ARRANGEMENT AGREEMENT

BETWEEN

PETROBANK ENERGY AND RESOURCES LTD.

AND

PETROBAKKEN ENERGY LTD.

AND

1708589 ALBERTA LTD.

October 29, 2012

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of the 29th day of October, 2012

BETWEEN:

PETROBANK ENERGY AND RESOURCES LTD., a corporation governed by the *Business Corporations Act* (Alberta) ("**Petrobank**")

- and -

PETROBAKKEN ENERGY LTD., a corporation governed by the *Business Corporations Act* (Alberta) ("**PetroBakken**")

- and -

1708589 ALBERTA LTD., a corporation governed by the *Business Corporations Act* (Alberta) ("**New Petrobank**")

WHEREAS Petrobank owns approximately 57% of the aggregate PetroBakken Class A Shares and PetroBakken Class B Shares;

AND WHEREAS Petrobank proposes to effectively distribute its ownership of PetroBakken Class A Shares and PetroBakken Class B Shares to Petrobank Shareholders pursuant to the Arrangement;

AND WHEREAS the Parties have agreed to enter into this Agreement in contemplation of giving effect to the Arrangement;

NOW THEREFORE, in consideration of the premises and the covenants and agreements herein contained, the Parties covenant and agree as follows:

ARTICLE 1 – INTERPRETATION

1.01 Definitions

In this Agreement, including the recitals hereto, other than Appendix A:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**Affiliate**" means, in respect of any Person, another Person if:

(a) one of them is the Subsidiary of the other; or

(b) each of them is Controlled by the same Person;

"**Agreed Amount**" has the meaning set out in Section 6.04;

"**Agreement**" means this arrangement agreement, including its recitals and appendices, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof;

"**Alberta Registrar**" means the Registrar appointed under section 263 of the ABCA;

"**Amalgamation**" means the amalgamation of Petrobank and PetroBakken as a step of the Arrangement;

"**Applicable Law**" means: (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty; and (ii) any applicable guideline, directive, rule, standard, requirement, policy, order, judgment, injunction, award or decree of a Governmental Authority having the force of law;

"**Arrangement**" means the arrangement under section 193 of the ABCA on the terms and subject to the conditions set forth in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with this Agreement or the Plan of Arrangement, or made at the direction of the Court in the Final Order;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement to be filed with the Alberta Registrar;

"**Business Day**" means any day on which commercial banks are open for business in Calgary, Alberta, other than a Saturday, a Sunday or a day observed as a holiday in Calgary, Alberta under the laws of the Province of Alberta or the federal laws of Canada;

"**Certificate of Arrangement**" means the certificate of arrangement or other proof of completion of the Arrangement to be issued by the Alberta Registrar, pursuant to subsection 193(11) of the ABCA, in order to give effect to the Articles of Arrangement;

"**Circular**" means the joint information circular of Petrobank and PetroBakken, including any amendments or supplements thereto and together with all appendices thereto, to be sent to Petrobank Shareholders and PetroBakken Shareholders in connection with the Petrobank Meeting and the PetroBakken Meeting, respectively;

"**Claim**" means any demand, action, suit, proceeding, claim, assessment, reassessment, judgment, settlement or other compromise relating thereto;

"**Claim Notice**" has the meaning set out in Section 6.03(a);

"**Claimed Amount**" has the meaning set out in Section 6.04;

"**Closing**" means the completion of the transactions contemplated by this Agreement;

"**Control**" has the meaning ascribed thereto in section 2 of the ABCA;

"**Court**" means the Court of Queen's Bench of Alberta;

"**CRA**" means the Canada Revenue Agency and any successor Governmental Authority thereto;

"**Dissent Rights**" means, in respect of the Arrangement, the right of a registered Petrobank Shareholder or a registered shareholder of class A shares of PetroBakken to dissent in respect of the Arrangement pursuant to the procedures set forth in section 191 of the ABCA, as modified by Article 5 of the Plan of Arrangement, the Interim Order and any other order of the Court;

"**Effective Date**" means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

"**Effective Time**" means 5:00 p.m. (Mountain Time) on the Effective Date, subject to any amendment or variation in accordance with the terms of this Agreement, and except as otherwise specified in the Plan of Arrangement;

"**Encumbrance**" means any mortgage, charge, pledge, lien, hypothec, security interest, encumbrance, adverse claim or right of any third party to acquire or restrict the use of property;

"**Excess**" has the meaning set out in Section 6.06;

"**Final Order**" means the final order of the Court approving the Arrangement, as such order may be amended or varied at any time by the Court prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or amended, with or without variation, on appeal;

"**Governmental Authority**" means any: (a) multinational, federal, provincial, territorial, state, regional, municipal, local or other government, governmental or public department, court, tribunal, commission, board or agency, domestic or foreign; or (b) regulatory authority, including any securities commission or stock exchange;

"**Indemnified Party**" means each Person, actually or potentially, entitled to indemnification pursuant to Article 6;

"**Indemnifying Party**" means a Party that is, actually or potentially, required to indemnify an Indemnified Party pursuant to Article 6;

"**Indemnity Payment**" means any amount of Loss required to be paid by an Indemnifying Party pursuant to Article 6;

"**Independent Accountant**" has the meaning set out in Section 6.07(b)(iii);

"**Interim Order**" means the interim order of the Court concerning the Arrangement and containing declarations and directions with respect to the Arrangement and the holding of the Petrobank Meeting and the PetroBakken Meeting, as such order may be amended or varied by the Court;

"**Loss**" means any loss, liability, damage, cost, expense, fine, penalty, assessment or reassessment of whatever nature or kind, including Taxes, the reasonable out-of-pocket costs and expenses of any Claim and reasonable legal fees (on a solicitor and its own client basis) incurred in connection therewith, excluding loss of profits and consequential damages;

"**Material Adverse Effect**" means, in respect of any Person, any change, event, development or occurrence that is, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, liabilities (including contingent liabilities), obligations (whether absolute, accrued, conditional or otherwise), capital, properties, assets or financial condition of that corporation (including its Affiliates, but excluding, in the case of any Party any other Party that is an Affiliate) considered as a whole after giving effect to the Arrangement or that would materially impair that corporation's ability to perform its obligations under this Agreement or the Arrangement in any material respect;

"**material fact**" has the meaning attributed to such term in the Securities Act;

"**misrepresentation**" means an untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made;

"**New Petrobank Conveyance**" means the conveyance by Petrobank to New Petrobank of all of the outstanding assets and liabilities of Petrobank at the Effective Time, other than its ownership of PetroBakken Class A Shares and PetroBakken Class B Shares, in exchange for New Petrobank Common Shares;

"**New Petrobank Conveyance Agreement**" means the conveyance agreement between Petrobank and New Petrobank giving effect to the New Petrobank Conveyance;

"**New Petrobank Shares**" means the common shares in the capital of New Petrobank;

"**Party**" means a party to this Agreement;

"**Person**" means and includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unlimited liability corporation, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status;

"**PetroBakken**" means PetroBakken Energy Ltd., a corporation governed by the *Business Corporations Act* (Alberta) and, following the Effective Date, means the company resulting from the Amalgamation;

"**PetroBakken Arrangement Resolution**" means the special resolution of the PetroBakken Shareholders in respect of the Arrangement in accordance with the Interim Order;

"**PetroBakken Class A Shares**" means class A shares in the capital of PetroBakken;

"**PetroBakken Class B Shares**" means class B shares in the capital of PetroBakken;

"**PetroBakken Common Shares**" means the common shares in the capital of PetroBakken following the completion of the Amalgamation;

"**PetroBakken Meeting**" means the special meeting of PetroBakken Shareholders (including any adjournment or postponement thereof) to be called and held in accordance with the Interim Order to consider and, if deemed advisable, to approve the PetroBakken Arrangement Resolution;

"**PetroBakken Shareholder**" means, prior to the Effective Time, a holder of PetroBakken Class A Shares or PetroBakken Class B Shares and, after the Effective Time, a holder of PetroBakken Common Shares;

"**Petrobank Arrangement Resolution**" means the special resolution of the Petrobank Shareholders in respect of the Arrangement in accordance with the Interim Order;

"**Petrobank Common Shares**" means the common shares in the capital of Petrobank as same are constituted on the date hereof and will be constituted immediately prior to the Effective Time;

"**Petrobank Shareholder**" means a holder of Petrobank Common Shares;

"**Petrobank Meeting**" means the special meeting of Petrobank Shareholders (including any adjournment or postponement thereof) to be called and held in accordance with the Interim Order to consider and, if deemed advisable, to approve the Petrobank Arrangement Resolution;

"**Plan of Arrangement**" means the plan of arrangement in substantially the form set out as Appendix A to this Agreement, as amended, modified or supplemented from time to time in accordance with the terms thereof;

"**Prime Rate**" means the floating rate of interest established from time to time by The Toronto-Dominion Bank (and reported to the Bank of Canada) as the reference rate of interest The Toronto-Dominion Bank will use to determine rates of interest payable by its borrowers on Canadian dollar commercial loans made by The Toronto-Dominion Bank to such borrowers in Canada and designated by The Toronto-Dominion Bank as its "prime rate";

"**Recovery**" has the meaning set out in Section 6.06;

"**Representatives**" means, collectively, the current and future directors, officers, employees, agents and advisors of a Party and their respective heirs, executors, administrators, successors and assigns;

"**Securities Act**" means the *Securities Act* (Alberta);

"**Subsidiary**" means, in respect of a Person at a particular time, a Person that is Controlled, directly or indirectly, by such Person;

"**Tax**" or "**Taxes**" includes all taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges of any nature imposed by any Governmental Authority (including, without limitation, income, capital (including large corporations), withholding, consumption, sales, use, transfer, goods and services or other value-added, excise, customs, net worth, stamp, registration, franchise, payroll, employment, Canada Pension Plan contributions, employment insurance premiums, health, education, business, school, property, local improvement, development, education, development and occupation taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and charges), together with all fines, interest, penalties on or in respect of, or in lieu of or for non-collection or non-remittance of, those taxes, surtaxes, duties, levies, imposts, rates, fees, assessments, withholdings, dues and other charges;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**Tax Benefit**" has the meaning set out in Section 6.07(b)(i);

"**Tax Gross-Up**" means, with respect to any particular Indemnity Payment, such additional amount as is necessary to place the Indemnified Party in the same after-tax position as it would have been in had such Indemnity Payment been received tax free by the Indemnified Party. The Tax Gross-Up amount will be calculated by using the applicable combined federal and provincial income tax rate and/or the foreign tax rate applicable to the Indemnified Party and, except as provided in Section 6.07, without regard to any losses, credits, refunds or deductions that the Indemnified Party may have that could affect the amount of Tax payable on any such Indemnity Payment;

"**Third Party Claim**" has the meaning set out in Section 6.03(a); and

"**TSX**" means the Toronto Stock Exchange.

1.02 Appendix

The following appendix is attached to this Agreement and forms part hereof:

Appendix A - Plan of Arrangement

1.03 Construction

In this Agreement, unless otherwise expressly stated or the context otherwise requires:

(a) the division of this Agreement into Articles, Sections and Subsections and the use of headings are for convenience of reference only and do not affect the construction or interpretation hereof;

(b) the words "hereunder", "hereof" and similar expressions refer to this Agreement and not to any particular Article, Section or Subsection and references to "Articles", "Sections" and "Subsections" are to Articles, Sections and Subsections of this Agreement;

(c) words importing the singular include the plural and vice versa, and words importing any gender include all genders and the neuter;

(d) the word "including", when following any general term or statement, is not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement;

(e) a reference to a statute or code includes every regulation promulgated thereunder, all amendments to the statute or code or to any such regulation in force from time to time, and any statute, code or regulation which supplements or supersedes such statute, code or regulation;

(f) if any date on which any action is required to be taken under this Agreement is not a Business Day, such action will be required to be taken on the next succeeding Business Day; and

(g) a reference to the knowledge of a Party means to the best of the knowledge of any of the officers of such Party after due inquiry.

ARTICLE 2– THE ARRANGEMENT

2.01 Court Approvals

(a) As soon as reasonably practicable, Petrobank, PetroBakken and New Petrobank shall apply to the Court pursuant to section 193 of the ABCA for orders approving the Arrangement and in connection with such applications shall:

(i) prepare, file and diligently pursue an application for, the Interim Order, which shall provide, among other things:

(A) for the Persons to whom notice is to be provided in respect of the Arrangement, the Petrobank Meeting and the PetroBakken Meeting, and for the manner in which such notice is to be provided;

(B) that the requisite approval for the Petrobank Arrangement Resolution shall be at least two-thirds of the votes cast on the Petrobank Arrangement Resolution by Petrobank Shareholders present in person or represented by proxy at the Petrobank Meeting;

(C) that the requisite approval for the PetroBakken Arrangement Resolution shall be at least two-thirds of the votes cast on the PetroBakken Arrangement Resolution by PetroBakken Shareholders present in person or by proxy at the PetroBakken Meeting, and any minority approvals of the PetroBakken Shareholders required under Multilateral Instrument 61-101 – *Protection of Minority Security Interests in Special Transactions*;

(D) for the notice requirements with respect to the presentation of the application to the Court for the Final Order;

(E) for the grant of the Dissent Rights; and

(F) that the Petrobank Meeting or PetroBakken Meeting may be adjourned or postponed from time to time by Petrobank or PetroBakken respectively, in accordance with this Agreement without the need for additional approval of the Court;

(ii) subject to obtaining all necessary approvals of the Petrobank Shareholders and PetroBakken Shareholders as contemplated in the Interim Order and as may be directed by the Court in the Interim Order, take all steps necessary or desirable to submit the Arrangement to the Court and prepare, file and diligently pursue an application for the Final Order; and

(iii) subject to the satisfaction or waiver of the conditions set forth herein, deliver to the Registrar the Articles of Arrangement and such other documents as may be required to give effect to the Arrangement, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out in the Plan of Arrangement without any further act or formality, except as contemplated in the Plan of Arrangement.

2.02 Effective Date and Effective Time

The Arrangement will become effective on the Effective Date and the steps to be carried out pursuant to the Plan of Arrangement will become effective commencing as at the Effective Time and in the order set out therein or as otherwise specified in the Plan of Arrangement.

2.03 Petrobank Approval

(a) Petrobank represents to and in favour of PetroBakken that its board of directors has determined unanimously that:

(i) the Arrangement is fair to the Petrobank Shareholders and is in the best interests of Petrobank; and

(ii) it will recommend that the Petrobank Shareholders vote in favour of the Petrobank Arrangement Resolution and so represent in the Circular.

(b) Petrobank represents to and in favour of PetroBakken that each of its directors has advised Petrobank that he or she intends to vote all of the Petrobank Common Shares beneficially owned, directly or indirectly, or over which direction or control is exercised, by him or her in favour of the Petrobank Arrangement Resolution and will, accordingly, so represent in the Circular.

(c) Petrobank agrees to vote its PetroBakken Class A Shares and PetroBakken Class B Shares in favour of the PetroBakken Arrangement Resolution and not exercise any Dissent Rights.

(d) For greater certainty, nothing in the foregoing or elsewhere in this Agreement shall limit the ability of the board of directors of Petrobank to act in accordance with its view of its fiduciary duties, including withdrawing, modifying or changing any such determination, recommendation or intention to vote.

2.04 PetroBakken Approval

(a) PetroBakken represents to and in favour of Petrobank and New Petrobank that its board of directors has determined unanimously that:

(i) the Arrangement is fair to the PetroBakken Shareholders and is in the best interests of PetroBakken; and

(ii) it will recommend that the PetroBakken Shareholders vote in favour of the PetroBakken Arrangement Resolution and so represent in the Circular.

(b) PetroBakken represents to and in favour of Petrobank and New Petrobank that each of its directors has advised PetroBakken that he or she intends to vote all of the PetroBakken Class A Shares beneficially owned, directly or indirectly, or over which direction or control is exercised, by him or her in favour of the PetroBakken Arrangement Resolution and will, accordingly, so represent in the Circular.

(c) For greater certainty, nothing in the foregoing or elsewhere in this Agreement shall limit the ability of the board of directors of PetroBakken to act in accordance with its view of its fiduciary duties, including withdrawing, modifying or changing any such determination, recommendation or intention to vote.

ARTICLE 3 – REPRESENTATIONS AND WARRANTIES

3.01 Mutual Representations and Warranties

Each Party represents and warrants to and in favour of the other Party that:

(a) it is duly incorporated, amalgamated or continued and is validly existing under the laws of its governing jurisdiction and has the corporate power and authority to enter into this Agreement and, subject to obtaining the requisite approvals contemplated hereby, to perform its obligations hereunder;

(b) the execution and delivery of this Agreement by it and the completion by it of the transactions contemplated herein do not and will not:

(i) result in the breach of, or violate any term or provision of, its articles or by-laws;

(ii) conflict with, result in the breach of, constitute a default under, or accelerate or permit the acceleration of the performance required by, any agreement, instrument, license, permit or authority to which it is a party or by which it is bound, or to which any assets of such Party are subject, or result in the creation of any Encumbrance upon any of its assets under any such agreement or instrument, or give to others any interest or right, including rights of purchase, termination, cancellation or acceleration, under any such agreement, instrument, license, permit or authority, which in any case would have a Material Adverse Effect on it; or

(iii) violate any provisions of any Applicable Law or any judicial or administrative award, judgment, order or decree applicable and known to it, the violation of which would have a Material Adverse Effect on it;

(c) no dissolution, winding-up, bankruptcy, liquidation or similar proceeding has been commenced or is pending or, to such Party's knowledge, is proposed in respect of it; and

(d) the execution and delivery of this Agreement and the completion of the transactions contemplated herein have been duly approved by its board of directors, and this Agreement constitutes a valid and binding obligation of such Party enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and to general principles of equity and limitations upon the enforcement of indemnification for fines or penalties imposed by law.

3.02 Representations and Warranties of Petrobank

Petrobank represents and warrants to and in favour of PetroBakken that the authorized capital of Petrobank consists of an unlimited number of Petrobank Common Shares and an unlimited number of preferred shares, of which, as of the date hereof, only 98,746,072 Petrobank Common Shares, and no other shares, are issued and outstanding.

3.03 Representations and Warranties of PetroBakken

PetroBakken represents and warrants to and in favour of Petrobank and New Petrobank that the authorized capital of PetroBakken consists of an unlimited number of PetroBakken Class A Shares, an unlimited number of PetroBakken Class B Shares and an unlimited number of preferred shares, of which, as of the date hereof, only 181,663,025 PetroBakken Class A Shares, 8,090,622 PetroBakken Class B Shares, and no other shares, are issued and outstanding.

3.04 Representations and Warranties of New Petrobank

New Petrobank represents and warrants to and in favour of Petrobank and PetroBakken that:

(a) the authorized capital of New Petrobank consists of an unlimited number of New Petrobank Shares, of which, as of the date hereof, no such shares are issued and outstanding; and

(b) it has no assets, no liabilities and it has carried on no business other than relating to, and contemplated by, this Agreement or the Arrangement.

3.05 Survival of Representations, Warranties and Covenants

All representations, warranties and covenants made by the Parties contained in this Agreement will remain operative and in full force and effect and, notwithstanding any investigation made by or on behalf of any Party or any other Person, or any knowledge of the beneficiaries of such representations, warranties and covenants or the knowledge of any other Person, until the earlier of the termination of this Agreement in accordance with Section 7.02 or the Effective Date, whereupon such representations, warranties and covenants will expire and be of no further force or effect.

ARTICLE 4– COVENANTS

4.01 General Covenant

Each of Petrobank and PetroBakken (in either case, so long as its board of directors has not withdrawn its recommendation referred to in Sections 2.03(a)(ii) or 2.04(a)(ii), as the case may be,) and New Petrobank will use all commercially reasonable efforts and do all things reasonably required of it to cause the Effective Date to occur on or before December 31, 2012, or such later date as Petrobank and PetroBakken may agree and announce, with such determination and announcements being no later than December 31, 2012.

4.02 Covenants of Petrobank

Petrobank will:

(a) not, on or before the Effective Date, perform any act or enter into any transaction that could reasonably be expected to interfere or be inconsistent with the completion of the Arrangement;

(b) as soon as practicable, convene the Petrobank Meeting;

(c) in a timely and expeditious manner:

(i) forthwith carry out the terms of the Interim Order;

(ii) prepare, with PetroBakken, the Circular and proxy solicitation materials and any amendments or supplements thereto in accordance with Applicable Law (including that the Circular (including with respect to any information incorporated therein by reference but excluding any information relating to PetroBakken) will not contain a misrepresentation), and file such materials in all jurisdictions where the same are required to be filed, and distribute the same as ordered by the Interim Order and in accordance with all Applicable Laws, and solicit proxies to be voted at the Petrobank Meeting in favour of the Petrobank Arrangement Resolution and related matters; and

(iii) conduct the Petrobank Meeting in accordance with the Interim Order, the by-laws of Petrobank, as applicable, and as otherwise required by Applicable Laws;

(d) subject to obtaining all necessary approvals of the Petrobank Shareholders and PetroBakken Shareholders as contemplated in the Interim Order, forthwith proceed with and diligently prosecute an application for the Final Order;

(e) subject to the receipt of the Final Order and the satisfaction or waiver of the conditions precedent in favour of Petrobank set out in Article 5, deliver to and file with the Alberta Registrar the Articles of Arrangement and the Final Order at such time as Petrobank deems appropriate in its sole discretion in order to give effect to the Arrangement;

(f) on or before the Effective Date, assist and cooperate in the preparation and filing with all applicable securities commissions or similar securities regulatory authorities in Canada and the United States of all necessary applications to seek exemptions, if required, from the prospectus, registration and other requirements of the applicable securities laws of jurisdictions in Canada and the United States for the issue by New Petrobank and delivery by Petrobank of New Petrobank Shares, and other exemptions that are necessary or desirable in connection with the Arrangement;

(g) prior to the Effective Date, jointly with PetroBakken, obtain confirmation from the TSX of the continued listing of the PetroBakken Common Shares following the completion of the Arrangement, and make application to list the New Petrobank Shares issuable pursuant to the Arrangement on the TSX; and

(h) on or before the Effective Date, perform the obligations required to be performed by Petrobank under the Plan of Arrangement and do all such other acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Arrangement, including using all commercially reasonable efforts to obtain:

(i) the approval of Petrobank Shareholders required for the implementation of the Arrangement;

(ii) such other consents, orders, rulings or approvals and assurances as are necessary or desirable for the implementation of the Arrangement, including those referred to in Section 5.01; and

(iii) satisfaction of the other conditions precedent referred to in Sections 5.01 and 5.02.

4.03 Covenants of PetroBakken

PetroBakken will:

(a) not, on or before the Effective Date, perform any act or enter into any transaction that could reasonably be expected to interfere or be inconsistent with the completion of the Arrangement;

(b) as soon as practicable, convene the PetroBakken Meeting;

(c) in a timely and expeditious manner:

(i) forthwith carry out the terms of the Interim Order;

(ii) prepare, with Petrobank, the Circular and proxy solicitation materials and any amendments or supplements thereto in accordance with Applicable Law (including that the Circular (including with respect to any information incorporated therein by reference but excluding any information relating to

Petrobank) will not contain misrepresentation), and file such materials in all jurisdictions where the same are required to be filed, and distribute the same as ordered by the Interim Order and in accordance with all Applicable Laws, and solicit proxies to be voted at the PetroBakken Meeting in favour of the PetroBakken Arrangement Resolution and related matters; and

(iii) conduct the PetroBakken Meeting in accordance with the Interim Order, the by-laws of PetroBakken, as applicable, and as otherwise required by Applicable Laws;

(d) subject to obtaining all necessary approvals of the PetroBakken Shareholders and Petrobank Shareholders as contemplated in the Interim Order, and forthwith proceed with and diligently prosecute an application for the Final Order;

(e) on or before the Effective Date, assist and cooperate in the preparation and filing with all applicable securities commissions or similar securities regulatory authorities in Canada and the United States of all necessary applications to seek exemptions, if required, from the prospectus, registration and other requirements of the applicable securities laws of jurisdictions in Canada and the United States for the issue by PetroBakken of PetroBakken Common Shares, and other exemptions that are necessary or desirable in connection with the Arrangement;

(f) prior to the Effective Date, jointly with Petrobank, obtain confirmation of the continued listing of the PetroBakken Common Shares on the TSX following the completion of the Arrangement;

(g) on or before the Effective Date, perform the obligations required to be performed by PetroBakken under the Arrangement and do all such other acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Arrangement, including using all commercially reasonable efforts to obtain:

(i) the approval of PetroBakken Shareholders required for the implementation of the Arrangement;

(ii) such other consents, orders, rulings or approvals and assurances as are necessary or desirable for the implementation of the Arrangement, including those referred to in Section 5.01; and

(iii) satisfaction of the other conditions precedent referred to in Sections 5.01 and 5.02; and

(h) ensure that the record date for its dividend payable to the PetroBakken Shareholders in respect of the month of December, 2012 occurs prior to the Effective Date.

4.04 Covenants of New Petrobank

New Petrobank will:

(a) not, on or before the Effective Date, except as specifically provided for hereunder or in connection with the Arrangement, alter or amend its constating documents, articles or by-laws as the same exist as at the date of this Agreement;

(b) not, on or before the Effective Date, perform any act or enter into any transaction that could reasonably be expected to interfere or be inconsistent with the completion of the Arrangement; and

(c) on or before the Effective Date, perform the obligations required to be performed by it under the Plan of Arrangement and do all such other acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may be necessary or desirable and are within its power and control in order to carry out and give effect to the Arrangement, including co-operating with Petrobank and PetroBakken to obtain:

(i) the Final Order;

(ii) the approval of the listing of the New Petrobank Shares on the TSX;

(iii) such other consents, rulings, orders, approvals and assurances as are necessary or desirable for the implementation of the Arrangement, including those referred to in Section 5.01; and

(iv) satisfaction of the other conditions precedent referred to in Sections 5.01 and 5.02.

4.05 Tax-Related Covenants

(a) Each Party covenants and agrees with and in favour of the other Party to file its tax returns and make all other filings, notifications, designations and elections, including section 85 elections, pursuant to the Tax Act and to make adjustments to its stated capital accounts in accordance with the terms of the Arrangement following the Effective Date. Where an agreed amount is to be included in any such election, such amount will be within the range contemplated by the Tax Act (or applicable provincial or foreign legislation) and will be the amount contemplated by the Arrangement and this Agreement.

(b) Each Party covenants and agrees with and in favour of each other Party to cooperate in the preparation and filing, in the form and within the time limits prescribed or otherwise contemplated in the Tax Act, of all tax returns, filings, notifications, designations and elections under the Tax Act as contemplated in the Arrangement and this Agreement (and any similar tax returns, elections, notifications or designations that may be required under applicable provincial or foreign legislation).

ARTICLE 5 – CONDITIONS

5.01 Conditions Precedent

The obligations of Petrobank and PetroBakken to complete the transactions contemplated by this Agreement and to file the Articles of Arrangement to give effect to the Arrangement are subject to the satisfaction of the following conditions which are for the benefit of each of Petrobank and PetroBakken:

(a) the Interim Order shall have been obtained in form and substance satisfactory to Petrobank and PetroBakken, in their sole discretion, and not have been set aside, amended or varied in a manner unacceptable to Petrobank and PetroBakken, in their sole discretion, whether on appeal or otherwise;

(b) the Petrobank Arrangement Resolution shall have been approved by the requisite number of votes cast by the Petrobank Shareholders at the Petrobank Meeting in accordance with the provisions of the Interim Order and any applicable regulatory requirements;

(c) the PetroBakken Arrangement Resolution shall have been approved by the requisite number of votes cast by the PetroBakken Shareholders at the PetroBakken Meeting in accordance with the provisions of the Interim Order and any applicable regulatory requirements;

(d) the Final Order shall have been obtained in form and substance satisfactory to Petrobank and PetroBakken, in their sole discretion;

(e) the Articles of Arrangement and all necessary related documents, in form and substance satisfactory to Petrobank and PetroBakken, shall have been accepted for filing by the Alberta Registrar together with the Final Order in accordance with subsection 193(10) of the ABCA;

(f) all material consents, orders, rulings, approvals, opinions and assurances, including regulatory, judicial, third party and advisor opinions, approvals and orders, required or necessary, for the completion of the transactions provided for in this Agreement or the Plan of Arrangement, shall have been obtained or received, and none of the consents, orders, rulings, approvals, opinions or assurances contemplated herein shall contain terms or conditions or require undertakings or security that are considered unsatisfactory or unacceptable by Petrobank or PetroBakken;

(g) no action shall have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Arrangement, and there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, and no cease trading or similar order with respect to any securities of any of the Parties shall have been issued and remain outstanding;

(h) no law, regulation or policy shall have been proposed, enacted, promulgated or applied that interferes or is inconsistent with the completion of the Arrangement or their effective application to the Arrangement, including any material change to the income tax laws of Canada or any province or territory thereof;

(i) the PetroBakken Common Shares and the New Petrobank Shares to be issued pursuant to the Arrangement shall have been conditionally approved for listing on the TSX, subject to compliance with the normal listing requirements of such exchange;

(j) there shall have not developed, occurred or come into effect or existence any event, action or occurrence of national or international consequences, any governmental law or regulation, state, condition or major financial occurrence, including any act of terrorism, war or like event, or other occurrence of any nature, which, materially adversely affects, or could reasonably be expected to materially adversely affect, the financial markets in Canada or the United States or the business, financial condition, operations or affairs of Petrobank, PetroBakken or New Petrobank, on a consolidated basis, going forward;

(k) the New Petrobank Conveyance Agreement shall have been executed by Petrobank and New Petrobank, pursuant to which New Petrobank shall have acquired the business of Petrobank, other than its ownership interest in PetroBakken, and shall have acquired all liabilities relating to the operation of such business prior to the Effective Date, on terms reasonably satisfactory to PetroBakken; and

(l) this Agreement shall not have been terminated pursuant to the provisions of Section 7.02.

5.02 Dissent Conditions Precedent

(a) The obligations of Petrobank to complete the transactions contemplated by this Agreement and to file the Articles of Arrangement to give effect to the Arrangement are conditional on (which may be waived by Petrobank without prejudice to its right to rely on any other condition in its favour) there not being, as of the Effective Date, Petrobank Shareholders that hold, in the aggregate, in excess of 0.5% of all outstanding Petrobank Common Shares that have validly exercised their Dissent Rights and not withdrawn such exercise.

(b) The obligations of PetroBakken to complete the transactions contemplated by this Agreement and to file the Articles of Arrangement to give effect to the Arrangement are conditional on (which may be waived by PetroBakken without prejudice to its right to rely on any other condition in its favour) there not being, as of the Effective Date, PetroBakken Shareholders that hold, in the aggregate, in excess of 0.5% of all outstanding PetroBakken Class A Shares and PetroBakken Class B Shares in the aggregate, that have validly exercised their dissent rights and not withdrawn such exercise.

5.03 Conditions to Obligation of Each Party

The obligation of each Party to complete the transactions contemplated by this Agreement is further subject to the conditions (which may be waived by such Party without prejudice to its right to rely on any other condition in its favour) that: (i) the covenants of each other Party to be performed on or before the Effective Date pursuant to the terms of this Agreement will have been duly performed in all material respects; (ii) except as set forth in this Agreement, or the Plan of Arrangement, the representations and warranties of the other Party will be true and correct in all material respects as at the Effective Date, with the same effect as if such representations and warranties had been made at, and as of, such date; and (iii) each Party will receive a certificate, dated the Effective Date, of a senior officer of the other Party confirming the matters in (i) and (ii) above.

5.04 Merger/Waiver of Conditions

The conditions set out in Sections 5.01, 5.02 and 5.03 will be conclusively deemed to have been satisfied, waived or released on the filing of the Articles of Arrangement under the ABCA to give effect to the Plan of Arrangement.

ARTICLE 6 – INDEMNITIES

6.01 Indemnity by Petrobank and New Petrobank

New Petrobank and, until the Effective Date, Petrobank, will indemnify and hold harmless PetroBakken against any Loss suffered or incurred, directly or indirectly, by such Indemnified Party as a result of or in connection with:

(a) any inaccuracy or misrepresentation in any representation or warranty of Petrobank or New Petrobank in this Agreement;

(b) any breach of any covenant of Petrobank or New Petrobank in this Agreement; and

(c) any Losses arising to or payable by PetroBakken following completion of the Arrangement as a consequence of the completion of the Arrangement or any of the transactions contemplated thereby (whether or not there is any inaccuracy or misrepresentation in any representation or warranty or breach of any covenant of Petrobank), other than a Loss arising as a result of a breach of a covenant of PetroBakken contained in Section 4.05.

6.02 Indemnity by PetroBakken

PetroBakken will indemnify and hold harmless New Petrobank and, until the Effective Date, Petrobank, against any Loss suffered or incurred, directly or indirectly, by New Petrobank and, until the Effective Date, Petrobank, as a result of or in connection with:

(a) any inaccuracy or misrepresentation in any representation or warranty of PetroBakken in this Agreement; and

(b) any breach of any covenant of PetroBakken in this Agreement.

6.03 Procedure for Third Party Claims

(a) Promptly after an Indemnified Party has received notice or has knowledge of any pending or threatened Claim asserted by a third party or the commencement of any Claim by a third party in respect of which indemnification shall be sought hereunder (a "**Third Party Claim**"), the Indemnified Party shall give the Indemnifying Party written notice (a "**Claim Notice**") describing in reasonable detail the nature and basis of the Third Party Claim and, if ascertainable, the amount in dispute under the Third Party Claim.

(b) Subject to the limitations set forth in this Section 6.03(b), in the event of a Third Party Claim, the Indemnifying Party shall have the right (exercisable by written notice to the Indemnified Party within fifteen (15) days after the Indemnifying Party has received a Claim Notice in respect of the Third Party Claim) to elect to conduct and control, through counsel of its choosing that is reasonably acceptable to the Indemnified Party and at the Indemnifying Party's sole cost and expense, the defense, compromise or settlement of the Third Party Claim if the Indemnifying Party: (i) has acknowledged and agreed in writing that, if the same is adversely determined, the Indemnifying Party shall provide indemnification to the Indemnified Party in respect thereof; and (ii) if requested by the Indemnified Party, has provided evidence reasonably satisfactory to the Indemnified Party of the Indemnifying Party's financial ability to pay any Losses resulting from the Third Party Claim; provided, however, that the Indemnified Party may participate therein through separate counsel chosen by it and at its sole cost and expense. Notwithstanding the foregoing, if: (A) the Indemnifying Party shall not have given notice of its election to conduct and control the defense of the Third Party Claim within such fifteen (15) day period; (B) the Indemnifying Party shall fail to conduct such defense diligently and in good faith; (C) the Indemnified Party shall reasonably determine that use of counsel selected by the Indemnifying Party to represent the Indemnified Party would present such counsel with an actual or potential conflict of interest; or (D) the Third Party Claim is for injunctive, equitable or other non-monetary relief against the Indemnified Party, then in each such case the Indemnified Party shall have the right to control the defense, compromise or settlement of the Third Party Claim with counsel of its choice at the Indemnifying Party's sole cost and expense. In connection with any Third Party Claim, from and after delivery of a Claim Notice, the Indemnifying Party and the Indemnified Party shall, and shall cause their respective Affiliates and Representatives to, cooperate fully in connection with the defense or prosecution of such Third Party Claim, including furnishing such records, information and testimony and attending such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested by the Indemnifying Party or the Indemnified Party in connection therewith. In addition, the party controlling the defense of any Third Party Claim shall keep the non-controlling party advised of the status thereof and shall consider in good faith any recommendations made by the non-controlling party with respect thereto.

(c) Except as set forth below, no Third Party Claim may be settled or compromised: (i) by the Indemnified Party without the prior written consent of the Indemnifying Party (not to be unreasonably withheld, conditioned or delayed); or (ii) by the Indemnifying Party without the prior written consent of the Indemnified Party (not to be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing: (A) the Indemnified Party shall have the right to pay, settle or compromise any Third Party Claim, provided that in such event the Indemnified Party shall waive all rights against the Indemnifying Party to indemnification under this Article 6 with respect to such Third Party Claim unless the Indemnified Party shall have sought the consent of the Indemnifying Party to such payment, settlement or compromise and such consent shall have been unreasonably withheld, conditioned or delayed; and (B) the Indemnifying Party shall have the right to consent to the entry of a judgment or enter into a settlement with respect to any Third Party Claim without the prior written consent of the Indemnified Party if the judgment or settlement (x) involves only the payment of money damages (all of which will be paid in full by the Indemnifying Party concurrently with the effectiveness thereof), (y) will not encumber any of the assets of the Indemnified Party and will not contain any restriction or condition that would apply to or adversely affect the Indemnified Party or the conduct of its business, and (z) includes, as a condition to any settlement or other resolution, a complete and irrevocable release of the Indemnified Party from all liability in respect of such Third Party Claim and includes no admission of wrongdoing.

6.04 Procedure for Direct Claims

In the event that an Indemnified Party advances a Claim for indemnification hereunder that does not involve a Third Party Claim, the Indemnified Party shall, as promptly as practicable, deliver to the Indemnifying Party a written notice that contains: (a) a description and the amount (the "**Claimed Amount**") of any Losses incurred or suffered by the Indemnified Party; (b) a statement that the Indemnified Party is entitled to indemnification under this Article 6 and a reasonable explanation of the basis therefor; and (c) a demand for payment by the Indemnifying Party. Within thirty (30) days after delivery of such written notice, the Indemnifying Party shall deliver to the Indemnified Party a written response in which the Indemnifying Party shall: (i) agree that the Indemnified Party is entitled to receive all of the Claimed Amount (in which case such response shall be accompanied by a payment by the Indemnifying Party of the Claimed Amount); (ii) agree that the Indemnified Party is entitled to receive part, but not all, of the Claimed Amount (the "**Agreed Amount**") (in which case such response shall be accompanied by payment by the Indemnifying Party of the Agreed Amount); or (iii) contest that the Indemnified Party is entitled to receive any of the Claimed Amount. If the Indemnifying Party contests the payment of all or any part of the Claimed Amount, the Indemnifying Party and the Indemnified Party shall use good faith efforts to resolve such dispute as promptly as practicable. If such dispute is not resolved within 60 days or such longer period as may reasonably be required in order to properly exchange all relevant information following the delivery by the Indemnifying Party of such response, the Indemnified Party and the Indemnifying Party shall each have the right to submit such dispute to a court of competent jurisdiction in accordance with Section 8.11.

6.05 Failure to Give Timely Notice

The failure to give timely notice under this Article 6 will not affect the rights or obligations of any Party except to the extent (and only to the extent) that, as a result of such failure, the Party that was entitled to receive such notice suffered damage or was otherwise adversely prejudiced.

6.06 Reductions and Subrogation

If at any time subsequent to the making of any Indemnity Payment, the amount of the indemnified Loss is reduced (other than any reduction in the amount of the indemnified Loss that arises as a consequence of the realization of any Tax Benefit by the Indemnified Party or any of its Affiliates) pursuant to any claim, recovery, settlement or payment by or against any other Person (a "**Recovery**"), such that, taking the Recovery into account, the amount of the Indemnity Payment in respect of the Loss exceeds the amount of the Loss, the Indemnified Party must promptly repay to the Indemnifying Party the amount of the excess (the "**Excess**") (less any costs, expenses (including Taxes) or premiums incurred in connection therewith) together with interest from the date of payment of the Indemnity Payment in respect of which the repayment is being made to but excluding the date of repayment of the Excess. Notwithstanding the foregoing provisions of this Section, no payment must be made under this Section 6.06 to the extent the Indemnified Party is entitled to an Indemnity Payment hereunder that remains unpaid. Upon making a full Indemnity Payment, the Indemnifying Party will, to the extent of such Indemnity Payment, be subrogated to all rights of the Indemnified Party against any third party in respect of the Loss to which the Indemnity Payment relates. Until the Indemnified Party recovers full payment of its Loss, any and all claims of the Indemnifying Party against such third party on account of such Indemnity Payment will be postponed and subordinated in right of payment to the Indemnified Party's rights against such third party.

6.07 Tax Effect/Tax Benefit

(a) If any Indemnity Payment received or accrued by an Indemnified Party would constitute income for tax purposes to such Indemnified Party, the Indemnifying Party will pay a Tax Gross-Up to the Indemnified Party at the same time and on the same terms, as to interest and otherwise, as the Indemnity Payment. Notwithstanding the foregoing provisions of this Section 6.07, if an Indemnity Payment would otherwise be included in the Indemnified Party's income, the Indemnified Party covenants and agrees to make all such elections, filings, notifications or designations and take such actions as are available, acting reasonably, to minimize or eliminate Taxes with respect to the Indemnity Payment.

(b) (i) The amount of any Loss for which indemnification is provided will be adjusted to take into account any Tax Benefit realized by the Indemnified Party or any of its Affiliates by reason of the Loss for which indemnification is so provided or the circumstances giving rise to such Loss. For the purposes of Section 6.06 and this Section, "**Tax Benefit**" shall mean: (i) an amount equal to any actual reduction in the Indemnified Party's (or Affiliate's) liability for Taxes or any actual increase in the Indemnified Party's (or Affiliate's) Tax refund recognized by the Indemnified Party (or

Affiliate) in the taxation period of the Indemnified Party (or Affiliate) in which the Loss is incurred; plus, without duplication, (ii) the discounted present value of any future such tax benefit reasonably anticipated by the Indemnified Party (or Affiliate) to be actually recognized by within 10 years after the end of the calendar year in which the Loss is incurred, taking into account, where relevant, the existing and anticipated future tax attributes of the Indemnified Party and its Affiliates, and utilizing a discount rate equal to 10 percent and effective tax rate equal to: (a) where a tax benefit is realized with respect to Canadian federal and/or provincial Taxes, the maximum combined Canadian federal and applicable provincial income tax rate applicable to a Canadian public corporation in effect at the end of the year in which the Loss is incurred, and (b) where a tax benefit is realized with respect to foreign (non-Canadian federal and/or provincial) Taxes (including, where applicable, state or local Taxes), the maximum foreign tax rate applicable to corporations in effect at the end of the year in which the Loss is incurred, in each case taking into consideration all increases and/or decreases in such rate(s) proposed by the relevant Governmental Authority at such time.

(ii) For greater certainty, the provisions of Section 6.06 shall not apply to any adjustment pursuant to the provisions of this Section.

(iii) Each Party will, when requested in writing by another Party, act commercially reasonably in cooperating with all other applicable Parties to determine the applicability, if any, of this Section 6.07(b) to any Claim. If such determination is not mutually agreed among the applicable Parties within 60 days of such written request, then the disagreement shall be submitted to an accounting firm of recognized national standing in Canada, which is independent of the Parties (the "**Independent Accountant**"). If the applicable Parties are unable to agree on the Independent Accountant within 10 days of the end of such 60 day period, any Party may apply under the *Arbitration Act* (Alberta) to have a court appoint such accounting firm. The Independent Accountant shall, as promptly as reasonable (but in any event within 45 days following its appointment), make a determination of the applicability of this Section 6.07(b) to such Claim on the basis contemplated herein, based on written submissions submitted by the applicable Parties to the Independent Accountant. The decision of the Independent Accountant as to the applicability of this Section 6.07(b) to such Claim shall be final and binding upon the Parties and will not be subject to appeal absent manifest error. The fees and expenses of the Independent Accountant with respect to the resolution of the dispute shall be paid by the applicable Parties in such proportions as are determined by the Independent Accountant. The Independent Accountant will be deemed to be acting as an expert and not an arbitrator.

6.08 Payment and Interest

Except as specified herein, all Losses will bear interest at a rate per annum, calculated and payable monthly, equal to the Prime Rate from and including the date the Indemnified Party disbursed funds or suffered or incurred a Loss to, but excluding, the day of payment by the Indemnifying Party to the Indemnified Party, with interest on overdue interest at the same rate.

6.09 Exclusive Remedy

Except for remedies for injunctive or equitable relief, claims for fraud or intentional misrepresentation or as otherwise expressly provided in this Agreement, the indemnification rights set forth in this Article 6 shall be the sole and exclusive remedy for any Claim arising out of this Agreement.

6.10 Mitigation

Nothing in this Agreement shall in any way restrict or limit the general obligation at law of an Indemnified Party to mitigate any Loss which it may suffer or incur by reason of the breach by an Indemnifying Party of any representation, warranty, covenant, obligation or agreement of the Indemnifying Party hereunder. If any such Loss can be reduced by any recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person, the Indemnified Party shall take all appropriate and reasonable steps to enforce such recovery, settlement or payment. Notwithstanding the foregoing, no Indemnified Party shall have any obligation to mitigate any Loss prior to or in connection with any application of remedies for injunctive or equitable relief.

ARTICLE 7– AMENDMENT AND TERMINATION

7.01 Amendment

This Agreement may, at any time and from time to time after the date hereof, but not later than the Effective Date, be amended by written agreement of the Parties without, subject to Applicable Law, further notice to or authorization on the part of their respective shareholders. Without limiting the generality of the foregoing, any such amendment may:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) waive any inaccuracies or modify any representation contained herein or in any document to be delivered pursuant hereto;

(c) except as otherwise provided herein, waive compliance with or modify any of the covenants contained herein or waive or modify performance of any of the obligations of the Parties; or

(d) make such alterations, modifications or amendments to this Agreement as the Parties may consider necessary or desirable in connection with the Interim Order or Final Order.

7.02 Termination

(a) This Agreement may, at any time after the date hereof, but prior to the issue of the Certificate of Arrangement, be terminated by Petrobank in its sole discretion at any time without the approval of the Petrobank Shareholders, PetroBakken Shareholders, PetroBakken or New Petrobank and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion of Petrobank to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reason it may consider appropriate.

(b) This Agreement will terminate without any further action by the Parties if the Effective Date has not occurred on or before December 31, 2012.

ARTICLE 8 – GENERAL

8.01 Notices

Any demand, notice or other communication to be given in connection with this Agreement must be given in writing and delivered personally or by courier or by facsimile addressed to the recipient as follows:

To Petrobank:

3000, 525-8th Avenue S.W.
Calgary, Alberta T2P 1G1

Attention: Peter Cheung
Fax No.: 403-266-5794

To PetroBakken:

2800, 525-8th Avenue S.W.
Calgary, Alberta, T2P 1G1

Attention: Peter Scott
Fax No.: 403-218-6075

To New Petrobank:

3000, 525-8th Avenue S.W.
Calgary, Alberta T2P 1G1

Attention: Peter Cheung
Fax No.: 403-266-5794

or other such address that a Party may, from time to time, advise the other Parties by notice in writing given in accordance with the foregoing. The date of receipt of any such notice will be deemed to be the date of actual delivery thereof or, if given by facsimile, on the day of transmittal thereof if given during the normal business hours of the recipient with written confirmation of receipt by fax and verbal confirmation of same and on the next Business Day, if not given during such hours.

8.02 Time of Essence

Time shall be of the essence of this Agreement.

8.03 Further Assurances

Each of the Parties will from time to time execute and deliver such further documents and instruments and do all acts and things as any other Party may before the Effective Date reasonably require to effectively carry out or better evidence or perfect the full intent and meaning of this Agreement.

8.04 Assignment

No Party may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other Parties (which consent will not be unreasonably withheld or delayed), provided that no such consent will be required for any Party to assign its rights and obligations under this Agreement and the Arrangement to a corporate successor to such Party or to a purchaser of all or substantially all of the assets of such Party.

8.05 Binding Effect

This Agreement will be binding upon and enure to the benefit of the Parties and their respective successors and permitted assigns, and specific references to "successors" elsewhere in this Agreement will not be construed to be in derogation of the foregoing.

8.06 Waiver

Any waiver or release of any of the provisions of this Agreement, to be effective, must be in writing executed by the Party granting the same.

8.07 Costs and Expenses

Whether or not the transactions contemplated by this Agreement are completed or this Agreement is terminated, Petrobank will pay or cause to be paid all costs and expenses of, or incidental to, the performance of its obligations hereunder and all reasonable and documented costs and expenses of, or incidental to, all other matters in connection with the transactions contemplated hereunder, including those incurred by PetroBakken and New Petrobank (net of any credits received by PetroBakken from the TSX). For clarity, New Petrobank will be responsible for and will reimburse PetroBakken for all costs and expenses relating to this Agreement to the extent such costs are not paid by Petrobank prior to the Effective Date.

8.08 No Personal Liability

(a) No Representative of Petrobank shall have any personal liability whatsoever to PetroBakken or New Petrobank on behalf of Petrobank under this Agreement, the Plan of Arrangement or any other document delivered in connection with any of the foregoing;

(b) No Representative of PetroBakken shall have any personal liability whatsoever to New Petrobank or Petrobank on behalf of PetroBakken under this Agreement, the Plan of Arrangement or any other document delivered in connection with any of the foregoing; and

(c) No Representative of New Petrobank shall have any personal liability whatsoever to Petrobank or PetroBakken on behalf of New Petrobank under this Agreement, the Plan of Arrangement or any other document delivered in connection with any of the foregoing.

8.09 Invalidity of Provisions

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Applicable Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

8.10 Entire Agreement

This Agreement, the Plan of Arrangement and the other agreements and instruments contemplated hereby and thereby or entered into or delivered in connection herewith or therewith, constitute the entire agreement between the Parties pertaining to the subject matter hereof and thereof. There are no warranties, conditions, or representations (including any that may be implied by statute), and there are no agreements, in connection with such subject matter except as specifically set forth or referred to in this Agreement, the Plan of Arrangement and such other agreements and instruments contemplated hereby and thereby or entered into or delivered in connection herewith or therewith, or as otherwise set out in writing and delivered at Closing. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made by any Party or its Representatives to any other Party or its Representatives except to the extent that the same has been reduced to writing and included as a term of this Agreement, the Plan of Arrangement, such other agreements and instruments contemplated hereby and thereby or entered into or delivered in connection herewith or therewith, or as otherwise set out in writing and delivered at Closing. Accordingly, there will be no liability, either in tort or in contract, assessed in relation to any such warranty, representation, opinion, advice or assertion of fact, except to the extent aforesaid.

8.11 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the federal laws of Canada applicable therein without regard to conflicts of law principles. Each of the Parties agrees that any action or proceeding arising out of or relating to this Agreement may be instituted in the courts of Alberta, waives any objection which it may have now or later to the venue of that action or proceeding, irrevocably submits to the non-exclusive jurisdiction of those courts in that action or proceeding and agrees to be bound by any judgment of those courts.

8.12 No Third Party Beneficiaries

Except as otherwise provided in Sections 8.04, 8.05 and 8.08, this Agreement is not intended to confer on any Person other than the Parties any rights or remedies.

8.13 Counterparts

This Agreement may be executed in any number of original, facsimile or "pdf" counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF the Parties have executed this Agreement.

PETROBANK ENERGY AND RESOURCES LTD.

By: *Signed "Peter Cheung"*
Peter Cheung
Vice President Finance & Chief Financial Officer

PETROBAKKEN ENERGY LTD.

By: *Signed "Peter Scott"*
Peter Scott
Senior Vice President Finance & Chief Financial Officer

1708589 ALBERTA LTD.

By: *Signed "Peter Cheung"*
Peter Cheung
Vice President Finance & Chief Financial Officer

Appendix A

Plan of Arrangement

[See Attached]

PLAN OF ARRANGEMENT UNDER SECTION 193 OF THE BUSINESS CORPORATIONS ACT (ALBERTA)

ARTICLE 1– INTERPRETATION

1.01 Definitions

In this Plan of Arrangement, other than the Schedules:

"**ABCA**" means the *Business Corporations Act* (Alberta);

"**AmalCo**" means the corporation resulting from the amalgamation of Petrobank and PetroBakken pursuant to Section 3.01(1)(e) hereof;

"**AmalCo Shares**" means the common shares in the capital of AmalCo;

"**Arrangement**" means the arrangement under section 193 of the ABCA on the terms and subject to the conditions set forth in this Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the Arrangement Agreement or this Plan of Arrangement, or made at the direction of the Court in the Final Order;

"**Arrangement Agreement**" means the arrangement agreement made as of October 29, 2012, between Petrobank, PetroBakken and New Petrobank, as it may be amended, modified or supplemented from time to time in accordance with its terms;

"**Articles of Arrangement**" means the articles of arrangement of Petrobank, PetroBakken and New Petrobank in respect of the Arrangement required by the ABCA to be filed with the Registrar after the Final Order is made;

"**Beneficially Owned**" has the meaning set forth in Section 5 of the *Securities Act* (Alberta);

"**Business Day**" means any day on which commercial banks are open for business in Calgary, Alberta other than a Saturday, a Sunday or a day observed as a holiday in Calgary, Alberta under the laws of the Province of Alberta or the federal laws of Canada;

"**Certificate of Arrangement**" means the certificate of arrangement or other evidence of the completion of the Arrangement to be issued by the Registrar, pursuant to subsection 193(11) of the ABCA, in order to give effect to the Articles of Arrangement;

"**Court**" means the Court of Queen's Bench of Alberta;

"**Dissenting PetroBakken Shareholder**" means a registered PetroBakken Class A Shareholder who validly dissents from the PetroBakken Arrangement Resolution in compliance with the PetroBakken Dissent Rights and who has not withdrawn the exercise of such PetroBakken Dissent Rights and is ultimately determined to be paid fair value in respect of the PetroBakken Class A Shares held by such PetroBakken Shareholder;

"**Dissenting Petrobank Shareholder**" means a registered Petrobank Shareholder who validly dissents from the Petrobank Arrangement Resolution in compliance with the Petrobank Dissent Rights and who has not withdrawn the exercise of such Petrobank Dissent Rights and is ultimately determined to be paid fair value in respect of the Petrobank Shares held by such Petrobank Shareholder;

"**Effective Date**" means the effective date of the Arrangement, being the date shown on the Certificate of Arrangement;

"**Effective Time**" means 5:00 p.m. (Mountain Standard time) on the Effective Date, subject to any amendment or variation in accordance with the terms of the Arrangement Agreement;

"**Encumbrance**" means any mortgage, charge, pledge, lien, hypothec, security interest, encumbrance, adverse claim or right of any third party to acquire or restrict the use of property;

"**Exchange Ratio**" means the number obtained by dividing (i) the number of PetroBakken Shares Beneficially Owned by Petrobank immediately prior to the Effective Time by (ii) the number of Petrobank Shares outstanding immediately prior to the Effective Time, rounded to the nearest four decimal places;

"**Final Order**" means the final order of the Court approving the Arrangement, as such order may be amended or varied at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or amended, with or without variation, on appeal;

"**Interim Order**" means the interim order of the Court concerning the Arrangement and containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be amended or varied by the Court;

"**Meetings**" means collectively the Petrobank Meeting and the PetroBakken Meeting;

"**New Petrobank Conveyance**" means the transfer by Petrobank of all of its assets and liabilities, other than its ownership of PetroBakken Shares, to New Petrobank in exchange for a number of New Petrobank Shares equal to the number of Petrobank Shares then outstanding, all pursuant to the terms of the New Petrobank Conveyance Agreement;

"**New Petrobank Conveyance Agreement**" means the agreement between Petrobank and New Petrobank giving effect to the New Petrobank Conveyance;

"**New Petrobank**" means 1708589 Alberta Ltd., a corporation governed by the ABCA, which will change its name to "Petrobank Energy and Resources Ltd." pursuant to Section 3.01(1)(f) of the Arrangement;

"**New Petrobank Shares**" means the common shares in the capital of New Petrobank;

"**Person**" means and includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unlimited liability corporation, trustee, executor, administrator, legal representative, government (including any governmental authority) or any other entity, whether or not having legal status, except that, where Petrobank Shares or PetroBakken Shares are held by a trustee under a bare trust arrangement, the beneficiary and not the trustee shall be regarded as the holder of such Petrobank Shares or PetroBakken Shares and any property substituted therefor;

"**PetroBakken**" means PetroBakken Energy Ltd., a corporation governed by the ABCA;

"**PetroBakken Arrangement Resolution**" means the special resolution of the PetroBakken Shareholders in respect of the Arrangement in accordance with the Interim Order;

"**PetroBakken Class A Shares"** means class A shares in the capital of PetroBakken;

"**PetroBakken Class B Shares"** means class B shares in the capital of PetroBakken;

"**PetroBakken Dissent Rights**" means the right of a registered holder of PetroBakken Class A Shares to dissent in respect of the Arrangement pursuant to the procedures set forth in section 191 of the ABCA, as modified by Article 5 of this Plan of Arrangement, the Interim Order and any other order of the Court;

"**PetroBakken Meeting**" means the special meeting of PetroBakken Shareholders (including any adjournment or postponement thereof) to be called and held in accordance with the Interim Order to consider and, if deemed advisable, to approve the PetroBakken Arrangement Resolution;

"**PetroBakken Shareholder**" means a holder of PetroBakken Shares;

"**PetroBakken Shares"** means PetroBakken Class A Shares and PetroBakken Class B Shares;

"**Petrobank**" means Petrobank Energy and Resources Ltd., a corporation governed by the ABCA;

"**Petrobank Arrangement Resolution**" means the special resolution of the Petrobank Shareholders in respect of the Arrangement in accordance with the Interim Order;

"**Petrobank Class A Shares**" means the Class A Shares of Petrobank created pursuant to Section 3.01(1)(c) of the Plan of Arrangement;

"**Petrobank Dissent Rights**" means the right of a registered Petrobank Shareholder to dissent in respect of the Arrangement pursuant to the procedures set forth in section 191 of the ABCA, as modified by Article 5 of this Plan of Arrangement, the Interim Order and any other order of the Court;

"**Petrobank Meeting**" means the special meeting of Petrobank Shareholders (including any adjournment or postponement thereof) to be called and held in accordance with the Interim Order to consider and, if deemed advisable, to approve the Petrobank Arrangement Resolution;

"**Petrobank Shareholder**" means a holder of Petrobank Shares;

"**Petrobank Shares**" means the common shares in the capital of Petrobank existing immediately prior to the Effective Time;

"**Plan of Arrangement**" means this plan of arrangement, including its Schedules, as it may be amended, modified or supplemented from time to time in accordance with the terms hereof;

"**Registrar**" means the Registrar appointed under section 263 of the ABCA;

"**Tax Act**" means the *Income Tax Act* (Canada);

"**TSX**" means the Toronto Stock Exchange.

1.02 Construction

In this Plan of Arrangement, unless otherwise expressly stated or the context otherwise requires:

(a) the division of this Plan of Arrangement into Articles and Sections and the use of headings are for convenience of reference only and do not affect the construction or interpretation hereof;

(b) the words "hereunder", "hereof" and similar expressions refer to this Plan of Arrangement and not to any particular Article or Section and references to "Articles" and "Sections" are to Articles and Sections of this Plan of Arrangement;

(c) words importing the singular include the plural and vice versa, and words importing any gender include all genders and the neuter;

(d) the word "including", when following any general term or statement, is not to be construed as limiting the general term or statement to the specific items or matters set forth or to similar items or matters, but rather as referring to all other items or matters that could reasonably fall within the broadest possible scope of the general term or statement; and

(e) a reference to a statute or code includes every regulation promulgated thereunder, all amendments to the statute or code or to any such regulation in force from time to time, and any statute, code or regulation which supplements or supersedes such statute, code or regulation.

1.03 Schedules

The following are the Schedules to this Plan of Arrangement:

Schedule A - Share Conditions attaching to the Petrobank Class A Shares

Schedule B - Articles of AmalCo

ARTICLE 2– ARRANGEMENT AGREEMENT

(1) This Plan of Arrangement is made pursuant to, is subject to the provisions of and forms part of, the Arrangement Agreement.

(2) This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective at, and be binding at and after, the Effective Time.

(3) The Articles of Arrangement and the Certificate of Arrangement shall be filed and issued, respectively, with respect to the Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein.

(4) Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any Person until the Effective Time. Further, each of the events listed in Article 3 shall be, without affecting the timing set out in Article 3, mutually conditional, such that no event described in Article 3 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3– THE ARRANGEMENT

3.01 Arrangement

(1) At the Effective Time, the events and transactions set out in Sections 3.01(1)(a) to (f), inclusive, will occur and be deemed to occur, unless otherwise provided, in the order set out below, without any further act or formality, and with each event or transaction occurring and being deemed to occur immediately after the occurrence of the immediately preceding event or transaction:

(a) the New Petrobank Conveyance will be effected pursuant to the terms of the New Petrobank Conveyance Agreement;

(b) the stated capital of the Petrobank Shares will be reduced pursuant to section 38(1)(b) of the ABCA by an amount equal to the fair market value of the New Petrobank Shares at the Effective Time, as determined by the directors of Petrobank and, in full and final payment of such reduction in stated capital, each Petrobank Shareholder shall receive one New Petrobank Share for each Petrobank Share then held and shall be added to the register of holders of New Petrobank Shares;

(c) the articles of Petrobank will be amended to create and authorize for issuance a new class of common shares, designated as “Class A Common Shares” having the rights, privileges, restrictions and conditions as set out in Schedule “A” hereto;

(d) each of the issued and outstanding PetroBakken Class A Shares, other than those PetroBakken Class A Shares Beneficially Owned by Petrobank, shall be exchanged by the holder thereof for one Petrobank Class A Share, and the holders of PetroBakken Class A Shares so exchanged shall be added to the register of holders of Petrobank Class A Shares;

(e) Petrobank and PetroBakken shall be amalgamated to form AmalCo and continue as one corporation under the ABCA in accordance with the following:

(i) the name of AmalCo shall be "PetroBakken Energy Ltd.";

(ii) the articles of AmalCo shall be deemed to be as set out in Schedule “B” hereto, which Schedule “B” shall be provided by PetroBakken and appended hereto prior to the date of the Interim Order;

(iii) the registered office of AmalCo shall be the registered office of PetroBakken;

(iv) the first directors of AmalCo, who shall hold office until the next annual meeting of shareholders of AmalCo or until their successors are elected or appointed, shall be the directors of PetroBakken;

(v) the by-laws of AmalCo shall be the by-laws of PetroBakken in effect prior to the Effective Time;

(vi) the property of each of Petrobank and PetroBakken immediately prior to the Effective Time continues to be the property of AmalCo;

(vii) AmalCo shall continue to be liable for the obligations of each of Petrobank and PetroBakken;

(viii) an existing cause of action, claim or liability to prosecution is unaffected;

(ix) a civil, criminal or administrative action or proceeding pending by or against Petrobank or PetroBakken may be continued to be prosecuted by or against AmalCo;

(x) a conviction against, or ruling, order or judgment in favour of or against, Petrobank or PetroBakken may be enforced by or against AmalCo;

(xi) each of the issued and outstanding Petrobank Class A Shares shall be converted into one AmalCo Share and the registered holders of Petrobank Class A Shares shall be added to the register of holders of AmalCo Shares;

(xii) all of the PetroBakken Shares shall be cancelled without any repayment of capital;

(xiii) each of the issued and outstanding Petrobank Shares shall be converted into a number of AmalCo Common Shares equal to the Exchange Ratio and the registered holders of Petrobank Shares shall be added to the register of holders of AmalCo Shares; and

(f) the name of New Petrobank shall be changed from “1708589 Alberta Ltd.” to “Petrobank Energy and Resources Ltd.”.

(2) All amounts of stated capital for purposes of the ABCA to be determined under this Plan of Arrangement will be determined in accordance with the authorization of the board of directors of the applicable corporation, subject to the limitations in this Plan of Arrangement.

(3) The Arrangement shall be structured such that, assuming the resolutions approving the Arrangement are approved and the Final Order is obtained, the issuance of the New Petrobank Shares issuable to the Petrobank Shareholders under the Arrangement, (ii) the issuance of the Petrobank Class A Shares issuable to the PetroBakken Class A Shareholders under the Arrangement, and (iii) the issuance of the AmalCo Shares issuable the holders of the Petrobank Shares and the holders of the Petrobank Class A Shares, will not require registration under the United States Securities Act of 1933, as amended, in reliance on the exemption from the registration requirements thereof provided by Section 3(a)(10) thereof.

ARTICLE 4- CLOSING PROCEDURES

4.01 Share Certificates

(1) From and after the Effective Time, certificates formerly representing Petrobank Shares shall represent only the right to receive the consideration to which the Petrobank Shareholders are entitled under the Arrangement or, in case of Dissenting Petrobank Shareholders, under Section 5.01 hereof.

(2) As soon as practicable after the Effective Date, there will be delivered to each Petrobank Shareholder of record at the close of business on the Effective Date certificates representing the AmalCo Shares to which such holder is entitled pursuant to the provisions of this Plan of Arrangement.

(3) The certificates representing Petrobank Shares will be deemed for all purposes thereafter to be certificates representing New Petrobank Shares and, accordingly, no new certificates will be issued representing such New Petrobank Shares.

(4) Share certificates representing the AmalCo Shares to be delivered pursuant to Section 4.01(2) will be sent to Petrobank Shareholders by first class mail at the most recent address for each Petrobank Shareholder on the list of registered Petrobank Shareholders maintained by the transfer agent.

(5) The certificates representing PetroBakken Class A Shares will be deemed for all purposes thereafter to be certificates representing AmalCo Shares and, accordingly, no new certificates will be issued to PetroBakken Shareholders representing such AmalCo Shares, provided that certificates representing Class A Shares held by Dissenting PetroBakken Shareholders shall represent only the right to receive the consideration to which such Dissenting PetroBakken Shareholders are entitled under Section 5.02 hereof.

(6) Notwithstanding anything herein contained, no fractional AmalCo Shares will be issued. In the event that a Petrobank Shareholder would otherwise be entitled to a fractional AmalCo Share hereunder, the number of AmalCo Shares issued to such Petrobank Shareholder shall be rounded up to the next greater whole number of AmalCo Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of AmalCo Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Petrobank Shares registered in the name of or beneficially held by a Petrobank Shareholder or its nominee shall be aggregated.

4.02 Withholding Taxes

Each of Petrobank and AmalCo (and its transfer agent on its behalf) shall be entitled to deduct and withhold from any consideration otherwise payable hereunder such amounts as each of Petrobank and AmalCo (and its transfer agent on its behalf) is required to deduct and withhold with respect to such payment under the Tax Act, the *United States Internal Revenue Code of 1986* or any provision of provincial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the holder of the Petrobank Shares, AmalCo Shares or New Petrobank Shares, as applicable, in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted in accordance with applicable law to the appropriate taxing authority for which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Governmental Authority.

ARTICLE 5– RIGHTS OF DISSENT

5.01 Petrobank Rights of Dissent

(1) Petrobank Shareholders may exercise Petrobank Dissent Rights in connection with the Arrangement with respect to their Petrobank Shares pursuant to and in the manner set forth in the Interim Order, section 191 of the ABCA and this Section 5.01, as the same may be modified by the Interim Order or the Final Order. Petrobank Shareholders who duly exercise such Petrobank Dissent Rights and who:

(a) are ultimately entitled to be paid fair value for their Petrobank Shares shall be deemed not to have participated in the transactions in Article 3 and shall be deemed to have transferred such Petrobank Shares to Petrobank immediately prior to the Effective Time and cancelled without any further act or formality, and free and clear of all Encumbrances, in consideration of a debt-claim against Petrobank to be paid the fair value of such Petrobank Shares, which fair value shall be determined as of the close of business on the Business Day before the day on which the Final Order was made, and will not be entitled to any other payment or consideration, and the name of each such Dissenting Petrobank Shareholder will thereupon be removed from the register of holders of Petrobank Shares; or

(b) are ultimately not entitled, for any reason, to be paid fair value for their Petrobank Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting Petrobank Shareholder as at and from the Effective Time and will be treated in the same manner as such a holder, on the basis set out in this Plan of Arrangement.

(2) All payments made to a Dissenting Petrobank Shareholder pursuant to this Article shall be subject to, and paid net of, all applicable withholding taxes.

5.02 PetroBakken Rights of Dissent

(1) PetroBakken Shareholders may exercise PetroBakken Dissent Rights in connection with the Arrangement with respect to their Petrobank Class A Shares pursuant to and in the manner set forth in the Interim Order, section 191 of the ABCA and this Section 5.01, as the same may be modified by the Interim Order or the Final Order. PetroBakken Shareholders who duly exercise such PetroBakken Dissent Rights and who:

(a) are ultimately entitled to be paid fair value for their PetroBakken Class A Shares shall be deemed not to have participated in the transactions in Article 3 and shall be deemed to have transferred such PetroBakken Class A Shares to PetroBakken immediately prior to the Effective Time and cancelled without any further act or formality, and free and clear of all Encumbrances, in consideration of a debt-claim against PetroBakken to be paid the fair value of such PetroBakken Class A Shares, which fair value shall be determined as of the close of business on the Business Day before the day on which the Final Order was made, and will not be entitled to any other payment or consideration, and the name of each such Dissenting PetroBakken Shareholder will thereupon be removed from the register of holders of PetroBakken Class A Shares; or

(b) are ultimately not entitled, for any reason, to be paid fair value for their PetroBakken Class A Shares shall be deemed to have participated in the Arrangement on the same basis as any non-dissenting PetroBakken Shareholder as at and from the Effective Time and will be treated in the same manner as such a holder, on the basis set out in this Plan of Arrangement.

(2) All payments made to a Dissenting PetroBakken Shareholder pursuant to this Article shall be subject to, and paid net of, all applicable withholding taxes.

ARTICLE 6 – AMENDMENTS

6.01 Amendments

(1) Subject to compliance with the terms of this Article 6, Petrobank, PetroBakken and New Petrobank may amend, modify or supplement this Plan of Arrangement at any time provided that each such amendment must be: (i) set out in writing; (ii) approved by each party to the Arrangement Agreement; and (iii) filed with the Court.

(2) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Petrobank, PetroBakken and New Petrobank at any time prior to or at the Meeting (provided that each party to the Arrangement Agreement shall have consented thereto) with or without any other prior notice or communication to Petrobank Shareholders or PetroBakken Shareholders, and if so proposed and accepted by the Persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(3) Petrobank, PetroBakken and New Petrobank may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting but prior to the Effective Time (provided that each party to the Arrangement Agreement shall have consented thereto) with the approval of the Court and, if and as required by the Court, after communication to Petrobank Shareholders and PetroBakken Shareholders.

(4) Any amendment, modification or supplement to this Plan of Arrangement may be made at any time following the Effective Time by Petrobank, AmalCo and New Petrobank without the approval of the Court, the New Petrobank Shareholders or the AmalCo Shareholders, provided that it concerns a matter which, in the reasonable opinion of New Petrobank and AmalCo, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any holder or former holder of Petrobank Shares, or PetroBakken Shares, or any holder of New Petrobank Shares or AmalCo Shares

ARTICLE 7 – ADDITIONAL STEPS

7.01 Additional Steps

(1) Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order further to document or evidence any of the transactions or events set out herein.

(2) Subject to the terms of the Arrangement Agreement, Petrobank, PetroBakken and New Petrobank may agree not to implement the Plan, notwithstanding the approval of the resolutions authorizing the Arrangement and the receipt of the Final Order.

SCHEDULE A

Rights, Privileges, Restrictions and Conditions Attaching to the Petrobank Class A Shares

The holders of the Class A Common Shares are entitled:

a) To vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares are entitled to vote;

b) To receive any dividend declared by the Corporation on the Class A Common Shares. The directors of the Corporation may declare dividends in respect of any other class of shares of the Corporation, in their discretion, without so declaring dividends on the Class A Common Shares and vice versa; and

c) Subject to the rights, privileges, conditions and restrictions attaching to any other class of shares of the Corporation, to receive the remaining property of the Corporation upon dissolution, liquidation or winding-up of the Corporation.

SCHEDULE "B"

Articles of AmalCo at the time of the amendment contemplated in Section 3.01(1)(e)(ii)

[See Attached]