or more of his duties and obligations under the MS-Laredo License or any "Related Agreement" (as this term is defined in the MS-Laredo License) and, if such breach or failure is capable of being cured or remedied, such breach or failure is not cured or remedied (i) within thirty (30) days after MS receives written notice of such breach or failure or (ii) if any other cure period for such breach or failure is expressly set forth in the MS-Laredo License or any such "Related Agreement" (as this term is defined in the MS-Laredo License), within such cure period expressly set forth in this Agreement or any such "Related Agreement" (as this term is defined in the MS-Laredo License); and/or (b) the breach or inaccuracy of any representation or warranty made by MS in the MS-Laredo License or any "Related Agreement" (as this term is defined in the MS-Laredo License) and, if such breach or inaccuracy is capable of being cured or remedied, such breach or inaccuracy is not cured or remedied (i) within thirty (30) days after MS receives written notice of such breach or inaccuracy or (ii) if any other cure period for such breach or inaccuracy is expressly set forth in this Agreement or any such "Related Agreement" (as this term is defined in the MS-Laredo License), within such cure period expressly set forth in this Agreement or any such "Related Agreement" (as this term is defined in the MS-Laredo License).

"MS Intellectual Property" means all of the "Licensed Intellectual Property" as this term is used and defined in the MS-Laredo License. Without limiting the generality of the foregoing, the term "MS Intellectual Property" means and includes all Know-How and other Intellectual Property Rights which MS has created, developed, owns, holds or uses, and which MS may hereafter create, develop, own, hold or use, relating to (i) the UGD Process; and (ii) the Selection Process, and the term "MS Intellectual Property" shall include any and all "Licensor Improvements" as this term is used and defined in the MS-Laredo License.

"Net Profit" means for each fiscal year of Licensee the net cash provided by operating activities of Licensee determined in accordance with GAAP, and on an unconsolidated basis with Licensee's parent company and without regard to the effects of any tax sharing agreement between Licensee and Licensee's parent company, plus the amount of the Royalty paid or payable for such fiscal year to the extent included in the determination of net cash provided by operating activities in accordance with GAAP, less the following amounts to the extent not otherwise included in the determination of net cash provided by operating activities in accordance with GAAP:

- (a) all payments made by Licensee pursuant to the Management Services Agreement;
- (b) the amount of all costs and expenses incurred in connection with the acquisition of oil fields and interests made during such fiscal year, including, without limitation, the purchase price paid for such oil fields and interests, and the amount of all capital expenditures made during such fiscal year, including, without limitation, costs incurred in connection with the application of the UGD Process and the Selection Process, to the extent not otherwise included in subparagraph (f) below;
- (c) the amount of principal payments made by Licensee during such fiscal year in respect of any indebtedness of Licensee if and to the extent such principal payments were required to be made during such fiscal year under the terms and conditions of the loan documents applicable to such indebtedness;
- (d) the amount of the accrued and unpaid Preferred Return;
- (e) the amount of any distributions or other net payments made during such fiscal year constituting repayment of the Preferred Stock Capital;
- (f) the amount of the outstanding Preferred Stock Capital as of the end of such fiscal year; and
- (g) the amount of any changes in the reserves account established by the Board of Directors of Licensee in good faith for costs, expenses and other expenditures to be paid or incurred by Licensee during the following fiscal year, after giving effect to the Board of Directors' good faith estimation of projected cash receipts for such fiscal year, including, without limitation, taxes, field acquisition costs, capital expenditures, compensation for new employees, project development expenses, and general working capital.

"Payoff Percentage" shall have the meaning set forth in the Additional Interests Grant Agreement.

Confidential

“**Person**” or “**person**” means any individual, sole proprietorship, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, trust, association, fund, firm or other entity.

“**Preferred Return**” shall have the meaning set forth in the Funding Agreement.

“**Preferred Stock**” shall have the meaning set forth in the Funding Agreement.

“**Preferred Stock Capital**” shall mean the aggregate capital contributions made from time to time by Alleghany to Licensee pursuant to the Funding Agreement in respect of the Preferred Stock of Licensee.

“**Qualified IPO**” means an underwritten initial public offering of the common stock of Licensee on the New York Stock Exchange or NASDAQ that results in gross proceeds to Licensee of Fifty Million Dollars (\$50,000,000) or more.

“**Related Agreements**” means and includes all of the following: (a) the Management Services Agreement; (b) that certain Loan Agreement dated as of November 22, 2010 between Alleghany and Licensor; (c) that certain Senior Promissory Note dated November 22, 2010 made by Licensor; (d) that certain Loan Agreement dated as of April 6, 2011 between Alleghany and Licensor; (e) that certain Senior Promissory Note dated April 6, 2011 made by Licensor; (f) the MS-Laredo License; (g) the Additional Interests Grant Agreement; and (h) any other written agreement entered into either as of the Effective Date or after the Effective Date between Licensee and/or its Affiliates, on the one hand, and Licensor and/or its Affiliates, on the other hand.

“**Receiving Party**” has the meaning set forth in Section 9.1.

“**Royalty**” has the meaning set forth in Section 3.1.

“**Royalty Percentage**” has the meaning set forth in Section 3.1.

“**Selection Process**” has the meaning set forth in the definition of the term “Licensed Intellectual Property.”

“**Sublicense Agreement**” has the meaning set forth in Section 2.4.

“**Sublicensee**” means any Person to whom Licensee has granted a sublicense under Section 2.4 in connection with all or any part of the rights granted to it by Licensor under this Agreement.

“**Term**” has the meaning set forth in Section 8.1.

“**Territory**” means the entire world.

“**Test Well**” shall mean any oil well drilled on a Field for purposes of determining whether the Field is suitable and commercially viable for the recovery of stranded oil from such Field utilizing the UGD Process.

“Test Well Field” means the first of Acquired Field No. 1 or Acquired Field No. 2 on which a Test Well has been drilled and completed by Licensee.

“Trademarks” means service mark, service name, trade name, trademark, domain name, design or logo.

“Trigger Date” means one or more of the following: (a) Trigger Date—Field Acquisition; (b) Trigger Date—Test Well Funding; (c) Trigger Date—UGD Permit Funding; and/or (d) Trigger Date—UGD Development Funding.

“Trigger Date—Field Acquisition” means the date on which all of the following shall have occurred:

- (a) at least ten (10) Available Fields shall have been presented to Licensee for its consideration; and
- (b) an independent energy consultant and an independent mining consultant selected and paid for by Licensee shall have rendered written reports to Licensee, with a copy to Licensor, confirming that with respect to at least four (4) of the Available Fields presented: (i) such Fields are suitable and feasible candidates for application of the UGD Process as set forth in Licensor’s report; (ii) the amount of the original oil in place with respect to such Fields is at least substantially the same as the amount set forth in Licensor’s report; (iii) the amount of cumulative oil produced to date and the current oil production rate with respect to such Field is at least substantially the same as the amount and rate set forth in Licensor’s report; (iv) the amount of the remaining available oil in place with respect to such Field is at least substantially the same as the amount set forth in Licensor’s report; (v) the estimated initial oil production rate and ultimate oil recovery of each lateral and the projected total number of laterals with respect to such Field are at least substantially the same as set forth in Licensor’s report; (vi) the estimated future production profile and financial projections for such Field are at least substantially the same as set forth in Licensor’s report; (vii) the fair value of two (2) of such four (4) Available Fields does not exceed the aggregate sum of Eleven Million Dollars (\$11,000,000); and (viii) the estimated costs and timing to drill a Test Well, construct the UGD chamber, and complete the drilling program with respect to such Field are at least substantially the same as set forth in Licensor’s report.

“Trigger Date—Test Well Funding” means the date on which all of the following shall have occurred with respect to the first of Acquired Field No. 1 or Acquired Field No. 2 on which a Test Well will be drilled and completed, as determined by Licensee:

- (a) all governmental and non-governmental permits, consents, approvals, determinations and licenses (collectively, **“Permits”**) required to be obtained in order to commence drilling of a Test Well on such Acquired Field have been issued to or otherwise obtained by Licensee, either without conditions or restrictions, or with conditions and restrictions reasonably satisfactory to the Board of Directors of Licensee, and all such Permits shall have become final in that no further appeals with respect to such Permits or objections thereto may be filed or taken;

- (b) all land use rights, entitlements, permissions, authorizations, licenses, property interests and leases, from any person or party (collectively "**Land Use Rights**") required to be obtained in order to commence drilling of a Test Well on such Acquired Field have been issued to or otherwise obtained by Licensee, either without conditions or restrictions, or with conditions and restrictions reasonably satisfactory to the Board of Directors of Licensee, and all such Land Use Rights shall have become final in that no further appeals with respect to such Land Use Rights or objections thereto may be filed or taken;
- (c) compliance with all federal, state and local environmental laws and regulations relating to a Test Well to be drilled on such Acquired Field ("**Environmental Compliance**") shall have been completed in a manner which authorizes or allows drilling of a Test Well on such Acquired Field, either without conditions or restrictions, or with conditions or restrictions reasonably satisfactory to the Board of Directors of Licensee, and all such matters of Environmental Compliance shall have become final in that no further appeals relating to such matters or objections thereto may be filed or taken;
- (d) there is no threatened or pending claim, litigation, order, ruling, injunction or directive ("**Claim**") to be resolved in order to commence drilling of a Test Well on such Acquired Field, either without conditions or restrictions, or with conditions and restrictions reasonably satisfactory to the Board of Directors of Licensee, and any such resolution of a Claim shall have become final in that no further appeals with respect to such Claim or objections thereto may be filed or taken;
- (e) Licensee has received (i) a written budget from Licensor outlining the timing and total costs of designing and drilling a Test Well and interpreting its results; and (ii) written estimates, each with a scope of work, from the relevant contractors and consultants outlining the total costs and expenses of drilling the Test Well and interpreting its results; and
- (f) the estimated total costs of drilling and interpreting the Test Well (as outlined in written budget in (e) above) when added to the amounts paid by Licensee to Licensor under the Management Services Agreement from inception through completion of the drilling and interpreting of the Test Well will not exceed the aggregate sum of Five Million Dollars (\$5,000,000), unless Licensee otherwise agrees, in its sole and absolute discretion, to waive such monetary limitation.

"Trigger Date—UGD Development Funding" means with respect to the Test Well Field, the date on which all of the following shall have occurred:

- (a) all governmental and non-governmental permits, consents, approvals, determinations and licenses (collectively, "**Permits**") required to be obtained in order to commence and complete construction of the UGD Facility on such Test Well Field and extract the oil therefrom have been issued to or otherwise obtained by Licensee, either without conditions or restrictions, or with conditions and restrictions reasonably satisfactory to the Board of Directors of Licensee, and all such Permits shall have become final in that no further appeals with respect to such Permits or objections thereto may be filed or taken;
- (b) all land use rights, entitlements, permissions, authorizations, licenses, property interests and leases, from any person or party (collectively "**Land Use Rights**") required to be obtained in order to commence and complete construction of the UGD Facility on such Test Well Field and extract the oil therefrom, either without conditions or restrictions, or with conditions and restrictions reasonably satisfactory to the Board of Directors of Licensee, and all such Land Use Rights shall have become final in that no further appeals with respect to such Land Use Rights or objections thereto may be filed or taken;
- (c) compliance with all federal, state and local environmental laws and regulations relating to the Test Well Field ("**Environmental Compliance**") shall have been completed in a manner which authorizes or allows commencement and completion of construction of the UGD Facility on such Test Well Field and extraction of the oil therefrom, either without conditions or restrictions, or with conditions or restrictions reasonably satisfactory to the Board of Directors of Licensee, and all such matters of Environmental Compliance shall have become final in that no further appeals relating to such matters or objections thereto may be filed or taken;
- (d) there is no threatened or pending claim, litigation, order, ruling, injunction or directive ("**Claim**") to be resolved in order to commence and complete construction of the UGD Facility on such Test Well Field and extract the oil therefrom, either without conditions or restrictions, or with conditions and restrictions reasonably satisfactory to the Board of Directors of Licensee, and any such resolution of a Claim shall have become final in that no further appeals with respect to such Claim or objections thereto may be filed or taken;
- (e) the conditions listed in Trigger Date – UGD Permit Funding have been met; and
- (f) Licensee has received a written budget and development plan from Licensor outlining the timing and costs of UGD Development on such Test Well Field.

"Trigger Date—UGD Permit Funding" means with respect to the Test Well Field, the date on which all of the following shall have occurred: (a) it has been determined by the Board of Directors of Licensee, in its sole and absolute discretion, that the results of the Test Well for such Test Well Field confirm that such Test Well Field is suitable and commercially viable for the recovery of stranded oil from such Test Well Field utilizing the UGD Process; and (b) Licensee has received a written budget from Licensor outlining the timing and costs of obtaining the Permits, Land Use Rights, Environmental Compliance and bonds necessary in order to commence construction of the UGD Facility on such Test Well Field.

“**UGD Facility**” means the entire above-ground and below-ground facility, including all necessary materials and equipment, required to fully implement the UGD Process and recover stranded oil through the UGD Process.

“**UGD Process**” has the meaning set forth in the definition of the term “Licensed Intellectual Property.”

2. License Grant

2.1 Grant. Subject to the provisions of this Section, Licensor hereby grants to Licensee, and Licensee hereby accepts, an irrevocable, fully paid-up, royalty-free (except as otherwise provided in Section 3 below), exclusive, transferable and sublicenseable (through multiple levels of sublicensees), right and license, under the applicable Intellectual Property Rights held by Licensor and its Affiliates, to reproduce, distribute, display and perform (whether publicly or otherwise), prepare derivative works of and otherwise modify, make, have made, sell, offer to sell, import, export, transmit (internally and externally), disclose and otherwise use and exploit (and have others exercise such rights on behalf of Licensee) in the Territory during the Term all or any portion of the Licensed Intellectual Property, in any form or media (now known or later developed), without any obligation to account to Licensor or any third party, except as provided in Section 3 below (the “License”).

(a) The License includes, without limitation, (i) the right to apply for, register and obtain any patents, inventors’ certificates, patent applications, copyrights, Trademarks and other rights; and (ii) the right to bring causes of actions arising from and/or related to the License, subject to the terms and conditions of this Agreement.

(b) Notwithstanding the foregoing, Licensee may only transfer or sublicense the License (i) to subsidiaries of the Licensee where at least a majority of the voting capital stock of such subsidiary is owned by Licensee and/or (ii) in connection with a Corporate Event.

2.2 Licensed Know-How Support. During the Term, Licensor will use commercially reasonable efforts to provide to Licensee the Licensed Know-How Support. Any and all documents and other materials provided, disclosed or otherwise made available to or accessed by Licensee in connection with the provision of Licensed Know-How Support shall be deemed to be part of the Licensed Intellectual Property, and shall be provided, disclosed or otherwise made available to or accessed by Licensee under, and subject to the terms and conditions of, the License.

2.3 Ownership; Improvements.

(a) As between the parties, Licensor shall retain sole ownership of all right, title and interest (including, without limitation, all Intellectual Property Rights) in and to the Licensed Intellectual Property and all Licensor Improvements, subject, however, to the rights, of Licensee hereunder.

(b) As between the parties, Licensee shall retain all right, title and interest (including, without limitation, all Intellectual Property Rights) in and to all Licensee Improvements, including, without limitation, any patents, inventors' certificates, patent applications, copyrights, Trademarks and other rights.

2.4 Sublicense Agreements. Licensee shall have the right to sublicense any of the rights granted to Licensee under Section 2.1 (i) to any Affiliate of the Licensee and/or (ii) in connection with a Corporate Event; provided, however, that any sublicense shall be made pursuant to a binding written agreement ("Sublicense Agreement"). Each Sublicense Agreement shall:

(a) Protect Licensor's ownership interests in the Licensed Intellectual Property at least to the same extent as this Agreement, subject further to Licensee's sole and exclusive ownership of the "Works" as defined in the Management Services Agreement;

(b) Be of no greater scope than the License;

(c) As between Licensee and its Sublicensee, Licensee shall own all right, title and interest in and to any Improvement made by or for or otherwise in connection with Sublicensees; and

(d) Upon any expiration or termination of this Agreement for any reason other than a material breach by Licensee of its duties and obligations under this Agreement, none of the Sublicense Agreements shall terminate, all of Licensee's rights under such Sublicense Agreements shall be deemed to have been assigned to Licensor, and Licensor shall be deemed to have accepted such assignment and assumed all of Licensee's duties, obligations and liabilities under all such Sublicense Agreements.

2.5 Trademarks. Except as may be expressly set forth in a separate written agreement between the parties, neither Licensee nor Licensor shall use any Trademark that is confusingly similar to any Trademark of the other party or such party's Affiliates.

3. **Royalty**

3.1 Royalty. For each fiscal year of Licensee during the Term, Licensee shall pay to Licensor a royalty ("Royalty"), in an amount equal to the following percentage (the "Royalty Percentage") of the Net Profits of Licensee for such fiscal year: Nineteen and ninety-nine hundredths percent (19.99%), less (i) the "Payoff Percentage" (as this term is defined in the Additional Interests Grant Agreement), as such Payoff Percentage changes from time to time in connection with the funding of the "Aggregate Payoff Amount" (as this term is defined in the Additional Interests Grant Agreement), less (ii) the "Issued Additional Interests" (as this term is defined in the Additional Interests Grant Agreement) granted or issued from time to time by Licensee pursuant to the Additional Interests Grant Agreement. Licensor agrees that a portion of the Royalty equal to at least two and one-quarter percent (2.25%) of the Net Profits shall be used to fund a long term incentive plan for the benefit of the employees of Licensor, as determined by Licensor's Board of Directors, in its sole and absolute discretion. In the event the Royalty Percentage changes during any given fiscal year, then the Royalty Percentage for such fiscal year shall be calculated as a weighted average based upon the number of days elapsed prior to each such change in the Royalty Percentage. The procedure applicable to the determination and payment of the Royalty is as follows:

(a) Within forty-five (45) days after Licensee receives the unaudited financial statements of Licensee for such fiscal year, Licensee shall deliver a copy of such unaudited financial statements to Licensor ("Financial Statements"), together with a statement ("Royalty Statement") setting forth the Net Profit of Licensee for the preceding fiscal year as determined in good faith by the Board of Directors of Licensee and the calculation of the Royalty payable for such fiscal year based upon the Board's good faith determination of the amount, if any, of such Net Profit.

(b) During the 30-day period ("Review Period") following Licensor's receipt of the Financial Statements and Royalty Statement, Licensor and its advisors (including its accountants) shall have reasonable access at reasonable times to the working papers of Licensee and its advisors (including its respective accountants) relating to the Financial Statements and those books and records of Licensee relevant to the calculation of the Royalty Payment; provided that Licensee and its advisors (including its accountants) shall have executed all release letters reasonably requested by the accountants of Licensee in connection therewith. The Royalty Statement shall become final and binding upon the parties upon the expiration of the Review Period, unless Licensor gives written notice of its disagreement with the Royalty Statement (the "Notice of Disagreement") to Licensee prior to the expiration of such Review Period. Licensor may only deliver one Notice of Disagreement per Royalty Statement, and Licensor shall not raise any disagreements with the Royalty Statement other than the disagreements set forth in the Notice of Disagreement nor shall Licensor subsequently increase the amount of any item of disagreement. The Notice of Disagreement shall be signed by Licensor and shall (i) specify in reasonable detail the nature of any disagreement so asserted, and (ii) specify what Licensor reasonably believes is the correct amount of the Royalty based on the disagreements set forth in the Notice of Disagreement, including a reasonably detailed description of the adjustments applied to the Royalty Statement in calculating such amount. If no Notice of Disagreement is received by Licensee prior to expiration of the Review Period, then the Royalty Statement submitted by Licensee to Licensor shall thereupon be final and binding upon Licensor and Licensee shall pay the amount of the Royalty set forth in the Royalty Statement to Licensor within thirty (30) days thereafter. If the Notice of Disagreement is received by Licensee within the Review Period, then the Royalty Statement (as revised in accordance with this sentence) shall become final and binding upon Licensee and Licensor on the earlier of (A) the date Licensee and Licensor resolve in writing any differences they have with respect to the matters specified in the Notice of Disagreement or (B) the date any disputed matters are finally resolved in writing by the Independent Accounting Firm pursuant to Section 3.1(c) below. The date on which the Royalty Statement becomes final and binding on the parties pursuant to this Section 3.1 shall be referred to as the "Determination Date".

(c) During the 20-day period ("Discussion Period") following the receipt of the Notice of Disagreement, Licensee and Licensor shall seek in good faith to resolve in writing any differences that they may have with respect to the matters specified in the Notice of Disagreement. During such period, Licensee and its advisors (including its accountants) shall have reasonable access at reasonable times to the working papers of Licensor and its advisors (including their accountants) prepared in connection with the Notice of Disagreement; provided that Licensee and its advisors (including its accountants) shall have executed all release letters reasonably requested by the accountants of Licensor in connection therewith. If the parties are not able to resolve such differences by the end of such Discussion Period, then Licensee and Licensor shall submit all disputes to Ernst & Young, LLP or, if Ernst & Young, LLP is not available for such assignment, such other nationally recognized independent accounting firm (the "Independent Accounting Firm") mutually acceptable to Licensor and Licensee, acting reasonably, for resolution of any and all matters that remain in dispute and which were properly included in the Notice of Disagreement, in the form of a written brief prepared by each party. Licensee and Licensor shall jointly instruct the Independent Accounting Firm that it (i) shall act as an expert and not as an arbitrator, (ii) shall review only the matters that were properly included in the Notice of Disagreement and which remain unresolved, (iii) shall make its determination in accordance with the requirements of this Section and (iv) shall render its decision within thirty (30) days from the submission to it of the matters that remain unresolved. The determination and decision of the Independent Accounting Firm shall be final, binding and conclusive on Licensor and Licensee. Judgment may be entered upon the determination of the Independent Accounting Firm in any court having jurisdiction over the party or parties against which such determination is to be enforced.

(d) The fees, costs and expenses of the Independent Accounting Firm shall be allocated between Licensee, on the one hand, and Licensor, on the other hand, based upon the percentage which the portion of the disputes not awarded to each party bears to the amount actually contested by such party. For example, if Licensor claims that the appropriate adjustments are \$1,000 greater than the amount determined by Licensee and if the Independent Accounting Firm ultimately resolves the dispute by awarding to Licensor \$300 of the \$1,000 contested, then the fees, costs and expenses of the Independent Accounting Firm will be allocated 30% (i.e., $300 \div 1,000$) to Licensee and 70% (i.e., $700 \div 1,000$) to Licensor. The fees, costs and expenses of Licensee incurred in connection with its preparation of the Royalty Statement, its review of any Notice of Disagreement, if any, and its preparation of its written brief submitted to the Independent Accounting Firm, if any, shall be borne by Licensee, and the fees, costs and expenses of Licensor incurred in connection with their review of the Royalty Statement, its preparation of the Notice of Disagreement, if any, and its preparation of its written brief submitted to the Independent Accounting Firm, if any, shall be borne by Licensor.

(e) Upon the Royalty Statement becoming final upon all parties as provided in this Section, if Licensee owes amounts in excess of the Royalty amount set forth in the Royalty Statement, Licensee shall pay such amount to Licensor within twenty (20) days after the date on which the Royalty Statement became final.

3 . 2 Covenant of Licensee. The Licensee agrees that prior to the consummation of any Corporate Event: (i) Licensee shall not pay any dividends to Alleghany in respect of Alleghany's ownership of the common stock of the Licensee unless and until the Preferred Stock Capital and the Preferred Return shall have been paid in full; and (ii) Licensee shall not issue any additional shares of the common stock of Licensee to any of the Licensee's Affiliates without the prior written consent of the Licensor if such issuance would be dilutive to the percentage of common stock of the Licensee to be owned by Licensor upon consummation of any Corporate Event, as provided above. After the consummation of any Corporate Event, the rights, preferences and privileges of the capital stock of Licensee owned by Licensor and Alleghany shall be as set forth in the Stockholders' Agreement.

3.3 Taxes. All amounts payable under any provision of this Agreement by Licensee to Licensor shall be paid after deduction or withholding for or on account of any present or future tax, levy, impost, fee, assessment, deduction or charge imposed on such payment by any taxing authority (except for taxes based upon the net income of Licensor or Licensee) (any of the foregoing charges, a "Tax"). If Licensee is required by law to deduct or withhold any Tax from or in respect of any amount payable hereunder to Licensor, (a) Licensee shall pay the relevant taxing authority the minimum amount necessary to comply with the applicable law, and (b) Licensee shall make such payment prior to the date on which interest or penalty is attached thereto.

3.4 Conversion of Royalty Into Common Stock.

(a) Upon the occurrence of a Corporate Event, the Royalty shall be automatically converted, effective concurrently with the consummation of such Corporate Event, into shares of the common stock of Licensee. Upon such conversion, Licensor is no longer entitled to receive the Royalty, and if conversion occurs during the fiscal year of Licensee, no Royalty shall be payable to Licensor for the portion of such fiscal year occurring prior to the date of conversion.

(b) The number of shares of common stock issuable to Licensor in exchange for the Royalty shall equal an amount which after giving effect to the issuance of such shares of common stock will represent a percentage of the issued and outstanding common stock of Licensee immediately prior to the consummation of the Corporate Event equal to the Royalty Percentage then in effect, and immediately before the consummation of the Corporate Event, and before any conversion of any outstanding Preferred Stock, convertible debt or stock options.

(c) If the Royalty is converted into shares of the common stock of Licensee pursuant to this Section 3.4, then notwithstanding any other provision of this Agreement or any Related Agreement to the contrary, all outstanding indemnity claims pursuant to Section 7.1 of this Agreement, and any amounts being set off pursuant to any outstanding and unsatisfied "Setoff Notice" or "MS Setoff Notice" pursuant to Section 7.4 of this Agreement as of the effective date of such conversion, shall be all due and payable by Licensor to Licensee within ninety (90) days after the effective date of such conversion. If for any reason such amounts are not paid to Licensee in full within such 90-day period, then the unpaid amounts shall be considered past due and shall thereafter bear interest at a rate equal to the prime or reference rate charged from time to time by Citibank, N.A. in New York, New York, plus four (4) percent, until all such amounts, plus all accrued interest thereon, shall have been paid in full.

(d) If at the time of a Corporate Event there remains outstanding Preferred Stock or any accrued and unpaid Preferred Return, then such outstanding Preferred Stock and accrued and unpaid Preferred Return will be converted into common stock of the Licensee on the basis of the common stock offering price in the Qualified IPO or on the basis of the common stock sales price or common stock valuation in the other transaction constituting the Corporate Event, as applicable, if (i) the Corporate Event constitutes a Qualified IPO and the Licensee is required by the underwriter of the Qualified IPO to convert such outstanding Preferred Stock and the accrued and unpaid Preferred Return into common stock of the Licensee as a condition of consummating the Qualified IPO, or such underwriter does not permit use of the net proceeds from the Qualified IPO to pay any portion of the Preferred Stock Capital or accrued and unpaid Preferred Return, or such underwriter only permits use of such proceeds to pay only a portion of such Preferred Stock Capital or accrued and unpaid Preferred Return, or such underwriter otherwise advises against the remaining outstanding Preferred Stock and accrued and unpaid Preferred Return to stay outstanding after the Qualified IPO, or (ii) the Corporate Event constitutes a transaction other than a Qualified IPO and the consideration received by the stockholders of the Licensee in connection with such Corporate Event is insufficient to pay the Preferred Stock Capital and the accrued and unpaid Preferred Return in full and the other parties to such transaction require the remaining outstanding Preferred Stock and accrued and unpaid Preferred Return to be converted into shares of the common stock of the Licensee.

4. Enforcement

4.1 Enforcement.

(a) If Licensee or Licensor becomes aware that any the Licensed Intellectual Property is being (or may be) or has been (or may have been) infringed or misappropriated by any Person ("Infringing Person"), Licensor or Licensee, as applicable, shall promptly notify the other party in writing describing the facts relating thereto in reasonable detail.

(b) Licensee and its Affiliates shall have the first right, but not the obligation, to enforce Licensor's and/or Licensee's Intellectual Property Rights in the Licensed Intellectual Property (through litigation or otherwise) against an Infringing Person and to settle or compromise any such possible infringement or misappropriation by taking such action as Licensee or any of its Affiliates may determine in their sole and absolute discretion; provided, however, that Licensee may not settle any such potential infringement or misappropriation in a manner that has a material adverse effect on the ownership rights of Licensor in the Licensed Intellectual Property, or that would require a payment by Licensor to such Person, without the prior written consent of Licensor, which consent shall not be unreasonably withheld. If Licensor is joined in any litigation or other proceeding: (i) the decisions of the counsel of Licensee with reference to matters of procedure, conduct of such litigation and other proceedings and/or the handling thereof, shall prevail and Licensor shall cooperate with and assist Licensee's counsel; (ii) in respect of any judgment or settlement awarded to the parties that is equal to or greater than the sum of the parties' attorneys' fees and costs incurred in connection with such litigation or other proceeding, such judgment or settlement first shall be used to reimburse each party on a pro-rata basis for its attorneys' fees and costs incurred in connection with such litigation or proceeding and, then, any remaining portion of such judgment or settlement shall be the sole and exclusive property of Licensee; (iii) in respect of any judgment or settlement awarded to the parties that is less than the sum of the parties' attorneys' fees and costs incurred in connection with such litigation or other proceeding, such judgment or settlement shall be used to reimburse each party on a pro-rata basis for its attorneys' fees and costs incurred in connection with such litigation and thereafter each party shall bear the unreimbursed portion of its own attorneys' fees and costs incurred in connection with such litigation or proceeding; and (iv) each party shall be responsible for one-half (1/2) of any and all adverse judgments or settlements awarded against the parties unless the indemnification obligations set forth below in Section [7](#) requires a different apportionment thereof.

4.2 If Licensee elects, in its sole discretion, not to take any action against the Infringing Person, then Licensor shall take such action, at its sole cost and expense, as shall be necessary or appropriate in order to protect Licensee's Intellectual Property Rights in the Licensed Intellectual Property; provided, however, that Licensor may not settle any such potential infringement or misappropriation in a manner that materially adversely affects the rights of Licensee under this Agreement, or that would require a payment by Licensee to such Infringing Person, without the prior written consent of Licensee.

4.3 Each party, at its expense, agrees to provide the other party all reasonable assistance (including making documents and records available for review and copying and making persons within its control reasonably available for pertinent testimony) requested by such party, at such party's expense, in such enforcement. Without limiting the generality of the foregoing, in any communication or response or any action, suit or proceeding by Licensor in connection with the infringement or misappropriation of the Licensed Intellectual Property, Licensor shall provide Licensee with reasonable cooperation and assistance, including agreeing to be named as a party to such action, suit or proceeding, and, upon the request of Licensee, shall make available, at reasonable times and under appropriate conditions, all relevant personnel, records, papers, information, samples, specimens, and the like in its possession.

5. Representations, Warranties and Covenants

5.1 Representations, Warranties and Covenants of Licensee. Licensee represents, warrants and covenants that, as of the Effective Date:

(a) Licensee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all necessary corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.

(b) The execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action on the part of Licensee.

(c) This Agreement has been duly executed and delivered by Licensee, and constitutes legal, valid and binding obligations of Licensee, enforceable against Licensee in accordance with its terms.

(d) There is no action, suit, proceeding or other claim pending or, to the knowledge of Licensee, threatened against Licensee or any of its officers, directors or shareholders which, if successfully pursued against Licensee or such officers, directors or shareholders, would prevent Licensee from performing its obligations under this Agreement, or would cause any of the representations or warranties made by Licensee in this Agreement to be or become inaccurate or incomplete or breached, or otherwise cause Licensee to be in breach of any other agreement to which it is a party or by which it is bound.

(e) Neither the execution and delivery by Licensee of this Agreement nor the performance by Licensee of its duties and obligations hereunder will conflict with, or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or to loss of a material benefit under, any provision of (i) the organizational and governance documents of Licensee, (ii) any contract, lease, license, indenture, agreement, commitment or other legally binding arrangement (a "Contract") to which Licensee is a party or by which any of its properties or assets is bound or (iii) any judgment, order, writ, stipulation, decree determination, award, compliance agreement, settlement agreement, injunction, ruling, judicial or administrative order, determination or other restriction of any governmental entity or arbitrator ("Judgment") or foreign, federal, state or local law (including common law), statute, treaty, rule, directive, regulation, ordinances and similar provisions having the force or effect of law or an Judgment of any Governmental Entity ("Law") applicable to Licensee.

(f) No consent, approval, license, permit, order or authorization ("Consent") of, or registration, declaration or filing with, any governmental or non-governmental entity is required to be obtained or made by or with respect to Licensee in connection with the execution, delivery and performance of this Agreement.

5.2 Representations, Warranties and Covenants of Licensor. Licensor represents, warrants and covenants that, as of the Effective Date:

(a) Licensor is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all necessary corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.

(b) The execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action on the part of Licensor.

(c) This Agreement has been duly executed and delivered by Licensor, and constitutes legal, valid and binding obligations of Licensor, enforceable against Licensor in accordance with its terms.

(d) Licensor owns or has the right to grant all of the Intellectual Property Rights to the Licensed Intellectual Property as necessary or appropriate in order to grant to Licensee the rights described in this Agreement.

(e) The Licensed Intellectual Property (including, without limitation, the Licensed Know-How) does not infringe upon, misappropriate or violate any Intellectual Property Right of any Person.

(f) Licensor is not aware of any rights of any other Person that would be infringed, misappropriated and/or violated by Licensee's use and exploitation of the Licensed Intellectual Property.

(g) Licensor is not aware of any Person that is in any way infringing upon, misappropriating and/or violating the Licensed Intellectual Property.

(h) There is no action, suit, proceeding, office action or other claim pending or threatened against Licensor or, to the knowledge of Licensor, any other Person, involving or relating to the Licensed Intellectual Property. There is no order, decree or judgment in effect that affects the Licensed Intellectual Property and/or the ability of Licensor to execute and deliver this Agreement or perform its obligations hereunder. There is no action, suit, proceeding or other claim pending or threatened against Licensor or any of its officers, directors or shareholders which, if successfully pursued against Licensor or such officers, directors or shareholders, would prevent Licensor from performing its obligations under this Agreement, or would cause any of the representations or warranties made by Licensor in this Agreement to be or become inaccurate or incomplete or breached, or otherwise cause Licensor to be in breach of any other agreement to which it is a party or by which it is bound.

(i) Neither the execution and delivery by Licensor of this Agreement nor the performance by Licensor of its duties and obligations hereunder will conflict with, or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or to loss of a material benefit under, any provision of (i) the organizational and governance documents of Licensor, (ii) any Contract to which Licensor is a party or by which any of its properties or assets is bound or (iii) any Judgment or Law applicable to Licensor.

(j) No Consent of, or registration, declaration or filing with, any governmental or non-governmental entity is required to be obtained or made by or with respect to Licensor in connection with the execution, delivery and performance of this Agreement.

(k) Licensor has not granted any Person any assignments, licenses, sublicenses, and other contracts pursuant to which any Person owns or is authorized to use any Licensed Intellectual Property.

(l) Each item of the Licensed Intellectual Property (i) is subsisting (ii) has not been abandoned or passed into the public domain and (iii) is free and clear of any Encumbrance.

(m) Except for the interests of Licensor under the MS-Laredo License, Licensor has no right, title or interest in or to any of the MS Intellectual Property and as between MS and Licensor, MS owns all right, title and interest in and to the MS Intellectual Property.

6. **Exclusive Relationship.** Except as otherwise expressly provided in this Agreement, Licensor agrees that during the Term and during the one (1) year period thereafter, it will not, and will not permit any Affiliate of Licensor to, directly or indirectly, either alone or with others: (a) use or disclose, or assist any other Person to use or disclose, any of the Licensed Intellectual Property, except in connection with the performance by Licensor of its duties and obligations under this Agreement and the Management Services Agreement; (b) engage in any business involving the use or application of the UGD Process or the Selection Process, except in connection with the performance of its duties and obligations under this Agreement and the Management Services Agreement; (c) work with, invest in, become partners with or consultants to, become an owner of or investor in, employee, or enter into any joint venture with, any Person other than Licensee (and/or Licensee's Affiliates) with respect to the UGD Process and/or the Selection Process; (d) license any Person other than Licensee (and its Affiliates) to use or exploit the Licensed Intellectual Property or any portion thereof; (e) solicit any employee of Licensee or any Affiliate of Licensee to leave the employ of Licensee, or otherwise encourage any employee of Licensee or any Affiliate of Licensee to terminate his or her relationship with Licensee or such Affiliate; and/or (f) permit or allow any other Person to engage in any of the conduct, business or activities referred to in subparagraphs (a) through (e) above.

7. **Indemnification**

7.1 **Indemnification by Licensor.** Licensor shall indemnify, hold harmless and defend, with counsel selected by Licensor, and approved by Licensee, which approval shall not be unreasonably withheld, Licensee and each of its past, present and future directors, officers, employees, agents, representatives, attorneys, subsidiaries, partners, parent and affiliated entities and their respective predecessors, successors, and assigns (collectively with Licensee, the "Licensee Indemnitees") from and against any and all claims, demands, liabilities, losses, damages, rights of action, causes of action, costs and expenses, charges, fines, penalties, awards, judgments and assessments (including, without limitation, reasonable attorneys' fees, court costs and litigation expenses) (collectively, the "Claims and Losses") suffered or incurred or otherwise asserted against any Licensee Indemnitee, if such Claims and Losses are in connection with, or arise out of, or result from, or are claimed to be in connection with, arise out of, or result from, in whole or in part, any of the following: (a) any Event of Default; and (b) any infringement or misappropriation of another Person's Intellectual Property Rights with respect to the Licensed Intellectual Property and/or Licensor's or Licensee's use or exploitation of the Licensed Intellectual Property as contemplated in this Agreement.

7.2 **Indemnification By Licensee.** Licensee shall indemnify, hold harmless and defend, with counsel selected by Licensee, and approved by Licensor, which approval shall not be unreasonably withheld, Licensor and each of its past, present and future directors, officers, employees, agents, representatives, attorneys, subsidiaries, partners, parent and affiliated entities and their respective predecessors, successors, and assigns (collectively with Licensor, the "Licensor Indemnitees") from and against any and all Claims and Losses suffered or incurred or otherwise asserted against any Licensor Indemnitee, if such Claims and Losses are in connection with, or arise out of, or result from, or are claimed to be in connection with, arise out of, or result from, in whole or in part, any of the following: (a) any breach or failure of performance with respect to any covenant or agreement required to be performed by Licensee under this Agreement; and (b) the inaccuracy or breach of any representation or warranty made by or on behalf of Licensee under this Agreement.

7.3 Procedures.

(a) Third Party Claims.

(i) In order for a Person (the "Indemnified Party") to be entitled to any indemnification provided for under this Section 7 in respect of, arising out of or involving a claim made by any third Person against the Indemnified Party (a "Third Party Claim"), such Indemnified Party must notify the Person obligated to provide indemnification under this Section 7 (the "Indemnifying Party") in writing of the Third Party Claim promptly following receipt by such Indemnified Party of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided under this Agreement except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, promptly following the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim.

(ii) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party shall be entitled to assume the defense thereof by written notice to the Indemnified Party within ten (10) days after the Indemnifying Party's receipt of the notice of the Third Party Claim contemplated by paragraph (i) above with counsel selected by the Indemnifying Party; provided that such counsel is not reasonably objected to by the Indemnified Party; and provided further that notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume control of such defense and, instead, shall pay the reasonable legal fees, costs and expenses of counsel retained by the Indemnified Party if (A) the claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (B) the claim seeks an injunction or equitable relief against the Indemnified Party, (C) the Indemnifying Party failed or is failing to reasonably prosecute or defend such claim, (D) assuming such claim is determined adversely, such claim could reasonably be expected to give rise to Losses which such Indemnifying Party is unable to pay or which could be reasonably expected to exceed the ability of such Indemnifying Party to pay, or (E) in the Indemnified Party's reasonable judgment based upon a written opinion from such Indemnified Party's counsel, a conflict of interest between the Indemnified Party and the Indemnifying Party exists with respect to the claim.

(iii) If the Indemnifying Party assumes the defense of a Third Party Claim, (1) the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof and (2) the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense. The Indemnifying Party shall be liable for the fees, costs and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof (including in respect of Third Party Claims the defense of which the Indemnifying Party was not entitled to assume or continue in accordance with the second proviso of the first sentence of paragraph (ii)).

(iv) If the Indemnifying Party assumes the defense of a Third Party Claim, all the Indemnified Parties shall cooperate in the defense or prosecution thereof. Such cooperation shall include the retention and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any materials provided hereunder. No party shall admit any liability with respect to, or settle, compromise or discharge any Third Party Claim without the other applicable party's prior written consent (which consent shall not be unreasonably withheld); provided that the Indemnified Party shall agree to any settlement, compromise or discharge of a Third Party Claim that the Indemnifying Party may recommend if by its terms such settlement or compromise (x) obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third Party Claim, (y) such Indemnifying Party has the resources to pay the full amount of the liability in connection with such Third Party Claim when due, and (z) such settlement or compromise includes a full and complete release of the Indemnified Party in respect of such Third Party Claim.

(v) The indemnification with respect to an Indemnifying Party's obligation to pay legal fees and other costs and expenses of defense of a Third Party Claim required by this Section 7 shall be made by periodic payments of the amount thereof during the course of the investigation or defense of the Third Party Claim, as and when bills are received.

(vi) All claims under this Section 7 other than Third Party Claims shall be governed by Section 7.3(b) below.

(b) Direct Claims. If any Indemnified Party should have a claim against any Indemnifying Party under this Section 7 that does not involve a Third Party Claim being asserted against or sought to be collected from such Indemnified Party (any such claim, a "Direct Claim"), the Indemnified Party shall deliver notice of such Direct Claim with reasonable promptness to the Indemnifying Party (which notice shall set forth in reasonable detail the basis upon which such Indemnified Party believes it is entitled to indemnification pursuant to this Section 7 and the amount of Losses it is seeking recovery from the Indemnified Party); provided that the failure to give such notification shall not affect the indemnification provided under this Agreement except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) calendar days following its receipt of such notice that the Indemnifying Party disputes its liability to the Indemnified Party under the applicable provisions of this Section 7, such Direct Claim specified in such notice shall be conclusively deemed a liability of the Indemnifying Party under the applicable provision of this Section 7, and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the Direct Claim (or any portion thereof) is estimated, on such later date when the amount of such Direct Claim (or such portion thereof) becomes finally determined. If the Indemnifying Party has timely disputed its liability with respect to such Direct Claim as provided above, Licensor, on the one hand, and Licensee, on the other hand, shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved within the foregoing thirty (30) day period through negotiations, such dispute shall be resolved by litigation in an appropriate court of competent jurisdiction.

7.4 Offset Rights of Licensee.

(a) Notwithstanding anything to the contrary in this Agreement, any amount otherwise payable by Licensee to Licensor pursuant to Section 3.1 may, upon compliance with the provisions of this Section, be set off against and thereby reduce any amount that is payable to any Licensee Indemnitee by Licensor pursuant to Section 7.1, or pursuant to any Related Agreement, or otherwise under applicable law. In the event that a Licensee Indemnitee determines from time to time that it is entitled to payment under Section 7.1, or under any Related Agreement, or under any applicable law, and such Licensee Indemnitee wishes to set off pursuant to this Section, it may deliver a notice (a "Setoff Notice") to such effect to Licensor. Such Setoff Notice shall set forth in reasonable detail the basis for the claimed indemnity and/or set off and state that Licensee will set off the amount of the claim against the amounts otherwise payable by Licensee to Licensor pursuant to Section 3.1. Licensee is hereby authorized, to the fullest extent permitted by law, to set off and withhold from any amount otherwise payable by Licensee to Licensor pursuant to Section 3.1 all amounts set forth in any such Setoff Notice, subject to Section 7.4(b) below.

(b) In the event that Licensor disputes any decision by Licensee to deliver a Setoff Notice, Licensor shall notify Licensee within thirty (30) calendar days after receipt of such Setoff Notice. If no such notice of dispute is received within such 30-day period, such Setoff Notice shall become final and binding on the parties. If such notice of dispute is received within such 30-day period, the applicable parties shall attempt in good faith to resolve such dispute as promptly as practicable. If all or any part of such disputed amount is finally determined (whether by mutual agreement or in any settlement or final resolution by lawsuit) to be owing to Licensor, Licensee shall promptly pay such amount to Licensor, without interest.

8. **Term and Termination of Exclusivity**

8.1 Term of Agreement. The term ("Term") of this Agreement shall commence on the Effective Date and shall continue in full force and effect in perpetuity, unless sooner terminated as provided in this Section 8 or in any Related Agreement.

8.2 Termination of Exclusivity. Licensor shall have the right in its sole and absolute discretion to terminate the exclusivity of the License by giving Licensee at least ninety (90) days prior written notice of such termination, if (a) there is a Development Failure and Licensee fails to cure or remedy such Development Failure within such 90-day period; or (b) the Management Services Agreement has been terminated by Licensee by non-renewal pursuant to Section 1.1 thereof; or (c) the Management Services Agreement has been terminated by Licensee pursuant to Section 1.2(a) thereof; or (d) the Management Services Agreement has been terminated by Licensor pursuant to Section 1.3(b) thereof; or (e) the Management Services Agreement has been terminated by Licensee pursuant to Section 1.4 thereof; provided, however, that Licensor shall not have the right to terminate the exclusivity of the License pursuant to this Section 8.2 if an Event of Default exists and is continuing as of the date on which Licensor exercise such right.

8.3 Termination by Licensee.

(a) Licensee shall have the right, exercisable in its sole and absolute discretion, to terminate this Agreement upon the occurrence of any Event of Default by giving Licensor written notice of such termination.

(b) If the Management Services Agreement and/or the MS-Laredo License is terminated, then Licensee shall have the right, exercisable concurrently upon such termination or at any time thereafter, to terminate this Agreement by giving Licensor written notice of such termination.

8.4 Effect of Termination of Exclusivity and Termination of MS-Laredo License.

(a) If the exclusivity of the License is duly terminated by Licensor pursuant to Section 8.2, then upon the effectiveness of the termination of the exclusivity of the License:

(i) The License shall remain in full force and effect in perpetuity, but shall be non-exclusive from and after the date on which the exclusivity of the License has been so terminated;

(ii) Notwithstanding anything to the contrary set forth in Section 3.1 of this Agreement, from and after the date on which the exclusivity of the License has been terminated, the amount of the Royalty payable pursuant to Section 3.1 shall be fixed at seven and one-quarter percent (7.25%), plus the amount of the Additional Interests, if any, previously granted to Licensor pursuant to the Additional Interests Grant Agreement; provided, however, that Licensor agrees that a portion of the Royalty equal to at least two and one-quarter percent (2.25%) of the Net Profits shall be used to fund a long term incentive plan for the benefit of the employees of Licensor, as determined by Licensor's Board of Directors, in its sole and absolute discretion;

(iii) The provisions of Sections 3.2, 3.4 and 6(a), (b), (c) and (d) shall no longer apply or be effective from and after the date on which the exclusivity of the License has been so terminated;

(iv) Licensor shall have an irrevocable, fully paid-up, royalty-free, non-exclusive, non-transferable and non-sublicenseable, right and license, under the applicable Intellectual Property Rights held by Licensee and its Affiliates, to reproduce, distribute, display and perform (whether publicly or otherwise), prepare derivative works of and otherwise modify, make, have made, sell, offer to sell, import, export, transmit (internally and externally), disclose and otherwise use and exploit (and have others exercise such rights on behalf of Licensor) in the Territory during the Term all or any portion of Licensee Improvements, in any form or media (now known or later developed), without any obligation to account to Licensee or any third party. This non-exclusive license does not include (A) the right to apply for, register and obtain any patents, inventors' certificates, patent applications, copyrights, Trademarks and other rights; or (B) the right to bring causes of actions arising from and/or related to Licensee Improvements; and

(v) Licensor shall have an option, exercisable in its sole discretion, to purchase all, but not less than all, of the Acquired Fields, to the extent such Acquired Fields are owned by Licensee as of the date of termination of the exclusivity of the License, and all supplies and equipment located on such Acquired Fields, on an "as is/where is" basis, without any representations or warranties of any kind, express or implied, for a cash purchase price equal to the higher of (A) the net asset value, as determined by an independent investment banker or other independent Person having sufficient experience and expertise in valuing these types of assets and properties, which banker or other independent Person shall be mutually approved by both Licensor and Licensee, which approvals shall not be unreasonably delayed or withheld; or (B) the outstanding Preferred Stock Capital, plus the accrued and unpaid Preferred Return as of the date of consummation of such purchase. In order to exercise this option, Licensor must give Licensee written notice of such exercise within sixty (60) days after the date on which the termination of the exclusivity of the License occurs. Upon receipt of such notice of exercise, Licensor and Licensee shall negotiate the terms and conditions of a written definitive agreement providing for such sale and purchase, which agreement shall provide that the sale and purchase shall be consummated within thirty (30) days after the date of such agreement. If for any reason whatsoever Licensor does not give written notice of exercise within the aforesaid sixty-day period or the parties are unable to agree upon the terms of such written definitive agreement within thirty (30) days after the date of receipt by Licensee of the exercise notice, then the option shall be deemed to have expired without any liability on the part of Licensor or Licensee, and Licensee shall have the right at any time thereafter to sell one or more of such Acquired Fields, supplies and equipment to any third party it chooses.

(b) In addition to the foregoing, if the MS-Laredo License has been terminated, and Licensee has not exercised its right to terminate this Agreement pursuant to Section 8.3(b), then from and after the date on which the MS-Laredo License has been terminated (i) the amount of the Royalty payable pursuant to Section 3.1 shall be fixed at seven and one-quarter percent (7.25%), plus the amount of the Additional Interests, if any, previously granted to Licensor pursuant to the Additional Interests Grant Agreement; provided, however, that Licensor agrees that a portion of the Royalty equal to at least two and one-quarter percent (2.25%) of the Net Profits shall be used to fund a long term incentive plan for the benefit of the employees of Licensor, as determined by Licensor's Board of Directors, in its sole and absolute discretion; and (ii) the provisions of Sections 3.2, 3.4 and 6(a), (b), (c) and (d) shall no longer apply.

9. Confidential Information

9 . 1 Confidentiality. In connection with this Agreement, Licensor will provide to Licensee and Licensee will provide to Licensor certain Confidential Information. "Confidential Information" means any information of a confidential or proprietary nature related to the Licensed Intellectual Property, disclosed by Licensor or Licensee, respectively (the "Disclosing Party") to the other (the "Receiving Party") (a) in written form marked "confidential," or (b) in oral form if summarized in a writing marked "confidential" delivered to the Receiving Party within thirty (30) days after the oral disclosure, or (c) provided under circumstances indicating, or of such a type which indicates that, it is confidential or proprietary. Notwithstanding anything to the contrary in this Agreement, the Licensed Know-How and the terms and conditions of this Agreement shall be deemed to be Confidential Information.

9.2 Confidentiality and Non-Use. Except as otherwise permitted under the terms of the License, the Receiving Party shall maintain all Confidential Information of the Disclosing Party in strictest confidence, and shall disclose such Confidential Information only to those of its employees, agents, consultants, sublicensees, attorneys, accountants and advisors who have a reasonable need to know such Confidential Information and who are bound by obligations of confidentiality and non-use no less restrictive than those set forth herein. The Receiving Party shall use such Confidential Information solely to exercise its rights and perform its obligations under this Agreement and the Related Agreements, unless otherwise mutually agreed in writing. The Receiving Party shall take the same degree of care that it uses to protect its own confidential and proprietary information of a similar nature and importance (but in no event less than reasonable care).

9.3 Exclusions. Confidential Information shall not include information that: (a) is in the Receiving Party's rightful possession prior to receipt from the Disclosing Party as demonstrated by contemporaneous documentation; (b) is or becomes publicly known, through no fault of the Receiving Party; (c) is furnished to the Receiving Party by a third party without breach of any duty to the Disclosing Party; or (d) is independently developed by the Receiving Party without use of, application of or reference to the Disclosing Party's Confidential Information as demonstrated by contemporaneous documentation.

9.4 Permitted Disclosures.

(a) It shall not be a violation of this Section 9 if Licensee uses or discloses Confidential Information in connection with the conduct of its business, including, without limitation, the planning and development of its oil fields.

(b) It shall not be a violation of this Section 9 to disclose Confidential Information required to be disclosed under applicable law (including applicable securities laws), but such disclosure shall be expressly limited to the sole purpose of complying with such law and such disclosure shall be permitted only to the extent required by such law. The Receiving Party, to the extent possible, shall give the Disclosing Party prior written notice of the proposed disclosure and cooperate fully with the Disclosing Party to minimize the scope of any such required disclosure, to the extent possible and in accordance with applicable law.

9.5 Breach of Confidentiality Obligations. Notwithstanding anything to the contrary in this Agreement, the Receiving Party acknowledges and agrees that, due to the unique and valuable nature of the Confidential Information, there can be no adequate remedy at law for any breach by the Receiving Party of this Section 9.2, that any such breach may result in irreparable harm to the Disclosing Party for which monetary damages would be inadequate to compensate the Disclosing Party, and that the Disclosing Party shall have the right, in addition to any other rights available under applicable law, to obtain from any court of competent jurisdiction injunctive relief to restrain any breach or threatened breach of, or otherwise to specifically enforce, any covenant or obligation of the Receiving Party under this Section 9.2, without the necessity of posting any bond or security.

10. Miscellaneous

10.1 Governing Law. This Agreement shall be governed by, and construed and interpreted, in accordance with the internal laws of the State of New York without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties.

10.2 Force Majeure. No party shall be held responsible for any delay or failure in performance under this Agreement to the extent caused by strikes, embargoes, unexpected governmental and/or regulatory requirements (including, without limitation, moratoriums), court, administrative or governmental orders or decrees (including, without limitation, injunctions and/or cease and desist orders), civil or military authorities, acts of God, earthquake, or by the public enemy, or other causes reasonably beyond such party's control and without such party's fault or negligence ("Force Majeure Event(s)"). The affected party shall notify each unaffected party as soon as reasonably possible of the existence of such Force Majeure Event. Any time period for the performance by the affected party of any duties and obligations under this Agreement, and any time period for the satisfaction or accomplishment of any condition, event, milestone or deadline, including, without limitation, those associated with a Development Failure, shall be extended for a period of time equal to the duration of the Force Majeure Event(s). In addition, the affected party shall be excused from the performance of its obligations hereunder to the extent such performance is prevented or impeded by any such Force Majeure Event(s) for the duration of such Force Majeure Event(s).

10.3 Independent Contractors. The relationship of licensor and licensee established between Licensor and Licensee by this Agreement is that of independent contractors. Nothing in this Agreement shall be constructed to create any other relationship between Licensor and Licensee. Neither party shall have any right, power or authority to bind the other or assume, create or incur any expense, liability or obligation, express or implied, on behalf of the other.

10.4 Assignment.

(a) Notwithstanding anything to the contrary in this Agreement, Licensor shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of Licensee, which Licensee may withhold in its sole and absolute discretion. Any purported assignment by Licensor without the express prior written consent of Licensee shall be null and void. For the purposes of this Section 10.4, the terms "**assign**" and "**assignment**" shall be deemed to include, without limitation, a Change of Control or the voluntary or involuntary dissolution or liquidation of Licensor. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

(b) Notwithstanding anything to the contrary in this Agreement, Licensee shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of Licensor, which Licensor may withhold in its sole and absolute discretion, and any purported assignment by Licensee without the express prior written consent of Licensor shall be null and void; provided, however, that any assignment or transfer by Licensee, directly or indirectly, of its rights or obligations under or its interests in this Agreement either in connection with a Corporate Event or to any one or more Affiliates of the Licensee shall not require the prior consent or approval, written or otherwise, of the Licensor and any such assignment or transfer shall be permitted and effective without such consent or approval. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

10.5 Notices. Any notice, report, communication or consent required or permitted by this Agreement shall be in writing and shall be sent (a) by prepaid registered or certified mail, return receipt requested, (b) by overnight express delivery service by an internationally recognized courier, for next business day delivery, or (c) via confirmed facsimile, followed within fourteen (14) days by a copy mailed in the preceding manner, addressed to the other party at the address shown below or at such other address for which such party gives notice hereunder. Such notice will be deemed to have been given when actually delivered or, if delivery is not accomplished by some fault of the addressee, when tendered.

If to Licensor:

Laredo Oil, Inc.
111 Congress Avenue, Suite 400
Austin, Texas 78701
Facsimile: 817.753.2091
Attention: Mark See, Chief Executive Officer

With a copy to:

James L. Rice III, Esq.

Akin Gump Strauss Hauer & Feld LLP

1111 Louisiana Street, 44th Floor

Houston, Texas 77002-5200

Facsimile: 713.236.0822

If to Licensee:

c/o Alleghany Capital Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.8149
Attention: Mr. David Van Geysel

With a copy to:

Alleghany Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.3295
Attention: Christopher K. Dalrymple, Vice President and General Counsel

10.6 Modification: Waiver. This Agreement may not be altered, amended or modified in any way except by a writing signed by the parties hereto. The failure of a party to enforce any rights or provisions of this Agreement shall not be construed to be a waiver of such rights or provisions, or a waiver by such party to thereafter enforce such rights or provision or any other rights or provisions hereunder. No waiver shall be effective unless made in writing and signed by the waiving parties.

10.7 Construction. The parties hereto have jointly participated in the negotiations and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no rule of construction, presumption or burden of proof shall arise favoring one party or another concerning the interpretation of ambiguous provisions or otherwise by virtue of one party's presumed authorship of this Agreement or any provision hereof.

10.8 Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement; provided that if such reformation or striking would materially change the economic benefit of this Agreement to the parties hereto, such provision shall be modified in accordance with this Section 10.8 to obtain a legal, valid and enforceable provision and provide an economic benefit to the parties hereto that most nearly effects the parties' intent in entering into this Agreement.

10.9 Entire Agreement. The parties hereto acknowledge that this Agreement, together with the exhibits attached hereto, sets forth the entire agreement and understanding of the parties as to the subject matter hereof, and supersedes all prior and contemporaneous discussions, agreements and writings in respect hereto.

10.10 Headings. The section and paragraph headings contained in this Agreement are for the purposes of convenience only, and are not intended to define or limit the contents of the sections or paragraphs to which such headings apply.

10.11 Expenses. Each party shall bear all of the costs and expenses incurred by such party in connection with the negotiation and preparation of this Agreement; provided, however, that assuming this Agreement, the MS License, the MS-Laredo License, the Additional Interests Grant Agreement, the Stockholders Agreement and the Management Services Agreement are all duly executed and delivered, then the Licensee shall reimburse the Licensor for all reasonable out-of-pocket costs and expenses (including, without limitation, legal fees incurred by Licensor and its Special Committee, but excluding directors' fees payable to members of Licensor's Special Committee) incurred by the Licensor in connection with the negotiation and preparation of this Agreement, the MS-Laredo License, the Management Services Agreement, the Stockholders Agreement and the Additional Interests Grant Agreement, up to a maximum reimbursement amount of Two Hundred Thousand Dollars (\$200,000.00). Such reimbursement shall be made within thirty (30) days after Licensee receive sufficient reasonably detailed documentation of all such costs and expenses, which must include invoices reflecting such costs and expenses. All amounts funded or contributed by Alleghany to the Licensee for purposes of enabling the Licensee to reimburse the Licensor pursuant to this Section 10.11 shall constitute Preferred Stock Capital.

1 0 . 1 2 Changes to MS-Laredo License. Licensor shall not agree to any changes to the MS-Laredo License without the prior written consent of Licensee, which consent Licensee may give or withhold in its sole and absolute discretion.

1 0 . 1 3 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto.

[Next Page Is Signature Page]

la-1107136

[Signature Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the Agreement Date.

LICENSOR
LAREDO OIL, INC., a Delaware corporation

LICENSEE
STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

Special Covenant of Alleghany

By signing below, Alleghany hereby makes the following special covenant for the benefit of the Licensor:

Alleghany agrees to perform its obligations under the Funding Agreement to fund the commitments made by the Licensee pursuant to the License Agreement, as, if and when required to do so under the terms and conditions of the Funding Agreement. Nothing contained herein is intended to or shall make the Licensor a third party beneficiary of the Funding Agreement.

ALLEGHANY CAPITAL CORPORATION

By: _____

Title: _____

la-1107136

Form of Stockholders' Agreement

la-1107136

LICENSE AGREEMENT

between

MARK SEE, an individual

and

LAREDO OIL, INC., a Delaware corporation

Dated as of June 14, 2011

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this "Agreement") is dated as of June 14, 2011 ("Agreement Date"), and is between MARK SEE, an individual ("Licensor"), and LAREDO OIL, INC., a Delaware corporation ("Licensee").

RECITALS

WHEREAS, Licensor owns and holds, and has the right to use and exploit, the Licensed Intellectual Property (as defined below in Section 1);

WHEREAS, concurrently herewith Stranded Oil Resources Corporation, a Delaware corporation ("Stranded Oil Resources Corporation") and the Licensee are entering into a certain License Agreement of even date herewith ("Laredo License");

WHEREAS, the Laredo License includes, among other matters, a grant by Licensee to Stranded Oil Resources Corporation of an exclusive right and license to use and exploit certain intellectual property, including, without limitation, the Licensed Intellectual Property;

WHEREAS, this Agreement is being entered into for the sole purpose of enabling Licensee to include as part of the intellectual property being licensed to Stranded Oil Resources Corporation thereunder, an exclusive right and license to use and exploit the Licensed Intellectual Property, under the terms and conditions of the Laredo License;

WHEREAS, concurrently herewith Licensee and Stranded Oil Resources Corporation are entering into a certain Management Services Agreement of even date herewith ("Management Services Agreement");

WHEREAS, Licensor is the President, Chief Executive Officer and Director of the Licensee and owns, directly or indirectly, and controls a majority of the issued and outstanding capital stock of the Licensee, and therefore Licensor will receive a substantial benefit from the Laredo License and the Management Services Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Licensee, on the one hand, and Licensor, on the other, hereby agree as follows:

AGREEMENT

1. **Defined Terms**

"**Affiliate**" means as of the date of determination any Person that, directly or indirectly, through one or more intermediaries, is (and for so long as it is) controlled by, controls or is under common control with Licensor or Licensee, as the case may be. The term "**control**" (including the terms **controlling**, **controlled by** and **under common control with**) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

“Confidential Information” has the meaning set forth in Section 9.1.

“Effective Date” means the Agreement Date.

“Encumbrance” means any lien, pledge, hypothecation, charge, mortgage, security interest, encumbrance, equity, trust, equitable interest, claim, preference, right of possession, lease, tenancy, license, encroachment, covenant, infringement, interference, order, proxy, option, right of first refusal, preemptive right, community property interest, legend, defect, impediment, exception, reservation, limitation, impairment, imperfection of title, condition or restriction of any nature (including any restriction on the voting of any security, any restriction on the transfer of any security or other asset, any restriction on the receipt of any income derived from any asset, any restriction on the use of any asset and any restriction on the possession, exercise or transfer of any other attribute of ownership of any asset).

“Event of Default” means the existence or occurrence of any one or more of the following: (a) any breach or failure on the part of Licensee to perform one or more of its duties and obligations under this Agreement or any Related Agreement and, if such breach or failure is capable of being cured or remedied, such breach or failure is not cured or remedied (i) within thirty (30) days after Licensee receives written notice of such breach or failure or (ii) if any other cure period for such breach or failure is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (b) the breach or inaccuracy of any representation or warranty made by Licensee in this Agreement or any Related Agreement and, if such breach or inaccuracy is capable of being cured or remedied, such breach or inaccuracy is not cured or remedied (i) within thirty (30) days after Licensee receives written notice of such breach or inaccuracy or (ii) if any other cure period for such breach or inaccuracy is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (c) any breach or failure on the part of Licensee to perform one or more of its duties and obligations under any other written agreement with any Person other than Licensor and if such breach or failure materially and adversely affects or is reasonably expected to materially and adversely affect Licensee’s ability to perform its duties and obligations under this Agreement or any Related Agreement; and/or (d) any termination of the Management Services Agreement and/or the Laredo License, including, without limitation, any such termination or deemed termination in any bankruptcy proceeding.

“Improvement” means any improvement, enhancement, invention, development, derivative work, modification of any kind including, using, based upon, or resulting from the Licensed Intellectual Property, including, without limitation, any improvement, change and modification to any method, process, composition, or any enhancement in the manufacture, formulation, ingredients, preparation, presentation, means of delivery, or use; provided that such improvement, enhancement, invention, development, derivative work, or modification was conceived, invented, authored, created, discovered, developed and/or reduced to practice during the Term.

"Intellectual Property Rights" means all of the following anywhere in the world and all legal right, title, or interest in the following, whether or not filed, perfected, registered or recorded and whether now or later existing, filed, issued or acquired, including all renewals: (a) all patents, patent applications and all related reissues, reexaminations, divisions, renewals, extensions, provisionals, continuations and continuations in part; (b) copyrights, copyright applications, copyright registrations, copyrightable works, works or authorship, moral rights, and all other corresponding rights; (c) trade secrets, Know-How and other rights with respect to confidential or proprietary information; (d) other rights with respect to inventions, discoveries, improvements, Know-How, formulae, algorithms, processes, technical information and other technology; (e) all other intellectual and industrial property and proprietary rights (of every kind and nature throughout the universe and however designated) whether or not analogous to any of the foregoing rights (excluding Trademarks), whether arising by operation of law, contract, license or otherwise, (f) any and all registrations, applications, renewals, extensions, continuations, divisions or reissues thereof now or hereafter in force throughout the universe (including without limitation rights in any of the foregoing), and (g) any and all causes of action arising from or related to any of the foregoing.

"Know-How" means, collectively, know-how, research and development information, unpatented inventions, developments, improvements, discoveries, techniques, processes, formulas, algorithms, specifications, drawings, designs, results, reports, data, trade secrets, and other confidential and/or proprietary information or materials.

"Laredo Intellectual Property" means the "Licensed Intellectual Property" (as this term is defined in the Laredo License), excluding however the Licensed Intellectual Property which is the subject of the License under this Agreement.

"License" has the meaning set forth in Section 2.1.

"Licensed Intellectual Property" means all of the Know-How and other Intellectual Property Rights which Licensor has created, developed, owns, holds or uses, and which Licensor may hereafter create, develop, own, hold or use, relating to (i) the recovery of stranded oil from an existing mature oil field with specific characteristics using an enhanced oil recovery method known as "Underground Gravity Drainage", which uses conventional mining processes to establish a chamber underneath such oil reserves from where closely spaced wellbores can be drilled up into the oil reservoir, using gravity to then drain the targeted reservoir through the wellbores (referred to generally as the **"UGD Process"**); and (ii) the process, procedures, protocols, formulae, criteria and methodology for determining which oil fields are more suitable for the recovery of such stranded oil through application of the UGD Process (referred to generally as the **"Selection Process"**), and the term "Licensed Intellectual Property" shall include any and all Licensor Improvements; provided, however, that for purposes of this Agreement the term "Licensed Intellectual Property" shall not mean or include any Laredo Intellectual Property.

"Licensee Improvement" means any Improvement conceived, invented, authored, created, discovered, developed and/or reduced to practice by or for Licensee, and/or its Sublicensees, and/or its or their Affiliates (including, without limitation, by employees, consultants, and/or contractors of Licensee and/or its Sublicensees, and/or its or their Affiliates) after the Effective Date, other than to the extent done by or for Licensor or its Affiliates (including, without limitation, by employees, consultants and/or contractors of Licensor or its Affiliates).

“Licensor Improvement” means any Improvement conceived, invented, authored, created, discovered, developed and/or reduced to practice in whole or in part by or for Licensor and/or its Affiliates (including, without limitation, by employees, consultants, and/or contractors of Licensor or its Affiliates), other than to the extent done by or for Licensee and/or its Sublicensees, and/or its or their Affiliates, or otherwise constituting a “work for hire” under the Management Services Agreement.

“Licensed Know-How” means all Know-How included within the definition of Licensed Intellectual Property, and any and all information or materials provided, disclosed or otherwise made available to or accessed by Licensee via the Licensed Know-How Support.

“Licensed Know-How Support” means the provision and disclosure of information and materials which is necessary or useful for the understanding and use of the Licensed Know-How.

“Person” or **“person”** means any individual, sole proprietorship, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, trust, association, fund, firm or other entity.

“Receiving Party” has the meaning set forth in Section 9.1.

“Related Agreements” means and includes all of the following: (a) the Management Services Agreement; (b) that certain Loan Agreement dated as of November 22, 2010 between Alleghany Capital Corporation and Licensee; (c) that certain Senior Promissory Note dated November 22, 2010 made by Licensee; (d) that certain Loan Agreement dated as of April 6, 2011 between Alleghany Capital Corporation and Licensee; (e) that certain Senior Promissory Note dated April 6, 2011 made by Licensee; (f) the Laredo License; (g) that certain Additional Interests Grant Agreement between Licensee and Stranded Oil Resources Corporation of even date herewith; and (h) any other written agreement entered into either as of the Effective Date or after the Effective Date between Licensee and/or its Affiliates, on the one hand, and Licensor and/or his Affiliates, on the other hand.

“Sublicense Agreement” has the meaning set forth in Section 2.4.

“Sublicensee” means any Person to whom Licensee has granted a sublicense under Section 2.4 in connection with all or any part of the rights granted to it by Licensor under this Agreement.

“Term” has the meaning set forth in Section 8.1.

“Territory” means the entire world.

“Trademarks” means service mark, service name, trade name, trademark, domain name, design or logo.

2. License Grant

2.1 Grant. Licensors hereby grants to Licensee, and Licensee hereby accepts, an irrevocable, fully paid-up, royalty-free, exclusive, transferable and sublicenseable (through multiple levels of sublicensees), right and license, under the applicable Intellectual Property Rights held by Licensor and its Affiliates, to reproduce, distribute, display and perform (whether publicly or otherwise), prepare derivative works of and otherwise modify, make, have made, sell, offer to sell, import, export, transmit (internally and externally), disclose and otherwise use and exploit (and have others exercise such rights on behalf of Licensee) in the Territory during the Term all or any portion of the Licensed Intellectual Property, in any form or media (now known or later developed), without any obligation to account to Licensor or any third party (the "License"). The License includes, without limitation, (a) the right to apply for, register and obtain any patents, inventors' certificates, patent applications, copyrights, Trademarks and other rights; and (b) the right to bring causes of actions arising from and/or related to the License.

2.2 Sole Purpose Restriction. It is understood and agreed by Licensor and Licensee that that sole purpose of the grant of the License pursuant to Section 2.1 of this Agreement is to enable Licensee to include as part of the "Licensed Intellectual Property" under the Laredo License the Licensed Intellectual Property under this Agreement. The provisions of this Section 2.2 shall not apply after the date on which the exclusivity of the "License" granted to Stranded Oil Resources Corporation pursuant to the Laredo License is duly terminated by Licensee pursuant to Section 8.2 of the Laredo License by reason of a Development Failure.

2.3 Licensed Know-How Support. During the Term, Licensor will use commercially reasonable efforts to provide to Licensee the Licensed Know-How Support. Any and all documents and other materials provided, disclosed or otherwise made available to or accessed by Licensee in connection with the provision of Licensed Know-How Support shall be deemed to be part of the Licensed Intellectual Property, and shall be provided, disclosed or otherwise made available to or accessed by Licensee under, and subject to the terms and conditions of, the License.

2.4 Ownership: Improvements.

(a) As between the parties, Licensor shall retain sole ownership of all right, title and interest (including, without limitation, all Intellectual Property Rights) in and to the Licensed Intellectual Property and all Licensor Improvements, subject, however, to the rights, of Licensee hereunder.

(b) As between the parties, Licensee shall retain all right, title and interest (including, without limitation, all Intellectual Property Rights) in and to all Licensee Improvements, including, without limitation, any patents, inventors' certificates, patent applications, copyrights, Trademarks and other rights.

2.5 Sublicense Agreements.

(a) After the date on which the exclusivity of the "License" granted to Stranded Oil Resources Corporation pursuant to the Laredo License is duly terminated by Licensee pursuant to Section 8.2 of the Laredo License by reason of a Development Failure, then Licensee shall have the right to sublicense any of the rights granted to Licensee under Section 2.1 to any Person; provided, however, that any sublicense shall be made pursuant to a binding written agreement ("Sublicense Agreement"). Each Sublicense Agreement shall:

(i) Protect Licensor's ownership interests in the Licensed Intellectual Property at least to the same extent as this Agreement;

(ii) Be of no greater scope than the License;

(iii) As between Licensee and its Sublicensee, Licensee shall own all right, title and interest in and to any Improvement made by or for or otherwise in connection with Sublicensees; and

(iv) Upon any expiration or termination of this Agreement for any reason other than a material breach by Licensee of its duties and obligations under this Agreement, none of the Sublicense Agreements shall terminate, all of Licensee's rights under such Sublicense Agreements shall be deemed to have been assigned to Licensor, and Licensor shall be deemed to have accepted such assignment and assumed all of Licensee's duties, obligations and liabilities under all such Sublicense Agreements.

(b) Licensee shall have the right to grant the "License" referred to in the Laredo License to Stranded Oil Resources Corporation under the terms and conditions of the Laredo License and Licensor hereby approves and consents to the Laredo License in all respects.

2.6 Trademarks. Except as may be expressly set forth in a separate written agreement between the parties, neither Licensee nor Licensor shall use any Trademark that is confusingly similar to any Trademark of the other party or such party's Affiliates.

3. **Acknowledgment of Adequacy of Consideration.** Licensor hereby acknowledges and agrees that Licensor will receive substantial benefits from the Laredo License and/or the Management Services Agreement by reason of the fact that he is the Chief Executive Officer, director and principal stockholder of Licensee, and that such benefits constitute full, adequate and sufficient consideration for Licensor's entering into this Agreement and the grant of the License hereunder on the Effective Date. In this regard, Licensor hereby waives and relinquishes any and all rights and claims which it may have or hereafter acquire relating to the adequacy of the consideration for the grant of the License hereunder.

4. **Enforcement**

4.1 Enforcement.

(a) If Licensee or Licensor becomes aware that any the Licensed Intellectual Property is being (or may be) or has been (or may have been) infringed or misappropriated by any Person ("Infringing Person"), Licensor or Licensee, as applicable, shall promptly notify the other party in writing describing the facts relating thereto in reasonable detail.

(b) Licensee and its Affiliates shall have the first right, but not the obligation, to enforce Licensor's and/or Licensee's Intellectual Property Rights in the Licensed Intellectual Property (through litigation or otherwise) against an Infringing Person and to settle or compromise any such possible infringement or misappropriation by taking such action as Licensee or any of its Affiliates may determine in their sole and absolute discretion; provided, however, that Licensee may not settle any such potential infringement or misappropriation in a manner that has a material adverse effect on the ownership rights of Licensor in the Licensed Intellectual Property, or that would require a payment by Licensor to such Person, without the prior written consent of Licensor, which consent shall not be unreasonably withheld. If Licensor is joined in any litigation or other proceeding: (i) the decisions of the counsel of Licensee with reference to matters of procedure, conduct of such litigation and other proceedings and/or the handling thereof, shall prevail and Licensor shall cooperate with and assist Licensee's counsel; (ii) in respect of any judgment or settlement awarded to the parties that is equal to or greater than the sum of the parties' attorneys' fees and costs incurred in connection with such litigation or other proceeding, such judgment or settlement first shall be used to reimburse each party on a pro-rata basis for its attorneys' fees and costs incurred in connection with such litigation or proceeding and, then, any remaining portion of such judgment or settlement shall be the sole and exclusive property of Licensee; (iii) in respect of any judgment or settlement awarded to the parties that is less than the sum of the parties' attorneys' fees and costs incurred in connection with such litigation or other proceeding, such judgment or settlement shall be used to reimburse each party on a pro-rata basis for its attorneys' fees and costs incurred in connection with such litigation and thereafter each party shall bear the unreimbursed portion of its own attorneys' fees and costs incurred in connection with such litigation or proceeding; and (iv) each party shall be responsible for one-half (1/2) of any and all adverse judgments or settlements awarded against the parties unless the indemnification obligations set forth below in Section 7 requires a different apportionment thereof.

4.2 If Licensee elects, in its sole discretion, not to take any action against the Infringing Person, then Licensor shall take such action, at its sole cost and expense, as shall be necessary or appropriate in order to protect Licensee's Intellectual Property Rights in the Licensed Intellectual Property; provided, however, that Licensor may not settle any such potential infringement or misappropriation in a manner that materially adversely affects the rights of Licensee under this Agreement, or that would require a payment by Licensee to such Infringing Person, without the prior written consent of Licensee.

4.3 Each party, at its expense, agrees to provide the other party all reasonable assistance (including making documents and records available for review and copying and making persons within its control reasonably available for pertinent testimony) requested by such party, at such party's expense, in such enforcement. Without limiting the generality of the foregoing, in any communication or response or any action, suit or proceeding by Licensor in connection with the infringement or misappropriation of the Licensed Intellectual Property, Licensor shall provide Licensee with reasonable cooperation and assistance, including agreeing to be named as a party to such action, suit or proceeding, and, upon the request of Licensee, shall make available, at reasonable times and under appropriate conditions, all relevant personnel, records, papers, information, samples, specimens, and the like in its possession.

5. Representations, Warranties and Covenants

5.1 Representations, Warranties and Covenants of Licensee. Licensee represents, warrants and covenants that, as of the Effective Date:

(a) Licensee is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all necessary corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.

(b) The execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action on the part of Licensee.

(c) This Agreement has been duly executed and delivered by Licensee, and constitutes legal, valid and binding obligations of Licensee, enforceable against Licensee in accordance with its terms.

(d) There is no action, suit, proceeding or other claim pending or threatened against Licensee or any of its officers, directors or shareholders which, if successfully pursued against Licensee or such officers, directors or shareholders, would prevent Licensee from performing its obligations under this Agreement, or would cause any of the representations or warranties made by Licensee in this Agreement to be or become inaccurate or incomplete or breached, or otherwise cause Licensee to be in breach of any other agreement to which it is a party or by which it is bound.

(e) Neither the execution and delivery by Licensee of this Agreement nor the performance by Licensee of its duties and obligations hereunder will conflict with, or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or to loss of a material benefit under, any provision of (i) the organizational and governance documents of Licensee, (ii) any contract, lease, license, indenture, agreement, commitment or other legally binding arrangement (a "Contract") to which Licensee is a party or by which any of its properties or assets is bound or (iii) any judgment, order, writ, stipulation, decree determination, award, compliance agreement, settlement agreement, injunction, ruling, judicial or administrative order, determination or other restriction of any governmental entity or arbitrator ("Judgment") or foreign, federal, state or local law (including common law), statute, treaty, rule, directive, regulation, ordinances and similar provisions having the force or effect of law or an Judgment of any Governmental Entity ("Law") applicable to Licensee.

(f) No consent, approval, license, permit, order or authorization ("Consent") of, or registration, declaration or filing with, any governmental or non-governmental entity is required to be obtained or made by or with respect to Licensee in connection with the execution, delivery and performance of this Agreement.

5.2 Representations, Warranties and Covenants of Licensor. Licensor represents, warrants and covenants that, as of the Effective Date:

(a) Licensor is an individual and has all necessary power and authority to enter into this Agreement, to carry out his obligations hereunder and to consummate the transactions contemplated hereby.

(b) This Agreement has been duly executed and delivered by Licensor, and constitutes legal, valid and binding obligations of Licensor, enforceable against Licensor in accordance with its terms.

(c) Licensor owns or has the right to grant all of the Intellectual Property Rights to the Licensed Intellectual Property as necessary or appropriate in order to grant to Licensee the rights described in this Agreement.

(d) The Licensed Intellectual Property (including, without limitation, the Licensed Know-How) does not infringe upon, misappropriate or violate any Intellectual Property Right of any Person.

(e) Licensor is not aware of any rights of any other Person that would be infringed, misappropriated and/or violated by Licensee's use and exploitation of the Licensed Intellectual Property.

(f) Licensor is not aware of any Person that is in any way infringing upon, misappropriating and/or violating the Licensed Intellectual Property.

(g) All of the Licensed Intellectual Property was created, developed, assembled, made or otherwise lawfully acquired by Licensor prior to the date on which Licensor commenced his employment with Licensee. Except for the interests granted to Licensee under this Agreement, no other Person, including, without limitation, Licensee, has any rights, titles or interests in or to any of the Licensed Intellectual Property or any portion thereof.

(h) There is no action, suit, proceeding, office action or other claim pending or threatened against Licensor or, to the knowledge of Licensor, any other Person, involving or relating to the Licensed Intellectual Property. There is no order, decree or judgment in effect that affects the Licensed Intellectual Property and/or the ability of Licensor to execute and deliver this Agreement or perform its obligations hereunder. There is no action, suit, proceeding or other claim pending or threatened against Licensor or any of its officers, directors or shareholders which, if successfully pursued against Licensor or such officers, directors or shareholders, would prevent Licensor from performing its obligations under this Agreement, or would cause any of the representations or warranties made by Licensor in this Agreement to be or become inaccurate or incomplete or breached, or otherwise cause Licensor to be in breach of any other agreement to which it is a party or by which it is bound.

(i) Neither the execution and delivery by Licensor of this Agreement nor the performance by Licensor of its duties and obligations hereunder will conflict with, or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or to loss of a material benefit under, any provision of (i) the organizational and governance documents of Licensor, (ii) any Contract to which Licensor is a party or by which any of its properties or assets is bound or (iii) any Judgment or Law applicable to Licensor.

(j) No Consent of, or registration, declaration or filing with, any governmental or non-governmental entity is required to be obtained or made by or with respect to Licensor in connection with the execution, delivery and performance of this Agreement.

(k) Licensor has not granted any Person any assignments, licenses, sublicenses, and other contracts pursuant to which any Person owns or is authorized to use any Licensed Intellectual Property.

(l) Each item of the Licensed Intellectual Property (i) is subsisting (ii) has not been abandoned or passed into the public domain and (iii) is free and clear of any Encumbrance.

(m) Licensor has no right, title or interest in or to any of the Laredo Intellectual Property and as between Licensee and Licensor, Licensor owns all right, title and interest in and to the Licensed Intellectual Property and Licensee owns all right, title and interest in and to the Laredo Intellectual Property.

6. **Exclusive Relationship.** Except as otherwise expressly provided in this Agreement, Licensor agrees that during the Term, he will not, and will not permit any Affiliate of Licensor to, directly or indirectly, either alone or with others: (a) use or disclose, or assist any other Person to use or disclose, any of the Licensed Intellectual Property, except in connection with the performance by Licensor of its duties and obligations under this Agreement and the Management Services Agreement; (b) engage in any business involving the use or application of the UGD Process or the Selection Process, except in connection with the performance of its duties and obligations under this Agreement and the Management Services Agreement; (c) work with, invest in, become partners with or consultants to, become an owner of or investor in, employee, or enter into any joint venture with, any Person other than Licensee (and/or Licensee's Affiliates) with respect to the UGD Process and/or the Selection Process; (d) license any Person other than Licensee (and its Affiliates) to use or exploit the Licensed Intellectual Property or any portion thereof; (e) solicit any employee of Licensee or any Affiliate of Licensee to leave the employ of Licensee, or otherwise encourage any employee of Licensee or any Affiliate of Licensee to terminate his or her relationship with Licensee or such Affiliate; and/or (f) permit or allow any other Person to engage in any of the conduct, business or activities referred to in subparagraphs (a) through (e) above.

7. **Indemnification**

7.1 Indemnification by Licensor. Licensor shall indemnify, hold harmless and defend, with counsel selected by Licensor, and approved by Licensee, which approval shall not be unreasonably withheld, Licensee and each of its past, present and future directors, officers, employees, agents, representatives, attorneys, subsidiaries, partners, parent and affiliated entities and their respective predecessors, successors, and assigns (collectively with Licensee, the "Licensee Indemnitees") from and against any and all claims, demands, liabilities, losses, damages, rights of action, causes of action, costs and expenses, charges, fines, penalties, awards, judgments and assessments (including, without limitation, reasonable attorneys' fees, court costs and litigation expenses) (collectively, the "Claims and Losses") suffered or incurred or otherwise asserted against any Licensee Indemnitee, if such Claims and Losses are in connection with, or arise out of, or result from, or are claimed to be in connection with, arise out of or result from, in whole or in part, any of the following: (a) any Event of Default; and (b) any infringement or misappropriation by Licensor or Licensee of another Person's Intellectual Property Rights with respect to the Licensed Intellectual Property and/or Licensor's or Licensee's use or exploitation of the Licensed Intellectual Property as contemplated in this Agreement.

7.2 Indemnification By Licensee. Licensee shall indemnify, hold harmless and defend, with counsel selected by Licensee, and approved by Licensor, which approval shall not be unreasonably withheld, Licensor and each of its past, present and future directors, officers, employees, agents, representatives, attorneys, subsidiaries, partners, parent and affiliated entities and their respective predecessors, successors, and assigns (collectively with Licensor, the "Licensor Indemnitees") from and against any and all Claims and Losses suffered or incurred or otherwise asserted against any Licensor Indemnitee, if such Claims and Losses are in connection with, or arise out of, or result from, or are claimed to be in connection with, arise out of or result from, in whole or in part, any of the following: (a) any breach or failure of performance with respect to any covenant or agreement required to be performed by Licensee under this Agreement; and (b) the inaccuracy or breach of any representation or warranty made by or on behalf of Licensee under this Agreement.

7.3 Procedures.

(a) Third Party Claims.

(i) In order for a Person (the "Indemnified Party") to be entitled to any indemnification provided for under this Section 7 in respect of, arising out of or involving a claim made by any third Person against the Indemnified Party (a "Third Party Claim"), such Indemnified Party must notify the Person obligated to provide indemnification under this Section 7 (the "Indemnifying Party") in writing of the Third Party Claim promptly following receipt by such Indemnified Party of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided under this Agreement except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, promptly following the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim.

(ii) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party shall be entitled to assume the defense thereof by written notice to the Indemnified Party within ten (10) days after the Indemnifying Party's receipt of the notice of the Third Party Claim contemplated by paragraph (i) above with counsel selected by the Indemnifying Party; provided that such counsel is not reasonably objected to by the Indemnified Party; and provided further that notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume control of such defense and, instead, shall pay the reasonable legal fees, costs and expenses of counsel retained by the Indemnified Party if (A) the claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (B) the claim seeks an injunction or equitable relief against the Indemnified Party, (C) the Indemnifying Party failed or is failing to reasonably prosecute or defend such claim, (D) assuming such claim is determined adversely, such claim could reasonably be expected to give rise to Losses which such Indemnifying Party is unable to pay or which could be reasonably expected to exceed the ability of such Indemnifying Party to pay, or (E) in the Indemnified Party's reasonable judgment based upon a written opinion from such Indemnified Party's counsel, a conflict of interest between the Indemnified Party and the Indemnifying Party exists with respect to the claim.

(iii) If the Indemnifying Party assumes the defense of a Third Party Claim, (1) the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof and (2) the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense. The Indemnifying Party shall be liable for the fees, costs and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof (including in respect of Third Party Claims the defense of which the Indemnifying Party was not entitled to assume or continue in accordance with the second proviso of the first sentence of paragraph (ii)).

(iv) If the Indemnifying Party assumes the defense of a Third Party Claim, all the Indemnified Parties shall cooperate in the defense or prosecution thereof. Such cooperation shall include the retention and (upon the Indemnifying Party's request) the provision to the Indemnifying Party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any materials provided hereunder. No party shall admit any liability with respect to, or settle, compromise or discharge any Third Party Claim without the other applicable party's prior written consent (which consent shall not be unreasonably withheld); provided that the Indemnified Party shall agree to any settlement, compromise or discharge of a Third Party Claim that the Indemnifying Party may recommend if by its terms such settlement or compromise (x) obligates the Indemnifying Party to pay the full amount of the liability in connection with such Third Party Claim, (y) such Indemnifying Party has the resources to pay the full amount of the liability in connection with such Third Party Claim when due, and (z) such settlement or compromise includes a full and complete release of the Indemnified Party in respect of such Third Party Claim.

(v) The indemnification with respect to an Indemnifying Party's obligation to pay legal fees and other costs and expenses of defense of a Third Party Claim required by this Section 7 shall be made by periodic payments of the amount thereof during the course of the investigation or defense of the Third Party Claim, as and when bills are received.

(vi) All claims under this Section 7 other than Third Party Claims shall be governed by Section 7.3(b) below.

(b) Direct Claims. If any Indemnified Party should have a claim against any Indemnifying Party under this Section 7 that does not involve a Third Party Claim being asserted against or sought to be collected from such Indemnified Party (any such claim, a "Direct Claim"), the Indemnified Party shall deliver notice of such Direct Claim with reasonable promptness to the Indemnifying Party (which notice shall set forth in reasonable detail the basis upon which such Indemnified Party believes it is entitled to indemnification pursuant to this Section 7 and the amount of Losses it is seeking recovery from the Indemnified Party); provided that the failure to give such notification shall not affect the indemnification provided under this Agreement except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) calendar days following its receipt of such notice that the Indemnifying Party disputes its liability to the Indemnified Party under the applicable provisions of this Section 7, such Direct Claim specified in such notice shall be conclusively deemed a liability of the Indemnifying Party under the applicable provision of this Section 7, and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the Direct Claim (or any portion thereof) is estimated, on such later date when the amount of such Direct Claim (or such portion thereof) becomes finally determined. If the Indemnifying Party has timely disputed its liability with respect to such Direct Claim as provided above, Licensor, on the one hand, and Licensee, on the other hand, shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved within the foregoing thirty (30) day period through negotiations, such dispute shall be resolved by litigation in an appropriate court of competent jurisdiction.

8. Term and Termination of Exclusivity

8.1 Term of Agreement. The term ("Term") of this Agreement shall commence on the Effective Date and shall continue in full force and effect in perpetuity, unless sooner terminated as provided in this Section 8.

8.2 Termination by Licensee. Licensee shall have the right, exercisable in its sole and absolute discretion, to terminate this Agreement upon the occurrence of any Event of Default.

8.3 Automatic Termination Upon Termination of Laredo License. This Agreement shall terminate automatically upon the termination of the Laredo License, including any such termination or deemed termination in any bankruptcy proceeding.

9. Confidential Information

9.1 Confidentiality. In connection with this Agreement, Licensor will provide to Licensee and Licensee will provide to Licensor certain Confidential Information. "Confidential Information" means any information of a confidential or proprietary nature related to the Licensed Intellectual Property, disclosed by Licensor or Licensee, respectively (the "Disclosing Party") to the other (the "Receiving Party") (a) in written form marked "confidential," or (b) in oral form if summarized in a writing marked "confidential" delivered to the Receiving Party within thirty (30) days after the oral disclosure, or (c) provided under circumstances indicating, or of such a type which indicates that, it is confidential or proprietary. Notwithstanding anything to the contrary in this Agreement, the Licensed Know-How and the terms and conditions of this Agreement shall be deemed to be Confidential Information.

9.2 Confidentiality and Non-Use. Except as otherwise permitted under the terms of the License, the Receiving Party shall maintain all Confidential Information of the Disclosing Party in strictest confidence, and shall disclose such Confidential Information only to those of its employees, agents, consultants, sublicensees, attorneys, accountants and advisors who have a reasonable need to know such Confidential Information and who are bound by obligations of confidentiality and non-use no less restrictive than those set forth herein. The Receiving Party shall use such Confidential Information solely to exercise its rights and perform its obligations under this Agreement and the Related Agreements, unless otherwise mutually agreed in writing. The Receiving Party shall take the same degree of care that it uses to protect its own confidential and proprietary information of a similar nature and importance (but in no event less than reasonable care).

9.3 Exclusions. Confidential Information shall not include information that: (a) is in the Receiving Party's rightful possession prior to receipt from the Disclosing Party as demonstrated by contemporaneous documentation; (b) is or becomes publicly known, through no fault of the Receiving Party; (c) is furnished to the Receiving Party by a third party without breach of any duty to the Disclosing Party; or (d) is independently developed by the Receiving Party without use of, application of or reference to the Disclosing Party's Confidential Information as demonstrated by contemporaneous documentation.

9.4 Permitted Disclosures.

(a) It shall not be a violation of this Section 9 if Licensee uses or discloses Confidential Information in connection with the conduct of its business, including, without limitation, the planning and development of its oil fields.

(b) It shall not be a violation of this Section 9 to disclose Confidential Information required to be disclosed under applicable law (including applicable securities laws), but such disclosure shall be expressly limited to the sole purpose of complying with such law and such disclosure shall be permitted only to the extent required by such law. The Receiving Party, to the extent possible, shall give the Disclosing Party prior written notice of the proposed disclosure and cooperate fully with the Disclosing Party to minimize the scope of any such required disclosure, to the extent possible and in accordance with applicable law.

9.5 Breach of Confidentiality Obligations. Notwithstanding anything to the contrary in this Agreement, the Receiving Party acknowledges and agrees that, due to the unique and valuable nature of the Confidential Information, there can be no adequate remedy at law for any breach by the Receiving Party of this Section 9.5, that any such breach may result in irreparable harm to the Disclosing Party for which monetary damages would be inadequate to compensate the Disclosing Party, and that the Disclosing Party shall have the right, in addition to any other rights available under applicable law, to obtain from any court of competent jurisdiction injunctive relief to restrain any breach or threatened breach of, or otherwise to specifically enforce, any covenant or obligation of the Receiving Party under this Section 9.5, without the necessity of posting any bond or security.

10. **Miscellaneous**

10.1 Governing Law. This Agreement shall be governed by, and construed and interpreted, in accordance with the internal laws of the State of New York without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties.

10.2 Force Majeure. No party shall be held responsible for any delay or failure in performance under this Agreement to the extent caused by strikes, embargoes, unexpected governmental and/or regulatory requirements (including, without limitation, moratoriums), court, administrative or governmental orders or decrees (including, without limitation, injunctions and/or cease and desist orders), civil or military authorities, acts of God, earthquake, or by the public enemy, or other causes reasonably beyond such party's control and without such party's fault or negligence ("Force Majeure Event(s)"). The affected party shall notify each unaffected party as soon as reasonably possible of the existence of such Force Majeure Event. Any time period for the performance by the affected party of any duties and obligations under this Agreement, and any time period for the satisfaction or accomplishment of any condition, event, milestone or deadline shall be extended for a period of time equal to the duration of the Force Majeure Event(s). In addition, the affected party shall be excused from the performance of its obligations hereunder to the extent such performance is prevented or impeded by any such Force Majeure Event(s) for the duration of such Force Majeure Event(s).

10.3 Independent Contractors. The relationship of licensor and licensee established between Licensor and Licensee by this Agreement is that of independent contractors. Nothing in this Agreement shall be constructed to create any other relationship between Licensor and Licensee. Neither party shall have any right, power or authority to bind the other or assume, create or incur any expense, liability or obligation, express or implied, on behalf of the other.

10.4 Assignment. Notwithstanding anything to the contrary in this Agreement, Licensor shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of Licensee, which Licensee may withhold in its sole discretion. Any purported assignment by Licensor without the express prior written consent of Licensee shall be null and void. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

10.5 Notices. Any notice, report, communication or consent required or permitted by this Agreement shall be in writing and shall be sent (a) by prepaid registered or certified mail, return receipt requested, (b) by overnight express delivery service by an internationally recognized courier, for next business day delivery, or (c) via confirmed facsimile or telecopy, followed within fourteen (14) days by a copy mailed in the preceding manner, addressed to the other party at the address shown below or at such other address for which such party gives notice hereunder. Such notice will be deemed to have been given when actually delivered or, if delivery is not accomplished by some fault of the addressee, when tendered.

If to Licensor:

Mr. Mark See
c/o Laredo Oil, Inc.
111 Congress Avenue, Suite 400
Austin, Texas 78701
Facsimile: 817.753.2091

If to Licensee:

Laredo Oil, Inc.
111 Congress Avenue, Suite 400
Austin, Texas 78701
Facsimile: 817.753.2091
Attention: Mark See, Chief Executive Officer

With a copy to:

James L. Rice III, Esq.
Akin Gump Strauss Hauer & Feld LLP
1111 Louisiana Street, 44th Floor
Houston, Texas 77002-5200
Facsimile: 713.236.0822

10.6 Modification: Waiver. This Agreement may not be altered, amended or modified in any way except by a writing signed by the parties hereto. The failure of a party to enforce any rights or provisions of this Agreement shall not be construed to be a waiver of such rights or provisions, or a waiver by such party to thereafter enforce such rights or provision or any other rights or provisions hereunder. No waiver shall be effective unless made in writing and signed by the waiving parties.

10.7 Construction. The parties hereto have jointly participated in the negotiations and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no rule of construction, presumption or burden of proof shall arise favoring one party or another concerning the interpretation of ambiguous provisions or otherwise by virtue of one party's presumed authorship of this Agreement or any provision hereof.

10.8 Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement; provided that if such reformation or striking would materially change the economic benefit of this Agreement to the parties hereto, such provision shall be modified in accordance with this Section 10.8 to obtain a legal, valid and enforceable provision and provide an economic benefit to the parties hereto that most nearly effects the parties' intent in entering into this Agreement.

10.9 Entire Agreement. The parties hereto acknowledge that this Agreement, together with the exhibits attached hereto, sets forth the entire agreement and understanding of the parties as to the subject matter hereof, and supersedes all prior and contemporaneous discussions, agreements and writings in respect hereto.

10.10 Headings. The section and paragraph headings contained in this Agreement are for the purposes of convenience only, and are not intended to define or limit the contents of the sections or paragraphs to which such headings apply.

10.11 Express Third-Party Beneficiary. Licensor and Licensee hereby agree that Stranded Oil Resources Corporation is an intended and express third party beneficiary of all of the provisions of this Agreement and shall have the right, exercisable in its sole discretion, to enforce the terms and conditions of this Agreement against the Licensor and/or the Licensee, as applicable, or prevent the breach thereof, or to exercise any other right, or seek any other remedy, which may be available to it as a third-party beneficiary of this Agreement. In addition, Licensor shall not agree to any changes, modifications or amendments to this Agreement, without the prior written consent of Stranded Oil Resources Corporation, which consent Licensee may give or withhold in its sole and absolute discretion.

10.12 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto.

[Next Page Is Signature Page]

[Signature Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the Agreement Date.

LICENSOR

LICENSEE

LAREDO OIL, INC., a Delaware corporation

By: _____
Name: MARK SEE

By: _____
Name: _____
Title: _____

la-1119107

ADDITIONAL INTERESTS GRANT AGREEMENT

between

STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

and

LAREDO OIL, INC., a Delaware corporation

Dated as of June 14, 2011

ADDITIONAL INTERESTS GRANT AGREEMENT

THIS ADDITIONAL INTERESTS GRANT AGREEMENT (this "Agreement") is dated as of June 14, 2011 ("Agreement Date"), and is between STRANDED OIL RESOURCES CORPORATION, a Delaware corporation (the "Company") and LAREDO OIL, INC., a Delaware corporation ("Laredo").

RECITALS

WHEREAS, concurrently herewith the Company and Laredo are entering into a certain License Agreement dated of even date herewith ("Laredo License Agreement") pursuant to which the Company will obtain from Laredo an exclusive license ("Laredo License") to use and exploit certain intellectual property owned by Laredo and Mark See, an individual ("MS"), relating to the UGD Process and the Selection Process under the terms and conditions set forth in the Laredo License Agreement;

WHEREAS, concurrently herewith, Laredo and MS are entering into a certain License Agreement of even date herewith ("MS-Laredo License Agreement") pursuant to which MS grants to Laredo an exclusive license to use the "Licensed Intellectual Property" defined therein solely for the purpose of including such "Licensed Intellectual Property" in the Licensed Intellectual Property which is the subject of the Laredo License Agreement;

WHEREAS, concurrently herewith the Company and Laredo are entering into a certain Management Services Agreement of even date herewith ("Management Services Agreement");

WHEREAS, concurrently herewith, Licensee and Alleghany Capital Corporation, a Delaware corporation ("Alleghany") are executing and delivering a certain Funding Agreement of even date herewith ("Funding Agreement");

WHEREAS, the Company is willing to issue and grant to Laredo the "Additional Interests" (as defined in Section 1 below) in consideration of (a) the grant of the Laredo License under the Laredo License Agreement and the continuation of the Laredo License; and (b) the past satisfactory performance by Laredo of its duties and obligations under the Management Services Agreement and the continued satisfactory performance by Laredo of its duties and obligations under the Management Services Agreement, subject to the terms and conditions of this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Laredo, on the one hand, and the Company, on the other, hereby agree as follows:

AGREEMENT

1. Defined Terms

1.1 All terms not herein defined shall have the meaning attributed to them in the Laredo License Agreement.

1.2 As used in this Agreement, the following terms shall have the following meanings.

“Additional Interests” means (a) interests in the “Net Profits” (as this term is defined in the Laredo License Agreement) of the Company, containing substantially the same terms and conditions as the “Royalty” referred to in the Laredo License Agreement, including the conversion provisions set forth in the Laredo License Agreement, and containing such other terms and conditions, including, without limitation, vesting restrictions, as the Company may, in its sole and absolute discretion, determine; and/or (b) restricted common stock of the Company, options to purchase common stock of the Company, or other common stock equity grants or incentives, containing such terms and conditions, including, without limitation, vesting restrictions, as the Company may, in its sole and absolute discretion, determine. The Additional Interests available for issuance shall represent the “Percentage Interest” (as defined below) in the Net Profits referred to in subparagraph (a) above and the common stock equity referred to in subparagraph (b) above, assuming full conversion of the Net Profits interests into common stock of the Company pursuant to Section 3.4 of the Laredo License Agreement, and assuming full vesting and lapse of all other restrictions, and exercise of all options, with respect to the common stock equity.

“Alleghany” means Alleghany Capital Corporation, a Delaware corporation.

“Aggregate Payoff Amount” shall have the meaning set forth in Section 2.1 below.

“Change of Control” with respect to Laredo shall have the meaning set forth in the Laredo License Agreement.

“Corporate Event” shall have the meaning set forth in the Laredo License Agreement.

“Effective Date” means the Agreement Date.

“Event of Default” means the existence or occurrence of any one or more of the following: (a) any breach or failure on the part of Laredo to perform one or more of its duties and obligations under this Agreement or any Related Agreement and, if such breach or failure is capable of being cured or remedied, such breach or failure is not cured or remedied (i) within thirty (30) days after Laredo receives written notice of such breach or failure or (ii) if any other cure period for such breach or failure is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (b) the breach or inaccuracy of any representation or warranty made by Laredo in this Agreement or any Related Agreement and, if such breach or inaccuracy is capable of being cured or remedied, such breach or inaccuracy is not cured or remedied (i) within thirty (30) days after Laredo receives written notice of such breach or inaccuracy or (ii) if any other cure period for such breach or inaccuracy is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (c) any breach or failure on the part of Laredo to perform one or more of its duties and obligations under any other written agreement with any Person other than the Company if such breach or failure materially and adversely affects or is reasonably expected to materially and adversely affect Licensor’s ability to perform its duties and obligations under this Agreement or any Related Agreement; (d) any MS-Laredo Event of Default; and/or (e) any termination of the Laredo License Agreement, the MS-Laredo License Agreement and/or the Management Services Agreement, including, without limitation, any such termination or deemed termination in any bankruptcy proceeding.

"Issued Additional Interests" means Additional Interests which are actually granted or issued.

"MS-Laredo Event of Default" shall have the meaning set forth in the Laredo License Agreement.

"Net Profits" shall have the meaning set forth in the Laredo License Agreement.

"Payoff Percentage" means a percentage determined by application of the following formula:

$$.50\% \times A \div B$$

A= Aggregate Payoff Amount (which means the actual aggregate amount funded by the Company to Laredo pursuant to Section 2.1 of this Agreement).

B= \$415,000.00

For avoidance of doubt, if the Aggregate Payoff Amount is zero, then the Payoff Percentage will be zero.

"Percentage Interest" means a percentage determined by application of the following formula:

2.74%, minus the Payoff Percentage

"Person" or **"person"** means any individual, sole proprietorship, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, trust, association, fund, firm or other entity.

"Qualified IPO" shall have the meaning set forth in the Laredo License Agreement.

"Related Agreements" means and includes all of the following: (a) the Management Services Agreement; (b) that certain Loan Agreement dated as of November 22, 2010 between Alleghany Capital Corporation and Laredo; (c) that certain Senior Promissory Note dated November 22, 2010 made by Laredo; (d) that certain Loan Agreement dated as of April 6, 2011 between Alleghany Capital Corporation and Laredo; (e) that certain Senior Promissory Note dated April 6, 2011 made by Laredo; and (f) the Laredo License Agreement; (g) the MS-Laredo License Agreement; (h) the "MS License" (as this term is defined in the Funding Agreement); and (i) any other written agreement entered into either as of the Effective Date or after the Effective Date between the Company and/or its Affiliates, on the one hand, and Laredo and/or its Affiliates, on the other hand.

"Selection Process" shall have the meaning set forth in the definition of the term "Licensed Intellectual Property" as set forth in the Laredo License Agreement.

"Term" has the meaning set forth in Section 8.1 of the Laredo License Agreement.

“UGD Process” shall have the meaning set forth in the definition of the term “Licensed Intellectual Property” as set forth in the Laredo License Agreement.

2. Payoff Amount; Additional Interests

2.1 Aggregate Payoff Amount. During the sixty (60) day period following the Effective Date, the Company shall fund to Laredo an aggregate amount not to exceed Four Hundred and Fifteen Thousand Dollars (\$415,000.00) to be used by Laredo for the sole purpose of paying and retiring in full one or more of Laredo’s debt obligations listed on Exhibit A attached hereto (“Laredo Debt Obligations”). The actual aggregate amount funded by the Company to Laredo pursuant to this Section 2.1 during such 60-day period is referred to as the “Aggregate Payoff Amount.” Prior to funding any amounts pursuant to this Section 2.1, the Company may require such documentation (including, without limitation, a written payoff demand from the holder of the applicable Laredo Debt Obligations) and such other evidence as the Company may reasonably request to verify that such funds are being used to pay in full and retire one or more of the Laredo Debt Obligations. If and to the extent funds for the Aggregate Payoff Amount are contributed to the Company by Alleghany, such funds shall constitute capital contributed in respect of the common stock of the Company owned by Alleghany and shall not constitute “Preferred Stock Capital” as this term is defined in the Laredo License Agreement.

2 . 2 Additional Interests. The Company acknowledges that the Additional Interests have been set aside for issuance or grant by the Company to Laredo and/or such additional executive officers, key employees and key consultants of the Company as the Company’s Board of Directors may determine, from time to time, in its sole and absolute discretion. The Company agrees that so long as the Laredo License Agreement remains in full force and effect and there has been no termination by Laredo of the exclusivity of the Laredo License by reason of any Development Failure pursuant to Section 8.2 of the Laredo License Agreement (a) the Additional Interests will not be issued or granted by the Company to any employees of Laredo; and (b) the Additional Interests will not be issued or granted to any shareholder of the Company who is not also an officer and/or employee of the Company, or to any director, officer or shareholder of Alleghany or any of its Affiliates. For avoidance of doubt, once any such Additional Interests are issued or granted by the Company to Laredo pursuant to this Agreement, then Laredo shall have the right, as determined by the Board of Directors or Compensation Committee of Laredo, in its sole and absolute discretion, to transfer such Additional Interests to one or more officers, directors or employees of Laredo.

2.3 Grant of Additional Interests to Laredo.

(a) Upon the occurrence of a Corporate Event, all Additional Interests which have not been issued or granted prior to the date of such Corporate Event shall be issued or granted to Laredo if: (i) no Event of Default has occurred and continues to exist as of the date of such Corporate Event; (ii) prior to the date of such Corporate Event the exclusivity of the Laredo License has not been terminated by Laredo by reason of any Development Failure pursuant to Section 8.2 of the Laredo License Agreement; (iii) the Company reasonably believes that the Laredo License under the Laredo License Agreement will continue on an exclusive basis after the date of such Corporate Event; (iv) the Company reasonably believes that the performance by Laredo of its duties and obligations under the Management Services Agreement prior to the date of such Corporate Event has been satisfactory; and (v) the Company reasonably believes that the performance by Laredo of its duties and obligations under the Management Services Agreement will continue at a satisfactory level for at least eighteen (18) months after the date of such Corporate Event.

(b) If no Corporate Event has occurred prior to the date ("Production Level Date") on which the Company has produced a cumulative aggregate of ten (10) million barrels of oil through the UGD Facilities, then all Additional Interests which have not been issued or granted prior to such date shall be issued or granted to Laredo if: (i) no Event of Default has occurred and continues to exist as of the Production Level Date; (ii) prior to the Production Level Date the exclusivity of the Laredo License has not been terminated by Laredo by reason of any Development Failure pursuant to Section 8.2 of the Laredo License Agreement; (iii) the Company reasonably believes that the Laredo License under the Laredo License Agreement will continue on an exclusive basis after the Production Level Date; (iv) the Company reasonably believes that the performance by Laredo of its duties and obligations under the Management Services Agreement prior to the Production Level Date has been satisfactory; and (v) the Company reasonably believes that the performance by Laredo of its duties and obligations under the Management Services Agreement will continue at a satisfactory level for at least eighteen (18) months after the Production Level Date.

3 . **Termination.** The Company shall have the right, exercisable in its sole and absolute discretion, to terminate this Agreement at any time after the existence or occurrence of one or more of the following circumstances, conditions or events:

3.1 The termination by Laredo of the exclusivity of the Laredo License in accordance with Section 8.2 of the Laredo License Agreement.

3.2 The termination of the Management Services Agreement, the Laredo License Agreement and/or the MS-Laredo License Agreement by either party thereto.

3.3 The occurrence of an Event of Default hereunder.

3.4 The occurrence of an "Event of Default" within the meaning of the Management Services Agreement, the Laredo License Agreement and/or the MS-Laredo License Agreement, as this term is defined in such applicable agreement.

3.5 The consummation of any Corporate Event.

4. **Miscellaneous**

4 . 1 No Third Party Beneficiaries. This Agreement is not intended to and shall not confer upon any Person (other than the Company and Laredo) or otherwise give any Person (other than the Company and Laredo), directly or indirectly, any right, benefit, remedy or claim under or in respect of this Agreement, or the performance by any party hereto of their duties and obligations under this Agreement, and no such Person shall have any right to enforce any provisions of this Agreement.

4.2 Governing Law. This Agreement shall be governed by, and construed and interpreted, in accordance with the internal laws of the State of New York without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties.

4.3 Force Majeure. No party shall be held responsible for any delay or failure in performance under this Agreement to the extent caused by strikes, embargoes, unexpected governmental and/or regulatory requirements (including, without limitation, moratoriums), court, administrative or governmental orders or decrees (including, without limitation, injunctions and/or cease and desist orders), civil or military authorities, acts of God, earthquake, or by the public enemy, or other causes reasonably beyond such party's control and without such party's fault or negligence ("Force Majeure Event(s)"). The affected party shall notify each unaffected party as soon as reasonably possible of the existence of such Force Majeure Event. Any time period for the performance by the affected party of any duties and obligations under this Agreement, and any time period for the satisfaction or accomplishment of any condition, event, milestone or deadline, including, without limitation, those associated with a Development Failure, shall be extended for a period of time equal to the duration of the Force Majeure Event(s). In addition, the affected party shall be excused from the performance of its obligations hereunder to the extent such performance is prevented or impeded by any such Force Majeure Event(s) for the duration of such Force Majeure Event(s).

4.4 Assignment.

(a) Notwithstanding anything to the contrary in this Agreement, Laredo shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of the Company, which the Company may withhold in its sole discretion. Any purported assignment by Laredo without the express prior written consent of the Company shall be null and void. For the purposes of this Section, the terms "**assign**" and "**assignment**" shall be deemed to include, without limitation, a Change of Control or the voluntary or involuntary dissolution or liquidation of Laredo. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

(b) Notwithstanding anything to the contrary in this Agreement, the Company shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of Laredo, which Laredo may withhold in its sole and absolute discretion, and any purported assignment by the Company without the express prior written consent of Laredo shall be null and void; provided, however, that any assignment or transfer by the Company, directly or indirectly, of its rights or obligations under or its interests in this Agreement either in connection with a Corporate Event or to any one or more Affiliates of the Company shall not require the prior consent or approval, written or otherwise, of Laredo and any such assignment or transfer shall be permitted and effective without such consent or approval. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

4 . 5 Notices. Any notice, report, communication or consent required or permitted by this Agreement shall be in writing and shall be sent (a) by prepaid registered or certified mail, return receipt requested, (b) by overnight express delivery service by an internationally recognized courier, for next business day delivery, or (c) via confirmed facsimile or telecopy, followed within fourteen (14) days by a copy mailed in the preceding manner, addressed to the other party at the address shown below or at such other address for which such party gives notice hereunder. Such notice will be deemed to have been given when actually delivered or, if delivery is not accomplished by some fault of the addressee, when tendered.

If to Laredo:

Laredo Oil, Inc.
111 Congress Avenue, Suite 400
Austin, Texas 78701
Facsimile: 817.753.2091
Attention: Mark See, Chief Executive Officer

With a copy to:

James L. Rice III, Esq.

Akin Gump Strauss Hauer & Feld LLP

1111 Louisiana Street, 44th Floor

Houston, Texas 77002-5200

Facsimile: 713.236.0822

If to the Company:

Stranded Oil Resources Corporation
c/o Alleghany Capital Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.8149
Attention: Mr. David Van Geyzel

With a copy to:

Alleghany Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.3295
Attention: Christopher K. Dalrymple, Vice President and General Counsel

4 . 6 Modification; Waiver. This Agreement may not be altered, amended or modified in any way except by a writing signed by the parties hereto. The failure of a party to enforce any rights or provisions of this Agreement shall not be construed to be a waiver of such rights or provisions, or a waiver by such party to thereafter enforce such rights or provision or any other rights or provisions hereunder. No waiver shall be effective unless made in writing and signed by the waiving parties.

4.7 Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement; provided that if such reformation or striking would materially change the economic benefit of this Agreement to the parties hereto, such provision shall be modified in accordance with this Section 4.7 to obtain a legal, valid and enforceable provision and provide an economic benefit to the parties hereto that most nearly effects the parties' intent in entering into this Agreement.

4 . 8 Entire Agreement. The parties hereto acknowledge that this Agreement, together with the exhibit attached hereto, sets forth the entire agreement and understanding of the parties as to the subject matter hereof, and supersedes all prior and contemporaneous discussions, agreements and writings in respect hereto.

4 . 9 Headings. The section and paragraph headings contained in this Agreement are for the purposes of convenience only, and are not intended to define or limit the contents of the sections or paragraphs to which such headings apply.

4.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto.

[Next Page Is Signature Page]

[Signature Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the Agreement Date.

LAREDO
LAREDO OIL, INC., a Delaware corporation

COMPANY
STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

la-1119735

EXHIBIT A

Not Shown

la-1119735

STOCKHOLDERS AGREEMENT

among

LAREDO OIL, INC., a Delaware corporation

ALLEGHANY CAPITAL CORPORATION, a Delaware corporation

and

STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

Dated as of June 14, 2011

STOCKHOLDERS AGREEMENT

THIS STOCKHOLDERS AGREEMENT (this "Agreement") is dated as of June 14, 2011, and is among LAREDO OIL, INC., a Delaware corporation (the "Laredo"), ALLEGHANY CAPITAL CORPORATION, a Delaware corporation ("Alleghany"), and STRANDED OIL RESOURCES CORPORATION, a Delaware corporation (the "Company").

RECITALS

WHEREAS, concurrently herewith, the Company and Laredo are entering into a certain License Agreement dated of even date herewith ("Laredo License") pursuant to which the Company will obtain from Laredo an exclusive license to use and exploit the Laredo Intellectual Property (as defined therein) under the terms and conditions set forth in such Laredo License;

WHEREAS, concurrently herewith, Laredo and Mark See, an individual ("MS"), are entering into a certain License Agreement of even date herewith pursuant to which MS grants to Laredo an exclusive license to use the "Licensed Intellectual Property" defined therein solely for the purpose of including such "Licensed Intellectual Property" in the Licensed Intellectual Property which is the subject of the license granted to the Company hereunder. MS is the President, Chief Executive Officer and Director of Laredo and owns and controls a majority of the issued and outstanding capital stock of Laredo;

WHEREAS, concurrently herewith Laredo and the Company are entering into a certain Management Services Agreement of even date herewith ("Management Services Agreement");

WHEREAS, concurrently herewith, Laredo and the Company are executing and delivering a certain Additional Interests Grant Agreement of even date herewith;

WHEREAS, concurrently herewith, the Company and Alleghany are executing and delivering a certain Funding Agreement of even date herewith; and

WHEREAS, the parties agree that this Agreement shall not become effective unless and until the Royalty (as defined in the Laredo License) is converted into shares of the Company's common stock (the "Common Stock") in accordance with Section 3.4 of the Laredo License and, upon effectiveness, this Agreement shall govern Laredo's rights and obligations with respect to the registration and transfer of its shares of Common Stock and certain other matters among the parties as set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

1. Defined Terms.

"**Affiliate**" means as of the date of determination any Person that, directly or indirectly, through one or more intermediaries, is (and for so long as it is) controlled by, controls or is under common control with Laredo, Alleghany or the Company, as the case may be. The term "**control**" (including the terms **controlling**, **controlled by** and **under common control with**) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

“**Agreement**” has the meaning set forth in the preamble.

“**Alleghany**” has the meaning set forth in the preamble.

“**assign**” and “**assignment**” have the meaning set forth in Section 7.5.

“**Common Stock**” shall have the meaning set forth in the sixth recital.

“**Company**” has the meaning set forth in the preamble.

“**Company Securities**” means any shares of capital stock of the Company.

“**Co-Sale Pro Rata Share**” shall mean the ratio that (i) the sum of the number of shares of Common Stock then held by Laredo bears to (ii) the sum of the total number of shares of Common Stock then held by Laredo and Alleghany.

“**Damages**” means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

“**Effective Date**” has the meaning set forth in Section 6.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Excluded Registration**” means (i) a registration relating to the sale of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered.

“**Force Majeure Event(s)**” has the meaning set forth in Section 7.4.

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“**Form S-1**” means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

“**Form S-3**” means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

“**IPO**” means the Company’s first underwritten public offering of its Common Stock under the Securities Act.

“**Laredo**” has the meaning set forth in the preamble.

“**Laredo License**” has the meaning set forth in the first recital.

“**MS**” has the meaning set forth in the second recital.

“**Management Services Agreement**” has the meaning set forth in the third recital.

“**Notice**” has the meaning set forth in Section 3.2(a).

“**Person**” or “**person**” means any individual, sole proprietorship, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, trust, association, fund, firm or other entity.

“**Proposed Sale**” has the meaning set forth in Section 4.2.

“**Registrable Securities**” means the Common Stock issued to Laredo pursuant to Section 3.4 of the Laredo License.

“**Restated Certificate**” means the Certificate of Incorporation of the Company, as amended from time to time.

“**Royalty**” shall have the meaning set forth in the Laredo License

“**Sale of the Company**” with respect to the Company means any of the following transactions:

- (a) a merger or consolidation involving Company where the surviving entity is not the Company; or
- (b) a merger or consolidation involving the Company where the Company is the surviving entity and immediately following the consummation of such merger or consolidation more than fifty percent (50%) of the Company’s issued and outstanding capital stock (determined on an as-converted basis) is owned, directly or indirectly, by a Person who or which was not an Affiliate of the Company immediately prior to such merger or consolidation; or

(c) the sale, lease, transfer or other disposition of all or substantially all of the assets of the Company to a Person who or which is not an Affiliate of the Company, in one transaction or a series of transactions; or

(d) a Stock Sale.

“**SEC Rule 144**” means Rule 144 promulgated by the SEC under the Securities Act.

“**SEC Rule 145**” means Rule 145 promulgated by the SEC under the Securities Act.

“**Securities Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“**Selling Expenses**” means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for Laredo, except for the fees and disbursements of Laredo’s counsel borne and paid by the Company as provided in Section 2.5.

“**Stock Sale**” means the acquisition, directly or indirectly, in one transaction or a series of transactions, by a Person who or which is not an Affiliate of the Company, of more than fifty percent (50%) of the Company’s issued and outstanding capital stock (determined on an as-converted basis).

“**Stockholder Representative**” has the meaning set forth in Section 4.1(f).

Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meanings specified in the Laredo License.

2. **Registration Rights.** The Company covenants and agrees as follows:

2.1 Registration.

(a) Demand Registration.

(i) If at any time after one hundred eighty (180) days after the effective date of the registration statement for the IPO, the Company receives a request from Laredo that the Company file a Form S-1 registration statement or Form S-3 registration statement (if the Company is eligible to use such registration statement) with respect to at least forty percent (40%) of the Registrable Securities then outstanding, then the Company shall as soon as practicable, and in any event within sixty (60) days after the date such request is given by Laredo, file a Form S-1 registration statement under the Securities Act covering all Registrable Securities that Laredo requested to be registered; provided that, the Company shall not be obligated to effect more than one such demand registration pursuant to this Section 2.1(a).

(ii) Notwithstanding the foregoing obligations, if the Company furnishes to Laredo a certificate signed by the Company’s board of directors stating that in the good faith judgment of the Company’s board of directors it would be materially detrimental to the Company and its stockholders for a registration statement pursuant to Section 2.1(a)(i) to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act then the Company shall have the right to defer taking action with respect to such filing for a period of not more than one hundred twenty (120) days after Laredo’s request is given; provided, however, that the Company may not invoke this right more than twice in any twelve (12) month period.

(b) Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for stockholders other than Laredo) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall, at such time, promptly give Laredo notice of such registration. Upon the request of Laredo given within twenty (20) days after such notice is given by the Company, the Company shall, subject to the provisions of Section 2.3, cause to be registered all of the Registrable Securities that Laredo has requested to be included in such registration. The Company shall have the right to terminate or withdraw any registration initiated by it under this Section 2.1 before the effective date of such registration, whether or not Laredo has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Section 2.5.

2.2 Underwriting Requirements.

(a) If, pursuant to Section 2.1(a), Laredo intends to distribute the Registrable Securities covered by its request by means of an underwriting, it shall so advise the Company as a part of its request made pursuant to Section 2.1(a). The underwriter(s) will be selected by the Company. Laredo shall (together with the Company as provided in Section 2.3(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting.

(b) In connection with any offering involving an underwriting of Common Stock pursuant to Section 2.1, the Company shall not be required to include any Registrable Securities in such underwriting unless Laredo accepts the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success of the offering by the Company. If the total number of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities, which the underwriters and the Company in their sole discretion determine will not jeopardize the success of the offering.

2.3 Obligations of the Company. In connection with the registration of any Registrable Securities pursuant to this Section 2, the Company shall, as expeditiously as reasonably possible, but subject to its right to termination or withdraw a registration under Section 2.1:

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(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such registration statement to become effective and, upon Laredo's request, keep such registration statement effective for a period of up to one hundred twenty (120) days or, if earlier, until the distribution contemplated in the registration statement has been completed; provided, however, that such one hundred twenty (120) day period shall be extended for a period of time equal to the period Laredo refrains, at the request of an underwriter of Common Stock (or other securities) of the Company, from selling any Registrable Shares included in such registration;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to Laredo such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as Laredo may reasonably request in order to facilitate its disposition of its Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by Laredo; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by Laredo, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter(s) or selected by Laredo, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by Laredo or any such underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify Laredo, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(j) after such registration statement becomes effective, notify Laredo of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

2.4 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities that Laredo shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of the Registrable Securities.

2.5 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements, not to exceed \$50,000, of one counsel for Laredo, shall be borne and paid by the Company. All Selling Expenses relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by Laredo pro rata on the basis of the number of Registrable Securities registered on its behalf.

2.6 Delay of Registration. Notwithstanding any other provision herein to the contrary, Laredo shall not have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.7 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless Laredo, and the partners, members, officers, directors, and stockholders of Laredo; legal counsel and accountants for Laredo; any underwriter (as defined in the Securities Act) for Laredo; and each Person, if any, who controls Laredo or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to Laredo or any such, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.7(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of Laredo or any such, underwriter, controlling Person, or other aforementioned Person expressly for use in connection with such registration.

(b) To the extent permitted by law, Laredo will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), and any controlling Person of any such underwriter, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of Laredo expressly for use in connection with such registration; and Laredo will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 2.7(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of Laredo, which consent shall not be unreasonably withheld; and provided further that in no event shall the aggregate amounts payable by Laredo by way of indemnity or contribution under Sections 2.7(b) and 2.7(d) exceed the proceeds from the offering received by Laredo (net of any Selling Expenses paid by such Holder), except in the case of fraud or willful misconduct by Laredo.

(c) Promptly after receipt by an indemnified party under this Section 2.7 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.7, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Section 2.7, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.7.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Section 2.7 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Section 2.7 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Section 2.7, then, and in each such case, such party will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (x) Laredo will not be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by Laredo pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and provided further that in no event shall Laredo's liability pursuant to this Section 2.7(d), when combined with the amounts paid or payable by Laredo pursuant to Section 2.7(b), exceed the proceeds from the offering received by Laredo (net of any Selling Expenses paid by Laredo), except in the case of willful misconduct or fraud by Laredo.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Laredo under this Section 2.7 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.8 Reports Under Exchange Act. With a view to making available to Laredo the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit Laredo to sell securities of the Company to the public without registration, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to Laredo, so long as Laredo owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and (ii) such other information as may be reasonably requested in availing Laredo of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act).

2.9 "Market Stand-off" Agreement. Laredo hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company for its own behalf of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days in the case of an IPO, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by Laredo or are thereafter acquired) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Section 2.9 shall not apply (A) to the sale by Laredo of any shares to an underwriter pursuant to an underwriting agreement or (B) unless all other principal stockholders of the Company are bound by substantially similar provisions. The underwriters in connection with such registration are intended third-party beneficiaries of this Section 2.9 and shall have the right, power, and authority to enforce the provisions hereof as though they were a party hereto. Laredo further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Section 2.9 or that are necessary to give further effect thereto.

2.10 Termination of Registration Rights. The right of Laredo to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2.1 shall terminate upon such time as SEC Rule 144 or another similar exemption under the Securities Act is available for the sale of all Registrable Securities without limitation during a three-month period without registration.

3. Transfer.

3.1 Transfer Restriction.

(a) Except as otherwise provided in Section 3.2, Laredo shall not sell, transfer, pledge, or otherwise dispose of (collectively, "Transfer") any Registrable Securities and any other Company Securities it acquires and beneficially owns after the Effective Date, without the express prior written consent of Alleghany, which Alleghany may withhold in its sole discretion.

(b) The Company shall not: (i) permit any transfer on its books of any Registrable Securities or other Company Securities which shall have been Transferred in violation of any of the provisions set forth in this Agreement or (ii) treat as the owner of such Registrable Securities or other Company Securities, or accord the right to vote as an owner or pay dividends to any transferee to whom such Registrable Securities or other Company Securities shall have been Transferred in violation of any of the provisions set forth in this Agreement.

3.2 Co-Sale Right.

(a) In the event that Alleghany proposes to sell any of its shares of Common Stock, it shall promptly give Laredo a written notice (the "Notice") of the price, terms and conditions of the proposed sale, including the identity of the proposed purchaser of such Common Stock and a copy of any written proposal, term sheet, letter of intent or other agreement relating to the proposed sale. Laredo shall have the right, exercisable within fifteen (15) days from the date of the Notice, to sell to the proposed purchaser or purchasers, upon the same terms and conditions offered to Alleghany, up to the Co-Sale Pro Rata Share of the Common Stock proposed to be sold. To the extent Laredo exercises such co-sale right in accordance with the terms and conditions of this Section 3, the number of shares of Common Stock that Alleghany may sell pursuant to the Notice shall be correspondingly reduced.

(b) Any sale made pursuant to this Section 3 shall be consummated within ninety (90) days of the end of the Notice Period and shall be conditioned upon the agreement of the proposed purchaser or purchasers that such proposed purchaser or purchasers will purchase from Laredo, its Co-Sale Pro Rata Share of the Common Stock proposed to be sold.

(c) Laredo shall effect its participation in the sale by delivering to Alleghany for transfer to the prospective purchaser, no later than fifteen (15) days after Laredo's exercise of its rights under this Section 3, one or more certificates, properly endorsed for transfer, which represent the number of shares of Common Stock that Laredo elects to sell. The stock certificate or certificates that Laredo delivers to Alleghany shall be transferred to the prospective purchaser in consummation of the sale of the Common Stock pursuant to the terms and conditions specified in the Notice, and Alleghany shall concurrently cause the prospective purchaser to remit to Laredo that portion of the sale proceeds to which Laredo is entitled by reason of its participation in such sale. In the event that Laredo fails to deliver such certificate(s) to Alleghany within fifteen (15) days of its exercise of its co-sale right under this Section 3, Laredo shall be deemed to have forfeited its co-sale right with respect to the proposed sale.

4. **Drag-Along Right.**

4.1 Actions to be Taken. In the event that Alleghany approves a Sale of the Company in writing, specifying that this Section 4 shall apply to such transaction, then Laredo and the Company hereby agree:

(a) if such transaction requires stockholder approval, with respect to all Company Securities that Laredo owns or over which Laredo otherwise exercises voting power, to vote (in person, by proxy or by action by written consent, as applicable) all such Company Securities in favor of, and adopt, such Sale of the Company (together with any related amendment to the Restated Certificate required in order to implement such Sale of the Company) and to vote in opposition to any and all other proposals that could reasonable be expected to delay or impair the ability of the Company to consummate such Sale of the Company.

(b) if such transaction is a Stock Sale, to sell the same proportion of Company Securities beneficially held by Laredo as is being sold by Alleghany to the Person to whom Alleghany proposes to sell its Company Securities and, except as permitted in Section 4.2 below, on the same terms and conditions as the Selling Investors.

(c) to execute and deliver all related documentation and take such other action in support of the Sale of the Company as shall reasonably be requested by the Company or Alleghany in order to carry out the terms and provision of this Section 4, including without limitation executing and delivering instruments of conveyance and transfer, and any purchase agreement, merger agreement, indemnity agreement, escrow agreement, consent, waiver, governmental filing, share certificates duly endorsed for transfer (free and clear of impermissible liens, claims and encumbrances) and any similar or related documents;

(d) not to deposit, and to cause its Affiliates not to deposit, except as provided in this Agreement, any Company Securities owned by such party or Affiliate in a voting trust or subject any such Company Securities to any arrangement with respect to the voting of such Company Securities, unless specifically requested to do so by the acquiror in connection with the Sale of the Company;

(e) to refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to such Sale of the Company;

(f) in the event that Alleghany, in connection with such Sale of the Company, appoints a stockholder representative (the "Stockholder Representative") with respect to matters affecting the stockholders of the Company under the applicable definitive transaction agreements following consummation of such Sale of the Company, (x) to consent to (i) the appointment of such Stockholder Representative, (ii) the establishment of any applicable escrow, expense or similar fund in connection with any indemnification or similar obligations, and (iii) the payment of Laredo's pro rata portion (from the applicable escrow or expense fund or otherwise) of any and all reasonable fees and expenses to such Stockholder Representative in connection with such Stockholder Representative's services and duties in connection with such Sale of the Company and its related service as the representative of the stockholders of the Company, and (y) not stockholders of the Company with respect to any action or inaction taken or failed to be taken by the Stockholder Representative in connection with its service as the Stockholder Representative, absent fraud or willful misconduct;

4 . 2 Exceptions. Notwithstanding the foregoing, neither Alleghany nor Laredo will be required to comply with Section 4.1 above in connection with any proposed Sale of the Company (the "Proposed Sale") unless:

(a) Upon consummation of the Proposed Sale, each holder of each class or series of Company Securities will receive the same form and the same amount per share of consideration for their shares of such class or series as is received by other holders in respect of their shares of such same class or series of Company Securities; and

(b) Subject to clause (a) above, requiring the same form of consideration to be available to the holders of any single class or series of Company Securities, if any holders of any Company Securities are given an option as to the form and amount of consideration to be received as a result of the Proposed Sale, all holders of such Company Securities will be given the same option; provided, however, that nothing in this Section 4.2(b) shall entitle any holder to receive any form of consideration that such holder would be ineligible to receive as a result of such holder's failure to satisfy any condition, requirement or limitation that is generally applicable to the Company's stockholders.

5. Remedies.

5.1 Irrevocable Proxy and Power of Attorney. Laredo hereby constitutes and appoints as its proxy and hereby grants a power of attorney to any Person designated by Alleghany with respect to votes regarding any Sale of the Company pursuant to Section 4 hereof, and hereby authorizes such designee to represent and to vote, if, and only if Laredo (i) fails to vote or (ii) attempts to vote (whether by proxy, in person or by written consent), in a manner which is inconsistent with the terms of this Agreement, all of its Company Securities in favor of approval of any Sale of the Company pursuant to and in accordance with the terms and provisions of Section 4 or to take any action necessary to effect Section 4. Each of the proxy and power of attorney granted pursuant to the immediately preceding sentence is given in consideration of the agreements and covenants of the Company and Alleghany in connection with the transactions contemplated by this Agreement and, as such, each is coupled with an interest and shall be irrevocable unless and until this Agreement terminates or expires pursuant to Section 6 hereof. Laredo hereto hereby revokes any and all previous proxies or powers of attorney with respect to its Company Securities and shall not hereafter, unless and until this Agreement terminates or expires pursuant to Section 6 hereof, purport to grant any other proxy or power of attorney with respect to its Company Securities, deposit any of its Company Securities into a voting trust or enter into any agreement (other than this Agreement), arrangement or understanding with any person, directly or indirectly, to vote, grant any proxy or give instructions with respect to the voting of any of its Company Securities, in each case, with respect to any of the matters set forth herein.

5.2 Specific Enforcement. Each party acknowledges and agrees that each party hereto will be irreparably damaged in the event any of the provisions of this Agreement are not performed by the parties in accordance with their specific terms or are otherwise breached. Accordingly, it is agreed that each party shall be entitled to an injunction to prevent breaches of this Agreement, and to specific enforcement of this Agreement and its terms and provisions in any action instituted in any court of the United States or any state having subject matter jurisdiction.

5.3 Remedies Cumulative. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

6. Term and Termination.

6.1 Term and Termination. This Agreement shall not become effective unless and until the Royalty is converted into Common Stock in accordance with Section 3.4 of the Laredo License (the date that such effectiveness commences, the "Effective Date"), and shall continue in effect until and shall terminate upon the earlier to occur of (a) the consummation of a Sale of the Company and distribution of proceeds to or escrow for the benefit of the stockholders of the Company, provided that the provisions of Section 4 hereof will continue after the closing of any Sale of the Company to the extent necessary to enforce the provisions of Section 4 with respect to such Sale of the Company; or (b) termination of this Agreement by written consent of Alleghany and Laredo.

6.2 Termination of Transfer Restriction, Co-Sale Right and Drag-Along Right. The Transfer restriction pursuant to Section 3.1 with respect to Registrable Securities and other Company Securities held by Laredo, Laredo's co-sale right pursuant to Section 3.2 and Alleghany's drag-along right pursuant to Section 4 shall each terminate upon the closing of the IPO. For the avoidance of doubt:

(a) Laredo's right to request registration or inclusion of Registrable Securities in any registration pursuant to Section 2.1 shall continue after the closing of the IPO and until such right terminates pursuant to Section 2.10; and

(b) At any time following the 180th day after consummation of an IPO or any longer period agreed to by Laredo pursuant to Section 2.9 of this Agreement, Laredo shall have the right, exercisable in its sole and absolute discretion, to distribute all or a portion of its shares of the common stock of the Company to the shareholders of Laredo, at Laredo's sole cost and expense, without any need to obtain the consent of the Company or Alleghany. In the event of any such distribution by Laredo, the Company shall provide reasonable support, at Laredo's sole cost and expense, in order to facilitate such distribution; provided, however, that the foregoing obligation of the Company to provide reasonable support, at Laredo's cost and expense, shall not include any requirement on the part of the Company that it prepare and file a registration statement under the Securities Act unless the Company is eligible to use Form S-3 (or its successor form), and any such registration utilizing Form S-3 shall be at Laredo's sole costs and expense. Such right of registration utilizing Form S-3 for these purposes shall be in addition to the Laredo's right to demand a registration pursuant to Section 2.1(a) of this Agreement.

7. **Miscellaneous.**

7.1 Changes in Stock. If, from time to time during the term of this Agreement: (a) there is a dividend of any security, stock split or other change in the character or amount of any of the outstanding Company Securities, or (b) there is any consolidation or merger immediately following which the stockholders of the Company hold more than 50% of the voting equity securities of the surviving corporation, then, in such event, any and all new, substituted or additional securities or other property to which Laredo is entitled by reason of its ownership of Company Securities shall be immediately subject to the provisions of this Agreement and be included in the meaning of the terms "Registrable Securities" and "Company Securities" for all purposes of this Agreement with the same force and effect as the Registrable Securities and Company Securities presently subject to this Agreement.

7.2 Legends. All certificates of Laredo representing (a) any Registrable Securities or other Company Securities, and (b) any other securities issued in respect of the securities referenced in clauses (a), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall be stamped or otherwise imprinted with a legend substantially in the following form:

“THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.”

At any time at which any Registrable Securities or other Company Securities held by Laredo are no longer subject to this Agreement, Laredo may surrender such certificate to the Company for removal of such legend, and the Company shall duly issue a new certificate in replacement thereof without such legend

7.3 Governing Law. This Agreement shall be governed by, and construed and interpreted, in accordance with the internal laws of the State of New York without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties.

7.4 Force Majeure. No party shall be held responsible for any delay or failure in performance under this Agreement to the extent caused by strikes, embargoes, unexpected governmental and/or regulatory requirements (including, without limitation, moratoriums), court, administrative or governmental orders or decrees (including, without limitation, injunctions and/or cease and desist orders), civil or military authorities, acts of God, earthquake, or by the public enemy, or other causes reasonably beyond such party's control and without such party's fault or negligence (“Force Majeure Event(s)”). The affected party shall notify each unaffected party as soon as reasonably possible of the existence of such Force Majeure Event. Any time period for the performance by the affected party of any duties and obligations under this Agreement, and any time period for the satisfaction or accomplishment of any condition, event, milestone or deadline, shall be extended for a period of time equal to the duration of the Force Majeure Event(s). In addition, the affected party shall be excused from the performance of its obligations hereunder to the extent such performance is prevented or impeded by any such Force Majeure Event(s) for the duration of such Force Majeure Event(s).

7.5 Assignment. Notwithstanding anything to the contrary in this Agreement, Laredo shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of Alleghany, which Alleghany may withhold in its sole and absolute discretion. Any purported assignment by Laredo without the express prior written consent of Alleghany shall be null and void. For the purposes of this Section 7.5, the terms “assign” and “assignment” shall be deemed to include, without limitation, a Change of Control or the voluntary or involuntary dissolution or liquidation of Laredo. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

7 . 6 Notices. Any notice, report, communication or consent required or permitted by this Agreement shall be in writing and shall be sent (a) by prepaid registered or certified mail, return receipt requested, (b) by overnight express delivery service by an internationally recognized courier, for next business day delivery, or (c) via confirmed facsimile or telecopy, followed within fourteen (14) days by a copy mailed in the preceding manner, addressed to the other party at the address shown below or at such other address for which such party gives notice hereunder. Such notice will be deemed to have been given when actually delivered or, if delivery is not accomplished by some fault of the addressee, when tendered.

If to Laredo:

Laredo Oil, Inc.
111 Congress Avenue, Suite 400
Austin, Texas 78701
Facsimile: 817.753.2091
Attention: Mark See, Chief Executive Officer

With a copy to:

James L. Rice III, Esq.

Akin Gump Strauss Hauer & Feld LLP

1111 Louisiana Street, 44th Floor

Houston, Texas 77002-5200

Facsimile: 713.236.0822

If to the Company:

Stranded Oil Resources Corporation
c/o Alleghany Capital Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.8149
Attention: Mr. David Van Geyzel

With a copy to:

Alleghany Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.3295
Attention: Christopher K. Dalrymple, Vice President and General Counsel

If to Alleghany:

Alleghany Capital Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.8149
Attention: Mr. David Van Geysel

With a copy to:

Alleghany Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.3295
Attention: Christopher K. Dalrymple, Vice President and General Counsel

7.7 Modification; Waiver. This Agreement may not be altered, amended or modified in any way except by a writing signed by the parties hereto. The failure of a party to enforce any rights or provisions of this Agreement shall not be construed to be a waiver of such rights or provisions, or a waiver by such party to thereafter enforce such rights or provision or any other rights or provisions hereunder. No waiver shall be effective unless made in writing and signed by the waiving parties.

7 . 8 Construction. The parties hereto have jointly participated in the negotiations and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no rule of construction, presumption or burden of proof shall arise favoring one party or another concerning the interpretation of ambiguous provisions or otherwise by virtue of one party's presumed authorship of this Agreement or any provision hereof.

7 . 9 Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement; provided that if such reformation or striking would materially change the economic benefit of this Agreement to the parties hereto, such provision shall be modified in accordance with this Section 7.9 to obtain a legal, valid and enforceable provision and provide an economic benefit to the parties hereto that most nearly effects the parties' intent in entering into this Agreement.

7 . 10 Entire Agreement. The parties hereto acknowledge that this Agreement, together with the exhibits attached hereto, sets forth the entire agreement and understanding of the parties as to the subject matter hereof, and supersedes all prior and contemporaneous discussions, agreements and writings in respect hereto.

7.11 Headings. The section and paragraph headings contained in this Agreement are for the purposes of convenience only, and are not intended to define or limit the contents of the sections or paragraphs to which such headings apply.

7 . 1 2 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto.

[Next Page Is Signature Page]

[Signature Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of date first above written.

LAREDO
LAREDO OIL, INC., a Delaware corporation

COMPANY
STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

ALLEGHANY

ALLEGHANY CAPITAL CORPORATION, a Delaware Corporation

By: _____
Name: _____
Title: _____

la-1124519

MANAGEMENT SERVICES AGREEMENT

between

LAREDO OIL, INC., a Delaware corporation

and

STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

Dated as of June 14, 2011

MANAGEMENT SERVICES AGREEMENT

This MANAGEMENT SERVICES AGREEMENT (this "Agreement") is dated as of June 14, 2011 ("Agreement Date"), and is between LAREDO OIL, INC., a Delaware corporation ("Laredo"), and STRANDED OIL RESOURCES CORPORATION, a Delaware corporation ("the Company").

RECITALS

WHEREAS, the Company has been formed for the purpose of engaging in the business of, among other things, (a) the recovery and sale of stranded oil from an existing mature oil field with specific characteristics by using an enhanced oil recovery method known as "Underground Gravity Drainage", which uses conventional mining processes to establish a chamber underneath the oil field from where closely spaced wellbores can be drilled up into the oil reservoir, allowing gravity to drain the targeted reservoir through the wellbores; and (b) the creation, development and use of processes, procedures, protocols, formulae, criteria and methodology for determining which oil fields are more suitable for the recovery of such stranded oil through application of the UGD Process (referred to generally as the "Selection Process") (collectively, the "Business");

WHEREAS, concurrently herewith Laredo and the Company are entering into a certain License Agreement of even date herewith ("Laredo License") pursuant to which Laredo grants to the Company an exclusive license to use and exploit Laredo's intellectual property rights relating to the UGD Process and the Selection Process;

WHEREAS, concurrently herewith, Laredo and Mark See, an individual ("MS"), are entering into a certain License Agreement of even date herewith ("MS-Laredo License") pursuant to which MS grants to Laredo an exclusive license to use and exploit MS's intellectual property rights relating to the UGD Process and the Selection Process solely for the purpose of enabling Laredo to include MS's intellectual property in the intellectual property rights being licensed to the Company by Laredo pursuant to the Laredo License. MS is the President, Chief Executive Officer and Director of Laredo, and owns, directly or indirectly, and controls a majority of the issued and outstanding capital stock of Laredo;

WHEREAS, except as otherwise expressly provided in this Agreement, this Agreement shall remain in full force and effect without regard to the continued effectiveness of either the MS-Laredo License or the Laredo License;

WHEREAS, concurrently herewith, the Company and Alleghany Capital Corporation, a Delaware corporation ("Alleghany"), are executing and delivering a certain Funding Agreement of even date herewith ("Funding Agreement");

WHEREAS, the Company wishes to obtain the services of Laredo to assist the Company in managing the Business, subject to the overall direction and supervision of the Board of Directors of the Company and such management personnel of the Company as the Board of Directors may designate or authorize ;

WHEREAS, the management services to be provided by Laredo pursuant to this Agreement are intended to be rendered by the employees and/or contractors identified on Exhibit A attached hereto (the "Key Persons"), upon the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Laredo, on the one hand, and the Company, on the other, hereby agree as follows:

CERTAIN DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings specified:

“**Acquired Field No. 1**” shall have the meaning set forth in the Laredo License.

“**Acquired Field No. 2**” shall have the meaning set forth in the Laredo License.

“**Affiliate**” means as of the date of determination any Person that, directly or indirectly, through one or more intermediaries, is (and for so long as it is) controlled by, controls or is under common control with Laredo or the Company, as the case may be. The term “**control**” (including the terms **controlling**, **controlled by** and **under common control with**) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

“**Change of Control**” shall have the meaning set forth in the Laredo License.

“**Confidential Information**” has the meaning set forth in Section 12.

“**Corporate Event**” shall have the meaning set forth in the Laredo License.

“**Development Failure**” shall have the meaning set forth in the Laredo License.

“**Field**” shall have the meaning set forth in the Laredo License.

“**Effective Date**” means the Agreement Date.

“Event of Default” means the existence or occurrence of any one or more of the following: (a) any breach or failure on the part of Laredo to perform one or more of its duties and obligations under this Agreement or any Related Agreement and, if such breach or failure is capable of being cured or remedied, such breach or failure is not cured or remedied (i) within thirty (30) days after Laredo receives written notice of such breach or failure or (ii) if any other cure period for such breach or failure is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (b) the breach or inaccuracy of any representation or warranty made by Laredo in this Agreement or any Related Agreement and, if such breach or inaccuracy is capable of being cured or remedied, such breach or inaccuracy is not cured or remedied (i) within thirty (30) days after Laredo receives written notice of such breach or inaccuracy or (ii) if any other cure period for such breach or inaccuracy is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (c) any breach or failure on the part of Laredo to perform one or more of its duties and obligations under any other written agreement with any Person other than the Company if such breach or failure materially and adversely affects or is reasonably expected to materially and adversely affect Laredo’s ability to perform its duties and obligations under this Agreement or any Related Agreement; (d) the failure, refusal or inability of Mark See to render the Services required to be rendered by him in accordance with the terms and conditions of this Agreement (including Exhibit A hereto), regardless of the reason for such failure, refusal or inability, including, without limitation, by reason of the death or disability of Mark See or the cessation of Mark See’s employment with Laredo (unless Mark See becomes a full-time employee of the Company, with the consent of the Company, upon his cessation of his employment with Laredo); (e) the occurrence of any “Event of Default” (as this term is defined in the Laredo License); (f) the occurrence of any “Event of Default” (as this term is defined in the MS-Laredo License); (g) any termination of the Laredo License and/or the MS-Laredo License, including, without limitation, any such termination or deemed termination in any bankruptcy proceeding; and/or (h) the commencement of any lawsuit or administrative proceeding by any Person or governmental entity or agency or self regulatory organization, or the commencement or initiation of any investigation by any governmental entity or agency or self regulatory organization, based upon or arising out of any conduct or activity, or any alleged conduct or activity, which if such conduct or activity occurred in whole or in part would also constitute or result in a breach of the representations and warranties set forth in Sections 10.2(k) and/or 10.2(l).

“Management Services Fees” means collectively the Monthly Management Services Fees and the Quarterly Management Services Fees.

“Monthly Management Services Fee” and **“Monthly Management Services Fees”** shall have the meaning set forth in Section 5.1.

“Person” or **“person”** means any individual, sole proprietorship, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, trust, association, fund, firm or other entity.

“Quarterly Management Services Fee” and **“Quarterly Management Services Fees”** shall have the meaning set forth in Section 5.2.

“Related Agreements” means and includes all of the following: (a) the Laredo License; (b) the MS-Laredo License; (c) that certain Loan Agreement dated as of November 22, 2010 between Alleghany and Laredo; (d) that certain Senior Promissory Note dated November 22, 2010 made by Laredo; (e) that certain Loan Agreement dated as of April 6, 2011 between Alleghany and Laredo; (f) that certain Senior Promissory Note dated April 6, 2011 made by Laredo; (g) the Additional Interests Grant Agreement (as this term is defined in the Laredo License); and (h) any other written agreement entered into either as of the Effective Date or after the Effective Date between the Company and/or its Affiliates, on the one hand, and Laredo and/or its Affiliates, on the other hand.

“Receiving Party” has the meaning set forth in Section 12.

"Test Well" shall have the meaning set forth in the Laredo License.

AGREEMENT

1. Term and Termination.

1.1. Term. The initial term of this Agreement shall commence on the Effective Date and, unless sooner terminated pursuant to this Section 1, shall expire on the day before the third (3rd) anniversary of the Effective Date ("Initial Term"); provided, however, that at the expiration of the Initial Term and each "Renewal Term" (as defined below), the term of this Agreement shall automatically continue for successive periods of one year each (with each such successive year period being referred to herein as a "Renewal Term"), unless at least thirty (30) days prior to the end of the Initial Term or the then current Renewal Term, as the case may be, the Company delivers written notice of non-renewal ("Non-Renewal Notice"), in which event this Agreement shall terminate as of the end of the Initial Term or the then current Renewal Term, as applicable. The date on which this Agreement expires or is terminated (either by reason of non-renewal or otherwise) pursuant to the provisions of this Section 1 shall be referred to herein as the "Termination Date." The capitalized word "Term" as used herein shall mean the period beginning on the Effective Date and ending on the Termination Date.

1.2. Termination by Company.

(a) Notwithstanding anything to the contrary set forth in this Agreement, at any time following the first (1st) anniversary of the Effective Date the Company shall have the right, exercisable in its sole and absolute discretion, to terminate this Agreement at any time without any cause or reason upon sixty (60) days prior written notice to Laredo.

(b) Notwithstanding anything to the contrary set forth in this Agreement, the Company shall have the right, exercisable in its sole and absolute discretion, to terminate this Agreement upon the occurrence of any Event of Default or at any time thereafter by giving Laredo written notice of such termination.

1.3. Termination by Laredo. Laredo shall have the right, exercisable in its sole and absolute discretion, to terminate this Agreement by giving the Company at least ninety (90) days prior written notice of such termination if (a) there is a Development Failure, the Company fails to cure or remedy such Development Failure within such 90-day period, and Laredo exercises its right to terminate the exclusivity of the license granted to the Company under the Laredo License pursuant to Section 8.2(a) of the Laredo License; or (b) the Company fails to pay the Monthly Management Service Fees and/or the Quarterly Management Services Fees when due under this Agreement and the Company fails to cure or remedy such failure to pay within such 90-day period; provided, however, that Laredo shall not have the right to terminate this Agreement if an Event of Default exists and is continuing as of the date on which Laredo exercises such right.

1.4. Termination By Reason of Unsatisfactory Test Well Results. The Company shall have the right to terminate this Agreement if Alleghany and/or the Company determine, in its or their sole and absolute discretion, that the Test Well results for Acquired Field No. 1 or Acquired Field No. 2 and/or any third party reserve reports for Acquired Field No. 1 or Acquired Field No. 2, is or are unsatisfactory.

1.5. Termination Upon Termination of Certain Related Agreements. Notwithstanding anything to the contrary set forth in this Agreement, the Company shall have the right to terminate this Agreement upon or at any time after the Laredo License and/or the MS-Laredo License is terminated, including, without limitation, any such termination or deemed termination in any bankruptcy proceeding.

1.6. Effect of Termination. The termination or expiration of this Agreement does not relieve any of the parties of their obligations or liabilities under or in respect of this Agreement accruing or arising prior to the Termination Date.

1.7. Decision by Company Not To Use the Services of a Key Person. Notwithstanding anything contained in this Agreement to the contrary, the Company shall have the right, at any time, with or without cause or reason, or for no reason at all, to notify Laredo that it no longer wants one or more individual Key Persons to render the Services, in which event the "Monthly Management Services Fee" referred to in Section 5 of this Agreement shall be adjusted accordingly based upon the Initial or Adjusted Monthly Base Salaries allocated for such Key Person, as applicable, as set forth in Exhibit B.

2. Services.

2.1. Services.

(a) On the terms and subject to the conditions of this Agreement, Laredo hereby agrees to assist the Company in managing the Business by providing the following services (hereinafter collectively referred to as the "Services") through the Key Persons, whose services shall be loaned to the Company for such purposes: (a) the Services set forth on Exhibit A attached hereto; and (b) such knowledge, assistance and cooperation as the Company may request in connection with the Company's preparation of its business plans, annual budgets and reports, and quarterly budgets and reports. Laredo shall exercise commercially reasonable efforts to cause the Key Persons to render the Services to the Company. Such Services shall be rendered to the Company and/or to such divisions, subsidiaries and affiliates of the Company as the Company may, from time to time, specify. Notwithstanding anything which may be contained in this Agreement to the contrary, all of the Services shall be rendered subject to the overall supervision and direction of the Board of Directors of the Company and such management personnel of the Company as the Board of Directors may designate or authorize.

(b) If requested by the Company, Mark See shall have such titles and hold such positions within the Company, and have such authority to act on behalf of the Company, as the Company may, from time to time, designate, and he shall serve in such capacities and exercise such authority solely at the pleasure and subject to the discretion and supervision of the Board of Directors of the Company.

2.2. Additional Employees and Contractors. From time to time during the Term, the services of additional employees of Laredo and the services of independent contractors engaged by Laredo may be required in order to render the Services (or such additional services as Laredo and the Company may mutually agree upon), in which event such additional employees and such independent contractors shall become "Key Persons" hereunder and Exhibit A and Exhibit B shall be modified accordingly, subject to the mutual agreement of the Company and Laredo, including the mutual agreement of the Company and Laredo with respect to the additional "Monthly Management Services Fee" to be charged for such additional services to be rendered by such additional employees and such independent contractors, it being understood that the additional "Monthly Management Services Fee" for any independent contractors shall be equal to the amount payable by Laredo to such independent contractors under the terms of the agreement between Laredo and such independent contractors without any mark-up or provision for benefits. As a condition to the effectiveness of the addition of such additional employees and independent contractors as "Key Persons" hereunder, each such additional employee shall execute and deliver to the Company an "Inducement Letter" in the form of Appendix A hereto and each such independent contractor shall execute and deliver to the Company an "Inducement Letter" substantially in the form of Appendix A hereto.

2.3. Laredo Agreements With Key Persons. Laredo and each Key Person shall have executed an offer letter, employment agreement or independent contractor agreement, or an appropriate amendment to any such pre-existing agreement, as applicable, which expressly provides that such Key Person agrees to provide his or her services to the Company as a "Key Person" hereunder and execute and deliver the Inducement Letter in the form or (in the case of an independent contractor, substantially in the form) of Appendix A hereto.

2.4. No Solicitation of Key Persons. Notwithstanding anything to the contrary contained in this Agreement, during the Term and so long as a Key Person is employed by Laredo, the Company shall not, without the consent of Laredo, solicit any such Key Person to terminate his or her employment with Laredo and become a direct employee of the Company; provided, however, that the foregoing restriction shall not apply if such solicitation occurs in connection with a Corporate Event.

3. Inducement Letters; Time Devoted.

3.1. Inducement Letters. Concurrently herewith, each Key Person shall execute and deliver to the Company an "Inducement Letter" in form and substance as Appendix A annexed to this Agreement (or in the case of an independent contractor, substantially in the form of Appendix A hereto as determined by the Company). The effectiveness of this Agreement is contingent upon the execution and delivery of such Inducement Letter by Mark See and Brad Sparks. With respect to each of Donald Missey and Jonathan Richter, the payment of the "Monthly Management Services Fees" attributable to each such Key Person shall not be payable unless and until such Key Person is hired by Laredo as full-time employee pursuant to a written offer letter or employment agreement which provides that such Key Person will perform the job and render the Services to the Company applicable to such Key Person as set forth in Exhibit A, and such Key Person executes and delivers an Inducement Letter. With respect to each unnamed Key Person set forth in Exhibit A, the payment of the "Monthly Management Services Fees" attributable to such Key Person shall not be payable unless and until such Key Person is identified by Laredo, approved by the Company in its sole and absolute discretion, and hired by Laredo as full-time employee pursuant to a written offer letter or employment agreement which provides that such Key Person will perform the job and render the Services to the Company applicable to such Key Person as set forth in Exhibit A, and such Key Person executes and delivers an Inducement Letter.

3.2. Time Devoted. During the Term, each of the Key Persons will devote, and Laredo shall exercise its best efforts to cause each such Key Person to devote, substantially all of his or her business time and attention to the rendition of the Services applicable to each such Key Person as set forth in Exhibit A.

4. Covenants of Laredo.

4.1. Covenants of Key Persons in Inducement Letter. During the Term and thereafter, Laredo shall exercise its best efforts to (a) cause each Key Person to perform and abide by all of such Key Person's covenants, duties and obligations under this Agreement and/or under or in the Inducement Letter executed and delivered by such Key Person; (b) cause each such Key Person to adhere to, abide by, and otherwise performs, all of such Key Person's duties and obligations under any offer letter, employment agreement or independent contractor agreement, as applicable, between Laredo and such Key Person.

4.2. Termination of Key Persons. During the Term, Laredo shall not, without the prior written consent of the Company (which consent shall not be unreasonably withheld), terminate the employment of any Key Person or remove any Key Person from performing the duties commensurate with the job title/description set forth on Exhibit A annexed hereto, except as a result of any decision by the Company pursuant to Section 1.7 of this Agreement to not utilize the services of a Key Person.

4.3. Compensation Payments to Key Persons. Laredo hereby agrees to make or cause to be made when due all payments of compensation which may be required to be remitted to each Key Person under the terms of such Key Person's employment agreement or offer letter with Laredo, and to make such deductions and withholdings from and payments on account of such compensation (including, without limitation, all payments of taxes and other contributions which may arise out of the Services to be rendered by Key Person hereunder) as are required or permitted to be deducted and withheld from, or paid on account of, compensation paid to an employee under the provisions or mandate of any governmental or administrative law, statute, regulation or authority or any applicable union agreement, and to otherwise fulfill all obligations of an employer with respect to the Services of each Key Person, including, without limitation, the securing of workers' compensation (as Key Person's general employer) or other insurance coverage which may be required to be secured by Laredo with respect to each such Key Person's Services hereunder, and the timely filing of all reports and returns which are required by any governmental, union or other applicable authority.

4.4. Workers' Compensation. Notwithstanding that Laredo is furnishing the Key Person's services to the Company hereunder (as distinguished from the direct employment of the Key Person by the Company), for the purposes of any applicable Workers' Compensation statute, an employment relationship exists between the Key Person and the Company whereby the Company is the Key Person's special employer hereunder and Laredo is the Key Person's general employer (as the terms "special employer" and "general employer" are understood for purposes of Workers' Compensation statutes). As between the Company and Laredo, the Company, rather than Laredo, shall have the exclusive right to direct and control the performance of the Key Person's Services hereunder, including, without limitation, the manner and means by which the Key Person will perform and render such Services. For purposes of any applicable Workers' Compensation statute, the Company is the special employer of any other person(s) (hereinafter "other special employee") whose services are furnished to the Company by any corporation or other entity under an agreement pursuant to which the Company has the right to direct and control the performance of such other special employee's services. For purposes of determining the rights and remedies, if any, of each Key Person and/or each Key Person's heirs, executors, administrators, successors and assigns against the Company and/or its agents and/or employees by reason of injury, illness, disability or death arising out of and occurring in the course of this employment and/or any disability or death suffered by such Key Person as a result of such injury or illness, the following shall apply:

(a) The rights and remedies, if any, of such Key Person and/or such Key Person's heirs, executors, administrators successors and assigns against the Company and/or its agents and/or employees (including, without limitation, any other special employee) by reason of such injury, illness, disability or death shall be governed by and limited to those provided under such Workers' Compensation statute;

(b) Neither the Company nor the Company's agents or employees shall have any obligation or liability to Laredo by reason of any such injury, illness, disability or death;

(c) Neither Laredo nor such Key Person nor any of such Key Person's heirs, executors, administrators, successors or assigns shall assert any claim or bring any action by reason of such injury, illness, disability or death against any corporation or other entity which furnishes to the Company the services of any other special employee; and

(d) If the applicability of any Workers' Compensation statute to the engagement of such Key Person's services hereunder is dependent upon (or may be affected by) an election on Laredo's, the Company's or such Key Person's part, such election is hereby made in favor of such application.

(e) If, in the sole view of the Company, the foregoing provisions of this Section 4.4 are inadequate to protect the Company under the specific worker compensation laws or regulations of the state of residence or work of any specific Key Person, Laredo agrees to cooperate with the Company and make such changes to the provisions of this Section 4.4 as may be reasonably requested by the Company by executing an amendment to this Agreement, or through the mechanism of the Inducement Letter for such Key Person countersigned by Laredo, as determined by the Company.

4.5. Third Party Confidential Information. Laredo shall not, and shall ensure that the Key Persons do not, use or disclose to Company any Confidential Information of any third party.

5 . Management Services Fees and Expenses. In consideration of the rendition of the Services, during the Term, and subject to the other terms and conditions set forth in this Agreement, the Company will pay to and/or reimburse Laredo for all of the following:

5 . 1 . Monthly Management Services Fees. For each month during the Term, the Company shall pay to Laredo an amount (each, a "Monthly Management Services Fee" and collectively, the "Monthly Management Services Fees") equal to the sum of the amounts set forth in subparagraphs (a) and (b) below, subject to the provisions of Sections 5.1(c) and (d) below:

(a) The Initial Monthly Base Salaries for the Key Persons as set forth in Exhibit B attached hereto. If Alleghany and the Company determine, in their sole and absolute discretion, that the Test Well results for Acquired Field No. 1 or Acquired Field No. 2 and/or any third party reserve reports for Acquired Field No. 1 or Acquired Field No. 2, is or are satisfactory, and Alleghany otherwise determines to proceed with the development of Acquired Field No. 1 or Acquired Field No. 2, then from and after the date of such determination the Initial Monthly Base Salaries shall be increased to the amount set forth in Exhibit B under the column entitled "Adjusted Monthly Base Salaries".

(b) Laredo's share of the following amounts incurred by Laredo with respect to the Initial Monthly Base Salaries and Adjusted Monthly Base Salaries paid to the Key Persons:

- (i) FICA;
- (ii) Medicare;
- (iii) Long-Term Disability, Vision and Dental Insurance;
- (iv) State Unemployment Insurance;
- (v) Worker's Compensation Insurance; and
- (vi) Health Insurance

(c) The amounts set forth in subparagraphs (a) and (b) above shall be included as part of a Monthly Management Services Fee only if and to the extent such amounts are actually incurred by Laredo in the applicable month.

(d) Each Monthly Management Services Fee shall be payable on the first (1st) day of each month during the Term; provided, however, that the Monthly Management Services Fee payable for the period from the Effective Date through the end of the calendar month in which the Effective Date occurs shall be pro-rated based upon the number of days in such period and shall be paid within three (3) business days after the Effective Date.

(e) At least twenty (20) days prior to the first day of each month during the Term, Laredo shall deliver to the Company a reasonably detailed invoice for the Monthly Management Services Fee payable in respect of the following month ("Monthly Invoice"). Each Monthly Invoice shall include in reasonable detail the Initial or Adjusted Monthly Base Salary, as applicable, for each Key Person and the amounts payable on account of the items referred to in Section 5.1(b)(i) through (b)(vi) above for each Key Person.

5.2. Quarterly Management Services Fee. In addition to the foregoing, the Company shall pay to Laredo an amount (each, a "Quarterly Management Services Fee" and collectively, the "Quarterly Management Services Fees") equal to One Hundred Twenty-Two Thousand Five Hundred Dollars (\$122,500.00) per calendar quarter. Each Quarterly Management Services Fee shall be payable on the first (1st) day of each calendar quarter during the Term; provided, however, that if the Effective Date occurs in June 2011, the first Quarterly Management Services Fee shall be the full amount of such Quarterly Management Services Fee for the calendar quarter ending June 30, 2011, and such first Quarterly Management Services Fee shall be paid within three (3) business days after the Effective Date.

5.3. Expenses. Laredo shall be responsible for reimbursing the Key Persons directly for any expenses incurred by the Key Persons in connection with the rendition of the Services ("Key Persons' Expenses"). In addition to the Management Services Fees, the Company shall reimburse Laredo (and not the Key Persons) for all Key Persons' Expenses if and to the extent such Key Persons' Expenses meet all of the following requirements: (a) such Key Persons' Expenses are customary and reasonable out-of-pocket business expenses (including business travel expenses) actually incurred by the Key Persons in connection with the rendition of the Services under this Agreement; (b) such Key Persons' Expenses are proper reimbursable business expenses under the Company's standard business expense reimbursement policy then in effect (the "Expense Policy"); (c) the incurrence of such Key Persons' Expenses in excess of Five Thousand Dollars (\$5,000.00) are approved in writing and in advance by the Company; and (d) Laredo provides the Company with appropriate documentation in a timely manner, in accordance with the Expense Policy, reflecting the amount of such Key Persons' Expenses and the fact that such Expenses satisfy the requirements set forth in subparagraphs (a) through (c) above. Expense reimbursements shall be made by the Company not more often than once per calendar month.

5.4. Additional Funding. From time to time during the Term, Laredo may submit written requests to the Company for additional funding for payment of Laredo's operating costs and expenses ("Additional Funding Request"). Each Additional Funding Request shall contain reasonably detailed information as to the projected cash flow of Laredo, an explanation of why such funds are needed by Laredo, a statement to the effect that such funds will be used solely to pay for Laredo's operating expenses not otherwise covered by the payments made by the Company under this Agreement, and a reasonably detailed list of the operating expenses to be paid with such funds. In addition, Laredo shall provide to the Company such additional information regarding the Additional Funding Request as the Company may reasonably request. After receiving the foregoing information, the Company shall determine, in its sole and absolute discretion, whether to fund the amounts requested in the Additional Funding Request or any portion thereof. Laredo understands and agrees that the Company shall have no obligation to fund any Additional Funding Request or any portion thereof.

5.5. Treatment of Funds Received by Company From Alleghany for Payments under Management Services Agreement. To the extent the Company receives funds from Alleghany to enable the Company to make the payments required to be made by the Company under this Agreement, or to enable the Company to fund any Additional Funding Request which the Company has decided, in its sole and absolute discretion, to fund to Laredo, such funds from Alleghany shall constitute "Preferred Stock Capital" (as this term is defined in the Laredo License).

6. Status of Laredo and Key Persons. Laredo and the Key Persons shall at all times constitute independent contractors. Nothing in this Agreement is intended to or shall be construed to create the relationship of employer-employee or any other relationship or status other than that of independent contractor. Laredo agrees, and by execution of Appendix A attached hereto, the Key Persons acknowledge and agree, that during the Term of this Agreement, neither the Company nor any of its Affiliates shall provide, and the Key Persons shall not be entitled to or eligible for, any vacation, sick leave, retirement or pension benefits, social security, workers' compensation, disability or employment benefits, or other employee benefits of any kind or nature whatsoever. To the extent that any Key Persons may become eligible for any benefit programs of the Company or any of its Affiliates (regardless of the timing of or reason for such eligibility), such Key Person waives all rights to participate in such programs. Laredo and the Key Persons understand that the Company will not make any deductions for withholding or the like for or on account of such Key Persons from any of the payments required to be made by the Company under this Agreement to the Company.

7. No Contractual Authority. Neither Laredo nor any of the Key Persons shall have any right, capacity or authority to execute any documents or agreements, on behalf of the Company or otherwise bind the Company in any manner whatsoever, except to the extent approved or authorized by the Board of Directors of the Company.

8. Work for Hire. Any and all works created under or in connection with this Agreement, including, without limitation, the results and proceeds of Laredo's and/or any and/or all of the Key Persons' services under this Agreement, including without limitation, the Services (all of the foregoing items shall collectively be referred to as the "Works") shall be and remain Company's sole and exclusive property. Without limiting the foregoing, Laredo, on behalf of Laredo and the Key Persons, acknowledges that the Works shall be deemed to be "works made for hire" (as defined in the U.S. Copyright Act) and neither Company nor any of the Key Persons shall retain any ownership or other rights whatsoever in or to said Works. If any Work is not deemed to constitute a "work made for hire," Laredo, on behalf of Laredo and the Key Persons, hereby irrevocably assigns and transfers, and shall irrevocably assign and transfer, to Company in perpetuity any and all rights of any kind or character, in any and all media whether now known or hereafter discovered or invented, throughout the universe, which Laredo and/or any of the Key Persons may possess in and to such Work, without reservation, condition or limitation. If Laredo and/or any of the Key Persons have any rights, title and/or interests in the Works that cannot be assigned to Company as provided above, whether now or hereinafter known, Laredo, on behalf of Laredo and the Key Persons, hereby unconditionally waives such rights (including, but not limited to, the "droit moral" or "moral rights of authors" or any similar rights in and/or to such rights, title and/or interests) and the enforcement thereof, and all claims and causes of action of any kind with respect to any of the foregoing and hereby grants to Company an exclusive, perpetual, irrevocable, fully paid-up, royalty-free, transferable, sublicensable (through multiple levels of sublicensees), worldwide right and license to reproduce, distribute, display and perform (whether publicly or otherwise), prepare derivative works of and otherwise modify, make, have made, sell, offer to sell, import, export and otherwise use and exploit (and have others exercise such rights on behalf of Company) such right, title and interest, including, without limitation, the right to use in any way whatsoever the same. Laredo shall (and shall cause the Key Persons to) execute any and all documents and do such other acts requested at any time by Company as may be required to evidence, confirm and/or further effect the rights granted to Company under this Agreement. If Laredo and/or any of the Key Persons fail to execute and deliver any such documents and instruments promptly upon request therefor by Company, Company is hereby authorized and appointed attorney-in-fact of and for Laredo and the Key Persons to make, execute and deliver any and all such documents and instruments, it being understood that such power is coupled with an interest and is therefore irrevocable. Without limiting the foregoing, if any Works are based upon any idea(s) or other material(s) created by Laredo and/or any of the Key Persons, Company shall own and be entitled to the same rights in and to such idea(s) and other material(s) as Company is acquiring hereunder in the applicable Works.

9 . No Obligation to Use Services. Notwithstanding anything to the contrary contained in this Agreement, the Company shall not be obligated to actually utilize the services of Laredo and/or any Key Person.

10. Representations and Warranties of the Company.

10.1. Representations, Warranties and Covenants of the Company. The Company represents, warrants and covenants that, as of the Effective Date:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all necessary corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.

(b) The execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action on the part of the Company.

(c) This Agreement has been duly executed and delivered by the Company, and constitutes legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its terms.

(d) There is no action, suit, proceeding or other claim pending or threatened against the Company or any of its officers, directors or shareholders which, if successfully pursued against the Company or such officers, directors or shareholders, would prevent the Company from performing its obligations under this Agreement, or would cause any of the representations or warranties made by the Company in this Agreement to be or become inaccurate or incomplete or breached, or otherwise cause the Company to be in breach of any other agreement to which it is a party or by which it is bound.

(e) Neither the execution and delivery by the Company of this Agreement nor the performance by the Company of its duties and obligations hereunder will conflict with, or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or to loss of a material benefit under, any provision of (i) the organizational and governance documents of the Company, (ii) any contract, lease, license, indenture, agreement, commitment or other legally binding arrangement (a "Contract") to which the Company is a party or by which any of its properties or assets is bound or (iii) any judgment, order, writ, stipulation, decree determination, award, compliance agreement, settlement agreement, injunction, ruling, judicial or administrative order, determination or other restriction of any governmental entity or arbitrator ("Judgment") or foreign, federal, state or local law (including common law), statute, treaty, rule, directive, regulation, ordinances and similar provisions having the force or effect of law or an Judgment of any Governmental Entity ("Law") applicable to the Company.

(f) No consent, approval, license, permit, order or authorization ("Consent") of, or registration, declaration or filing with, any governmental or non-governmental entity is required to be obtained or made by or with respect to the Company in connection with the execution, delivery and performance of this Agreement.

10.2. Representations, Warranties and Covenants of Laredo. Laredo represents, warrants and covenants that, as of the Effective Date:

(a) Laredo is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has all necessary corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby.

(b) The execution, delivery and performance of this Agreement have been duly authorized by all requisite corporate action on the part of Laredo.

(c) This Agreement has been duly executed and delivered by Laredo, and constitutes legal, valid and binding obligations of Laredo, enforceable against Laredo in accordance with its terms.

(d) There is no action, suit, proceeding or other claim pending or threatened against Laredo or any of its officers, directors or shareholders which, if successfully pursued against Laredo or such officers, directors or shareholders, would prevent Laredo from performing its obligations under this Agreement, or would cause any of the representations or warranties made by Laredo in this Agreement to be or become inaccurate or incomplete or breached, or otherwise cause Laredo to be in breach of any other agreement to which it is a party or by which it is bound.

(e) Neither the execution and delivery by Laredo of this Agreement nor the performance by Laredo of its duties and obligations hereunder will conflict with, or result in any violation or breach of or default (with or without notice or lapse of time, or both) under, or give rise to a right of, or result in, termination, cancellation or acceleration of any obligation or to loss of a material benefit under, any provision of (i) the organizational and governance documents of Laredo, (ii) any Contract to which Laredo is a party or by which any of its properties or assets is bound or (iii) any Judgment or Law applicable to Laredo.

(f) No Consent of, or registration, declaration or filing with, any governmental or non-governmental entity is required to be obtained or made by or with respect to Laredo in connection with the execution, delivery and performance of this Agreement.

(g) Laredo has a valid, binding and subsisting employment agreement with each of the Key Persons pursuant to which the Key Persons are obligated to render the Services hereunder throughout the Term and the Company is entitled to all services of the Key Persons which are or will be required to be performed by the Key Persons under this Agreement;

(h) When executed and delivered by the Key Persons, the Appendix constitutes the legal, valid and binding obligation of each of the Key Persons, and is enforceable against the Key Persons in accordance with its terms;

(i) Neither Laredo nor the Key Persons are subject to any obligation or disability which will or might prevent or interfere with the full completion and performance of all of the obligations and conditions to be kept and performed by Laredo and/or the Key Persons under this Agreement;

(j) The Works will not infringe upon, misappropriate or violate any Intellectual Property Right (as this term is defined in the Laredo License and the MS License) of any Person;

(k) Except as set forth in any document filed by Laredo with the Securities Exchange Commission prior to the Effective Date, neither Laredo, nor any of its officers, directors, employees, agents or representatives, has disclosed to or discussed with any Person (other than Laredo's officers, directors, accountants, their legal counsel and legal counsel to the Special Committee of the Board of Directors), any non-public information regarding this Agreement or any Related Agreement, or the terms or conditions of this Agreement or any Related Agreement, or the fact that discussions or negotiations were taking place with respect to the transactions contemplated under this Agreement or under any Related Agreement; and

(l) No officer, director or employee of Laredo has engaged in any of the following conduct or activities: (i) purchased or sold any securities of Laredo while in the possession of material non-public information relating to Laredo, including, without limitation, material non-public information relating to this Agreement or any Related Agreement or the transactions contemplated hereunder or thereunder; (ii) recommended or suggested to any Person the purchase or sale of Laredo's securities while in the possession of material information that has not been publicly disclosed by Laredo; and/or (iii) assisted anyone engaged in any of the above conduct or activities.

For purposes of an Event of Default, any breach of the representations and warranties set forth in Sections 10.2(k) and/or 10.2(l) above shall be deemed not capable of being cured or remedied.

11. Indemnification.

11.1. Indemnification by Laredo. Laredo shall indemnify, hold harmless and defend, with counsel selected by Laredo, and approved by the Company, which approval shall not be unreasonably withheld, the Company and each of its past, present and future directors, officers, employees, agents, representatives, attorneys, subsidiaries, partners, parent and affiliated entities and their respective predecessors, successors, and assigns (collectively with the Company, the "Company Indemnitees") from and against any and all claims, demands, liabilities, losses, damages, rights of action, causes of action, costs and expenses, charges, fines, penalties, awards, judgments and assessments (including, without limitation, reasonable attorneys' fees, court costs and litigation expenses) (collectively, the "Claims and Losses") suffered or incurred or otherwise asserted against any Company Indemnitee, if such Claims and Losses are in connection with, or arise out of, or result from, or are claimed to be in connection with, arise out of or result from, in whole or in part, any of the following: (a) any breach of or failure of performance with respect to any covenant or agreement required to be performed by Laredo under this Agreement; (b) the inaccuracy or breach of any representation or warranty made by or on behalf of Laredo under this Agreement; (c) the failure of Laredo to properly make any and all such deductions, withholdings or similar payments required under applicable law in connection with the compensation payable by Laredo to the Key Persons; and (d) any claim asserted and/or action brought by any Key Person or any other party (whether against Laredo, the Company, the Company's agents and/or employees, including, without limitation, any other special employee, and/or any corporation or other entity which furnishes to the Company the services of any other special employee) by reason of any injury, illness, disability or death, other than any claim or action permitted under applicable Workers' Compensation laws, rules and regulations.

11.2. Indemnification By the Company. The Company shall indemnify, hold harmless and defend, with counsel selected by the Company, and approved by Laredo, which approval shall not be unreasonably withheld, Laredo and each of its past, present and future directors, officers, employees, agents, representatives, attorneys, subsidiaries, partners, parent and affiliated entities and their respective predecessors, successors, and assigns (collectively with Laredo, the "Laredo Indemnitees") from and against any and all Claims and Losses suffered or incurred or otherwise asserted against any Laredo Indemnitee, if such Claims and Losses are in connection with, or arise out of, or result from, or are claimed to be in connection with, arise out of or result from, in whole or in part, any of the following: (a) any breach or failure of performance with respect to any covenant or agreement required to be performed by the Company under this Agreement; and (b) the inaccuracy or breach of any representation or warranty made by or on behalf of the Company under this Agreement.

11.3. Procedures.

- (a) Third Party Claims.

(i) In order for a Person (the "Indemnified Party") to be entitled to any indemnification provided for under this Section 11 in respect of, arising out of or involving a claim made by any third Person against the Indemnified Party (a "Third Party Claim"), such Indemnified Party must notify the Person obligated to provide indemnification under this Section 11 (the "Indemnifying Party") in writing of the Third Party Claim promptly following receipt by such Indemnified Party of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided under this Agreement except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, promptly following the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim.

(ii) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party shall be entitled to assume the defense thereof by written notice to the Indemnified Party within ten (10) days after the Indemnifying Party's receipt of the notice of the Third Party Claim contemplated by paragraph (i) above with counsel selected by the Indemnifying Party, in its sole and absolute discretion, and approved by the Indemnified Party, which approval shall not be unreasonably withheld; provided that such counsel is not reasonably objected to by the Indemnified Party; and provided further that notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume control of such defense and, instead, shall pay the reasonable legal fees, costs and expenses of counsel retained by the Indemnified Party if (A) the claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (B) the claim seeks an injunction or equitable relief against the Indemnified Party, (C) the Indemnifying Party failed or is failing to reasonably prosecute or defend such claim, (D) assuming such claim is determined adversely, such claim could reasonably be expected to give rise to Losses which such Indemnifying Party is unable to pay or which could be reasonably expected to exceed the ability of such Indemnifying Party to pay, or (E) in the Indemnified Party's reasonable judgment based upon a written opinion from such Indemnified Party's counsel, a conflict of interest between the Indemnified Party and the Indemnifying Party exists with respect to the claim.

(iii) If the Indemnifying Party assumes the defense of a Third Party Claim, (1) the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof and (2) in addition to the rights set forth in subparagraph (iv) below, the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party. The Indemnifying Party shall be liable for the fees, costs and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof (including in respect of Third Party Claims the defense of which the Indemnifying Party was not entitled to assume or continue in accordance with the second proviso of the first sentence of paragraph (ii)).

(iv) The Indemnified Party shall have the right to control the defense of any Third Party Claim, including any Third Party Claim the defense of which has been assumed by the Indemnifying Party. Without limiting the generality of the foregoing, all important legal and strategic decisions with respect to the defense of such Third Party Claim shall be made by the Indemnified Party and the Indemnifying Party shall not admit any liability with respect to any Third Party Claim, or settle, compromise or discharge any Third Party Claim, in each case without the prior written consent of the Indemnified Party.

(v) If the Indemnifying Party assumes the defense of a Third Party Claim, all the Indemnified Parties shall cooperate in the defense or prosecution thereof. Such cooperation shall include the retention and (upon the Indemnifying Party's request) provision to the Indemnifying Party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any materials provided hereunder.

(vi) The indemnification with respect to an Indemnifying Party's obligation to pay legal fees and other costs and expenses of defense of a Third Party Claim required by this Section 11 shall be made by periodic payments of the amount thereof during the course of the investigation or defense of the Third Party Claim, as and when bills are received.

(vii) All claims under this Section 11 other than Third Party Claims shall be governed by Section 11.3(b) below.

(b) Direct Claims. If any Indemnified Party should have a claim against any Indemnifying Party under this Section 11 that does not involve a Third Party Claim being asserted against or sought to be collected from such Indemnified Party (any such claim, a "Direct Claim"), the Indemnified Party shall deliver notice of such Direct Claim with reasonable promptness to the Indemnifying Party (which notice shall set forth in reasonable detail the basis upon which such Indemnified Party believes it is entitled to indemnification pursuant to this Section 11 and the amount of Losses it is seeking recovery from the Indemnified Party); provided that the failure to give such notification shall not affect the indemnification provided under this Agreement, except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) calendar days following its receipt of such notice that the Indemnifying Party disputes its liability to the Indemnified Party under the applicable provisions of this Section 11, such Direct Claim specified in such notice shall be conclusively deemed a liability of the Indemnifying Party under the applicable provision of this Section 11, and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the Direct Claim (or any portion thereof) is estimated, on such later date when the amount of such Direct Claim (or such portion thereof) becomes finally determined. If the Indemnifying Party has timely disputed its liability with respect to such Direct Claim as provided above, the Company, on the one hand, and Laredo, on the other hand, shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved within the foregoing thirty (30) day period through negotiations, such dispute shall be resolved by litigation in an appropriate court of competent jurisdiction.

12. Confidential Information.

12.1. Confidentiality. In connection with this Agreement, Laredo and the Key Persons will acquire certain Confidential Information of the Company. "**Confidential Information**" means any information of a confidential or proprietary nature related to the Business, disclosed by the Company to, or otherwise acquired by, Laredo and the Key Persons (each a "**Receiving Party**") (a) in written form marked "confidential," or (b) in oral form if summarized in a writing marked "confidential" delivered to the Receiving Party within thirty (30) days after the oral disclosure, or (c) provided under circumstances indicating, or of such a type which indicates that, it is confidential or proprietary. Notwithstanding anything to the contrary in this Agreement, the "Licensed Intellectual Property" (as this term is defined in the Laredo License) and the terms and conditions of this Agreement shall be deemed to be Confidential Information.

12.2. Confidentiality and Non-Use. Except as otherwise permitted under the terms of this Agreement, the Receiving Party shall maintain all Confidential Information in the strictest confidence, and shall disclose such Confidential Information only to those of its employees, agents, consultants, sublicensees, attorneys, accountants and advisors who have a reasonable need to know such Confidential Information and who are bound by obligations of confidentiality and non-use no less restrictive than those set forth herein. The Receiving Party shall use such Confidential Information solely to exercise its rights and perform its obligations under this Agreement and the Related Agreement, unless otherwise mutually agreed in writing. The Receiving Party shall take the same degree of care that it uses to protect its own confidential and proprietary information of a similar nature and importance (but in no event less than reasonable care).

12.3. Exclusions. Confidential Information shall not include information that: (a) is in the Receiving Party's rightful possession prior to receipt from the Company as demonstrated by contemporaneous documentation; (b) is or becomes publicly known, through no fault of the Receiving Party; (c) is furnished to the Receiving Party by a third party without breach of any duty to the Company; or (d) is independently developed by the Receiving Party without use of, application of or reference to the Company's Confidential Information as demonstrated by contemporaneous documentation.

12.4. Permitted Disclosures.

(a) It shall not be a violation of this Section 12, if a Receiving Party uses or discloses Confidential Information in connection with the rendition of the Services and/or the conduct of the Business, including, without limitation, the planning and development of its oil fields.

(b) It shall not be a violation of this Section 12 to disclose Confidential Information required to be disclosed under applicable law, but such disclosure shall be expressly limited to the sole purpose of complying with such law and such disclosure shall be permitted only to the extent required by such law. The Receiving Party, to the extent possible, shall give the Company prior written notice of the proposed disclosure and cooperate fully with the Company to minimize the scope of any such required disclosure, to the extent possible and in accordance with applicable law.

12.5. Breach of Confidentiality Obligations. Notwithstanding anything to the contrary in this Agreement, the Receiving Party acknowledges and agrees that, due to the unique and valuable nature of the Confidential Information, there can be no adequate remedy at law for any breach by the Receiving Party of this Section 12, that any such breach may result in irreparable harm to the Company for which monetary damages would be inadequate to compensate the Company, and that the Company shall have the right, in addition to any other rights available under applicable law, to obtain from any court of competent jurisdiction injunctive relief to restrain any breach or threatened breach of, or otherwise to specifically enforce, any covenant or obligation of the Receiving Party under this Section 12, without the necessity of posting any bond or security.

13. Miscellaneous.

13.1. Governing Law. This Agreement shall be governed by, and construed and interpreted, in accordance with the internal laws of the State of New York without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties.

13.2. Force Majeure Event(s). No party shall be held responsible for any delay or failure in performance under this Agreement to the extent caused by strikes, embargoes, unexpected governmental and/or regulatory requirements (including, without limitation, moratoriums), court, administrative or governmental orders or decrees (including, without limitation, injunctions and/or cease and desist orders), civil or military authorities, acts of God, earthquake, or by the public enemy or other causes reasonably beyond such party's control and without such party's fault or negligence ("Force Majeure Event(s)"). The affected party shall notify each unaffected party as soon as reasonably possible of the existence of such Force Majeure Event. Any time period for the performance by the affected party of any duties and obligations under this Agreement, and any time period for the satisfaction or accomplishment of any condition, event, milestone or deadline, including, without limitation, those associated with a Development Failure, shall be extended for a period of time equal to the duration of the Force Majeure Event(s). In addition, the affected party shall be excused from the performance of its obligations hereunder to the extent such performance is prevented or impeded by any such Force Majeure Event(s) for the duration of such Force Majeure Event(s).

13.3. Assignment.

(a) Notwithstanding anything to the contrary in this Agreement, Laredo shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of the Company, which the Company may withhold in its sole discretion. Any purported assignment by Laredo without the express prior written consent of the Company shall be null and void. For the purposes of this Section, the terms "**assign**" and "**assignment**" shall be deemed to include, without limitation, a Change of Control or the voluntary or involuntary dissolution or liquidation of Laredo. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

(b) Notwithstanding anything to the contrary in this Agreement, the Company shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of Laredo, which Laredo may withhold in its sole and absolute discretion, and any purported assignment by the Company without the express prior written consent of Laredo shall be null and void; provided, however, that any assignment or transfer by the Company, directly or indirectly, of its rights or obligations under or its interests in this Agreement either in connection with a Corporate Event or to any one or more Affiliates of the Company shall not require the prior consent or approval, written or otherwise, of Laredo and any such assignment or transfer shall be permitted and effective without such consent or approval. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

13.4. Notices. Any notice, report, communication or consent required or permitted by this Agreement shall be in writing and shall be sent (a) by prepaid registered or certified mail, return receipt requested, (b) by overnight express delivery service by an internationally recognized courier, for next business day delivery, or (c) via confirmed facsimile or telecopy, followed within fourteen (14) days by a copy mailed in the preceding manner, addressed to the other party at the address shown below or at such other address for which such party gives notice hereunder. Such notice will be deemed to have been given when actually delivered or, if delivery is not accomplished by some fault of the addressee, when tendered.

If to the Company:

c/o Alleghany Capital Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.8149
Attention: Mr. David Van Geyzel

With a copy to:

Alleghany Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.3295
Attention: Christopher K. Dalrymple, Vice President and General Counsel

If to Laredo:

Laredo Oil, Inc.
111 Congress Avenue, Suite 400
Austin, Texas 78701
Facsimile: 817.753.2091
Attention: Mark See, Chief Executive Officer

With a copy to:

James L. Rice III, Esq.
Akin Gump Strauss Hauer & Feld LLP
1111 Louisiana Street, 44th Floor
Houston, Texas 77002-5200
Facsimile: 713.236.0822

13.5. Modification; Waiver. This Agreement may not be altered, amended or modified in any way except by a writing signed by the parties hereto. The failure of a party to enforce any rights or provisions of this Agreement shall not be construed to be a waiver of such rights or provisions, or a waiver by such party to thereafter enforce such rights or provision or any other rights or provisions hereunder. No waiver shall be effective unless made in writing and signed by the waiving parties.

13.6. Construction. The parties hereto have jointly participated in the negotiations and drafting of this Agreement. In the event any ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no rule of construction, presumption or burden of proof shall arise favoring one party or another concerning the interpretation of ambiguous provisions or otherwise by virtue of one party's presumed authorship of this Agreement or any provision hereof.

13.7. Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement; provided that if such reformation or striking would materially change the economic benefit of this Agreement to the parties hereto, such provision shall be modified in accordance with this Section 13.7 to obtain a legal, valid and enforceable provision and provide an economic benefit to the parties hereto that most nearly effects the parties' intent in entering into this Agreement.

13.8. Entire Agreement. The parties hereto acknowledge that this Agreement, together with the exhibits attached hereto, sets forth the entire agreement and understanding of the parties as to the subject matter hereof, and supersedes all prior and contemporaneous discussions, agreements and writings in respect hereto.

13.9. Headings. The section and paragraph headings contained in this Agreement are for the purposes of convenience only, and are not intended to define or limit the contents of the sections or paragraphs to which such headings apply.

13.10. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto.

[Next Page Is Signature Page]

[Signature Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the Agreement Date.

LAREDO

COMPANY

LAREDO OIL, INC., a Delaware corporation

STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Appendix A

Inducement Letter

The undersigned hereby acknowledges that the undersigned is aware of all of the terms and conditions set forth in the foregoing agreement (the "Management Services Agreement"), dated as of June __, 2011 between Laredo Oil, Inc., a Delaware corporation (" Laredo") and Stranded Oil Resources Corporation, a Delaware corporation ("the Company"), and acknowledges that Laredo has agreed to exercise its best efforts to cause the undersigned to render the "Services" required to be provided by "Key Persons", which includes the undersigned, in accordance with and subject to the terms and conditions of the Management Services Agreement. Unless otherwise defined in this Inducement Letter, all capitalized terms used herein shall have the meanings set forth in the Management Services Agreement.

1. As a material inducement to the Company and Laredo to enter into the Management Services Agreement and in consideration thereof, the undersigned agrees to (a) render the Services and hold the title and position applicable to the undersigned as set forth in Exhibit A to the Management Services Agreement; and (b) perform all of the obligations and grant all of the rights stated to be rendered, performed or granted to the Company under the Management Services Agreement on the terms and conditions specified therein. The undersigned further agrees that in the event of any inconsistency between the terms and conditions of the Management Services Agreement and the terms and conditions contained in any subsisting offer letter, employment agreement or independent contractor agreement, as applicable, between the undersigned and Laredo, the terms and conditions of the Management Services Agreement shall govern and prevail.

2. The undersigned further acknowledges and agrees that the undersigned shall not be entitled to any of the benefits which may be afforded by the Company or any of its Affiliates to its or their other employees (including, but not limited to, health, life or major medical insurance coverage, pension or profit sharing plan participation, sick time or vacations), but that for the purposes of any applicable Workers' Compensation statute the undersigned is, and shall be treated as, a "special employee" of the Company. If the applicability of any Worker's Compensation statute is dependent upon, or affected by, an election on the part of the undersigned, such election is hereby made, and the undersigned acknowledges that the rights and remedies of the undersigned are governed and limited by applicable Workers' Compensation laws as provided in the Management Services Agreement. Furthermore, the undersigned acknowledges and agrees that no payments whatsoever shall be made by the Company to the undersigned and agrees to look solely to Laredo for any and all compensation, benefits and expense reimbursements that the undersigned may become entitled to receive. In the event of any breach or alleged breach by Laredo or the undersigned of the Management Services Agreement or this Inducement Letter, the Company shall be entitled to legal and equitable relief by way of injunction or otherwise, and shall have available to it all of the rights and remedies set forth in the Management Services Agreement or available to it under applicable law or in equity against Laredo or against the undersigned, or against both Laredo and the undersigned, in the Company's discretion, without the necessity of first resorting to or exhausting any rights or remedies against Laredo.

3. In addition, the undersigned hereby: (a) consents to and agrees to be bound and abide by the provisions of the Management Services Agreement as they relate to me and the job, title, position and Services to be rendered by me as set forth in Exhibit A to the Management Services Agreement, including, without limitation, the provisions set forth in Section 8; and (b) agrees to be bound and abide by the provisions of each and every code of conduct and other policies applicable to or binding on the other employees of the Company and its Affiliates, as if the undersigned were an employee of the Company, including without limitation, the provisions of Appendix A-1 attached hereto and incorporated herein by this reference.

4. The undersigned further agrees that the undersigned shall not, directly or indirectly, either alone or with others: (a) use or disclose, or assist any other Person to use or disclose, any of the "Licensed Intellectual Property" (as this term is defined in the Laredo License), except in connection with the performance by the undersigned of his or her duties and obligations under the Management Services Agreement and this Inducement Letter, either during the term of the undersigned's employment with Laredo or at any time thereafter; (b) engage in any business involving the use or application of the UGD Process or the Selection Process, except in connection with the performance of their duties and obligations under the Management Services Agreement and this Inducement Letter, either during the term of the undersigned's employment with Laredo or during the two (2) year period following the date of termination or cessation of the undersigned's employment with Laredo; (c) work with, invest in, become partners with or consultants to, become an owner of or investor in, employee, or enter into any joint venture with, any Person other than Laredo and/or the Company (and/or the Company's Affiliates) with respect to the UGD Process and/or the Selection Process, either during the term of the undersigned's employment with Laredo or during the two (2) year period following the date of termination or cessation of the undersigned's employment with Laredo; (d) solicit any Key Person or any employee of the Company or any Affiliate of the Company to leave the employ of Laredo or the Company or such Affiliate of the Company, or otherwise encourage any Key Person or employee of the Company or any Affiliate of the Company to terminate his or her relationship with Laredo or the Company or such Affiliate, at any time during the term of the undersigned's employment with Laredo or during the two (2) year period following the date of termination or cessation of the undersigned's employment with Laredo; and/or (e) permit or allow any other Person to engage in any of the conduct, business or activities referred to in subparagraphs (a) through (d) above; provided, however, that the provisions of subparagraphs (a), (b) and (c) shall not apply (i) from and after the effective date of the termination by Laredo of the exclusivity of the license granted to the Company under the Laredo License pursuant to Section 8.2(a) of the Laredo License, or (ii) from and after the date on which the Laredo License is terminated for any cause or reason other than by reason of an "Event of Default" (as this term is defined in the Laredo License, or (iii) from and after the date on which the Management Services Agreement is terminated for any cause or reason other than by reason of an "Event of Default" (as this term is defined in the Management Services Agreement).

5. The undersigned Key Person hereby agrees that if the undersigned is entitled to receive from Laredo, pursuant to the terms and conditions of the undersigned's offer letter, employment agreement or independent contractor agreement, as applicable, more cash compensation than the amounts which the Company has agreed to pay to Laredo in respect of such Key Person's services under the terms and conditions of the Management Services Agreement, and for any cause or reason whatsoever Laredo fails to pay the undersigned such difference in cash compensation, then so long as (i) the Management Services Agreement remains in effect, (ii) the undersigned constitutes a Key Person thereunder, and (iii) the undersigned remains an employee of Laredo, the undersigned will not assert any claim against Laredo by reason of Laredo's failure to pay such difference in cash compensation.

Confidential

The undersigned acknowledges that both Laredo and the Company are relying upon this Inducement Letter. The Company and Laredo shall each be express third-party beneficiaries of the covenants and agreements made by the undersigned in this Inducement Letter and each of the Company and Laredo, either alone or together, shall have the equal right to enforce the provisions of this Inducement Letter and exercise such rights and remedies, including obtaining injunctive relief, as may be available at law or in equity in any court having appropriate jurisdiction, as if the Company and Laredo were a party hereto. The Company shall not be required to exhaust any rights or remedies against Laredo before exercising its rights and remedies with respect to this Inducement Letter, including, without limitation, the Company's rights and remedies to enforce or prevent the breach of the terms and conditions of this Inducement Letter.

ACCEPTED AND AGREED TO :

KEY PERSON

Date of Signature: _____

(Signature of Key Person)

la-1107299

Appendix A-1

Policy Regarding Confidential Information

The ideas, concepts and other information the Company produces are important and stand as its confidential and proprietary assets. Intellectual property laws enable us to protect these valuable assets. This Confidential Information Policy sets forth the terms and conditions of the Company's policy regarding the protection of its Confidential Information. This Confidential Information Policy applies to all persons who render service to the Company and who acquire Confidential Information of the Company, including, without limitation, employees of the Company, independent contractors hired by the Company, and others who render services to the Company through a loan-out or similar arrangement. The term "employee" as used in this Confidential Information Policy includes all such persons and the term "termination of employment" with respect to those persons who are not actual employees of the Company includes a termination by the Company of the arrangement pursuant to which such person is providing services to the Company.

Confidential Information

The Company is not required to (and should not be expected to) specifically identify any information as being (or not being) "Confidential Information." All proprietary information and materials, and all other non-public information and materials, relating to the business of the Company, its customers, suppliers, plans, prospects, and/or other employees and service providers of the Company, will be presumed to be Confidential Information, and will be so regarded by all employees. Examples of proprietary and/or Confidential Information shall include, without limitation, information regarding:

- non-public personal information of customers and suppliers of the Company
- Company financial statements, budgets and projections, and accounting records
- Company payroll and other Human Resources records
- Company policies, procedures, and other manuals
- Company forms and documents
- Company files and records related to litigation or other legal/regulatory compliance matters
- Company marketing plans and materials
- Company production reports and other internally generated reports
- Company strategic plans
- Company trade secrets, inventions, discoveries, know how and any data or other information relating to same

Confidential Information shall be covered under this Confidential Information Policy without regard to the form in which the information is kept (e.g. paper hard copy, floppy disk, CD-ROM, in computer system).

Employee Responsibilities

- Employees are expected to exercise their best efforts to ensure that no proprietary or Confidential Information is disclosed or released to any third parties except as necessary in the normal course of Company business or as authorized by the Board of Directors of the Company.
- Employees acknowledge that employment by Company, either as an employee or independent contractor, or pursuant to any services loan-out arrangement, creates a duty of trust and confidentiality to Company with respect to its Confidential Information.
- Promptly upon termination of employment with the Company, the employee shall return all proprietary materials, as well as any proprietary or Confidential Information, to the Company, and in such event shall neither disclose nor make any further use of such information for any purpose.
- During the term of employment with the Company and after termination of such employment, employees shall not disclose, use, induce, or assist in the use or disclosure of any Confidential Information to any third parties, except as permitted in writing by the Board of Directors of the Company.
- At all times during the term of employment, employees shall promptly advise the Company of any knowledge that the employee may have of any actual or threatened unauthorized release or use of any proprietary or Confidential Information, and shall take prompt and reasonable measures to prevent unauthorized persons or entities from having access to, obtaining, or being furnished with any such information.

Violations

Failure to comply with this Confidential Information Policy will be taken very seriously by the Company, and may result in disciplinary or other action by the Company, culminating in termination of employment with the Company. The Company intends to, and reserves the right to, pursue all available civil and criminal remedies (including the right to notify appropriate law enforcement authorities if Company suspects any illegal activities) if any activity undertaken or knowingly permitted by any employee violates this Confidential Information Policy and/or any applicable laws or regulations. In such event, the Company also reserves the right to seek and obtain injunctive relief to prevent any such actual or contemplated violation. Any employee who has violated this Confidential Information Policy may be asked to provide a full accounting of, and pay to Company, all gross profits, gains, earnings and proceeds received by the employee or by any other person or entity as a result of any such violation(s). In the event of any legal action brought by Company or by (or on behalf of) any employee to enforce or construe any of the rights, obligations or other provisions of this Confidential Information Policy, the unsuccessful party shall reimburse to the successful party all costs, legal fees and other expenses incurred by the successful party in such action.

FINDER'S FEE AGREEMENT

between

STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

and

LAREDO OIL, INC., a Delaware corporation

Dated as of June 14, 2011

FINDER'S FEE AGREEMENT

THIS FINDER'S FEE AGREEMENT (this "Agreement") is dated as of June 14, 2011 ("Agreement Date"), and is between STRANDED OIL RESOURCES CORPORATION, a Delaware corporation (the "Company") and LAREDO OIL, INC., a Delaware corporation ("Laredo").

RECITALS

WHEREAS, concurrently herewith the Company and Laredo are entering into a certain License Agreement dated of even date herewith ("Laredo License Agreement") pursuant to which the Company will obtain from Laredo an exclusive license ("Laredo License") to use and exploit certain intellectual property owned by Laredo and Mark See, an individual ("MS"), relating to the UGD Process and the Selection Process under the terms and conditions set forth in the Laredo License Agreement;

WHEREAS, concurrently herewith, Laredo and MS are entering into a certain License Agreement of even date herewith ("MS-Laredo License Agreement") pursuant to which MS grants to Laredo an exclusive license to use the "Licensed Intellectual Property" defined therein solely for the purpose of including such "Licensed Intellectual Property" in the Licensed Intellectual Property which is the subject of the Laredo License Agreement;

WHEREAS, concurrently herewith the Company and Laredo are entering into a certain Management Services Agreement of even date herewith ("Management Services Agreement");

WHEREAS, concurrently herewith the Company and Laredo are entering into a certain Additional Interests Grant Agreement of even date herewith ("Additional Interests Grant Agreement");

WHEREAS, concurrently herewith, Licensee and Alleghany Capital Corporation, a Delaware corporation ("Alleghany") are executing and delivering a certain Funding Agreement of even date herewith ("Funding Agreement");

WHEREAS, Laredo and Sunrise Securities Corp. ("Sunrise") have entered into a certain agreement dated November 19, 2010 ("Sunrise Agreement");

WHEREAS, under the terms of the Sunrise Agreement, Laredo has agreed to pay certain finder's fees to Sunrise, subject to the terms and conditions of the Sunrise Agreement; and

WHEREAS, the Company has agreed to fund payment by Laredo to Sunrise of the finder's fees described in Exhibit A attached hereto ("Finder's Fees"), subject to the terms and conditions of this Agreement, if and when any such Finder's Fees are due and payable by Laredo to Sunrise;

NOW, THEREFORE, in consideration of the mutual covenants and obligations set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Laredo, on the one hand, and the Company, on the other, hereby agree as follows:

AGREEMENT

1. Defined Terms

- 1.1 All terms not herein defined shall have the meaning attributed to them in the Laredo License Agreement.
- 1.2 As used in this Agreement, the following terms shall have the following meanings.

“**Alleghany**” means Alleghany Capital Corporation, a Delaware corporation.

“**Effective Date**” means the Agreement Date.

“**Event of Default**” means the existence or occurrence of any one or more of the following: (a) any breach or failure on the part of Laredo to perform one or more of its duties and obligations under this Agreement or any Related Agreement and, if such breach or failure is capable of being cured or remedied, such breach or failure is not cured or remedied (i) within thirty (30) days after Laredo receives written notice of such breach or failure or (ii) if any other cure period for such breach or failure is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (b) the breach or inaccuracy of any representation or warranty made by Laredo in this Agreement or any Related Agreement and, if such breach or inaccuracy is capable of being cured or remedied, such breach or inaccuracy is not cured or remedied (i) within thirty (30) days after Laredo receives written notice of such breach or inaccuracy or (ii) if any other cure period for such breach or inaccuracy is expressly set forth in this Agreement or any Related Agreement, within such cure period expressly set forth in this Agreement or any Related Agreement; (c) any breach or failure on the part of Laredo to perform one or more of its duties and obligations under any other written agreement with any Person other than the Company if such breach or failure materially and adversely affects or is reasonably expected to materially and adversely affect Licensor’s ability to perform its duties and obligations under this Agreement or any Related Agreement; (d) any MS-Laredo Event of Default; and/or (e) any termination of the Laredo License Agreement, the MS-Laredo License Agreement and/or the Management Services Agreement, including, without limitation, any such termination or deemed termination in any bankruptcy proceeding.

“**MS-Laredo Event of Default**” shall have the meaning set forth in the Laredo License Agreement.

“**Person**” or “**person**” means any individual, sole proprietorship, corporation, limited liability company, general partnership, limited partnership, limited liability partnership, trust, association, fund, firm or other entity.

“**Related Agreements**” means and includes all of the following: (a) the Management Services Agreement; (b) that certain Loan Agreement dated as of November 22, 2010 between Alleghany Capital Corporation and Laredo; (c) that certain Senior Promissory Note dated November 22, 2010 made by Laredo; (d) that certain Loan Agreement dated as of April 6, 2011 between Alleghany Capital Corporation and Laredo; (e) that certain Senior Promissory Note dated April 6, 2011 made by Laredo; and (f) the Laredo License Agreement; (g) the MS-Laredo License Agreement; (h) the “MS License” (as this term is defined in the Laredo License Agreement); (i) the Additional Interests Grant Agreement; and (j) any other written agreement entered into either as of the Effective Date or after the Effective Date between the Company and/or its Affiliates, on the one hand, and Laredo and/or its Affiliates, on the other hand.

2. Funding of Finder's Fees

2.1 Finder's Fee Notice.

(a) From time to time during the Term, Laredo shall give the Company at least thirty (30) days prior written notice of the date on which any Finder's Fees are due and payable to Sunrise during the Term pursuant to the terms and conditions of the Sunrise Agreement ("Finder's Fee Notice").

(b) Each such Finder's Fee Notice shall set forth in reasonable detail the calculation of the amount of Finder's Fees due and payable to Sunrise.

(c) Each such Finder's Fee Notice shall also include a representation and warranty on the part of Laredo that the amount of the Finder's Fees referred to in the Finder's Fee Notice is due and payable to Sunrise in accordance with the terms and conditions of the Sunrise Agreement.

(d) Each such Finder's Fee Notice shall include wire transfer instructions from Sunrise setting forth the Sunrise account to which the payment of the Finder's Fees should be made ("Sunrise Account").

2.2 Payment. If the Company does not in good faith have any objections to the Finder's Fee Notice and the amounts set forth therein, then the Company shall, on behalf and for the account of Laredo, remit payment of the Finder's Fees set forth in each such Finder's Fee Notice to Sunrise by wire transfer to the Sunrise Account. All amounts funded or contributed by Alleghany to the Company for purposes of enabling the Company to remit payment of the Finder's Fees set forth in each such Finder's Fee Notice as provided above shall constitute "Preferred Stock Capital" (as this term is defined in the Laredo License Agreement).

3. Indemnification by Laredo.

3.1 Indemnification by Laredo. Laredo shall indemnify, hold harmless and defend, with counsel selected by Laredo, and approved by the Company, which approval shall not be unreasonably withheld, the Company and each of its past, present and future directors, officers, employees, agents, representatives, attorneys, subsidiaries, partners, parent and affiliated entities and their respective predecessors, successors, and assigns (collectively with the Company, the "Company Indemnitees") from and against any and all claims, demands, liabilities, losses, damages, rights of action, causes of action, costs and expenses, charges, fines, penalties, awards, judgments and assessments (including, without limitation, reasonable attorneys' fees, court costs and litigation expenses) (collectively, the "Claims and Losses") suffered or incurred or otherwise asserted against any Company Indemnitee, if such Claims and Losses are in connection with, or arise out of, or result from, or are claimed to be in connection with, arise out of or result from, in whole or in part, any of the following: (a) any breach of or failure of performance with respect to any covenant or agreement required to be performed by Laredo under this Agreement; (b) the inaccuracy or breach of any representation or warranty made by or on behalf of Laredo under this Agreement; and (c) any Claim asserted, filed or brought by Sunrise.

3.2 Indemnification By the Company. The Company shall indemnify, hold harmless and defend, with counsel selected by the Company, and approved by Laredo, which approval shall not be unreasonably withheld, Laredo and each of its past, present and future directors, officers, employees, agents, representatives, attorneys, subsidiaries, partners, parent and affiliated entities and their respective predecessors, successors, and assigns (collectively with Laredo, the "Laredo Indemnitees") from and against any and all Claims and Losses suffered or incurred or otherwise asserted against any Laredo Indemnitee, if such Claims and Losses are in connection with, or arise out of, or result from, or are claimed to be in connection with, arise out of or result from, in whole or in part, any of the following: (a) any breach or failure of performance with respect to any covenant or agreement required to be performed by the Company under this Agreement; and (b) the inaccuracy or breach of any representation or warranty made by or on behalf of the Company under this Agreement.

3.3 Procedures.

(a) Third Party Claims.

(i) In order for a Person (the "Indemnified Party") to be entitled to any indemnification provided for under this Section 3.3(a) in respect of, arising out of or involving a claim made by any third Person against the Indemnified Party (a "Third Party Claim"), such Indemnified Party must notify the Person obligated to provide indemnification under this Section 3.3(a) (the "Indemnifying Party") in writing of the Third Party Claim promptly following receipt by such Indemnified Party of written notice of the Third Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided under this Agreement except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure. Thereafter, the Indemnified Party shall deliver to the Indemnifying Party, promptly following the Indemnified Party's receipt thereof, copies of all notices and documents (including court papers) received by the Indemnified Party relating to the Third Party Claim.

(ii) If a Third Party Claim is made against an Indemnified Party, the Indemnifying Party shall be entitled to assume the defense thereof by written notice to the Indemnified Party within ten (10) days after the Indemnifying Party's receipt of the notice of the Third Party Claim contemplated by paragraph (i) above with counsel selected by the Indemnifying Party, in its sole and absolute discretion, and approved by the Indemnified Party, which approval shall not be unreasonably withheld; provided that such counsel is not reasonably objected to by the Indemnified Party; and provided further that notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume control of such defense and, instead, shall pay the reasonable legal fees, costs and expenses of counsel retained by the Indemnified Party if (A) the claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (B) the claim seeks an injunction or equitable relief against the Indemnified Party, (C) the Indemnifying Party failed or is failing to reasonably prosecute or defend such claim, (D) assuming such claim is determined adversely, such claim could reasonably be expected to give rise to Losses which such Indemnifying Party is unable to pay or which could be reasonably expected to exceed the ability of such Indemnifying Party to pay, or (E) in the Indemnified Party's reasonable judgment based upon a written opinion from such Indemnified Party's counsel, a conflict of interest between the Indemnified Party and the Indemnifying Party exists with respect to the claim.

(iii) If the Indemnifying Party assumes the defense of a Third Party Claim, (1) the Indemnifying Party shall not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof and (2) in addition to the rights set forth in subparagraph (iv) below, the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party. The Indemnifying Party shall be liable for the fees, costs and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof (including in respect of Third Party Claims the defense of which the Indemnifying Party was not entitled to assume or continue in accordance with the second proviso of the first sentence of paragraph (ii)).

(iv) The Indemnified Party shall have the right to control the defense of any Third Party Claim, including any Third Party Claim the defense of which has been assumed by the Indemnifying Party. Without limiting the generality of the foregoing, all important legal and strategic decisions with respect to the defense of such Third Party Claim shall be made by the Indemnified Party and the Indemnifying Party shall not admit any liability with respect to any Third Party Claim, or settle, compromise or discharge any Third Party Claim, in each case without the prior written consent of the Indemnified Party.

(v) If the Indemnifying Party assumes the defense of a Third Party Claim, all the Indemnified Parties shall cooperate in the defense or prosecution thereof. Such cooperation shall include the retention and (upon the Indemnifying Party's request) provision to the Indemnifying Party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any materials provided hereunder.

(vi) The indemnification with respect to an Indemnifying Party's obligation to pay legal fees and other costs and expenses of defense of a Third Party Claim required by this Section 3.3(a) shall be made by periodic payments of the amount thereof during the course of the investigation or defense of the Third Party Claim, as and when bills are received.

(vii) All claims under this Section 3 other than Third Party Claims shall be governed by Section 3.3(b) below.

(b) Direct Claims. If any Indemnified Party should have a claim against any Indemnifying Party under this Section 3 that does not involve a Third Party Claim being asserted against or sought to be collected from such Indemnified Party (any such claim, a "Direct Claim"), the Indemnified Party shall deliver notice of such Direct Claim with reasonable promptness to the Indemnifying Party (which notice shall set forth in reasonable detail the basis upon which such Indemnified Party believes it is entitled to indemnification pursuant to this Section 3 and the amount of Losses it is seeking recovery from the Indemnified Party); provided that the failure to give such notification shall not affect the indemnification provided under this Agreement, except to the extent the Indemnifying Party shall have been prejudiced as a result of such failure. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) calendar days following its receipt of such notice that the Indemnifying Party disputes its liability to the Indemnified Party under the applicable provisions of this Section 3, such Direct Claim specified in such notice shall be conclusively deemed a liability of the Indemnifying Party under the applicable provision of this Section 3, and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand or, in the case of any notice in which the amount of the Direct Claim (or any portion thereof) is estimated, on such later date when the amount of such Direct Claim (or such portion thereof) becomes finally determined. If the Indemnifying Party has timely disputed its liability with respect to such Direct Claim as provided above, the Company, on the one hand, and Laredo, on the other hand, shall proceed in good faith to negotiate a resolution of such dispute and, if not resolved within the foregoing thirty (30) day period through negotiations, such dispute shall be resolved by litigation in an appropriate court of competent jurisdiction.

4. Miscellaneous

4.1 No Liability Under Sunrise Agreement; No Third Party Beneficiaries.

(a) Notwithstanding anything which may be contained in this Agreement or in any Related Agreement, neither the Company nor Alleghany, nor any of their Affiliates, shall have any liability or responsibility whatsoever under or in respect of the Sunrise Agreement or any amounts or other consideration payable by Laredo pursuant to the terms and conditions of the Sunrise Agreement.

(b) This Agreement is not intended to and shall not confer upon any Person (other than the Company and Laredo) or otherwise give any Person (other than the Company and Laredo), directly or indirectly, any right, benefit, remedy or claim under or in respect of this Agreement, or the performance by any party hereto of their duties and obligations under this Agreement, and no such Person shall have any right to enforce any provisions of this Agreement. For avoidance of doubt, this Agreement is not intended to and shall not confer upon Sunrise any right, benefit, remedy or claim under or in respect of this Agreement.

4.2 Governing Law. This Agreement shall be governed by, and construed and interpreted, in accordance with the internal laws of the State of New York without giving effect to any choice of law rule that would cause the application of the laws of any jurisdiction other than the internal laws of the State of New York to the rights and duties of the parties.

4.3 Force Majeure. No party shall be held responsible for any delay or failure in performance under this Agreement to the extent caused by strikes, embargoes, unexpected governmental and/or regulatory requirements (including, without limitation, moratoriums), court, administrative or governmental orders or decrees (including, without limitation, injunctions and/or cease and desist orders), civil or military authorities, acts of God, earthquake, or by the public enemy, or other causes reasonably beyond such party's control and without such party's fault or negligence ("Force Majeure Event(s)"). The affected party shall notify each unaffected party as soon as reasonably possible of the existence of such Force Majeure Event. Any time period for the performance by the affected party of any duties and obligations under this Agreement, and any time period for the satisfaction or accomplishment of any condition, event, milestone or deadline, including, without limitation, those associated with a Development Failure, shall be extended for a period of time equal to the duration of the Force Majeure Event(s). In addition, the affected party shall be excused from the performance of its obligations hereunder to the extent such performance is prevented or impeded by any such Force Majeure Event(s) for the duration of such Force Majeure Event(s).

4.4 Assignment.

(a) Notwithstanding anything to the contrary in this Agreement, Laredo shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of the Company, which the Company may withhold in its sole discretion. Any purported assignment by Laredo without the express prior written consent of the Company shall be null and void. For the purposes of this Section, the terms "assign" and "assignment" shall be deemed to include, without limitation, a Change of Control or the voluntary or involuntary dissolution or liquidation of Laredo. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

(b) Notwithstanding anything to the contrary in this Agreement, the Company shall not, directly or indirectly, either voluntarily or involuntarily, by merger, operation of law or otherwise, assign, or suffer or permit an assignment of, its rights or obligations under or its interests in this Agreement, without the express prior written consent of Laredo, which Laredo may withhold in its sole and absolute discretion, and any purported assignment by the Company without the express prior written consent of Laredo shall be null and void; provided, however, that any assignment or transfer by the Company, directly or indirectly, of its rights or obligations under or its interests in this Agreement either in connection with a Corporate Event or to any one or more Affiliates of the Company shall not require the prior consent or approval, written or otherwise, of Laredo and any such assignment or transfer shall be permitted and effective without such consent or approval. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

4.5 Notices. Any notice, report, communication or consent required or permitted by this Agreement shall be in writing and shall be sent (a) by prepaid registered or certified mail, return receipt requested, (b) by overnight express delivery service by an internationally recognized courier, for next business day delivery, or (c) via confirmed facsimile or telecopy, followed within fourteen (14) days by a copy mailed in the preceding manner, addressed to the other party at the address shown below or at such other address for which such party gives notice hereunder. Such notice will be deemed to have been given when actually delivered or, if delivery is not accomplished by some fault of the addressee, when tendered.

If to Laredo:

Laredo Oil, Inc.
111 Congress Avenue, Suite 400
Austin, Texas 78701
Facsimile: 817.753.2091
Attention: Mark See, Chief Executive Officer

With a copy to:

James L. Rice III, Esq.

Akin Gump Strauss Hauer & Feld LLP

1111 Louisiana Street, 44th Floor

Houston, Texas 77002-5200

Facsimile: 713.236.0822

If to the Company:

Stranded Oil Resources Corporation
c/o Alleghany Capital Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.8149
Attention: Mr. David Van Geysel

With a copy to:

Alleghany Corporation
7 Times Square Tower, 17th Floor
New York, NY 10036
Facsimile: 212.759.3295
Attention: Christopher K. Dalrymple, Vice President and General Counsel

4.6 Modification: Waiver. This Agreement may not be altered, amended or modified in any way except by a writing signed by the parties hereto. The failure of a party to enforce any rights or provisions of this Agreement shall not be construed to be a waiver of such rights or provisions, or a waiver by such party to thereafter enforce such rights or provision or any other rights or provisions hereunder. No waiver shall be effective unless made in writing and signed by the waiving parties.

4.7 Severability. If any provision of this Agreement is found by a court of competent jurisdiction to be void, invalid or unenforceable, the same shall be reformed to comply with applicable law or stricken if not so conformable, so as not to affect the validity or enforceability of this Agreement; provided that if such reformation or striking would materially change the economic benefit of this Agreement to the parties hereto, such provision shall be modified in accordance with this Section 4.7 to obtain a legal, valid and enforceable provision and provide an economic benefit to the parties hereto that most nearly effects the parties' intent in entering into this Agreement.

4.8 Entire Agreement. The parties hereto acknowledge that this Agreement, together with the exhibit attached hereto, sets forth the entire agreement and understanding of the parties as to the subject matter hereof, and supersedes all prior and contemporaneous discussions, agreements and writings in respect hereto.

4.9 Headings. The section and paragraph headings contained in this Agreement are for the purposes of convenience only, and are not intended to define or limit the contents of the sections or paragraphs to which such headings apply.

4.10 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument, binding on all parties hereto.

[Next Page Is Signature Page]

[Signature Page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective duly authorized representatives as of the Agreement Date.

LAREDO
LAREDO OIL, INC., a Delaware corporation

COMPANY
STRANDED OIL RESOURCES CORPORATION, a Delaware corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

la-1125012

NEITHER THIS SECURITY NOR THE SECURITIES FOR WHICH THIS SECURITY IS EXERCISABLE HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY AND THE SECURITIES ISSUABLE UPON EXERCISE OF THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

COMMON STOCK PURCHASE WARRANT

LAREDO OIL, INC.

Warrant Shares: 5,374,501
Exercise Date: June 14, 2011

Initial

THIS COMMON STOCK PURCHASE WARRANT (the "Warrant") certifies that, for \$100.00 and other consideration received, Sunrise Securities Corp. ("Sunrise") or its assigns (referred to herein as the "Holder") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after the date hereof (the "Initial Exercise Date") and on or prior to the close of business on the tenth year anniversary of the Initial Exercise Date (the "Termination Date") but not thereafter, to subscribe for and purchase from Laredo Oil, Inc., a Delaware corporation (the "Company"), up to 5,374,501 shares of the Company's Common Stock (as subject to adjustment hereunder, the "Warrant Shares"). The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1. General. This Warrant is being issued pursuant to that certain Investment Banking Agreement (the "Agreement"), dated November 19, 2010, between the Company and Sunrise.

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a) Exercise of Warrant. Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy of the Notice of Exercise Form annexed hereto. Within three (3) Trading Days following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer of immediately available funds or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the number of Warrant Shares purchased and the date of such purchases. The Company shall deliver any objection to any Notice of Exercise Form within one (1) Business Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price. The exercise price per share of the Common Stock under this Warrant shall be **\$0.70**, subject to adjustment hereunder (the "Exercise Price").

c) Cashless Exercise. If at any time after the earlier of (i) the one year anniversary of the date hereof and (ii) the completion of the then-applicable holding period required by Rule 144, or any successor provision then in effect, there is no effective Registration Statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B) (X)] by (A), where:

(A) = the VWAP (as defined below) on the Trading Day immediately preceding the date on which Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

For purposes hereof, "VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by Pink OTC Markets, Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (c) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Company, the fees and expenses of which shall be paid by the Company.

d) Mechanics of Exercise.

i. Delivery of Certificates Upon Exercise. Certificates for shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's prime broker with The Depository Trust Company through its Deposit or Withdrawal at Custodian system ("DWAC") if the Company is then a participant in such system and either (A) there is an effective registration statement permitting the issuance of the Warrant Shares to or resale of the Warrant Shares by the Holder or (B) the shares are eligible for resale by the Holder without volume or manner-of-sale limitations pursuant to Rule 144, and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is three (3) Trading Days after the latest of (A) the delivery to the Company of the Notice of Exercise, (B) surrender of this Warrant (if required), and (C) payment of the aggregate Exercise Price as set forth above (including by cashless exercise, if permitted) (such date, the "Warrant Share Delivery Date"). The Warrant Shares shall be deemed to have been issued, and Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised, with payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(vi) prior to the issuance of such shares, having been paid.

ii. Delivery of New Warrants Upon Exercise. If this Warrant shall have been exercised in part and has not expired, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights. If the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 2(d)(i) by the 3rd Trading Day following the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Exercise. In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to an exercise on or before the third Trading Day following the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a "Buy-In"), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of \$11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of \$10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder \$1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v . No Fractional Shares or Scrip. No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. Whenever any fraction of a share of Common Stock would otherwise be required to be issued or distributed, the actual issuance or distribution made shall reflect a rounding of such fraction to the nearest whole share (up or down), with half shares or less being rounded down and fractions in excess of half of a share being rounded up. The Holder by the acceptance of this Warrant expressly waives his right to receive any fractional share of Common Stock upon exercise of this Warrant. If certificates evidencing more than one Warrant shall be presented for exercise at the same time by the same Holder, the number of full shares of Common Stock which shall be issuable upon such exercise thereof shall be computed on the basis of the aggregate number of Warrants to be so exercised.

vi. Charges, Taxes and Expenses. Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses, other than income taxes, shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided, however, that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

vii. Closing of Books. The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations. The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The "Beneficial Ownership Limitation" shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

f) Legends. This Warrant originally issued to a Holder and each Warrant issued upon registration of transfer of, or upon exchange for or in lieu of, any Warrant shall bear a legend substantially in the following form:

"THE SECURITIES REPRESENTED BY THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED UNLESS AND UNTIL SUCH SECURITIES ARE REGISTERED UNDER SUCH ACT OR UNLESS SOLD PURSUANT TO AN EXEMPTION THEREFROM OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY IS OBTAINED TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED."

Section 3. Certain Adjustments.

a) Stock Dividends and Splits. If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

1173769.2

b) Subsequent Equity Sales. If the Company or any Subsidiary thereof, as applicable, at any time while this Warrant is outstanding, shall sell or grant any option to purchase, or sell or grant any right to reprice, or otherwise dispose of or issue (or announce any offer, sale, grant or any option to purchase or other disposition) any Common Stock or Common Stock Equivalents, at an effective price per share less than the Exercise Price then in effect (such lower price, the "Base Share Price" and such issuances collectively, a "Dilutive Issuance") (it being understood and agreed that if the holder of the Common Stock or Common Stock Equivalents so issued shall at any time, whether by operation of purchase price adjustments, reset provisions, floating conversion, exercise or exchange prices or otherwise, or due to warrants, options or rights per share which are issued in connection with such issuance, be entitled to receive shares of Common Stock at an effective price per share that is less than the Exercise Price, such issuance shall be deemed to have occurred for less than the Exercise Price on such date of the Dilutive Issuance at such effective price), then simultaneously with the consummation of each Dilutive Issuance the Exercise Price shall be reduced and only reduced to equal the Base Share Price and the number of Warrant Shares issuable hereunder shall be increased such that the aggregate Exercise Price payable hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the aggregate Exercise Price prior to such adjustment. Such adjustment shall be made whenever such Common Stock or Common Stock Equivalents are issued. Notwithstanding the foregoing, no adjustments shall be made, paid or issued under this Section 3(b) in respect of an Exempt Issuance. The Company shall notify the Holder, in writing, no later than the Trading Day following the issuance or deemed issuance of any Common Stock or Common Stock Equivalents subject to this Section 3(b), indicating therein the applicable issuance price, or applicable reset price, exchange price, conversion price and other pricing terms (such notice, the "Dilutive Issuance Notice"). For purposes of clarification, whether or not the Company provides a Dilutive Issuance Notice pursuant to this Section 3(b), upon the occurrence of any Dilutive Issuance, the Holder is entitled to receive a number of Warrant Shares based upon the Base Share Price regardless of whether the Holder accurately refers to the Base Share Price in the Notice of Exercise. If the Company enters into a Variable Rate Transaction, despite the prohibition thereon in the Agreement, the Company shall be deemed to have issued Common Stock or Common Stock Equivalents at the lowest possible conversion or exercise price at which such securities may be converted or exercised.

For purposes hereof, an "Exempt Issuance" means the issuance of (a) shares of Common Stock or options to employees, officers or directors of the Company pursuant to any stock or option plan duly adopted for such purpose, by a majority of the members of the Board of Directors, and (b) securities issued pursuant to acquisitions or strategic transactions approved by a majority of the disinterested directors of the Company, provided that any such issuance shall only be to a Person (or to the equityholders of a Person) which is, itself or through its subsidiaries, an operating company or an owner of an asset in a business synergistic with the business of the Company and shall provide to the Company additional benefits in addition to the investment of funds, but shall not include a transaction in which the Company is issuing securities primarily for the purpose of raising capital or to an entity whose primary business is investing in securities.

c) Subsequent Rights Offerings. If the Company, at any time while the Warrant is outstanding, shall issue rights, options or warrants to all holders of Common Stock (and not to the Holder) entitling them to subscribe for or purchase shares of Common Stock at a price per share less than the VWAP on the record date mentioned below, then the Exercise Price shall be multiplied by a fraction, of which the denominator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights, options or warrants plus the number of additional shares of Common Stock offered for subscription or purchase, and of which the numerator shall be the number of shares of the Common Stock outstanding on the date of issuance of such rights, options or warrants plus the number of shares which the aggregate offering price of the total number of shares so offered (assuming receipt by the Company in full of all consideration payable upon exercise of such rights, options or warrants) would purchase at such VWAP. Such adjustment shall be made whenever such rights, options or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such rights, options or warrants.

d) Pro Rata Distributions. If the Company, at any time while this Warrant is outstanding, shall distribute to all holders of Common Stock (and not to the Holder) evidences of its indebtedness or assets (including cash and cash dividends) or rights or warrants to subscribe for or purchase any security other than the Common Stock (which shall be subject to Section 3(b)), then in each such case the Exercise Price shall be adjusted by multiplying the Exercise Price in effect immediately prior to the record date fixed for determination of stockholders entitled to receive such distribution by a fraction of which the denominator shall be the VWAP determined as of the record date mentioned above, and of which the numerator shall be such VWAP on such record date less the then per share fair market value at such record date of the portion of such assets or evidence of indebtedness or rights or warrants so distributed applicable to one outstanding share of the Common Stock as determined by the Board of Directors in good faith. In either case the adjustments shall be described in a statement provided to the Holder of the portion of assets or evidences of indebtedness so distributed or such subscription rights applicable to one share of Common Stock. Such adjustment shall be made whenever any such distribution is made and shall become effective immediately after the record date mentioned above.

e) Fundamental Transaction. If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share Agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share Agreement or other business combination) (each a "Fundamental Transaction"), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction.

f) [Reserved].

g) Calculations. All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding. The adjustments required by this Section 3 shall be made whenever and as often as any specified event requiring an adjustment shall occur, except that no adjustment of the Exercise Price that would otherwise be required shall be made unless and until such adjustment by itself increases or decreases the Exercise Price immediately prior to the making of such adjustment by at least 1%.

h) Notice to Holder.

i. Adjustment to Exercise Price. Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder. If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, or (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer or share exchange is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer or share exchange; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4. Transfer of Warrant.

a) Transferability. Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.1 of the Agreement, this Warrant and all rights hereunder (including, without limitation, any registration rights) are transferable, in whole or in part, upon surrender of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. The Holders of this Warrant will cause any proposed purchase, assignee or transferee to agree to take and hold such securities subject to the provisions and conditions specified in this Section 4 and Section 2(a) hereof. Subject to Section 2(d) hereof, upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants. This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the Initial Exercise Date and shall be identical with this Warrant including, without limitation, as to the legend contained herein and except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register. The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the "Warrant Register"), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions. If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws covering the proposed transfer, sale, assignment or pledge, the Holder thereof shall give written notice to the Company of such Holder's intention to effect such transfer, sale, assignment or pledge. Each such notice shall describe the manner and circumstances of the proposed transfer, sale or assignment in sufficient detail and, subject to Section 4.2 of the Agreement, shall be accompanied, at such Holder's expense, by a written opinion of legal counsel (who shall be, and whose legal opinion shall be, reasonably satisfactory to the Company) addressed to the Company to the effect that the proposed transfer of the securities may be effected without registration under the Securities Act. At the time of such transfer, sale or assignment, the Company may require, as a condition of allowing such transfer, sale or assignment, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 5.7 of the Agreement.

e) Representation by the Holder. The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5. Miscellaneous.

a) No Rights as Stockholder Until Exercise. This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant. The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares. The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Agreement.

f) Restrictions. The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses. No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices. Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Agreement.

i) Limitation of Liability. No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies. The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns. Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability. Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings. The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

(Signature Page Follows)

1173769.2

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

LAREDO OIL, INC.

By: _____

Name:

Title:

1173769.2

NOTICE OF EXERCISE

TO: LAREDO OIL, INC.

(1) The undersigned hereby elects to purchase _____ Warrant Shares of the Company pursuant to the terms of the attached Warrant (only if exercised in full), and tenders herewith payment of the exercise price in full, together with all applicable transfer taxes, if any.

(2) Payment shall take the form of (check applicable box):

in lawful money of the United States; or

[if permitted] the cancellation of such number of Warrant Shares as is necessary, in accordance with the formula set forth in subsection 2(c), to exercise this Warrant with respect to the maximum number of Warrant Shares purchasable pursuant to the cashless exercise procedure set forth in subsection 2(c).

(3) Please issue a certificate or certificates representing said Warrant Shares in the name of the undersigned or in such other name as is specified below:

The Warrant Shares shall be delivered to the following DWAC Account Number or by physical delivery of a certificate to:

(4) Accredited Investor. The undersigned is an "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended.

(5) Investment Intent. The undersigned acknowledges that the Warrant Shares are "restricted securities" as defined in Rule 144(a)(3) promulgated pursuant to the Securities Act of 1933, as amended (the "Act"), and may not be resold without registration under the Act or an exemption therefrom.

[SIGNATURE OF HOLDER]

Name of Investing Entity:

Signature of Authorized Signatory of Investing Entity:

Name of Authorized Signatory:

Title of Authorized Signatory:

Date:

1173769.2

ASSIGNMENT FORM

(To assign the foregoing warrant, execute this form and supply required information. Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

1173769.2

Laredo Oil Enters Into Agreements with Subsidiary of Alleghany Corporation to Seek Recovery of Stranded Oil

Austin, Texas, June 14, 2011 – Laredo Oil, Inc. (“Laredo Oil”) (OTCBB: LRDC) , announced today that it entered into several agreements with Stranded Oil Resources Corporation (“SORC”), an indirect, wholly owned subsidiary of Alleghany Corporation (“Alleghany”), to seek recovery of stranded crude oil from mature, declining oil fields by using the Enhanced Oil Recovery (“EOR”) method known as Underground Gravity Drainage (“UGD”).

The agreements stipulate that Laredo Oil and Mark See, Laredo Chairman and CEO, will provide management and expertise through exclusive, perpetual license agreements and a management services agreement (the “MSA”) with SORC. As consideration for the licenses to SORC, Laredo Oil will receive an interest in SORC net profits as defined in the agreement (the “Royalty”) which will range from 17.25% to 19.99%. Laredo agreed that a portion of the Royalty equal to at least 2.25% of the net profits shall be used to fund a long term incentive plan for the benefit of Laredo employees, as determined by Laredo Oil’s Board of Directors. Additionally, in the event of a SORC IPO or other defined corporate event, Laredo will receive a minimum of 17.25%, but not more than 19.99%, of the SORC common equity or proceeds emanating from the event in exchange for termination of the Royalty. Under certain circumstances regarding termination of exclusivity and license terminations, the Royalty could be reduced to 7.25%.

It is expected that SORC will be funded solely by Alleghany Capital Corporation, a wholly-owned subsidiary of Alleghany (“Alleghany Capital”), in exchange for issuance by SORC of 12% Cumulative Preferred Stock and common stock. Prior to Laredo Oil receiving any cash distributions from SORC, all accrued dividends must be paid and preferred shares redeemed. The initial funding commitment, subject to various conditions including certain milestones, is \$16 million which can be increased by the SORC Board of Directors.

Mr Mark See will act as the CEO of SORC pursuant to the MSA; he and other members of management will spend substantially all of their time and effort in fulfilling the terms of the MSA whereby they use their best efforts to evaluate, acquire, develop and recover crude oil from fields conducive to the UGD oil recovery method. Alleghany Capital will provide SORC all capital necessary to support field acquisition, testing, UGD field development and production. The terms of the MSA stipulate that Laredo will provide the services of key employees, including Mark See, in exchange for monthly and quarterly service fees.

“This transaction with Alleghany is the next milestone in our overall strategy and is indicative of the potential of our Underground Gravity Drainage™ business model. It will provide us with the funding necessary to immediately acquire and fully develop targeted oil reservoirs using the UGD recovery method,” says Mark See, Chairman and CEO of Laredo Oil.

ABOUT LAREDO OIL INC.

Laredo Oil, Inc. (www.laredo-oil.com) is an exploration and production company specializing in Enhanced Oil Recovery techniques targeting mature and declining oil fields. Laredo Oil plans to use its unique UGD™ model to profitably recover stranded oil reserves previously thought to be incapable of economic recovery. Our common stock is listed on the OTC Bulletin Board under the symbol, “LRDC”.

This press release and the statements made by Laredo Oil, Inc. in this press release may be forward-looking in nature and are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements describe the Company's future plans, projections, strategies and expectations, and may be identified by words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates" or words of similar meaning. These forward-looking statements are based on assumptions and involve a number of risks, uncertainties, situations and other factors that may cause our or our industry's actual results, level of activity, performance or achievements to be materially different from any future results, level of activity, performance or achievements expressed or implied by these statements. These factors include changes in interest rates, market competition, changes in the local and national economies, and various other factors detailed from time to time in Laredo Oil, Inc. SEC reports and filings, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. The Company undertakes no obligation to update publicly any forward-looking statements to reflect new information, events or circumstances after the date hereof to reflect the occurrence of unanticipated events.

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