MATERIAL CHANGE REPORT UNDER

SECURITIES ACT (BRITISH COLUMBIA) SECTION 67(1) FORM 27
SECURITIES ACT (ALBERTA) SECTION 118(1) FORM 27
SECURITIES ACT (SASKATCHEWAN) SECTION 118 AND 119 FORM 25
SECURITIES ACT (MANITOBA)
SECURITIES ACT (ONTARIO) SECTION 75(2) FORM 27

1. **Reporting Issuer:**

   Arrival Energy Ltd.
   1250, 521 - 3rd Avenue S.W.
   Calgary, Alberta T2P 3T3

2. **Date of Material Change:**

   April 28, 2000

3. **Press Release:**

   Released through the facilities of Canada News Wire on Monday, May 1, 2000.

4. **Summary of Material Change:**

   AltaQuest Energy Corporation ("AltaQuest") and Arrival Energy Ltd. ("Arrival") have agreed that Arrival and AltaQuest's wholly-owned subsidiary, 859964 Alberta Ltd. ("Subco.") will amalgamate and continue as one corporation under the name AltaQuest Acquisition Corporation ("Amalco"), which will be a wholly-owned subsidiary of AltaQuest.

5. **Full Description of Material Change:**

   Arrival has entered into an agreement dated April 28, 2000 (the "Amalgamation Agreement"), a copy of which is attached hereto as Schedule "A", with AltaQuest and Subco, providing for the amalgamation of Arrival and Subco (the "Amalgamation"), pursuant to which:

   a. holders of class A shares ("Class A Shares") of Arrival ("Class A Shareholders") (other than dissenting shareholders) shall receive, in exchange for each Class A Share owned, 1.4 fully paid and non-assessable common shares of AltaQuest ("AltaQuest Common Shares");

   b. holders of class B shares ("Class B Shares") of Arrival ("Class B Shareholders") (other than dissenting shareholders) shall receive, in exchange for each Class B Share owned, 2.24 AltaQuest Common Shares;

   c. in consideration of the issue by AltaQuest of the AltaQuest Common Shares pursuant to the Amalgamation, Amalco will issue to AltaQuest that number of fully paid and non-assessable common shares in the capital of Amalco as is equal to the number of AltaQuest Common Shares issued to Class A Shareholders under item a. above and to Class B Shareholders under item b. above; and

d. in exchange for each issued and outstanding Subco common share held by AltaQuest, AltaQuest will receive one fully paid and non-assessable common share in the capital of Amalco.

The board of directors of Arrival has unanimously approved the Amalgamation and the Amalgamation Agreement. Peters & Co. Limited has been retained to provide the Independent Committee of the Board of Directors formed to consider the Amalgamation and the Board of Directors with financial advice in respect of the Amalgamation and has advised that it will be in a position to deliver a fairness opinion that the consideration offered under the Amalgamation is fair, from a financial point of view, to each of the Class A Shareholders and the Class B Shareholders.

Special meetings of each of the Class A Shareholders and the Class B Shareholders have been called to consider the Amalgamation. The Amalgamation is subject to various conditions precedent including the completion of due diligence, approval by at least 66 **b**% of the votes cast by each of the Class A Shareholders and the Class B Shareholders and receipt of all required regulatory and third party consents. If the Amalgamation is approved by Class A Shareholders but not by Class B Shareholders or if the Amalgamation is approved by Class B Shareholders but not by Class A Shareholders, then the Amalgamation will not be completed.

Pursuant to Sections 6.1(c) and 6.2(c) of the Amalgamation Agreement, each of Arrival and AltaQuest have agreed to certain restrictions on their operations pending completion of the Amalgamation and agreed not to, directly or indirectly, solicit, initiate or encourage any inquiry or the making of any proposal to itself or its shareholders which constitutes, or may reasonably be expected to lead to, an acquisition from itself or its shareholders of securities of itself, any acquisition of a substantial amount of its assets, an amalgamation, arrangement, merger or consolidation of itself or any take-over bid, issuer bid, exchange, offer, recapitalization, liquidation, dissolution, reorganization or similar transaction involving itself or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by the Amalgamation Agreement or which would or could reasonably be expected to materially reduce the benefits to the other party under the Amalgamation Agreement or to enter into or participate in any discussions or negotiations regarding any of the foregoing or furnish to any person any information with respect to its business, properties, operations, prospects or conditions, as applicable; subject to certain exceptions including engaging in discussions or negotiations with a third party who has made a bona fide unsolicited submission or proposal which, if consummated in accordance with its terms, would result in a financially superior transaction than the Amalgamation if, after receiving written advice of outside counsel, the taking of such action is necessary for the board of directors to discharge its fiduciary duties under applicable law, and such exceptions including making any disclosure to its Shareholders as required under applicable law.

A termination fee equal to $400,000 is payable by AltaQuest to Arrival in the circumstances set forth in Section 11.3 of the Amalgamation Agreement and a termination fee of

$400,000 is payable by Arrival to AltaQuest in the circumstances set forth in Section 11.4 of the Amalgamation Agreement.

The Amalgamation Agreement may be terminated in certain events as outlined in section 11.2 of the Amalgamation Agreement including if a Certificate of Amalgamation has not been issued on or before July 15, 2000.

Pursuant to the Amalgamation Agreement, on the effective date of the Amalgamation, the board of directors of AltaQuest will be reconstituted to consist of five members, three of whom will be nominees of Arrival and the remaining two of whom will be nominees of AltaQuest. Furthermore, D.T. (Dan) Wilson will be appointed as President and Chief Executive Officer of AltaQuest, D.K. (Ken) Truscott shall be appointed as Senior Vice President and Chief Operating Officer of AltaQuest, Andrew Kramchynski shall be appointed as Senior Vice President, Corporate Development of AltaQuest and Peter G. Guyan shall be appointed as Vice President, Exploration of AltaQuest.

The foregoing is a summary only and is subject to the provisions of the Amalgamation Agreement, a copy of which is attached hereto as Schedule "A".

The following table sets out certain operational information for AltaQuest and Arrival on a pro-forma consolidated basis after giving effect to the Amalgamation as well as certain information regarding the capitalization of Arrival and AltaQuest as at December 31, 1999 together with the pro-forma consolidated capitalization of AltaQuest as at December 31, 1999 after giving effect to the Amalgamation.

	AltaQuest	**Arrival**	**Pro-Forma After Giving Effect to the Amalgamation**
Proved reserves (before royalties as at January 1, 2000 - escalated prices and costs)			
Natural gas (Mmcf)	5,104	1,876	6,980
Crude oil and NGLs (Mbbls)	672	857	1529
Average daily production (before royalties, year ended December 31, 1999)			
Natural gas (Mmcf/d)	3.543	3.060	6.603
Crude oil and NGLs (Bbls/d)	256	527	783
Undeveloped land holdings (net acres)	188,333[(1)]	23,972[(2)]	212,305
Shareholders' equity (as at December 31, 1999)			
- common shares	$ 13,874,987 (14,088,433 shares)	N/A	$ 20,109,088 (23,952,588 shares)
- class A shares	N/A	$ 2,425,287 (5,825,665 shares)	N/A

- class B shares	N/A	$ 3,808,814 (762,600 shares)	N/A

Notes:

(1) As at December 31, 1999

(2) As at April 1, 2000

6. **Reliance on Provision:**

Not applicable.

7. **Omitted Information:**

Not applicable.

8. **Senior Officer**:

D.T. (Dan) Wilson
President and Chief Executive Officer
1760, 633 - 6th Avenue S.W.
Calgary, Alberta T2P 2Y5

Telephone:(403) 515-3997
Telecopy:(403) 515-3999

9. **Statement of Senior Officer:**

The foregoing accurately discloses the material change referred to herein.

DATED at the City of Calgary, in the Province of Alberta, as of the 8th day of May, 2000.

ARRIVAL ENERGY INC.

Per: (signed) "D.T. (Dan) Wilson"

cc: The Canadian Venture Exchange

SCHEDULE "A"

AMALGAMATION AGREEMENT

THIS AGREEMENT dated effective the 28th day of April, 1999.

AMONG:

ALTAQUEST ENERGY CORPORATION, a body corporate incorporated under the laws of the Province of Alberta ("AltaQuest")

AND

ARRIVAL ENERGY LTD., a body corporate incorporated under the laws of the Province of Alberta ("Arrival")

AND

859964 ALBERTA LTD., a body corporate incorporated under the laws of the Province of Alberta ("Subco")

WHEREAS:

(1) Arrival and Subco wish to amalgamate and continue as one corporation to be known as "AltaQuest Acquisition Corporation" in accordance with the terms and conditions hereof;

(2) Subco is a wholly-owned subsidiary of AltaQuest and has not carried on active business;

(3) the parties hereto intend to carry out the transactions herein contemplated by way of Amalgamation under the provisions of the Act;

(4) Arrival intends to propose to its shareholders the Amalgamation; and

(5) the parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the proposed Amalgamation;

NOW THEREFORE IN CONSIDERATION OF THE COVENANTS AND AGREEMENTS CONTAINED IN THIS AGREEMENT, THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

a. **"Act"** means the *Business Corporations Act*, S.A. 1981, c. B-15 as from time to time amended or re-enacted;

b. **"Affiliate"** has the meaning ascribed thereto in the Act;

c. **"Agreement"** means and refers to this Agreement as the same may be amended, modified or supplemented at any time or from time to time;

d. **"AltaQuest Acquisition Proposal"** shall have the meaning ascribed thereto in Section 6.2(c)(i);

e. **"AltaQuest Common Shares"** means the common shares in the capital of AltaQuest;

f. **"AltaQuest Financial Statements"** means the unaudited consolidated financial statements of AltaQuest as at and for the period ended September 30, 1999 and the audited consolidated financial statements of AltaQuest as at and for the periods ended December 31, 1998 and 1997, together with the notes thereto and, where applicable, the report of the auditors thereon;

g. **"AltaQuest Information"** means all information provided by AltaQuest to Arrival specifically for inclusion in and actually included in the Information Circular;

h. **"AltaQuest Lock-up Agreements"** shall have the meaning ascribed thereto in Section 8.2(c);

i. **"AltaQuest Proposed Agreement"** shall have the meaning ascribed thereto in Section 6.2(c)(iv);

j. **"AltaQuest Termination Fee"** shall have the meaning ascribed thereto in Section 11.3.

k. **"Amalco Common Shares"** means the common shares of the Amalgamated Corporation;

l. **"Amalgamated Corporation"** means the continuing corporation constituted upon the amalgamation of the Amalgamating Parties pursuant to the Amalgamation;

m. **"Amalgamation"** means an amalgamation under the provisions of Sections 175, 176 and 177 of the Act, on the terms and conditions set forth in this Agreement, of Arrival and Subco;

n. **"Amalgamating Parties"** means Arrival and Subco;

o. **"Applicable Laws"** means applicable securities laws, rules of applicable stock exchanges and applicable corporate and securities laws in Canada, and if applicable, the United States;

p. **"Articles of Amalgamation"** means the articles of amalgamation set forth in Schedule "A" together with such other changes or amendments thereto as are permitted hereby or otherwise agreed to by the Amalgamating Parties and AltaQuest;

q. **"Arrival Acquisition Proposal"** shall have the meaning ascribed thereto in Section 6.1(c)(i);

r. **"Arrival Class A Shares"** means the class A shares in the capital of Arrival;

s. **"Arrival Class A Shareholders"** means holders of issued and outstanding Arrival Class A Shares;

t. **"Arrival Class A Shareholders' Meeting"** means the special meeting of the Arrival Class A Shareholders to be held on June 20, 2000, or such other date agreed to by the Amalgamating Parties and AltaQuest and any adjournment thereof, called to consider, among other things, the Amalgamation;

u. **"Arrival Class B Shares"** means the class B shares in the capital of Arrival;

v. **"Arrival Class B Shareholders"** means holders of issued and outstanding Arrival Class B Shares;

w. **"Arrival Class B Shareholders' Meeting"** means the special meeting of the Arrival Class B Shareholders to be held on June 20, 2000, or such other date agreed to by the Amalgamating Parties and AltaQuest and any adjournment thereof, called to consider, among other things, the Amalgamation.

x. **"Arrival Financial Statements"** means the unaudited financial statements of Arrival as at and for the period ended September 30, 1999 and the audited financial statements of Arrival as at and for the periods ended December 31, 1998 and 1997, together with the notes thereto and, where applicable, the report of the auditors thereon ;

y. **"Arrival Information"** means all information included in the Information Circular that is not AltaQuest Information;

z. **"Arrival Lock-up Agreements"** shall have the meaning ascribed thereto in Section 8.3(c);

aa. **"Arrival Proposed Agreement"** shall have the meaning ascribed thereto in Section 6.1(c)(iv);

bb. **"Arrival Shareholders"** means, collectively, Arrival Class A Shareholders and Arrival Class B Shareholders;

cc. **"Arrival Termination Fee"** shall have the meaning ascribed thereto in Section 11.4;

dd. **"Business Day"** means a day other than a Saturday, Sunday or a day when banks in the City of Calgary are not generally open for business;

ee. **"Certificate"** means a certificate of amalgamation in respect of the Amalgamated Corporation issued by the Registrar pursuant to the Act;

ff. **"Depositary"** means CIBC Mellon Trust Company or such other agent of AltaQuest as may be designated for the purpose of receiving the deposit of certificates formally representing Arrival Class A Shares and Arrival Class B Shares;

gg. **"Depositary Agreement"** means the agreement to be entered into by AltaQuest and CIBC Mellon Trust Company with respect to the deposit of Arrival Class A Shares and Arrival Class B Shares pursuant to the Amalgamation;

hh. **"Dissenting Arrival Class A Shareholders"** means Arrival Class A Shareholders who validly exercise the right of dissent available to such holders in respect of the special resolution to be placed before the Arrival Class A Shareholders at the Arrival Class A Shareholders' Meeting to approve the Amalgamation;

ii. **"Dissenting Arrival Class B Shareholders"** means Arrival Class B Shareholders who validly exercise the right of dissent available to such holders in respect of the special resolution to be placed before the Arrival Class B Shareholders at the Arrival Class B Shareholders' Meeting to approve the Amalgamation;

jj. **"Effective Date"** means the effective date of the Amalgamation as set forth in the Certificate, which date is intended to be on or before July 15, 2000 or such later date as the Parties agree to;

kk. **"Information Circular"** means the management proxy circular of Arrival relating to the Arrival Class A Shareholders' Meeting and the Arrival Class B Shareholders' Meeting to be forwarded by Arrival to the Arrival Class A Shareholders and the Arrival Class B Shareholders in connection with the transactions contemplated in this Agreement;

ll. **"Letter of Transmittal"** means, as applicable, the letter of transmittal to be forwarded by Arrival to the holders of Arrival Class A Shares for their use in depositing their Arrival Class A Shares or to be forwarded by Arrival to the holders of Arrival Class B Shares for their use in depositing their Arrival Class B Shares;

mm. **"Misrepresentation"** shall have the meaning ascribed thereto in the *Securities Act* (Alberta);

nn. **"Net Debt"** means all liabilities (including current liabilities but not including provision for site restoration or deferred income taxes) less current assets;

oo. **"New Employment Agreements"** shall have the meaning ascribed thereto in Section 8.2(h);

pp. **"Parties"** means AltaQuest, Arrival and Subco;

qq. **"Private Placement"** means the issue of an aggregate 425,000 Arrival Class A Shares to Keppoch Energy Ltd. and W. I. M. Turner, Jr.;

rr. **"Red Earth Disposition"** means the proposed sale by Arrival of its interests in the Red Earth, Alberta, area for no less than $4.5 million in cash, prior to adjustments;

ss. **"Registrar"** means the Registrar of Corporations or a Deputy Registrar of Corporations for the Province of Alberta duly appointed under the Act;

tt. **"Subco Common Shares"** means the common shares of Subco as presently constituted;

uu. **"Subsidiary"** has the meaning ascribed thereto in the Act;

vv. **"Superior Arrival Proposal"** shall have the meaning ascribed thereto in Section 6.1(c)(A)(I).

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement (including the Schedule hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, etc.

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the parties is not a Business Day, such action is required to be taken on the next succeeding day which is a Business Day in such place.

1.5 Entire Agreement

This Agreement, together with the agreements and documents herein referred to, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, among the parties with respect to the subject matter hereof except as set forth and contained in confidentiality agreements between Arrival and AltaQuest dated February 29, 2000 and April 17, 2000.

1.6 Currency

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

ARTICLE 2
AMALGAMATION

2.1 Agreement to Amalgamate

The Amalgamating Parties hereby agree to amalgamate pursuant to the provisions of the Act and to continue as one corporation on the terms and conditions set forth in this Agreement.

2.2 Effect of Amalgamation

On the Effective Date, subject to the Act:

a. the amalgamation of the Amalgamating Parties and their continuance as one corporation, the Amalgamated Corporation, under the terms and conditions prescribed in this Agreement shall be effective;

b. the property of each of the Amalgamating Parties shall continue to be the property of the Amalgamated Corporation;

c. the Amalgamated Corporation shall continue to be liable for the obligations of each of the Amalgamating Parties;

d. any existing cause of action, claim or liability to prosecution with respect to either or both or all of the Amalgamating Parties shall be unaffected;

e. any civil, criminal or administrative action or proceeding pending by or against any of the Amalgamating Parties may be continued to be prosecuted by or against the Amalgamated Corporation;

f. any conviction against, or ruling, order or judgment in favour of or against, any of the Amalgamating Parties may be enforced by or against the Amalgamated Corporation; and

g. the articles of amalgamation of the Amalgamated Corporation shall be deemed to be the articles of incorporation of the Amalgamated Corporation and the Certificate shall be deemed to be the Certificate of Incorporation of the Amalgamated Corporation.

ARTICLE 3
AMALGAMATED CORPORATION

3.1 Certain provisions applicable to the Amalgamated Corporation

a. The name of the Amalgamated Corporation shall be "AltaQuest Acquisition Corporation";

b. The registered office of the Amalgamated Corporation shall be located at 1400, 350 - 7th Avenue S.W., Calgary, Alberta T2P 3N9;

c. The Amalgamated Corporation shall be authorized to issue an unlimited number of common shares, which shall have the rights, privileges, restrictions and conditions set forth in the Articles of Amalgamation;

d. The minimum number of directors of the Amalgamated Corporation shall be one (1) and the maximum number of directors of the Amalgamated Corporation shall be eleven (11);

e. The restrictions on the right to transfer any shares of the Amalgamated Corporation shall be as set forth in the Articles of Amalgamation;

f. There shall be no restriction on the business that the Amalgamated Corporation may carry on; and

g. The other provisions to be contained in the articles of the Amalgamated Corporation shall be as set forth in the Articles of Amalgamation.

3.2 Amalgamated Corporation Directors

a. The first directors of the Amalgamated Corporation, all of whom are resident Canadians, shall be the persons whose names and addresses appear below:

Name	Address
D.T. (Dan) Wilson	137 Straddock Terrace S.W. Calgary, Alberta T3H 2T5
Joe Phillips, Sr.	c/o 220, 625 - 4th Avenue S.W. Calgary, Alberta T2P 0K2

b. The first directors of the Amalgamated Corporation shall hold office until the first annual meeting of the shareholders of the Amalgamated Corporation or until their successors are duly elected or appointed.

3.3 Certificates

On the Effective Date.

a. the registered holders of Arrival Class A Shares (other than AltaQuest, Subco and Dissenting Arrival Class A Shareholders who are ultimately entitled to be paid fair value for their Arrival Class A Shares) shall be deemed to be the registered holders of the AltaQuest Common Shares to which they are entitled to hereunder, and upon surrender to the Depositary of the certificates representing the issued and outstanding Arrival Class A Shares held by the Arrival Class A Shareholders, such Arrival Class A Shareholders shall be entitled to receive certificates representing the AltaQuest Common Shares which they are entitled to receive in exchange for the Arrival Class A Shares as set forth in Article 5 of this Agreement;

b. the registered holders of Arrival Class B Shares (other than AltaQuest, Subco and Dissenting Arrival Class B Shareholders who are ultimately entitled to be paid fair value for their Arrival Class B Shares) shall be deemed to be the registered holders of the AltaQuest Common Shares to which they are entitled to hereunder, and upon surrender to the Depositary of the certificates representing the issued and outstanding Arrival Class B Shares held by the Arrival Class B Shareholders, such Arrival Class B Shareholders shall be entitled to receive certificates representing the AltaQuest Common Shares which they are entitled to receive in exchange for the Arrival Class B Shares as set forth in Article 5 of this Agreement;

c. AltaQuest, as the registered holder of the Subco Common Shares, shall be deemed to be the registered holder of the Amalco Common Shares to which it is entitled to hereunder and, upon surrender of the certificates representing such Subco Common Shares to the Amalgamated Corporation, AltaQuest shall be entitled to receive a share certificate representing the number of Amalco Common Shares to which it is entitled as set forth in Article 5 of this Agreement;

d. the share certificates evidencing Arrival Class A Shares shall cease to represent any claim upon or interest in Arrival or the Amalgamated Corporation other than the right of the holder to receive pursuant to the terms hereof and the Amalgamation the AltaQuest Common Shares in accordance with Article 5 hereof or, in the case of Dissenting Arrival Class A Shareholders who validly exercise their rights of dissent, the fair value of the Arrival Class A Shares held by them; and

e. the share certificates evidencing Arrival Class B Shares shall cease to represent any claim upon or interest in Arrival or the Amalgamated Corporation other than the right of the holder to receive pursuant to the terms hereof and the Amalgamation the AltaQuest Common Shares in accordance with Article 5 hereof or, in the case of Dissenting Arrival Class B Shareholders who validly exercise their rights of dissent, the fair value of the Arrival Class B Shares held by them.

3.4 First Auditors

The first auditors of the Amalgamated Corporation shall be KPMG LLP, Calgary, Alberta, which shall hold office until the first annual meeting of the Amalgamated Corporation following the Amalgamation or until their successors are elected or appointed.

3.5 By-laws

The by-laws of the Amalgamated Corporation shall be the by-laws of Subco until repealed, amended or altered.

ARTICLE 4
ARTICLES OF AMALGAMATION

4.1 Articles of Amalgamation

The Amalgamating Parties hereby agree that the articles of amalgamation of the Amalgamated Corporation shall be the Articles of Amalgamation.

4.2 Joint Filing

Subject to the provisions hereof, the Amalgamating Parties will jointly file, with the Registrar, the Articles of Amalgamation of the Amalgamated Corporation and such other documents as may be required by the Act to give effect to the Amalgamation as contemplated herein on or before July 15, 2000, or such later date as may be agreed to by the Amalgamating Parties.

ARTICLE 5
EFFECTS OF THE AMALGAMATION ON SHARES

5.1 Conversion, issuance and cancellation of securities

a. Subject to Section 5.2 hereof, on the Effective Date:

i. each Arrival Class A Shareholder, other than Dissenting Arrival Class A Shareholders, shall receive 1.4 AltaQuest Common Shares for each issued and outstanding Arrival Class A Share held by such Arrival Class A Shareholder and the Arrival Class A Shares thus exchanged and converted shall be cancelled without reimbursement of the capital represented by such securities;

ii. in consideration of the issue by AltaQuest of the AltaQuest Common Shares pursuant to subsection 5.1(a)(i), the Amalgamated Corporation shall issue to AltaQuest one (1) fully-paid and non-assessable Amalco Common Share for each one (1) AltaQuest Common Share issued; and

iii. notwithstanding the provisions of this Article 5, all Arrival Class A Shares held by or on behalf of AltaQuest or Subco on the Effective Date and pursuant to the Amalgamation be cancelled without reimbursement or repayment to AltaQuest for the capital represented by or in respect of such Arrival Class A Shares.

b. Subject to Section 5.2 hereof, on the Effective Date:

i. each Arrival Class B Shareholder, other than Dissenting Arrival Class B Shareholders, shall receive 2.24 AltaQuest Common Shares for each issued and outstanding Arrival Class B Share held by such Arrival Class B Shareholder and the Arrival Class B Shares thus exchanged and converted shall be cancelled without reimbursement of the capital represented by such securities;

ii. in consideration of the issue by AltaQuest of the AltaQuest Common Shares pursuant to subsection 5.1(b)(i), the Amalgamated Corporation shall issue to AltaQuest one (1) fully-paid and non-assessable Amalco Common Share for each one (1) AltaQuest Common Share issued; and

iii. notwithstanding the provisions of this Article 5, all Arrival Class B Shares held by or on behalf of AltaQuest or Subco on the Effective Date and pursuant to the Amalgamation be cancelled without reimbursement or repayment to AltaQuest for the capital represented by or in respect of such Arrival Class B Shares.

c. Subject to Section 5.2 hereof, on the Effective Date, AltaQuest shall receive one (1) fully-paid and non-assessable Amalco Common Share for each one (1) Subco Common Share held by AltaQuest, following which all such Subco Common Shares shall be cancelled.

5.2 Fractional Shares Upon Conversion

a. Notwithstanding Section 5.1(a) of this Agreement, no Arrival Class A Shareholder shall be entitled to and AltaQuest will not issue fractions of AltaQuest Common Shares. Where the application of the provisions of subsections 5.1(a)(i) would otherwise result in an Arrival Class A Shareholder receiving a fraction of an AltaQuest Common Share, such Arrival Class A Shareholder shall be entitled to receive the next highest whole number of AltaQuest Common Shares. In calculating such fractional interest, all Arrival Class A Shares beneficially held by each shareholder shall be aggregated.

b. Notwithstanding Section 5.1(b) of this Agreement, no Arrival Class B Shareholder shall be entitled to and AltaQuest will not issue fractions of AltaQuest Common Shares. Where the application of the provisions of subsections 5.1(b)(i) would otherwise result in an Arrival Class B Shareholder receiving a fraction of an AltaQuest Common Share, such Arrival Class B Shareholder shall be entitled to receive the next highest whole number of AltaQuest Common Shares. In calculating such fractional interest, all Arrival Class B Shares beneficially held by each shareholder shall be aggregated.

5.3 Share Certificates

a. On the Effective Date:

i. the registers of transfers of Arrival Class A Shares shall be closed;

ii. subject to Section 5.1(a), the registered holders of Arrival Class A Shares (other than Dissenting Arrival Class A Shareholders) shall cease to be holders of Arrival Class A Shares and shall be deemed to be the registered holders of the AltaQuest Common Shares to which they are entitled calculated in accordance with the provisions hereof;

iii. certificates representing the number of AltaQuest Common Shares issuable to each Arrival Class A Shareholder (other than Dissenting Arrival Class A Shareholders) will, as soon as practicable, but no later than five (5) Business Days following the later of the Effective Date and the date of deposit with the Depositary of a duly completed Letter of Transmittal and the certificates representing those Arrival Class A Shares, be:

A. forwarded by AltaQuest to that holder, at the address specified in the Letter of Transmittal, by first class mail (postage prepaid); or

B. made available at the Depositary for pick-up by the holder, if requested by the holder in the Letter of Transmittal.

b. On the Effective Date:

i. the registers of transfers of Arrival Class B Shares shall be closed;

ii. subject to Section 5.1(b), the registered holders of Arrival Class B Shares (other than Dissenting Arrival Class B Shareholders) shall cease to be holders of Arrival Class B Shares and shall be deemed to be the registered holders of the AltaQuest Common Shares to which they are entitled calculated in accordance with the provisions hereof;

iii. certificates representing the number of AltaQuest Common Shares issuable to each Arrival Class B Shareholder (other than Dissenting Arrival Class B Shareholders) will, as soon as practicable, but no later than five (5) Business Days following the later of the Effective Date and the date of deposit with the Depositary of a duly completed Letter of Transmittal and the certificates representing those Arrival Class B Shares, be:

A. forwarded by AltaQuest to that holder, at the address specified in the Letter of Transmittal, by first class mail (postage prepaid); or

B. made available at the Depositary for pick-up by the holder, if requested by the holder in the Letter of Transmittal.

c. AltaQuest, as the registered holder of Subco Common Shares, shall cease to be the holder of Subco Common Shares and shall be deemed to be the registered holder of the Amalco Common Shares to which it is entitled calculated in accordance with the provisions hereof.

5.4 Dissenting Shareholders

a. On the earlier of the Effective Date, the making of an agreement between a Dissenting Arrival Class A Shareholder and Arrival for the purchase of their Arrival Class A Shares pursuant to Section 184(10) of the Act or the pronouncement of a Court order pursuant to Section 184(13) of the Act, a Dissenting Arrival Class A Shareholder shall cease to have any rights as an Arrival Shareholder other than the right to be paid the fair value of its Arrival Class A Shares in the amount agreed to or as ordered by the Court, as the case may be.

b. On the earlier of the Effective Date, the making of an agreement between a Dissenting Arrival Class B Shareholder and Arrival for the purchase of their Arrival Class B Shares pursuant to Section 184(10) of the Act or the pronouncement of a Court order pursuant to Section 184(13) of the Act, a Dissenting Arrival Class B Shareholder shall cease to have any rights as an Arrival Shareholder other than the right to be paid the fair value of its Arrival Class B Shares in the amount agreed to or as ordered by the Court, as the case may be.

ARTICLE 6
COVENANTS

6.1 Covenants of Arrival

a. Arrival agrees that from the date hereof until the Effective Date, other than with the prior written consent of AltaQuest:

i. except as otherwise permitted in this Agreement, Arrival's business shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and Arrival shall consult with AltaQuest in respect of the ongoing business and affairs of Arrival and keep AltaQuest apprised of all material developments relating thereto;

ii. Arrival shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any person; (iii) issue (other than on exercise of currently outstanding stock options), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Arrival, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Arrival other than pursuant to the Private Placement; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Arrival; or (vii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as otherwise permitted herein;

iii. Arrival will not directly or indirectly do any of the following other than pursuant to commitments entered into prior to the date of this Agreement and disclosed to AltaQuest in writing prior to the date hereof: (i) sell, pledge, dispose of or encumber any assets (except for production in the ordinary course of business), for a consideration in excess of $25,000 individually or $100,000 in the aggregate; (ii) expend or commit to expend more than $50,000 individually with respect to any capital or expenses; (iii) reorganize, amalgamate, merge or otherwise continue Arrival with any other person, corporation, partnership or other business organization whatsoever; (iv) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or, make any investment either by purchase of shares or securities, contributions of capital, property transfer, or, except in the ordinary course of business, purchase of any property or assets of any other individual or entity, in each case having a value in excess of $50,000; (v) incur any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity, or make any loans or advances, except in the ordinary course of business and in any event Arrival shall not incur any liability or obligation of any kind, in excess of $10,000 individually or $50,000 in the aggregate; (vi) pay, discharge or satisfy any material claims, liabilities or obligations other than reflected or reserved against in the Arrival Financial Statements otherwise than in the ordinary course of business consistent with past practice; (vii) enter into any hedges, swaps or other financial instruments or like transactions; (viii) enter into any agreements for the sale of production having a term of more than thirty (30) days; or (ix) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

iv. Arrival will not grant to any employee, officer or director an increase in compensation in any form (including benefits), make any loan to any officer, director, employee or any other party not at arm's length, take any action with respect to the grant of any severance or termination pay with any officer or employee or enter into any employment agreement with, any officer, director or employee;

v. Arrival shall not adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements other than termination of existing option agreements without the payment of any consideration;

vi. Arrival will use its reasonable commercial efforts to ensure that all outstanding options to purchase Arrival Class A Shares are exercised, terminated or surrendered or otherwise expire prior to the Effective Date provided that Arrival shall not pay any amount in consideration therefor without the prior approval of AltaQuest;

vii. Arrival shall not take any action, that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Effective Date or termination of this Agreement, whichever first occurs;

viii. Arrival shall promptly notify AltaQuest in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Arrival threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by Arrival in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Arrival shall in good faith discuss with AltaQuest any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Arrival threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to AltaQuest pursuant to this provision;

ix. Arrival shall use its reasonable commercial efforts to consummate the Amalgamation subject only to the terms and conditions hereof;

x. any sale proceeds received by Arrival in respect of the Red Earth Disposition will be used by Arrival to repay indebtedness to its bankers;

xi. Arrival shall not settle any lawsuit involving Arrival without the consent of AltaQuest; such consent not to be unreasonably withheld; and

xii. Arrival shall ensure that it has available funds under its lines of credit or other bank facilities to permit the payment of the Arrival Termination Fee having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay the Arrival Termination Fee when required;

b. Arrival shall immediately cease and cause to be terminated all existing discussions and negotiations, if any, with any parties conducted before the date of this Agreement with respect to any Arrival Acquisition Proposal and if asked to do so by AltaQuest, shall immediately request the return or destruction of all confidential information relating to an Arrival Acquisition Proposal and shall use all reasonable commercial efforts to ensure that such requests are honoured;

c. Arrival shall not directly or indirectly, nor authorize or permit any of the officers, directors or employees of Arrival or any financial advisor, expert or other representative retained by it to:

i. solicit, initiate or encourage (including, without limitation, by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiry or the making of any proposal to Arrival or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (A) an acquisition from Arrival or its shareholders of securities of Arrival (other than the Private Placement); (B) any acquisition of a substantial amount of assets of Arrival (other than the Red Earth Disposition); (C) an amalgamation, arrangement, merger, or consolidation of Arrival; or (D) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving Arrival or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or which would or could reasonably be expected to materially reduce the benefits to AltaQuest under this Agreement (any such inquiry or proposal in respect of any of the foregoing being an "Arrival Acquisition Proposal");

ii. enter into or participate in any discussions or negotiations regarding an Arrival Acquisition Proposal, or furnish to any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of Arrival or an Arrival Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing; or

iii. waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits of Arrival under confidentiality agreements, including, without limitation, any "standstill provisions" thereunder;

provided, however, that notwithstanding any other provision hereof, Arrival and its officers, directors, employees and advisors, agents or other representatives may:

A. engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by Arrival or any of the officers, directors or employees of Arrival or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality agreement substantially similar to that then in effect between Arrival and AltaQuest (other than the "standstill" provisions contained therein), may furnish such third party information concerning Arrival and its business, properties and assets, in each case if, and only to the extent that:

1. the third party has first made a written bona fide Arrival Acquisition Proposal which the board of directors of Arrival determines in good faith: (x) that funds or other consideration necessary for the Arrival Acquisition Proposal are or are likely to be available; (y) (after consultation with its financial advisor) the Arrival Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction financially superior for shareholders of Arrival than the transactions contemplated by this Agreement (a "Superior Arrival Proposal"); and (z) after receiving the written advice of outside counsel, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under applicable law; and

2. prior to furnishing such information to or entering into discussions or negotiations with such person or entity, Arrival provides prompt notice to AltaQuest to the effect that it is furnishing information to or entering into discussions or negotiations with such person or entity together with a copy of the confidentiality agreement referenced above and if not previously provided to AltaQuest, copies of all information provided to such party concurrently with the provision of such information to such party. Arrival shall notify AltaQuest orally and in writing of any inquiries, offers or proposals with respect to an Arrival Acquisition Proposal (including without limitation, the terms and conditions of any such proposal, the identity of the person making it, if not previously provided to AltaQuest, copies of all information provided to such party and all other information reasonably requested by AltaQuest), within 24 hours of the receipt thereof, shall keep AltaQuest informed of the status and details of any such inquiry, offer or proposal and reasonably cooperate in the provision of any information with respect thereto reasonably requested by AltaQuest; or

B. comply with Section 138 of the Securities Act (Alberta) and similar provisions under applicable Canadian securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to Arrival's shareholders; and

iv. Arrival shall give AltaQuest two Business Days' advance notice of any agreement (the "Arrival Proposed Agreement") to be entered into with, or any information to be supplied to, any person making an inquiry, offer or proposal with respect to an Arrival Acquisition Proposal and Arrival shall give AltaQuest an opportunity of not less than two Business Days to amend this Agreement to provide at least as favourable or more favourable terms than those to be included in the Arrival Proposed Agreement. In particular, Arrival covenants to provide AltaQuest a copy of any Arrival Proposed Agreement at least two Business Days prior to its proposed execution by Arrival. In the event AltaQuest agrees to amend this Agreement as provided above within such two Business Day period, Arrival covenants to not enter into the Arrival Proposed Agreement.

d. Arrival agrees that all information provided to AltaQuest pursuant to Section 6.1(c)(A)(II) hereof shall be treated as if it were "Confidential Information", as that term is defined in the confidentiality agreement dated April 17, 2000, between Arrival and AltaQuest and shall not be disclosed except in accordance with the provisions of such confidentiality agreement or in order to enforce its rights under this Agreement in legal proceedings.

e. Subject to compliance by AltaQuest with subsection 6.2(f), Arrival will cause the Information Circular to comply with all applicable laws and, without limiting the generality of the foregoing, will provide the Arrival Shareholders to which such documents are addressed with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the AltaQuest Information in the Information Circular in the form approved by AltaQuest, acting reasonably.

f. On or before June 12, 2000 (or such other date that AltaQuest and the Amalgamating Parties may agree to, acting reasonably) Arrival will mail to its shareholders the Information Circular and other documentation required in connection with the Arrival Class A Shareholders' Meeting and the Arrival Class B Shareholders' Meeting and on or before July 15, 2000 (or such other date that AltaQuest and the Amalgamating Parties may agree to, acting reasonably) Arrival will convene the Arrival Class A Shareholders' Meeting and the Arrival Class B Shareholders' Meeting.

g. Arrival will indemnify and save harmless AltaQuest and its directors and officers from and against any and all liabilities, claims demands, losses, costs, damages and expenses to which AltaQuest, or any director or officer thereof, may be subject or which AltaQuest, or any director or officer thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

i. the Arrival Information contained in the Information Circular containing an untrue statement of a material fact or omitting 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; or

ii. any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact in the Arrival Information contained in the Information Circular.

6.2 Covenants of AltaQuest

a. AltaQuest agrees that from the date hereof until the Effective Date, other than with the prior written consent of Arrival:

i. except as otherwise permitted in this Agreement, AltaQuest's business and the business of each of its Subsidiaries shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and AltaQuest shall consult with Arrival in respect of the ongoing business and affairs of AltaQuest and its Subsidiaries and keep Arrival apprised of all material developments relating thereto;

ii. AltaQuest shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its shares owned by any person; (iii) issue (other than on exercise of currently outstanding stock options), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of AltaQuest or its Subsidiaries, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of AltaQuest or its Subsidiaries; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of AltaQuest; or (vii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing, except as otherwise permitted herein;

iii. AltaQuest will not, and will not permit any of its Subsidiaries to, directly or indirectly do any of the following other than pursuant to commitments entered into prior to the date of this Agreement and disclosed to Arrival in writing prior to the date hereof: (i) sell, pledge, dispose of or encumber any assets (except for production in the ordinary course of business), for a consideration in excess of $25,000 individually or $100,000 in the aggregate; (ii) expend or commit to expend more than $50,000 individually with respect to any capital expenses; (iii) reorganize, amalgamate, merge or otherwise continue AltaQuest or any of its Subsidiaries with any other person, corporation, partnership or other business organization whatsoever; (iv) except pursuant to land sales in the U.K., acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or, make any investment either by purchase of shares or securities, contributions of capital (other than to Subsidiaries), property transfer, or, except in the ordinary course of business, purchase of any property or assets of any other individual or entity, in each case having a value in excess of $50,000; (v) incur any indebtedness for borrowed money or any other liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity, or make any loans or advances, except in the ordinary course of business and in any event Arrival shall not incur any liability or obligation of any kind, in excess of $10,000 individually or $50,000 in the aggregate; (vi) pay, discharge or satisfy any material claims, liabilities or obligations other than reflected or reserved against in the AltaQuest Financial Statements otherwise than in the ordinary course of business consistent with past practice; (vii) enter into any hedges, swaps or other financial instruments or like transactions; (viii) enter into any agreements for the sale of production having a term of more than thirty (30) days; or (ix) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

iv. AltaQuest will not, nor will it permit any of its Subsidiaries, to grant to any employee, officer or director an increase in compensation in any form (including benefits), make any loan to any officer, director, employee or any other party not at arm's length, take any action with respect to the grant of any severance or termination pay with any officer or employee or enter into any employment agreement with, any officer, director or employee;

v. neither AltaQuest nor any of its Subsidiaries shall adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;

vi. at the annual meeting of shareholders of AltaQuest to be held June 27 , 2000, AltaQuest will place the following matters in front of shareholders for their approval: (i) a special resolution to change the name of AltaQuest to a name which is satisfactory to Arrival and AltaQuest, acting reasonably; (ii) a resolution authorizing the Corporation to enter into one or more private placement agreements for not more than 50% of the number of its outstanding common shares after giving effect to the Amalgamation; and (iii) amending AltaQuest's existing stock option plan so that 10% of the number of AltaQuest Common Shares which are outstanding after giving effect to the Amalgamation are reserved for issuance pursuant to the plan, such amendments to be in form and substance satisfactory to Arrival in its sole discretion, acting reasonably;

vii. AltaQuest will use its reasonable commercial efforts to ensure that all outstanding options to purchase AltaQuest Common Shares (other than outstanding options held by Bruce Libin to purchase 80,000 AltaQuest Common Shares at a price of $1.10 per share and 20,000 AltaQuest Common Shares at a price of $2.55 per share, all expiring August 10, 2001) are exercised, terminated or surrendered or otherwise expire prior to the Effective Date provided that AltaQuest shall not pay any amount in consideration therefor without the prior approval of Arrival;

viii. AltaQuest will make no payment to Kobayashi & Associates Ltd. ("Kobayashi") pursuant to the agreement dated January 27, 2000 between Kobayashi and AltaQuest without the prior written consent of Arrival, which consent shall not be unreasonably withheld;

ix. AltaQuest shall not take any action or permit any of its Subsidiaries to take any action, that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to the Effective Date or termination of this Agreement, whichever first occurs;

x. AltaQuest shall promptly notify Arrival in writing of any material change (actual, anticipated, contemplated or, to the knowledge of AltaQuest threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or any of its Subsidiaries considered on a consolidated basis, or of any change in any representation or warranty provided by AltaQuest in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and AltaQuest shall in good faith discuss with Arrival any change in circumstances (actual, anticipated, contemplated, or to the knowledge of AltaQuest threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Arrival pursuant to this provision;

xi. AltaQuest shall use its reasonable commercial efforts to consummate the Amalgamation, subject only to the terms and conditions hereof;

xii. AltaQuest shall not settle any lawsuit involving AltaQuest without the consent of Arrival, such consent not to be unreasonably withheld;

xiii. AltaQuest shall ensure that it has available funds under its lines of credit or other bank facilities to permit the payment of the AltaQuest Termination Fee having regard to its other liabilities and obligations, and shall take all such actions as may be necessary to ensure that it maintains such availability to ensure that it is able to pay the AltaQuest Termination Fee when required; and

xiv. AltaQuest shall use its reasonable commercial efforts to continue to be a "reporting issuer" (or similarly designated company) in each of the provinces of British Columbia, Alberta, Manitoba and Ontario in material compliance with all Applicable Laws and AltaQuest shall use its reasonable commercial efforts to ensure that the AltaQuest Common Shares continue to be listed on The Toronto Stock Exchange.

b. AltaQuest shall immediately cease and cause to be terminated all existing discussions and negotiations, if any, with any parties conducted before the date of this Agreement with respect to any AltaQuest Acquisition Proposal and shall immediately request the return or destruction of all confidential information provided to any third parties relating to an AltaQuest Acquisition Proposal and shall use all reasonable commercial efforts to ensure that such requests are honoured;

c. AltaQuest shall not directly or indirectly, nor authorize or permit any of the officers, directors or employees of AltaQuest or any of its Subsidiaries or any financial advisor, expert or other representative retained by any of them to:

i. solicit, initiate or encourage (including, without limitation, by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiry or the making of any proposal to AltaQuest or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (A) an acquisition from AltaQuest or its shareholders of securities of AltaQuest; (B) any acquisition of a substantial amount of assets of any of AltaQuest and its Subsidiaries (on a consolidated basis); (C) an amalgamation, arrangement, merger, or consolidation of any of AltaQuest and its Subsidiaries; or (D) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving AltaQuest or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or which would or could reasonably be expected to materially reduce the benefits to Arrival under this Agreement (any such inquiry or proposal in respect of any of the foregoing being an "AltaQuest Acquisition Proposal");

ii. enter into or participate in any discussions or negotiations regarding an AltaQuest Acquisition Proposal, or furnish to any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of AltaQuest or an AltaQuest Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing; or

iii. waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits of AltaQuest under confidentiality agreements, including, without limitation, any "standstill provisions" thereunder;

provided, however, that notwithstanding any other provision hereof, AltaQuest and its officers, directors, employees and advisors, agents or other representatives may:

A. engage in discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, by AltaQuest or any of the officers, directors or employees of AltaQuest or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality agreement substantially similar to that then in effect between AltaQuest and Arrival (other than the "standstill" provisions contained therein), may furnish such third party information concerning AltaQuest and its business, properties and assets, in each case if, and only to the extent that:

1. the third party has first made a written bona fide AltaQuest Acquisition Proposal which the board of directors of AltaQuest determines in good faith: (x) that funds or other consideration necessary for the AltaQuest Acquisition Proposal are or are likely to be available; (y) (after consultation with its financial advisor) the AltaQuest Acquisition Proposal would, if consummated in accordance with its terms, result in a transaction financially superior for shareholders of AltaQuest than the transactions contemplated by this Agreement; and (z) after receiving the written advice of outside counsel, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under applicable law; and

2. prior to furnishing such information to or entering into discussions or negotiations with such person or entity, AltaQuest provides prompt notice to Arrival to the effect that it is furnishing information to or entering into discussions or negotiations with such person or entity together with a copy of the confidentiality agreement referenced above and if not previously provided to Arrival, copies of all information provided to such party concurrently with the provision of such information to such party. AltaQuest shall notify Arrival orally and in writing of any inquiries, offers or proposals with respect to an AltaQuest Acquisition Proposal (including without limitation, the terms and conditions of any such proposal, the identity of the person making it, if not previously provided to Arrival, copies of all information provided to such party and all other information reasonably requested by Arrival), within 24 hours of the receipt thereof, shall keep Arrival informed of the status and details of any such inquiry, offer or proposal and reasonably cooperate in the provision of any information with respect thereto reasonably requested by Arrival; or

B. comply with Section 138 of the Securities Act (Alberta) and similar provisions under applicable Canadian securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to AltaQuest's shareholders; and

iv. AltaQuest shall give Arrival two Business Days' advance notice of any agreement (the "AltaQuest Proposed Agreement") to be entered into with, or any information to be supplied to, any person making an inquiry, offer or proposal with respect to an AltaQuest Acquisition Proposal and AltaQuest shall give Arrival an opportunity of not less than two Business Days to amend this Agreement to provide at least as favourable or more favourable terms than those to be included in the AltaQuest Proposed Agreement. In particular, AltaQuest covenants to provide Arrival a copy of any AltaQuest Proposed Agreement at least two Business Days prior to its proposed execution by AltaQuest. In the event Arrival agrees to amend this Agreement as provided above within such two Business Day period, AltaQuest covenants to not enter into the AltaQuest Proposed Agreement.

d. AltaQuest agrees that all information provided to Arrival pursuant to Section 6.2(c)(A)(II) hereof shall be treated as if it were "Confidential Information", as that term is defined in the confidentiality agreement dated February 29, 2000 between AltaQuest and Arrival and shall not be disclosed except in accordance with the provisions of such confidentiality agreement or in order to enforce its rights under this Agreement in legal proceedings.

e. AltaQuest shall take all necessary corporate action to allot and reserve for issuance the AltaQuest Common Shares to be issued in exchange for Arrival Class A Shares and Arrival Class B Shares in connection with the Amalgamation and to take such steps that are reasonable in the circumstances (which steps shall not include the filing of a prospectus) to ensure that such shares are issued as free trading without any "hold period" under applicable securities legislation and, upon the issue of the Certificate, will forthwith issue such AltaQuest Common Shares, as required, on the basis contemplated in Article 5 of this Agreement;

f. AltaQuest will provide Arrival with all relevant information relating to AltaQuest and Subco and their respective business and property and the AltaQuest Common Shares for inclusion in the Information Circular to enable Arrival to meet the standard referred to in subsections 6.1(e) in respect of AltaQuest. AltaQuest will indemnify and save harmless Arrival and its directors and officers from and against any and all liabilities, claims demands, losses, costs, damages and expenses to which Arrival, or any director or officer thereof, may be subject or which Arrival, or any director or officer thereof, may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

   i. the AltaQuest Information contained in the Information Circular containing an untrue statement of a material fact or omitting 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; or

   ii. any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact in the AltaQuest Information contained in the Information Circular;

g. AltaQuest will cause Subco to take or do, or refrain from taking or doing, all actions and things necessary for Subco to comply with its obligations under this Agreement;

h. AltaQuest will cause Subco not to alter or amend in any way its Articles of Incorporation as the same exist at the date of this Agreement except as contemplated by this Agreement; and

i. AltaQuest will cause Subco not to conduct any business or incur any debt except as may be required to implement the Amalgamation.

6.3 Mutual Covenants

From the date hereof until the Effective Date, each of AltaQuest and the Amalgamating Parties agree as follows:

a. each of AltaQuest and the Amalgamating Parties will use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under applicable laws and regulations to complete the Amalgamation, including using reasonable efforts:

   i. to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;

   ii. to obtain all necessary consents, approvals and authorizations as are required to be obtained by it under Applicable Laws;

   iii. to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Amalgamation;

   and each of AltaQuest and the Amalgamating Parties will use its reasonable commercial efforts to cooperate with the others in connection with the performance by the others of their obligations under this subsection 6.3(a);

ARTICLE 7
REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties of Arrival

Arrival represents and warrants to and in favour of AltaQuest and Subco as follows and acknowledges that such parties are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

a. Arrival is a corporation duly incorporated and validly subsisting under the laws of Alberta and has the requisite corporate power and authority to carry on its business as it is now being conducted. Arrival is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on Arrival;

b. Arrival has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Arrival of the transactions contemplated hereby have been duly authorized by Arrival's board of directors and no other corporate proceedings on the part of Arrival are or will be necessary to authorize this Agreement and the transactions contemplated hereby other than approval of the Information Circular, the calling of the Arrival Class A Shareholders Meeting and the Arrival Class B Shareholders Meeting and the record date for determining shareholders entitled to vote at such meetings and approval of the Amalgamation by Arrival Shareholders. This Agreement has been duly executed and delivered by Arrival and constitutes the legal, valid and binding obligation of Arrival enforceable against Arrival in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;

c. neither the execution and delivery of this Agreement by Arrival, the consummation by Arrival of the transactions contemplated hereby nor compliance by Arrival with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Arrival under, any of the terms, conditions or provisions of (x) the articles or bylaws of Arrival, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Arrival is a party or to which its properties or assets, may be subject or by which Arrival is bound (other than the arrangements of Arrival with its bankers and Arrival covenants to use its reasonable commercial efforts to obtain the consent of such bankers to the Amalgamation and other than change of control provisions contained in employment agreements between Arrival and its officers); or (ii) subject to compliance with the statutes and regulations referred to in the next succeeding paragraph, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Arrival (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Arrival or on the ability of Arrival to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Arrival;

d. other than in connection with or in compliance with the provisions of Applicable Laws and the Alberta Energy and Utilities Board Act (Alberta), (i) there is no legal impediment to Arrival's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by Arrival in connection with the making or the consummation of the Amalgamation, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of Arrival to consummate the transactions contemplated hereby;

e. Arrival had issued and outstanding as at April 27, 2000 no more than 5,852,331 Arrival Class A Shares and 762,600 Arrival Class B Shares and stock options entitling the holders thereof to acquire 141,67 Arrival Class A shares at an exercise price of $0.50 per share, 100,000 Arrival Class A Shares at an exercise price of $1.15 per share and 225,000 Arrival Class A Shares at an exercise price of $1.40 per share and, except as aforesaid and except for 425,000 Class A Shares issuable pursuant to the Private Placement, there are no outstanding shares of Arrival or options, warrants, rights or conversion or exchange privileges entitling anyone to acquire any shares of Arrival or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Arrival of any shares of Arrival (including Arrival Class A Shares and Arrival Class B Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Arrival. All outstanding Arrival Class A Shares and Arrival Class B Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights, and all Arrival Class A Shares and Arrival Class B Shares issuable upon exercise of outstanding stock options, in accordance with their terms, will be duly authorized and validly issued, fully and non-assessable and will not be subject to any pre-emptive rights;

f. Arrival has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Arrival, were true, correct and complete and did not contain any Misrepresentation, as at the date of such information or statements;

g. since September 30, 1999: (i) except as has been publicly disclosed and except for a working capital deficiency of Arrival as at December 31, 1999, of approximately $4,323,448 (approximately $900,000 as at March 31, 2000), which deficiencies will be evidenced in Arrival's financial statements for such periods when they are approved and released there has been no material adverse change, (or any condition, event or development involving a prospective change that would be materially adverse to Arrival) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Arrival; and (ii) Arrival has conducted its business only in the ordinary and normal course;

h. except as disclosed to AltaQuest in writing prior to the execution of this Agreement, the data and information in respect of Arrival and its assets, reserves, liabilities, business and operations provided by Arrival or its advisors to AltaQuest or its advisors was and is accurate and correct in all material respects as at the respective dates thereof and did not contain a Misrepresentation as at the respective dates thereof;

i. except as disclosed to AltaQuest in writing prior to the execution of this Agreement, there are no outstanding or threatened claims, suits, actions or proceedings against Arrival which, if determined adversely to Arrival, would have a material and adverse effect on the assets, liabilities, business or operations of Arrival, or on the ability of Arrival and AltaQuest to consummate the transactions contemplated hereby;

j. Arrival has performed and observed all of its duties, liabilities, obligations and covenants required to be satisfied, performed and observed by it under all material agreements and documents (including, without limitation, agreements in respect of Arrival’s credit facilities) to which Arrival is a party or to which its properties or assets may be subject or by which Arrival is bound and is not in default in any material respect thereunder or in breach of any of the material terms, covenants and conditions thereof, the effect of which is materially adverse to the business of Arrival or to the value of the Arrival Class A Shares or Arrival Class B Shares;

k. the Arrival Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Arrival at the date thereof and the results of the operations of Arrival for the period then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Arrival as at the dates thereof;

l. except as disclosed to AltaQuest in writing prior to the execution of this Agreement, Arrival has not received notice of any material violation of or investigation relating to any federal, provincial, local or other environmental or pollution law, regulation or ordinance with respect to the assets, business or operations of Arrival and, all permits, licenses and other authorizations which are required under federal, provincial, local or other laws with respect to pollution or protection of the environment relating to the assets, business or operations of Arrival. All of the assets of Arrival operated and maintained by Arrival are in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to the assets operated by Arrival in all material respects;

m. other than as disclosed in writing to AltaQuest prior to the execution of this Agreement, Arrival has no defined benefits plans and has no other employee benefit plans and has made no agreements or promises with respect to any such plans;

n. Arrival has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Peters & Co. Limited has been retained as financial advisors to the Independent Committee of the board of directors of Arrival in connection with certain matters, including the transactions contemplated hereby, and Arrival has retained Burnet, Duckworth & Palmer as Arrival's legal advisors in connection with certain matters, including the transactions contemplated herein. Arrival will deliver to AltaQuest on or before May 5, 2000 a true and current copy of the agreement between Arrival and Peters & Co. Limited which will give rise to the payment of fees to such financial advisor;

o. Arrival reasonably estimates that the aggregate of amounts payable by Arrival under any obligations or liabilities of Arrival to pay any amount to its officers, directors, employees or consultants other than for salary and directors' fees in the ordinary course, in each case in amounts consistent with historic practices (other than as contemplated by Section 6.1(a)(iv) of this Agreement) and, without limiting the generality of the foregoing, including the obligations of Arrival to officers, employees or consultants for severance, retention, termination or bonus payments (including those contemplated by Section 6.1(a)(iv) of this Agreement) on the change of control of Arrival and pursuant to Arrival's severance policy, will not exceed $684,000, and the amounts which would otherwise be payable will be waived in respect of the Amalgamation;

p. Arrival has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by Arrival which have not automatically expired by their terms;

q. As at December 31, 1999, Arrival's Canadian tax pools were not less than $9.0 million;

r. Arrival's Net Debt as at March 31, 2000 did not exceed $6.9 million;

s. Arrival is not a party to, and prior to the Effective Date Arrival will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Arrival Shares or other securities of Arrival or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the completion of the Amalgamation;

t. to the best of Arrival's knowledge, Arrival has provided to Paddock Lindstrom & Associates Ltd. all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and gas assets of Arrival, in each case as at January 1, 2000 and, in particular, all material information respecting Arrival's interests in its principal oil and gas assets and the royalty burdens and net profits interests burdens thereon;

u. for the period from April 1, 2000 to the date of this Agreement production from Arrival's oil and natural gas properties averaged 776 barrels of oil equivalent per day and such properties were capable of producing not less than 800 barrels of oil equivalent per day;

v. Arrival has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by Arrival, were true, correct and complete and did not contain any misrepresentation, as at the date of such information or statements;

w. Arrival has no Subsidiaries;

x. the corporate records and minutes books, books of account and other records of Arrival (whether financial or accounting nature or otherwise) have been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects;

y. Arrival has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public Arrival, were true, correct and complete and did not contain any Misrepresentation, as at the date of such information or statements;

z. except as has been disclosed in writing to AltaQuest prior to the date hereof, there is not any defect or alleged defect in the right, title or interest of Arrival in its properties or rights, whether freehold, leasehold or other, which may have a significant adverse effect on the ability to profitably produce or market hydrocarbons from the properties or rights and which would have a material adverse effect upon Arrival;

aa. no securities commission or similar regulatory authority, or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Arrival, no such proceeding is, to the knowledge of Arrival, pending, contemplated or threatened and Arrival is not in default of any requirement of any securities laws, rules or policies applicable to Arrival or its securities;

bb. assuming that Subco has no liabilities

i. the Amalgamated Corporation will be able to pay its liabilities as they become due;

ii. the realizable value of the Amalgamated Corporation’s assets will not be less than the aggregate of its liabilities and stated capital of all classes; and

iii. no creditor will be prejudiced by the Amalgamation;

cc. Arrival is a reporting issuer under the securities laws of each of the Provinces of Alberta, British Columbia, Saskatchewan, Manitoba and Ontario and, to the best of its knowledge, is not in default of any requirement of such securities laws; and

dd. the Arrival Information in the Information Circular will contain no untrue statement of a material fact and will not omit 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 is made.

7.2 Representations and Warranties of AltaQuest and Subco

AltaQuest and Subco jointly and severally represent and warrant to and in favour of Arrival as follows and acknowledges that Arrival is relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

a. each of AltaQuest and Subco is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction or incorporation and has the requisite corporate power and authority to carry on its business as it is now being conducted. AltaQuest and each of its Subsidiaries (including Subco) is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on AltaQuest and its Subsidiaries (including Subco) taken as a whole;

b. each of AltaQuest and Subco has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by AltaQuest and Subco of the transactions contemplated hereby have been duly authorized by the board of directors of each of AltaQuest and Subco and in the case of Subco, by AltaQuest as the sole shareholder thereof and no other corporate proceedings on the part of AltaQuest or Subco are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by each of AltaQuest and Subco and constitutes legal, valid and binding obligation of AltaQuest and Subco enforceable against them in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity;

c. none of the execution and delivery of this Agreement by AltaQuest or Subco, the consummation by AltaQuest or Subco of the transactions contemplated hereby nor compliance by AltaQuest or Subco with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of AltaQuest or any of its Subsidiaries (including Subco) under, any of the terms, conditions or provisions of (x) the articles or bylaws of AltaQuest or Subco, or (y) any material note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which AltaQuest or any of its Subsidiaries (including Subco) is a party or to which any of them, or any of their respective properties or assets, may be subject or by which AltaQuest or any of its Subsidiaries (including Subco) is bound; or (ii) subject to compliance with the statutes and regulations referred to in the next succeeding paragraph, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to AltaQuest or any of its Subsidiaries (including Subco)(except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of AltaQuest and its Subsidiaries (including Subco) taken as a whole or on the ability of AltaQuest or Subco to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of AltaQuest and its Subsidiaries (including Subco) taken as a whole;

d. other than in connection with or in compliance with the provisions of Applicable Laws and the Alberta Energy and Utilities Board Act (Alberta), (i) there is no legal impediment to AltaQuest's or Subco's consummation of the transactions contemplated by this Agreement and (ii) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is necessary by AltaQuest or Subco in connection with the making or the consummation of the Amalgamation, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals, which, if not received, would not have any material adverse effect on the ability of AltaQuest or Subco to consummate the transactions contemplated hereby;

e. AltaQuest had issued and outstanding as at April 27, 2000 no more than 14,088,433 AltaQuest Common Shares, stock options entitling the holders thereof to acquire no more than 650,000 AltaQuest Common Shares at an average exercise price of $1.16 and, except as aforesaid, there are no outstanding shares of AltaQuest or options, warrants, rights or conversion or exchange privileges entitling anyone to acquire any shares of AltaQuest or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by AltaQuest of any shares of AltaQuest (including AltaQuest Common Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of AltaQuest. All outstanding AltaQuest Common Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights, and all AltaQuest Common Shares issuable upon exercise of outstanding stock options, in accordance with their terms, will be duly authorized and validly issued, fully and non-assessable and will not be subject to any pre-emptive rights;

f. AltaQuest has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by AltaQuest, were true, correct and complete and did not contain any Misrepresentation, as at the date of such information or statements;

g. since September 30, 1999 except as has been publicly disclosed, (i) there has been no material adverse change, (or any condition, event or development involving a prospective change that would be materially adverse to AltaQuest or any of its Subsidiaries) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of AltaQuest or any of its Subsidiaries considered on a consolidated basis; and (ii) AltaQuest and its Subsidiaries have conducted their respective businesses only in the ordinary and normal course;

h. except as disclosed to Arrival in writing prior to the execution of this Agreement, the data and information in respect of AltaQuest and its Subsidiaries and their respective assets, reserves, liabilities, businesses and operations provided by AltaQuest or its advisors to Arrival or its advisors was and is accurate and correct in all material respects as at the respective dates thereof and did not contain a Misrepresentation as at the respective dates thereof;

i. except as disclosed to Arrival in writing prior to the execution of this Agreement, there are no outstanding or threatened claims, suits, actions or proceedings against AltaQuest or any of its Subsidiaries which, if determined adversely to AltaQuest would have a material adverse effect on the assets, liabilities, business or operations of AltaQuest and its Subsidiaries taken as a whole;

j. AltaQuest has performed and observed all of its duties, liabilities, obligations and covenants required to be satisfied, performed and observed by it under all material agreements and documents (including, without limitation, agreements in respect of AltaQuest's credit facilities) to which AltaQuest and its Subsidiaries are a party or to which their properties or assets may be subject or by which AltaQuest and its Subsidiaries are bound and are not in default in any material respect thereunder or in breach of any of the material terms, covenants and conditions thereof, the effect of which is materially adverse to the business of AltaQuest and its Subsidiaries taken as a whole or to the value of the AltaQuest Common Shares to Arrival Shareholders;

k. the AltaQuest Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of AltaQuest and its Subsidiaries on a consolidated basis at the dates thereof and the results of the operations of AltaQuest and its Subsidiaries on a consolidated basis for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of AltaQuest and its Subsidiaries on a consolidated basis as at the dates thereof;

l. except as disclosed to Arrival in writing prior to the execution of this Agreement, neither AltaQuest nor any of its Subsidiaries have received notice of any material violation of or investigation relating to any federal, provincial, local or other environmental or pollution law, regulation or ordinance with respect to the assets, business or operations of AltaQuest or its Subsidiaries and, all permits, licenses and other authorizations which are required under federal, provincial, local or other laws with respect to pollution or protection of the environment relating to the assets, business or operations of AltaQuest or its Subsidiaries. All of the assets of AltaQuest and its Subsidiaries operated and maintained by AltaQuest or any Subsidiary are in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects, and are also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in such laws or contained in any regulation, code, plan, order, decree, judgment, notice or demand letter issued, entered, promulgated or approved thereunder relating to the assets operated by AltaQuest or any Subsidiary in all material respects;

m. other than as disclosed in writing to Arrival prior to the execution of this Agreement, there are no severance or change of control arrangements with directors, officers or employees of AltaQuest or its Subsidiaries;

n. other than as disclosed in writing to Arrival prior to the execution of this Agreement, AltaQuest and its Subsidiaries have no defined benefits plans and have no other employee benefit plans and have made no agreements or promises with respect to any such plans;

o. AltaQuest has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Kobayashi & Associates Ltd. has been retained as AltaQuest's agent in connection with certain matters and AltaQuest has retained Osler Hoskin & Harcourt LLP as AltaQuest's legal advisors in connection with certain matters, including the transactions contemplated herein;

p. AltaQuest reasonably estimates that the aggregate of amounts payable by AltaQuest under any obligations or liabilities of AltaQuest or any Subsidiary to pay any amount to its officers, directors, employees or consultants other than for salary and directors' fees in the ordinary course, in each case in amounts consistent with historic practices and, without limiting the generality of the foregoing, including the obligations of AltaQuest or any of its Subsidiaries to officers, employees or consultants for severance, retention, termination or bonus payments on the change of control of AltaQuest and pursuant to AltaQuest's severance policy, will not exceed $25,000 ;

q. AltaQuest has not waived the applicability of any "standstill" or other provisions of any confidentiality agreements entered into by AltaQuest which have not automatically expired by their terms;

r. as at December 31, 1999, AltaQuest's Canadian tax pools were not less than $11.6 million;

s. AltaQuest's total Net Debt as at March 31, 2000, did not exceed $3 million;

t. to the best of AltaQuest's knowledge, AltaQuest has provided to Paddock Lindstrom & Associates Ltd. and McDaniel Associates Consultants Limited all material information concerning land descriptions, well data, facilities and infrastructure, ownership and operations, future development plans and historical technical and operating data respecting the principal oil and gas assets of AltaQuest and its Subsidiaries, in each case as at January 1, 2000 and, in particular, all material information respecting AltaQuest's and its Subsidiaries' interests in their principal oil and gas assets and the royalty burdens and net profits interests burdens thereon;

u. for the period from April 1, 2000 to the date of this Agreement production from AltaQuest's oil and natural gas properties averaged 500 barrels of oil equivalent per day;

v. AltaQuest has made all filings required under applicable securities laws with the applicable regulatory authorities, all such filings have been made in a timely manner, and all such filings and information and statements contained therein and any other information or statements disseminated to the public by AltaQuest, were true, correct and complete and did not contain any Misrepresentation, as at the date of such information or statements;

w. the only Subsidiaries of AltaQuest are AltaQuest Energy Corporation (U.K.) Limited, AltaQuest Oil Products Limited and Subco and AltaQuest legally and beneficially owns all of the outstanding shares and other securities of each such Subsidiary and no person for person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of such Subsidiaries or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase or issuance of any shares or other securities of such Subsidiaries;

x. the corporate records and minutes books, books of account and other records of AltaQuest and each of its Subsidiaries have (whether financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects;

y. except as has been disclosed in writing to Arrival prior to the date hereof, there is not any defect or alleged defect in the right, title or interest of either of AltaQuest or a Subsidiary in its properties or rights, whether freehold, leasehold or other, which may have a significant adverse effect on the ability to profitably produce or market hydrocarbons from the properties or rights and which would have a material adverse effect upon AltaQuest and its Subsidiaries taken as a whole;

z. no securities commission or similar regulatory authority, or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of AltaQuest, no such proceeding is, to the knowledge of AltaQuest, pending, contemplated or threatened and AltaQuest is not in default of any requirement of any securities laws, rules or policies applicable to AltaQuest or its securities;

aa. AltaQuest is a reporting issuer under the securities laws of each of the provinces of Alberta, British Columbia, Manitoba and Ontario and, to the best of its knowledge, is not in default of any requirement of such securities laws;

bb. the board of directors of AltaQuest have reserved and allotted to holders of Arrival Class A Shares and Arrival Class B Shares the AltaQuest Common Shares to be issued pursuant to the Amalgamation and upon the completion of the Amalgamation such AltaQuest Common Shares will be validly issued as fully paid and non-assessable;

cc. the AltaQuest Information in the Information Circular will contain no untrue statement of a material fact and will not omit 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 is made;

dd. the authorized capital of Subco consists of an unlimited number of common shares of which one (1) common share only is issued and outstanding, and which is owned beneficially and of record by AltaQuest; and

ee. Subco has no assets or liabilities and is not a party to or bound by any contract, agreement, arrangement, instrument, licence, permit or authority, nor does it have any liabilities contingent or otherwise, other than pursuant to or as contemplated by this Agreement.

ARTICLE 8
CONDITIONS PRECEDENT

8.1 Mutual Conditions Precedent

The respective obligations of the Parties hereto to consummate the transactions contemplated hereby, and in particular the Amalgamation, are subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by the mutual consent of such Parties without prejudice to their right to rely on any other of such conditions:

a. all required government and regulatory approvals, orders, rulings, exemptions and consents (including without limitation, those of any stock exchanges or other securities or regulatory authorities) in respect of the completion of the transactions contemplated by this Agreement shall have been obtained and shall be in full force and effect, and any and all other applicable waiting periods under any competition, merger, control or similar laws, regulation or other governmental authority having jurisdiction over Arrival, AltaQuest or the transactions contemplated by this Agreement with respect to any such matters shall have expired or been terminated in respect of such transactions and no objection or opposition shall have been filed, initiated or made during any applicable statutory or regulatory period.

b. no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority or administrative agency or commission by any elected or appointed public official or by any private person (including, without limitation, any individual, body corporate, partnership, syndicate or other form of unincorporated entity) in Canada or elsewhere, whether or not having the force of law, and no law, regulation or policy shall have been proposed, enacted, promulgated or applied, whether or not having the force of law;

c. the Amalgamation of the Amalgamating Parties shall have been approved by each of the Arrival Class A Shareholders and the Arrival Class B Shareholders in accordance with the Act;

d. the board of directors of AltaQuest shall have been reconstituted to consist of five members, three of whom are nominees of Arrival and the remaining two of whom are nominees of AltaQuest (one of whom is expected to be Joe Phillips Sr., and in such case Joe Phillips Sr. shall be appointed as Chairman);

e. consent to the transactions contemplated by this Agreement by Arrival's bankers;

f. the AltaQuest Common Shares reserved and allotted for issuance upon the completion of the Amalgamation pursuant to Article 5 shall have been approved for listing on the Toronto Stock Exchange, subject to AltaQuest fulfilling the exchange’s customary additional listing requirements; and

g. the number of AltaQuest Common Shares which would have been issued pursuant to the Amalgamation to Arrival Class A Shareholders and Arrival Class B Shareholders who have given notice of their intention to exercise their right of dissent under the Act in respect of the Amalgamation shall be not greater than 500,000 AltaQuest Common Shares.

The foregoing conditions are for the mutual benefit of the Parties and may be asserted by the Parties regardless of the circumstances and may be waived by the Parties in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which the Parties may have.

8.2 Conditions to Obligation of Arrival

The obligation of Arrival to consummate the transactions contemplated hereby, and in particular the Amalgamation, is subject to the satisfaction, on or before the Effective Date (or such earlier date as may be indicated below), of the following conditions:

a. other than as permitted in this Agreement there shall not have occurred (and there shall not have been publicly disclosed, and Arrival shall not have otherwise learned of, if previously not publicly disclosed) any change (or any condition, event or development involving a prospective change) not publicly disclosed prior to the announcement of the entering into of this Agreement in the business, operations, assets, capitalization, financial condition, licenses, permits, rights, liabilities, prospects or privileges, whether contractual or otherwise, of AltaQuest or any of its Subsidiaries which, in the sole judgment of Arrival, acting reasonably, is materially adverse to the business of AltaQuest or its Subsidiaries taken as a whole or to the value of the AltaQuest Common Shares to Arrival Shareholders provided that any change that occurs as a result of: (i) any matter consented to by or approved by Arrival after the date of this Agreement; and (ii) fluctuations in oil and natural gas prices; shall not be considered to be a change contemplated by this condition;

b. any party who has entered into an AltaQuest Lock-Up Agreement with Arrival shall have breached a material covenant, agreement or representation and warranty contained in such agreement;

c. within three Business Days after entering into of this Agreement, all of the directors and senior officers of AltaQuest and their associates and affiliates shall have entered into agreements in the form attached as Schedule "B" hereto whereby such holders agree, among other things, not to sell, assign, convey or otherwise dispose of any of their AltaQuest Common Shares for the period indicated therein (such agreements being hereinafter referred to as "AltaQuest Lock-Up Agreements");

d. Arrival, in its sole judgement, acting reasonably, shall be satisfied with the results of its due diligence review of AltaQuest and its business, operations, assets, liabilities, prospects, financial condition and affairs to be completed by no later than 5:00 p.m. (Calgary time) on May 8, 2000, and unless Arrival has notified AltaQuest in writing otherwise at or prior to 5:00 p.m. (Calgary time) on May 8, 2000, Arrival will be deemed to be satisfied with the results of its due diligence review;

e. the receipt on or before June 15, 2000 from all holders of options and other rights to acquire AltaQuest Common Shares (other than from Bruce Libin in respect of options held by him to purchase 80,000 AltaQuest Common Shares at a price of $1.10 per share and 20,000 Common Shares at a price of $2.55 per share, all expiring August 10, 2001) of their agreement to terminate such options and other rights effective at the Effective Date, without the payment of any consideration;

f. the receipt on or before June 15, 2000 from all officers of AltaQuest of confirmation that they will resign on the Effective Date without the payment of any amounts or consideration therefor and such officers and AltaQuest shall have provided mutual releases, in form and substance satisfactory to Arrival, acting reasonably, such releases to be releasable on the Effective Date;

g. at the annual meeting of shareholders of AltaQuest to be held June 27, 2000, AltaQuest shall have proposed five persons for nomination as directors, three of whom shall be nominees of Arrival, and the remaining two of whom shall be nominees of AltaQuest (one of whom is expected to be Joe Phillips Sr., and in such case Joe Phillips Sr. shall be appointed as Chairman);

h. D.T. (Dan) Wilson shall have been appointed as President and Chief Executive Officer, D.K. (Ken) Truscott shall have been appointed as Senior Vice President and Chief Operating Officer; Andrew Kramchynski shall have been appointed as Senior Vice President, Corporate Development and Peter G. Guyan shall have been appointed as Vice President, Exploration and AltaQuest has entered into employment arrangements (the "New Employment Agreements") with each of such officers which are identical (with necessary changes) to the arrangements presently in place with Arrival, and AltaQuest shall cooperate with Arrival to provide an orderly transition of control and management;

i. on or before May 8, 2000, the board of directors of AltaQuest shall have approved and AltaQuest shall have delivered to Arrival audited consolidated financial statements of AltaQuest as at and for the year ended December 31, 1999 and such financial statements are acceptable to Arrival, acting reasonably;

j. AltaQuest and Subco shall have furnished Arrival with:

i. certified copies of the resolutions duly passed by the boards of directors of AltaQuest and Subco and by AltaQuest, as sole shareholder of Subco, approving this Agreement and the consummation of the transactions contemplated hereby;

ii. a certified copy of the resolutions duly passed by the board of directors of AltaQuest conditionally allotting the aggregate number of AltaQuest Common Shares that may be required to be issued in accordance with the terms of this Agreement upon the Amalgamation taking effect; and

iii. an opinion of counsel to AltaQuest and Subco to the effect that each is duly incorporated and organized and valid and subsisting, and each has taken all necessary action to duly authorize the Amalgamation, that the AltaQuest Common Shares issuable pursuant to the Amalgamation will be validly issued as fully paid and non-assessable and, as to any restrictions on resale on AltaQuest Common Shares issued to former holders of Arrival Class A Shares or Arrival Class B Shares, and as to such other matters as Arrival may reasonably request;

k. except as affected by the transactions contemplated by this Agreement, the representations and warranties of AltaQuest and Subco contained in Section 7.2, shall be true in all material respects immediately prior to the Effective Date with the same effect as though such representations and warranties had been made at and as of such time and Arrival has received certificates to that effect dated the day preceding the Effective Date from a senior officer of each of AltaQuest and Subco acceptable to Arrival, acting reasonably, acting solely on behalf of AltaQuest or Subco, as the case may be, and not in his personal capacity, to the best of his information and belief having made reasonable inquiry and Arrival will have no knowledge to the contrary; and

l. neither AltaQuest nor Subco shall be in breach of any covenant, agreement, representation or warranty contained in this Agreement that would have a material adverse effect on the completion of the Amalgamation, the business of AltaQuest or its Subsidiaries taken as a whole or the value of AltaQuest Common Shares to Arrival Shareholders.

The conditions in this Section 8.2 are for the exclusive benefit of Arrival and may be asserted by Arrival or may be waived by Arrival in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Arrival may have.

8.3 Conditions to Obligations of AltaQuest and Subco

The obligations of AltaQuest and Subco to consummate the transactions contemplated hereby, and in particular the issue of AltaQuest Common Shares and the Amalgamation, respectively, are subject to the satisfaction, on or before the Effective Date (or such earlier date as may be indicated below), of the following conditions:

a. excepting the Red Earth Disposition, excepting Arrival's negative working capital position as set forth in Section 7.1(g) and other than as permitted in this Agreement, there shall not have occurred (and there shall not have been publicly disclosed, and AltaQuest shall not have otherwise learned of, if previously not publicly disclosed) any change (or any condition, event or development involving a prospective change) not publicly disclosed prior to the entering into of this Agreement in the business, operations, assets, capitalization, financial condition, licenses, permits, rights, liabilities, prospects or privileges, whether contractual or otherwise, of Arrival or any of its Subsidiaries which, in the sole judgment of AltaQuest, acting reasonably, is materially adverse to the business of Arrival or to the value of the Arrival Class A Shares or Arrival Class B Shares provided that any change that occurs as a result of: (i) any matter consented to by or approved by AltaQuest after the date of this Agreement; and (ii) fluctuations in oil and natural gas prices; shall not be considered to be a change contemplated by this condition;

b. all of the officers of Arrival whose employment agreement with Arrival contains a change of control provision shall have waived such provision in respect of the Amalgamation and there are no other severance or change of control arrangements with or payments to directors, officers or employees of Arrival;

c. no director or officer of Arrival that has entered into an Arrival Lock-Up Agreement shall have breached a material covenant, agreement or representation and warranty contained in such agreement;

d. within three Business Days after entering into of this Agreement, all of the directors and senior officers of Arrival who hold Arrival Class A Shares or Arrival Class B Shares and other holders of Arrival Class A Shares whom, together with the directors and senior officers of Arrival, collectively hold at least thirty-five percent (35%) of the presently outstanding Arrival Class A shares shall have entered into agreements in the form attached as Schedule "C" hereto whereby such holders agree to vote their Arrival Class A Shares and Arrival Class B Shares to approve the Amalgamation (such agreements being hereinafter referred to as "Arrival Lock-Up Agreements");

e. AltaQuest, in its sole judgement, acting reasonably, shall be satisfied with the results of its due diligence review of Arrival and its business, operations, assets, liabilities, prospects, financial condition and affairs to be completed by no later than 5:00 p.m. (Calgary time) on May 8, 2000, and unless AltaQuest shall have notified Arrival in writing otherwise at or prior to 5:00 p.m. (Calgary time) on May 8, 2000, AltaQuest will be deemed to be satisfied with the results of its due diligence review;

f. on or before May 8, 2000 the board of directors of Arrival shall have approved and Arrival shall have delivered to AltaQuest audited financial statements of Arrival as at and for the year ended December 31, 1999 and such financial statements are acceptable to AltaQuest, acting reasonably;

g. Arrival shall have furnished AltaQuest and Subco with:

    i. certified copies of the resolutions duly passed by the board of directors of Arrival approving this Agreement and the consummation of the transactions contemplated hereby, directing the submission of the Amalgamation for approval at the Arrival Class A Shareholders' Meeting and the Arrival Class B Shareholders’ Meeting and recommending that Arrival Class A Shareholders and Arrival Class B Shareholders vote in favour of the Amalgamation and approving the Information Circular;

    ii. certified copies of the resolutions duly passed at the Arrival Class A Shareholders' Meeting and the Arrival Class B Shareholders’ Meeting approving the Amalgamation; and

    iii. an opinion of counsel to Arrival to the effect that Arrival is duly incorporated and organized and valid and subsisting, and has taken all necessary action to duly authorize the Amalgamation and as to such other matters as AltaQuest may reasonably request;

h. except as affected by the transactions contemplated by this Agreement, the representations and warranties of Arrival contained in Section 7.1 shall be true in all material respects immediately prior to the Effective Date with the same effect as though such representations and warranties had been made at and as of such time and AltaQuest and Subco have received a certificate to that effect, dated the day preceding the Effective Date, of a senior officer of Arrival acceptable to AltaQuest, acting reasonably, acting solely on behalf of Arrival and not in his personal capacity, to the best of his information and belief having made reasonable inquiry and neither AltaQuest or Subco has any knowledge to the contrary; and

i. Arrival shall not be in breach of any covenant, agreement, representation or warranty contained in this Agreement that would have a material adverse effect on the completion of the Amalgamation, the business of Arrival or the value of the Arrival Class A Shares or Arrival Class B Shares.

The conditions described in this Section 8.3 are for the exclusive benefit of AltaQuest and Subco and may be asserted by AltaQuest and Subco or may be waived by AltaQuest and Subco in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which AltaQuest and Subco may have.

8.4 Notice and Cure Provisions and Effect of Failure to Comply with Conditions

a. Each of the Parties shall give prompt notice to the others of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, (i) cause any of the representations or warranties of any party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any party hereunder provided, however, that no such notification will affect the representations or warranties of the parties or the conditions to the obligations of the parties hereunder.

b. If any of the conditions precedents set forth in Sections 8.1, 8.2 or 8.3 hereof shall not be complied or waived by the party for whose benefit such conditions are provided on or before the date required for the performance thereof, then the party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement provided that prior to the filing on the Effective Date of Articles of Amalgamation for the purpose of giving effect to the Amalgamation, the party intending to rely thereon has delivered a written notice to the other party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the party delivering such notice is asserting as the basis for the non-fulfilment of the applicable conditions precedent. More than one such notice may be delivered by a party.

8.5 Satisfaction of Conditions

The conditions set out in this Article 8 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties, Articles of Amalgamation are filed under the Act to give effect to the Amalgamation.

ARTICLE 9
TRANSITIONAL PROVISIONS

9.1 Transitional Provisions

In connection with the implementation of the Amalgamation, Arrival and AltaQuest shall cooperate with each other to provide an orderly transition of control. Arrival and AltaQuest will each conduct itself so as to keep each other fully informed as to its business and affairs and as to the decisions required with respect to the most advantageous methods of exploring, operating and producing from its assets and shall cooperate with each other with respect thereof. Arrival and AltaQuest shall each provide access to its offices to officers of each other during normal business hours on reasonable notice following the acceptance of this agreement and the officers of Arrival and AltaQuest shall consult with the officers of each other (as they may reasonably request) in respect of their day-to-day operations. AltaQuest shall provide to Arrival information which will allow Arrival, to efficiently integrate the business and affairs of Arrival with AltaQuest on completion of the Amalgamation and in connection therewith AltaQuest will permit a representative of Arrival to be present at the offices of AltaQuest to monitor the business and operations of AltaQuest, the cost of such representative being for the account of Arrival.

ARTICLE 10
NOTICES

10.1 Notices

All notices which may or are required to be given pursuant to any provision of this Agreement are to be given or made in writing and served personally or sent by telecopy and in the case of:

a. AltaQuest and Subco, addressed to:

350, 409 - 8th Avenue S.W.
Calgary, Alberta
T2P 1L3

Attention: President
Telecopier: (403) 213-2906

with a copy to:

Osler, Hoskin & Harcourt LLP
1900, 333 - 7th Avenue S.W.
Calgary, Alberta
T2P 2Z1

Attention: Chris Nixon
Telecopier: (403) 260-7024

b. Arrival, addressed to:

6th Floor, 510 - 5th Street
Calgary, Alberta
T2P 3SZ

Attention: President
Telecopier: (403) 515-3999

with a copy to:

Burnet Duckworth & Palmer
1400, 350 - 7th Avenue S.W.
Calgary, Alberta
T2P 3N9

Attention: Keith Greenfield
Telecopier: (403) 260 0330

or such other address as the parties may, from time to time, advise to the other parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such telecopy is received.

ARTICLE 11
AMENDMENT AND TERMINATION OF AGREEMENT

11.1 Amendment

Prior to the issuance of the Certificate, this Agreement may at any time and from time to time before or after the holding of the Arrival Class A Shareholders' Meeting and the Arrival Class B Shareholders' Meeting be amended by written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the shareholders of Arrival or AltaQuest and any such amendment may, without limitation:

a. change the time for performance of any of the obligations or acts of the parties hereto;

b. waive any inaccuracies or modify any representation or warranty contained in this Agreement or in any document delivered pursuant hereto;

c. waive compliance with or modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the parties hereto; or

d. waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment decreases the number of AltaQuest Common Shares to be received by Arrival Class A Shareholders or Arrival Class B Shareholders in exchange for their Arrival Class A Shares or Arrival Class B Shares without approval by the Arrival Class A Shareholders or Arrival Class B Shareholders given in the same manner as required for the approval of the Amalgamation.

11.2 Termination

This Agreement may, prior to the issuance of the Certificate, be terminated by mutual agreement of the Parties hereto without further action on the part of the shareholders of Arrival, Subco or AltaQuest. This Agreement may also be terminated without further notice or agreement if:

a. the Amalgamation is not approved by the required majority of votes at the Arrival Class A Shareholders' Meeting and Arrival Class B Shareholders' Meeting on or before July 15, 2000;

b. the Certificate has not been issued on or before July 15, 2000 or such later date as AltaQuest and Arrival may have agreed to;

c. in the sole discretion of Arrival, if the AltaQuest Termination Fee is payable in accordance with Section 11.3; or

d. in the sole discretion of AltaQuest, if the Arrival Termination Fee is payable in accordance with Section 11.4.

In the event of the termination of this Agreement as provided in this Section 11.2, this Agreement shall forthwith have no further force or effect and there shall be no liability on the part of AltaQuest or Arrival hereunder except as set forth in Sections 11.3 (to the extent that the fee described therein becomes payable prior to the termination of the Agreement) , 11.4 (to the extent that the fee described therein becomes payable prior to the termination of the Agreement), 12.3, 13.4 and this Section 11.2, which provisions shall survive the termination of this Agreement. Nothing contained in this Section 11.2 shall relieve any party from liability for any breach of any provision of this Agreement.

11.3 Termination Fee Payable by AltaQuest

Provided Arrival is not in default or breach of any covenant, agreement, representation or warranty contained in this Agreement that would have a material adverse effect on the completion of the Amalgamation, the business of Arrival or the value of the Arrival Class A Shares or Arrival Class B Shares, AltaQuest shall pay to Arrival a fee ("AltaQuest Termination Fee") equal to $400,000, if any of the following occur:

a. prior to the Effective Date:

    i. an AltaQuest Acquisition Proposal is publicly announced or made to all or substantially all of the shareholders of AltaQuest or to AltaQuest; and

    ii. the AltaQuest Acquisition Proposal has not been withdrawn or expired; and

    iii. (A) the board of directors of AltaQuest fails to confirm by press statement within five Business Days after the public announcement and, if applicable, in the directors' circular responding to the AltaQuest Acquisition Proposal its recommendation that shareholders of

AltaQuest reject the AltaQuest Acquisition Proposal or (B) AltaQuest enters into an AltaQuest Proposal Agreement;

b. any party who has entered into an AltaQuest Lock-Up Agreement with Arrival has breached a material covenant, agreement or representation and warranty contained in such agreement; or

c. AltaQuest is in default or breach of any covenant, agreement, representation or warranty contained in this Agreement that would have a material adverse effect on the completion of the Amalgamation, the business of AltaQuest or its Subsidiaries taken as a whole or the value of AltaQuest Common Shares to Arrival Shareholders.

AltaQuest agrees that the Termination Fee will be paid within 3 business days of the date of the earliest of such event to occur. On the date of the earliest event described above in this Section 11.3, AltaQuest shall be deemed to hold such sum in trust for Arrival.

AltaQuest represents that its board of directors has unanimously approved the payment of the Termination Fee in the circumstances described in this Section 11.3.

11.4 Termination Fee Payable by Arrival

Provided AltaQuest is not in default or breach of any covenant, agreement, representation or warranty contained in this Agreement that would have a material adverse effect on the completion of the Amalgamation, the business of AltaQuest or its Subsidiaries taken as a whole or the value of AltaQuest Common Shares to Arrival Shareholders, Arrival shall pay to AltaQuest a fee ("Arrival Termination Fee") equal to $400,000, if any of the following occur:

a. prior to the Effective Date:

    i. an Arrival Acquisition Proposal is publicly announced or made to all or substantially all of the shareholders of Arrival or to Arrival; and

    ii. the Arrival Acquisition Proposal has not been withdrawn or expired; and

    iii. (A) the board of directors of Arrival fails to confirm by press statement within five Business Days after the public announcement and, if applicable, in the directors' circular responding to the Arrival Acquisition Proposal its recommendation that shareholders of Arrival reject the Arrival Acquisition Proposal or (B) Arrival enters into an Arrival Proposal Agreement;

b. prior to the Effective Date:

    i. a Superior Arrival Proposal is publicly announced or made to all or substantially all of the shareholders of Arrival or to Arrival; and

    ii. the Superior Arrival Proposal has not been withdrawn or expired; and

    iii. the Amalgamation Agreement is not approved by the Arrival Shareholders;

c. any director or officer of Arrival who has entered into an Arrival Lock-Up Agreement with AltaQuest has breached a material covenant, agreement or representation and warranty contained in such agreement; or

d. Arrival is in default or breach of any covenant, agreement, representation or warranty contained in this Agreement that would have a material adverse effect on the completion of the Amalgamation, the business of Arrival or the value of the Arrival Class A Shares or Arrival Class B Shares.

Arrival agrees that the Termination Fee will be paid within 3 business days of the date of the earliest of such event to occur. On the date of the earliest event described above in this Section 11.4, Arrival shall be deemed to hold such sum in trust for AltaQuest.

Arrival represents that its board of directors has unanimously approved the payment of the Termination Fee in the circumstances described in this Section 11.4.

ARTICLE 12
CONFIDENTIALITY AGREEMENTS

12.1 Confidentiality Agreement Regarding Arrival

With respect to this Agreement and the Amalgamation, Arrival hereby consents thereto and AltaQuest is hereby released from any of the restrictions set forth in Section 13 of the confidentiality agreement dated April 17, 2000 between Arrival and AltaQuest provided that if this Agreement is terminated such consent is revoked.

12.2 Confidentiality Agreement Regarding AltaQuest

With respect to this Agreement and the Amalgamation, AltaQuest hereby consents thereto and Arrival is hereby released from any of the restrictions set forth in Section 13 of the confidentiality agreement dated February 29, 2000 between AltaQuest and Arrival provided that if this Agreement is terminated such consent is revoked.

ARTICLE 13
GENERAL

13.1 Binding Effect

This Agreement shall be binding upon and enure to the benefit of the parties hereto.

13.2 Assignment

No party to this Agreement may assign any of its rights or obligations under this Agreement without prior written consent of the other parties.

13.3 Public Disclosure

The parties agree to consult with each other before making any public disclosure or announcement of or pertaining to this Agreement, any such disclosure or announcement to be mutually satisfactory to all parties except that this Section 13.3 does not apply where any party to this Agreement is advised by its counsel that certain disclosures or announcements, which the other parties after reasonable notice do not consent to, are required to be made by applicable laws, stock exchange rules or policies of regulatory authorities having jurisdiction.

13.4 Expenses

Other than as provided in Sections 11.3 and 11.4 hereof, all fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such cost or expense, whether or not the Amalgamation is completed; however, in the event that the Amalgamation is completed then Arrival agrees to pay all fees, costs and expenses incurred by each of itself and AltaQuest in connection with the transactions contemplated hereby.

13.5 Alternative Arrangements

The parties acknowledge and agree that, based upon tax, corporate, securities or other legal and other considerations, AltaQuest may determine that it is more advantageous or appropriate to carry out the proposed transaction presently contemplated by the Amalgamation and this Agreement by way of a plan of arrangement, or alternatively, by a take-over bid (the "offer") for all of the outstanding Arrival Common Shares and Arrival Class B Shares. Such offer may be made on such terms and conditions as AltaQuest, in its discretion, determines appropriate in the circumstances (provided that it shall be made for the same (or greater) consideration as contemplated hereby and that AltaQuest shall otherwise be entitled to acquire any Arrival Class A Shares and Arrival Class B Shares not acquired pursuant to the offer pursuant to the compulsory acquisition provisions of the *Business Corporations Act* (Alberta). In the event that the proposed transaction is carried out pursuant to a plan of arrangement or the offer, the terms and conditions set forth in this agreement shall apply, *mutatis mutandis*, to the plan of arrangement or the offer, as the case may be.

13.6 Time of Essence

Time shall be of the essence of this Agreement.

13.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta.

13.8 Counterparts

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

IN WITNESS WHEREOF the parties have executed this Agreement as of the date first above written.

ALTAQUEST ENERGY CORPORATION

Per: (signed) "Dan Halyk"

Dan Halyk

Per: (signed) "Joe Phillips, Jr."

Joe Phillips, Jr.

Per: (signed) "Joe Phillips, Sr."

Joe Phillips, Sr.

ARRIVAL ENERGY LTD.

Per: (signed) "D.T. Dan Wilson"

D.T. (Dan) Wilson

Per: (signed) D.K. Ken Truscott"

D.K. (Ken) Truscott

859644 ALBERTA LTD.

Per: (signed) "Joe Phillips, Sr."

Joe Phillips, Sr.

SCHEDULE A
TO AMALGAMATION AGREEMENT

BUSINESS CORPORATIONS ACT FORM 9
(SECTION 179)

Alberta Consumer and
Corporate Affairs

ARTICLES OF AMALGAMATION

1. NAME OF AMALGAMATED CORPORATION 2. CORPORATE ACCESS NO.

AltaQuest Acquisition Corporation

3. THE CLASSES AND ANY MAXIMUM NUMBER OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE.

An unlimited number of common shares without nominal or par value, having attached thereto the rights, privileges, restrictions and conditions set out in **Schedule "A"** attached hereto.

4. RESTRICTIONS IF ANY ON SHARE TRANSFERS.

No shares of the Corporation shall be transferred without the approval of the directors, provided that approval of any transfer of shares may be given as aforesaid after the transfer has been effected upon the records of the Corporation, in which event, unless the said approval stipulates otherwise, the said transfer shall be valid and shall take effect as from the date of its very entry upon the books of the Corporation.

5. NUMBER (OR MINIMUM AND MAXIMUM NUMBER) OF DIRECTORS.
Minimum one (1) - Maximum eleven (11)

6. RESTRICTIONS IF ANY ON BUSINESS THE CORPORATION MAY CARRY ON.

None

7. OTHER PROVISIONS IF ANY.

See **Schedule "B"** attached hereto, which is incorporated into and forms a part of this form.

8. NAME OF AMALGAMATING CORPORATIONS. CORPORATE ACCESS NO.

Arrival Energy Ltd.
859694 Alberta Ltd.

9. DATE: **!**, 2000	SIGNATURE	TITLE
For Departmental Use Only		Filed

SCHEDULE A
TO ARTICLES OF AMALGAMATION

The Common Shares of the Corporation shall have the following rights, privileges, restrictions and conditions:

COMMON SHARES

1. **Voting Rights**

The holders of Common Shares shall be entitled to notice of, to attend and to one (1) vote per share held at any meeting of the shareholders of the Corporation (other than meetings of a class or series of shares of the Corporation other than the Common Shares as such).

2. **Dividends**

The holders of Common Shares shall be entitled to receive dividends as and when declared by the Board of Directors of the Corporation on the Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of dividends.

3. **Liquidations**

The holders of Common Shares shall be entitled in the event of any liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding-up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on dissolution attached to all shares of other classes of shares of the Corporation ranking in priority to the Common Shares in respect of return of capital on dissolution, to share rateably, together with the holders of shares of any other class of shares of the Corporation ranking equally with the Common Shares in respect of return of capital, in such assets of the Corporation as are available for distribution.

SCHEDULE B
TO ARTICLES OF AMALGAMATION

1. The number of shareholders of the Corporation, exclusive of

    a. persons who are in its employment or that of an affiliate, and;

    b. persons who, having been formerly in its employment or that of an affiliate, were, while in that employment, shareholders of the Corporation and have continued to be shareholders of that Corporation after termination of that employment,

    is limited to not more than 50 persons, 2 or more persons who are the joint registered owners of 1 or more shares being counted as 1 shareholder.

2. Any invitation to the public to subscribe for the securities of the Corporation is prohibited.

3. The directors of the corporation may, without authorization of the shareholders:

    a. borrow money on the credit of the Corporation;

    b. issue, reissue, sell or pledge debt obligations of the Corporation;

    c. subject to the Business Corporations Act of Alberta, give a guarantee on behalf of the Corporation to secure performance of an obligation of any person, and;

    d. mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

4. The directors may, by resolution, delegate the powers referred to in subsection (c) hereof to a director, a committee of directors or an officer.

5. The directors may, between annual general meetings, appoint one or more additional directors of the Corporation to serve until the next annual general meeting, but the number of additional directors shall not at any time exceed 1/3 of the number of directors who held office at the expiration of the last annual general meeting of the Corporation.

6. Meetings of the shareholders may be held at any place within Alberta or at any of the following cities: Vancouver, British Columbia; Victoria, British Columbia; Winnipeg, Manitoba; Toronto, Ontario; Ottawa, Ontario; Montreal Quebec; or Halifax, Nova Scotia.

SCHEDULE B
TO AMALGAMATION AGREEMENT

Arrival Energy Ltd.
6th Floor, 510 - 5th Street S.W.
Calgary, Alberta
T2P 3S2

In consideration of the entry into by Arrival Energy Ltd. ("Arrival") of an agreement dated April 28, 2000, (the "Acquisition Agreement") with AltaQuest Energy Corporation ("AltaQuest") contemplating a merger of AltaQuest and Arrival (such merger is hereinafter referred to as the "Transaction") pursuant to an amalgamation of Arrival with a wholly-owned subsidiary of AltaQuest pursuant to which each holder of class A shares of Arrival ("Arrival Class A Shares") will receive 1.4 common shares of AltaQuest ("AltaQuest Common Shares") for each Arrival Class A Share and each holder of class B shares of Arrival ("Arrival Class B Shares") will receive 2.24 AltaQuest Common Shares for each Arrival Class B Share (such amalgamation is hereinafter referred to as the "Amalgamation") and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the undersigned) the undersigned agrees as set forth below.

1. The undersigned represents and warrants to Arrival that the undersigned is the beneficial owner of or controls, directly or indirectly, the number of AltaQuest Common Shares set forth opposite the signature of the undersigned below (the "Undersigned's Shares") and the number of options and/or warrants to purchase AltaQuest Common Shares set forth opposite the name of the undersigned below (the "Undersigned's Options") and the Undersigned's Shares and the Undersigned's Options are all of the securities of AltaQuest beneficially owned or controlled, directly or indirectly by the undersigned.

2. The undersigned agrees that from the date of execution of this Agreement until the earlier of: (i) the termination of the Acquisition Agreement in accordance with its terms; and (ii) the completion of the Transaction; it will not take any action which might, directly or indirectly, interfere or be inconsistent with or otherwise adversely affect the completion of the Transaction and, without limiting the generality of the foregoing, it shall not, directly or indirectly, and shall not permit any person acting on its behalf to:

   2.1 solicit, initiate or encourage (including, without limitation, by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiry or the making of any proposal to AltaQuest or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (A) an acquisition from AltaQuest or its shareholders of securities of AltaQuest; (B) any acquisition of a substantial amount of assets of any of AltaQuest or its subsidiaries; (C) an amalgamation, arrangement, merger, or consolidation of any of AltaQuest and its subsidiaries; or (D) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving AltaQuest or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Amalgamation or which would or could reasonably be expected to materially reduce the benefits to Arrival under the Acquisition Agreement or the Amalgamation (any such inquiry or proposal in respect of any of the foregoing being an "AltaQuest Acquisition Proposal"); or

   2.2 enter into or participate in any discussions or negotiations regarding an AltaQuest Acquisition Proposal, or furnish to any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of AltaQuest or an AltaQuest Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;

provided, however, that the foregoing shall not prevent any member of the board of directors of AltaQuest from responding as required by law to any submission or proposal regarding a proposed transaction or from making such disclosure to AltaQuest shareholders which in the judgement of the board of directors of AltaQuest upon the advice of counsel is required under applicable law or any member of the board of directors of AltaQuest from acting in such capacity on behalf of Arrival as permitted in the Acquisition Agreement.

3. The undersigned covenants and agrees with Arrival that, until that date which is the earlier of: (i) the termination of the Acquisition Agreement in accordance with its terms; (ii) the completion of the Transaction; and (iii) July 15, 2000 ,the undersigned will:

3.1 not sell, assign, convey or otherwise dispose of any of the Undersigned's Shares (and any additional AltaQuest Common Shares which are acquired by the undersigned in any manner whatsoever);

3.2 exercise all voting rights attaching to the Undersigned's Shares (and any additional AltaQuest Common Shares which are acquired by the undersigned in any manner whatsoever) at the annual meeting of shareholders of AltaQuest to be held June 27, 2000 in favour of the matters referred to in Section 6.2(a)(vi) of the Acquisition Agreement;

3.3 use its reasonable commercial efforts to cause AltaQuest to perform its obligations under the Acquisition Agreement;

3.4 If the undersigned is a officer and/or director of AltaQuest, prior the Effective Date (as defined in the Acquisition Agreement) to: (i) tender his resignation as an officer and/or director of AltaQuest without the payment of any amount or consideration therefore; and (ii) execute a mutual release AltaQuest in form and substance satisfactory to Arrival, acting reasonably; such resignation and release to be effective at the date that the Amalgamation is completed and also execute any document necessary to reconstitute the board of directors of AltaQuest as contemplated by Section 8.1(d) of the Acquisition Agreement; and

3.5 prior to June 15, 2000, agree to terminate all of the Undersigned's Options effective on the date that the Amalgamation is completed, without the payment of any consideration.

4. The undersigned represents and warrants to Arrival that it is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against the undersigned in accordance with its terms and the consummation by the undersigned of the transactions contemplated herein will not constitute a violation of or default under, or conflict with, any contract, commitment, agreement, understanding, arrangement or restriction of any kind to which the undersigned is a party.

5. This Agreement may not be amended, altered or supplemented except upon the execution and delivery of a written amending agreement executed by Arrival and the undersigned.

6. This Agreement shall be governed in all respects, including validity, interpretation and effect by the laws of the province of Alberta and the laws of Canada applicable therein, without giving effect to the principles of conflicts of laws thereof and the undersigned hereby irrevocably attorns to the jurisdiction of the Courts of the province of Alberta in respect of any matter arising hereunder or in connection herewith.

7. Arrival shall be entitled to rely on delivery of a facsimile copy hereof which shall be legally effective to create a valid and binding agreement of the undersigned in accordance with the terms hereof.

Dated at the City of ____________, in the Province of __________________, this _____ day of ____________, 2000.

___________________________________	___________________________________ (seal)
Number of Common Shares of AltaQuest ("Undersigned's Shares")	Signature of the "undersigned"
___________________________________	___________________________________ (seal)
Number of options and warrants to purchase Common Shares of AltaQuest ("Undersigned's Options")	Printed name of the "undersigned"

SCHEDULE C
TO AMALGAMATION AGREEMENT

AltaQuest Energy Corporation
350, 409 - 8th Avenue S.W.
Calgary, Alberta
T2P 1Z3

In consideration of the entry into by AltaQuest Energy Corporation ("AltaQuest") of an agreement dated April 28, 2000, (the "Acquisition Agreement") with Arrival Energy Ltd. ("Arrival") contemplating a merger of AltaQuest and Arrival (such merger is hereinafter referred to as the "Transaction") pursuant to an amalgamation of Arrival with a wholly-owned subsidiary of AltaQuest pursuant to which each holder of class A shares of Arrival ("Arrival Class A Shares") will receive 1.4 common shares of AltaQuest ("AltaQuest Common Shares") for each Arrival Class A Share and each holder of class B shares of Arrival ("Arrival Class B Shares") will receive 2.24 AltaQuest Common Shares for each Arrival Class B Share (such amalgamation is hereinafter referred to as the "Amalgamation") and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by the undersigned) the undersigned agrees as set forth below.

1. The undersigned represents and warrants to AltaQuest that the undersigned is the beneficial owner of or controls, directly or indirectly, the number of Arrival Class A Shares or Arrival Class B Shares set forth opposite the signature of the undersigned below (the "Undersigned's Shares") and the number of options to purchase Arrival Class A Shares set forth opposite the name of the undersigned below (the "Undersigned's Options") and the Undersigned's Shares and the Undersigned's Options are all of the securities of Arrival beneficially owned or controlled, directly or indirectly by the undersigned.

2. The undersigned agrees that from the date of execution of this Agreement until the earlier of: (i) the termination of the Acquisition Agreement in accordance with its terms; and (ii) the completion of the Transaction; it will not take any action which might, directly or indirectly, interfere or be inconsistent with or otherwise adversely affect the completion of the Transaction and, without limiting the generality of the foregoing, it shall not, directly or indirectly, and shall not permit any person acting on its behalf to:

   2.1 solicit, initiate or encourage (including, without limitation, by way of furnishing information or entering into any form of agreement, arrangement or understanding) any inquiry or the making of any proposal to Arrival or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (A) an acquisition from Arrival or its shareholders of securities of Arrival (B) any acquisition of a substantial amount of assets of Arrival; (C) an amalgamation, arrangement, merger, or consolidation of Arrival; or (D) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving Arrival or any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Amalgamation or which would or could reasonably be expected to materially reduce the benefits to AltaQuest under the Acquisition Agreement or the Amalgamation (any such inquiry or proposal in respect of any of the foregoing being an "Arrival Acquisition Proposal"); or

   2.2 enter into or participate in any discussions or negotiations regarding an Arrival Acquisition Proposal, or furnish to any other person any information with respect to the business, properties, operations, prospects or conditions (financial or otherwise) of Arrival or an Arrival Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;

provided, however, that the foregoing shall not prevent any member of the board of directors of Arrival from responding as required by law to any submission or proposal regarding a proposed transaction or from making such disclosure to Arrival shareholders which in the judgement of the board of directors of Arrival upon the advice of counsel is required under applicable law or any member of the board of directors of Arrival from acting in such capacity on behalf of Arrival as permitted in the Acquisition Agreement.

3. The undersigned covenants and agrees with AltaQuest that, until that date which is the earlier of: (i) the completion of the Transaction; (ii) the termination of the Acquisition Agreement in accordance with its terms; and (iii) July 15, 2000, the undersigned will:

3.1 not sell, assign, convey or otherwise dispose of any of the Undersigned's Shares (and any additional Arrival Class A shares and Arrival Class B Shares which are acquired by the undersigned in any manner whatsoever) other than pursuant to the Amalgamation;

3.2 vote all of the Undersigned's Shares in approval of the Transaction in any resolutions or matters relating thereto at any meeting of the shareholders of Arrival called to consider the same;

3.3 not exercise any statutory rights of dissent or appraisal in respect of any resolution approving the Transaction, or any aspect thereof, and not exercise any other shareholder rights or remedies available at common law, pursuant to the *Business Corporations Act* (Alberta) or otherwise to delay, hinder, upset or challenge the Transaction; and

3.4 prior to the date that the Amalgamation is completed, agree to either exercise or terminate without the payment of any consideration all of the Undersigned's Options.

4. The undersigned represents and warrants to AltaQuest that it is duly authorized to execute and deliver this Agreement and this Agreement is a valid and binding agreement, enforceable against the undersigned in accordance with its terms and the consummation by the undersigned of the transactions contemplated herein will not constitute a violation of or default under, or conflict with, any contract, commitment, agreement, understanding, arrangement or restriction of any kind to which the undersigned is a party.

5. This Agreement may not be amended, altered or supplemented except upon the execution and delivery of a written amending agreement executed by AltaQuest and the undersigned.

6. This Agreement shall be governed in all respects, including validity, interpretation and effect by the laws of the province of Alberta and the laws of Canada applicable therein, without giving effect to the principles of conflicts of laws thereof and the undersigned hereby irrevocably attorns to the jurisdiction of the Courts of the province of Alberta in respect of any matter arising hereunder or in connection herewith.

7. AltaQuest shall be entitled to rely on delivery of a facsimile copy hereof which shall be legally effective to create a valid and bind agreement of the undersigned in accordance with the terms hereof.

Dated at the City of _____________, in the Province of ___________________, this _____ day of _____________, 2000.

______________________________________	___________________________________ (seal)
Number of Class A Shares or Class B Shares of Arrival - indicate number as well as class of shares ("Undersigned's Shares")	Signature of the "undersigned"
______________________________________	___________________________________ (seal)
Number of options to purchase Class A Shares of Arrival ("Undersigned's Options")	Printed name of the "undersigned"