

ARRANGEMENT AGREEMENT

BETWEEN

CERF INCORPORATED

- AND -

WINALTA INC.

JUNE 26, 2014

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of June 26, 2014.

BETWEEN:

CERF INCORPORATED, a corporation amalgamated under the laws of the Province of Alberta (hereinafter referred to as “**CERF**”)

AND:

WINALTA INC., a corporation incorporated under the laws of the Province of Alberta (hereinafter referred to as “**Winalta**”)

WHEREAS:

- A. Winalta and CERF wish to propose an arrangement involving, among other things, the business combination of CERF and Winalta on the terms and conditions set forth herein and in the Plan of Arrangement;
- B. the Parties intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (Alberta); and
- C. the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to such arrangement.

NOW THEREFORE, in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the Parties hereto do hereby covenant and agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Definitions

In this Agreement, the following defined terms have the meanings hereinafter set forth:

- (a) “**ABCA**” means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) “**Acquisition Proposal**” means, other than the Arrangement, any inquiry or the making of any offer or proposal, whether or not in writing or subject to a due diligence or other condition, to a Party, or such Party’s shareholders or any other securityholder of a Party (including any take-over bid initiated by advertisement or circular) from any Person or Persons acting “**jointly or in concert**” (where such phrase has the meaning ascribed thereto in Applicable Canadian Securities Laws) prior to the termination of this Agreement in accordance with its terms or consummation of the Arrangement, as applicable, which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions):
 - (a) any direct or indirect sale, issuance or acquisition of shares or other equity interests in a Party representing 20% or more of the voting securities or other

equity interests in such Party (or securities convertible into or exercisable for 20% or more of such securities or interests);

- (b) any direct or indirect acquisition or purchase (or any lease, long-term supply agreement or other arrangement having the same economic effect as an acquisition or purchase), of a material portion of the consolidated assets of a Party;
- (c) an amalgamation, arrangement, merger, business combination, consolidation, share exchange or other similar transaction involving a Party;
- (d) a take-over bid, issuer bid, tender offer, exchange offer, recapitalization, liquidation, dissolution, reorganization or other similar transaction involving a Party; or
- (e) 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 Arrangement or which would or could reasonably be expected to materially reduce the benefits to the Parties under this Agreement or the Arrangement;

except that for the purpose of the definition of “Superior Proposal” in Section 1.1(hhh), the references in the definition of “Acquisition Proposal” to: (A) “20% or more of the voting securities or other equity interests” shall be deemed to be references to “50% of the voting securities or other equity interests”; (B) “20% or more of such securities or interests” shall be deemed to be references to “50% of such securities or interests”; and (C) “a material portion of the consolidated assets” shall be deemed to be references to “all or substantially all of the assets”;

- (c) “**affiliate**” has the meaning ascribed thereto in the Securities Act;
- (d) “**Agreement**”, “**herein**”, “**hereof**”, “**hereto**”, “**hereunder**” and similar expressions mean and refer to this arrangement agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
- (e) “**Applicable Canadian Securities Laws**” means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date;
- (f) “**Applicable Laws**”, in the context that refers to one or more Persons, means any domestic or foreign, federal, state, provincial or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority, and any terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, that is binding upon or applicable to such Person or Persons or its or their business, undertaking, property or securities and emanate from a Person having jurisdiction over the Person or Persons or its or their business, undertaking, property or securities;

- (g) **“Arrangement”** means the arrangement under the provisions of Section 193 of the ABCA, on the terms and conditions set forth herein and in the Plan of Arrangement as supplemented, modified or amended;
- (h) **“Business Day”** means a day other than a Saturday, Sunday or other day when banks in the city of Calgary, Alberta, are not generally open for business;
- (i) **“CERF”** means CERF Incorporated a corporation amalgamated pursuant to the ABCA;
- (j) **“CERF Board of Directors”** means the board of directors of CERF, as it may be comprised from time to time;
- (k) **“CERF Credit Facility”** means CERF’s credit facilities with its lenders;
- (l) **“CERF Damages Event”** has the meaning ascribed thereto in Section 6.2;
- (m) **“CERF Disclosure Letter”** means the disclosure letter from CERF to Winalta dated the date hereof;
- (n) **“CERF Financial Statements”** means, collectively, the audited comparative financial statements of CERF as at and for the year ended December 31, 2013, together with the notes thereto and the auditors’ report thereon and the interim unaudited financial statements of CERF for the three month period ended March 31, 2014, together with the notes thereto;
- (o) **“CERF Information”** means all information to be included in the Information Circular (including in documents incorporated by reference) describing CERF, the business, operations and affairs of CERF and the matters to be considered at the CERF Meeting as required pursuant to Applicable Canadian Securities Laws and the TSXV;
- (p) **“CERF Lock-Up Agreements”** means an agreement to be entered into between Winalta and each of the directors and officers of CERF (unless the Parties agree otherwise) and each affiliate of such directors and officers that owns CERF Shares, in form satisfactory to each of Winalta and CERF, acting reasonably, pursuant to which such directors, officers and affiliates agree with Winalta, among other things, to vote in favour of the CERF Resolution and otherwise support the transactions contemplated by this Agreement;
- (q) **“CERF Meeting”** means the special meeting of CERF Shareholders to be held to consider the CERF Resolution, if required by the TSXV, and related matters, and any adjournment(s) thereof;
- (r) **“CERF Net Debt”** means, except as otherwise provided in this Agreement, the total interest bearing debt of CERF less the total of cash and cash equivalents of CERF, in each case calculated in accordance with GAAP;
- (s) **“CERF Option Plan”** means the CERF share option plan in effect on the date hereof and the agreements entered into thereunder;
- (t) **“CERF Options”** means options granted pursuant to the CERF Option Plan;

- (u) **“CERF Public Record”** means all information, documents and reports filed by or on behalf of CERF with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws which is available for public viewing on the SEDAR website under CERF’s profile at www.sedar.com;
- (v) **“CERF Resolution”** means the ordinary resolution of CERF Shareholders to be considered at the CERF Meeting substantially in the form attached as Exhibit “C”, as may be amended in accordance with the requirements of the TSXV;
- (w) **“CERF Shareholders”** means the holders of CERF Shares;
- (x) **“CERF Shares”** means the common shares in the capital of CERF, as constituted from time to time;
- (y) **“CERF Subsidiaries”** means 4-Way Equipment Rentals Corp., MCL Waste Systems & Environmental Inc. and TRAC Energy Services Ltd., each of which is a **“CERF Subsidiary”**;
- (z) **“CERF Termination Fee”** has the meaning ascribed thereto in Section 6.1;
- (aa) **“CERF Third Party Beneficiaries”** has the meaning ascribed thereto in Section 10.10(a);
- (bb) **“Confidentiality Agreement”** means the confidentiality agreements entered into between Winalta and CERF on October 30, 2013 and June 11, 2014 in connection with the transactions contemplated herein;
- (cc) **“Contract”** means, with respect to a Party, a contract, lease, instrument, note, bond, debenture, mortgage, agreement, arrangement or understanding, written or oral, to which such Party, or any of its subsidiaries, is a Party or under which such Party or any of its subsidiaries is bound, has unfulfilled obligations or contingent liabilities or is owed unfulfilled obligations, whether known or unknown, and whether asserted or not;
- (dd) **“Court”** means the Court of Queen’s Bench of Alberta;
- (ee) **“Disclosed Personal Information”** has the meaning ascribed thereto in Section 4.3(b);
- (ff) **“Dissent Rights”** means the rights of dissent granted in favour of registered Winalta Shareholders in respect of the Arrangement as described in the Plan of Arrangement and the Interim Order;
- (gg) **“distribution”** means **“distribution”** or **“distribution to the public”**, as the case may be, as defined under the Applicable Canadian Securities Laws; and **“distribute”** has a corresponding meaning;
- (hh) **“Effective Date”** has the meaning ascribed thereto in Section 2.1(d);
- (ii) **“Effective Time”** means 12:01 a.m. on the Effective Date;
- (jj) **“Encumbrances”** means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, rights of first refusal, outstanding

demands, burdens, capital leases, assignments by way of security, security interests, conditional sales contracts or other title retention agreements or similar interests or instruments charging, or creating a security interest in, or against title to, such property or asset, or any part thereof or interest therein, and any agreements, leases, options, easements, rights of way, restrictions, executions or other charges or encumbrances (including notices or other registrations in respect of any of the foregoing) (whether by Applicable Law, contract or otherwise) against title to any of the property or asset, or any part thereof or interest therein;

- (kk) **“Environmental Approvals”** means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by Governmental Authorities pursuant to Environmental Laws;
- (ll) **“Environmental Laws”** means, with respect to any Person or its business, activities, property, assets or undertaking, all Applicable Laws, relating to environmental, health or safety matters including legislation governing the use and storage of Hazardous Substances and the plugging of wells;
- (mm) **“Evaluation Material”** has the meaning ascribed thereto in Section 3.4(f);
- (nn) **“Final Order”** means the order of the Court approving the Arrangement to be applied for by Winalta following the Winalta Meeting and to be granted pursuant to Subsection 193(9) of the ABCA in respect of Winalta Shareholders and Winalta, as such order may be affirmed, amended or modified by the Court (with the consent of each of Winalta and CERF, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that such amendment is acceptable to each of Winalta and CERF, each acting reasonably) on appeal;
- (oo) **“Financial Advisory Fee”** has the meaning ascribed thereto in Section 4.1(ww);
- (pp) **“GAAP”** has the meaning ascribed thereto in Section 1.8;
- (qq) **“Governmental Authority”** means any:
 - (a) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, domestic or foreign;
 - (b) any subdivision, agent, commission, board or authority of any of the foregoing;
 - (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and
 - (d) any stock exchange;
- (rr) **“Governmental Authorization”** means with respect to a Person, all licenses, permits, certificates, consents, orders, grants, registrations, recognition orders, exemption relief orders, no-action relief and other authorizations (including in connection with

Environmental Laws) from any Governmental Authority necessary in connection with its business as it is now being or proposed to be conducted;

- (ss) **“Hazardous Substances”** means any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted or identified in any Environmental Laws, including but not limited to petroleum and all derivatives thereof or synthetic substitutes therefore, and asbestos or asbestos containing materials, polychlorinated biphenyl and production waters;
- (tt) **“Information Circular”** means the notice of Winalta Meeting, the notice of CERF Meeting and the accompanying management information circular and proxy statement, either individual or joint, of Winalta and CERF, together with all appendices thereto, to be mailed or otherwise distributed by Winalta to the Winalta Shareholders and CERF to the CERF Shareholders or such other securityholders of Winalta or CERF as may be required pursuant to the Interim Order in connection with the Winalta Meeting and the CERF Meeting;
- (uu) **“Interim Order”** means an interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA in respect of Winalta, the Winalta Shareholders, containing declarations and directions with respect to the Arrangement and the holding of the Winalta Meeting as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (vv) **“Liabilities”** means any and all debts, liabilities and obligations of any nature whatsoever, whether accrued or fixed, absolute or contingent, including those arising under any Applicable Law, Contract, permit, license or other undertaking and as a result of any act or omission;
- (ww) **“Material Adverse Change”** or **“Material Adverse Effect”** means, with respect to either Party, any fact or state of facts, circumstance, change, effect, occurrence or event that individually or in the aggregate is, or would reasonably be expected to be, material and adverse to the condition (financial or otherwise), business, operations, properties, licenses, affairs, assets, liabilities (contingent or otherwise), capitalization, results of operations, cash flows or prospects of such Party and its subsidiaries (taken as a whole), or will, or would reasonably be expected to, prevent, materially delay or materially impair the ability of the Parties to consummate the transactions contemplated by this Agreement, other than any fact, state of facts, circumstance, change, effect, occurrence or event relating to or resulting from:
 - (a) conditions affecting the oilfield services industry generally in jurisdictions in which such Party carries on business;
 - (b) general economic or financial conditions, currency exchange rates, or securities or commodity prices in Canada or the United States;
 - (c) changes in Applicable Laws (including Applicable Laws relating to Taxes) or in the interpretation, application or non-application of Applicable Laws by a Governmental Authority and not specifically relating to a Party and its subsidiaries, taken as a whole;

- (d) changes in applicable accounting principles;
- (e) changes in any currency exchange rates, interest rates, monetary policy, or inflation;
- (f) any calamity, national or international, political or social conditions (including the engagement by any country in hostilities, whether commenced before or after the date hereof, and whether or not pursuant to the declaration of a national emergency or war), or the occurrence of any military or terrorist attack (or any escalation or worsening thereof);
- (g) any matter which has been publicly disclosed prior to the date hereof or that is set forth in any of the Winalta Disclosure Letter or the CERF Disclosure Letter;
- (h) compliance with the terms of, or matters permitted or contemplated by, this Agreement or as a result of the announcement thereof;
- (i) with respect to Winalta, a change in the market trading price or trading volume of the Winalta Shares (it being understood that causes underlying such change in market price or volume may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred); or
- (j) with respect to CERF, a change in the market trading price or trading volume of the CERF Shares (it being understood that causes underlying such change in market price or volume may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred);

provided, however, that the changes or effects referred to in clause (a) or (b) above does not primarily relate only to (or have the effect of primarily relating only to) a Party and its subsidiaries (taken as a whole) or disproportionately affects a Party and its subsidiaries (taken as a whole) compared to other entities of similar size operating in the oilfield services industry, in which case the relevant exclusion from this definition of Material Adverse Change or Material Adverse Effect referred to above shall not be applicable;

- (xx) **“misrepresentation”, “material change” and “material fact”** shall have the meanings ascribed thereto under Applicable Canadian Securities Laws;
- (yy) **“Other Party”** means, with respect to:
 - (a) Winalta, CERF; and
 - (b) CERF, Winalta;
- (zz) **“Outside Date”** means September 30, 2014 or such other date as the Parties may agree in writing;
- (aaa) **“Parties”** means, collectively, the parties to this Agreement, and **“Party”** means any one of them;

- (bbb) **“Person”** includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Authority, syndicate or other entity, whether or not having legal status;
- (ccc) **“Plan of Arrangement”** means the plan of arrangement under the ABCA pursuant to which CERF will acquire all of the issued and outstanding shares of Winalta and certain other transactions will be completed, all on the terms and conditions described herein, which plan of arrangement shall be substantially in the form set out in Exhibit “A” to this Agreement, as such plan of arrangement may be amended or supplemented from time to time in accordance with Article 7 hereof;
- (ddd) **“Registrar”** means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;
- (eee) **“Securities Act”** means the *Securities Act*, R.S.A. 2000, c. S-4, as amended;
- (fff) **“Securities Authorities”** means, collectively, the securities commissions or similar securities regulatory authorities in each of the provinces or territories of Canada;
- (ggg) **“subsidiary”** has the meaning ascribed thereto in the Securities Act (and shall include all trusts or partnerships directly or indirectly owned or controlled by a Person);
- (hhh) **“Superior Proposal”** means an unsolicited written *bona fide* Acquisition Proposal from a third party made after the date hereof from a Person (other than CERF):
- (a) that is not subject to a financing condition and in the case of paragraph 3.4(b)(f)(A) that funds or other consideration necessary for the Acquisition Proposal are or are likely to be available, and in the case of paragraphs 3.4(b)(g) and 3.4(d) that funds or other consideration necessary for the Acquisition Proposal are available, in each case as demonstrated to the satisfaction of the Winalta Board of Directors or the CERF Board of Directors, as applicable, acting in good faith (after receiving advice from its financial advisor(s) and outside legal counsel);
 - (b) that is capable of being completed without undue delay, taking into account all financial, legal regulatory and other aspects of such proposal and the Person making such proposal;
 - (c) that is not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure or similar restriction;
 - (d) that did not result from or involve a breach of Section 3.4;
 - (e) that is not subject to any due diligence or access condition; and
 - (f) in respect of which the Winalta Board of Directors determined in good faith (after the receipt of advice from their legal counsel with respect to (A) and their financial advisors with respect to (B)) that: (A) as reflected in the minutes of the Winalta Board of Directors, in the case of paragraph 3.4(b)(f)(A) failure to take such action would be inconsistent with its fiduciary duties, and in the case of

paragraphs 3.4(b)(g) and 3.4(d) failure to recommend such Acquisition Proposal to Winalta Shareholders would be inconsistent with its fiduciary duties, and (B) such Acquisition Proposal, taking into account all of the terms and conditions thereof, if consummated in accordance with its terms (but not assuming away any risk of non-completion), would result in a transaction more favourable to Winalta Shareholders from a financial point of view than the transactions contemplated by this Agreement (including in each case after taking into account any modifications to this Agreement proposed by the Parties as contemplated by Section 3.4(d));

- (iii) **“Tax” or “Taxes”** shall mean any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any Taxing Authority, whether computed on a separate, consolidated, unitary, combined or other basis, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, employment insurance premiums, unemployment insurance, social insurance taxes, Canada Pension Plan contributions, sales, use and goods and services taxes, value added taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, environmental taxes, capital taxes, production taxes, recapture, withholding taxes, employee health taxes, surtaxes, customs, import and export taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers’ compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which a Party or any of its subsidiaries, as applicable, is required to pay, withhold, remit or collect;
- (jjj) **“Tax Act”** means the *Income Tax Act* (Canada), including the regulations promulgated thereunder, all as amended;
- (kkk) **“Tax Returns”** shall mean all reports, estimates, elections, notices, filings, designations, forms, declarations of estimated Tax, information statements and returns relating to, or required to be supplied to any Taxing Authority in connection with, any Taxes (including any attached schedules, estimated tax returns, withholding tax returns, and information returns and reports);
- (lll) **“Taxing Authority”** shall mean any Governmental Authority responsible for the imposition of any Tax (domestic or foreign);
- (mmm) **“Third Party Approvals”** has the meaning ascribed thereto in Section 5.1(g);
- (nnn) **“threatened”** when used in relation to legal action or any other matter, means that a demand or statement (oral or written) has been made or a notice (oral or written) has been given that such legal action or other matter is to be asserted, commenced, taken or otherwise pursued in the future or that an event has occurred or circumstances exist that would lead a reasonable Person to conclude that such legal action or other matter is likely to be asserted, commenced, taken or otherwise pursued in the future;
- (ooo) **“TSXV”** means the TSX Venture Exchange;

- (ppp) “**United States**” means the United States of America, its territories and possessions, any state of the United States, and the District of Columbia;
- (qqq) “**U.S. Securities Act**” means the *United States Securities Act of 1933*, as amended, and the rules, regulations and orders promulgated thereunder; and
- (rrr) “**U.S. Securities Laws**” means the federal and state securities legislation of the United States and all rules, regulations and orders promulgated thereunder, as amended from time to time.
- (sss) “**Winalta**” means Winalta Inc., a corporation incorporated pursuant to the ABCA;
- (ttt) “**Winalta Arrangement Resolution**” means the special resolution of Winalta Shareholders in respect of the Arrangement to be considered at the Winalta Meeting substantially in the form attached as Exhibit “B” hereto;
- (uuu) “**Winalta Articles of Arrangement**” means the articles of arrangement to be prepared by Winalta, with the cooperation, consultation and prior approval of CERF, acting reasonably, as provided for herein, in respect of the Arrangement required under Subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;
- (vvv) “**Winalta Board of Directors**” means the board of directors of Winalta as it may be comprised from time to time;
- (www) “**Winalta Cancellation Agreements**” means agreements, in form satisfactory to each of Winalta and CERF, acting reasonably, to be entered into between Winalta and the holders of Winalta Options whereby each holder of Winalta Options agrees to:
- (a) conditionally exercise all “in the money” Winalta Options held by such holder in accordance with their terms immediately prior to the Effective Time; and
 - (b) surrender for cancellation for nil consideration all “out of the money” Winalta Options held by such holder;
- (xxx) “**Winalta Change of Control Payments**” means obligations of Winalta pursuant to all employment or consulting services agreements, termination, severance, change of control, bonus and retention plans or policies for severance, termination, change of control, bonus or retention payments, any payments related to any incentive plan and any other payments Winalta is required by law or contract or intends to make in connection with the termination of all employees of Winalta at the Effective Time in accordance with the terms of this Agreement, arising out of or in connection with the Arrangement, which obligations and payments (including any withholding Taxes in relation thereto) shall not exceed \$1,000,000 in the aggregate details of which are set out in the Winalta Disclosure Letter;
- (yyy) “**Winalta Credit Facility**” means Winalta’s credit facilities with ATB Financial;
- (zzz) “**Winalta Damages Event**” has the meaning ascribed thereto in Section 6.1;

- (aaaa) **“Winalta Disclosure Letter”** means the disclosure letter from Winalta to CERF dated the date hereof;
- (bbbb) **“Winalta Financial Statements”** means, collectively, the audited comparative financial statements of Winalta as at and for the year ended December 31, 2013, together with the notes thereto and the auditors’ report thereon and the interim unaudited financial statements of Winalta for the three month period ended March 31, 2014, together with the notes thereto;
- (cccc) **“Winalta Information”** means all information to be included in the Information Circular (including in documents incorporated by reference) describing Winalta, the business, operations and affairs of Winalta and the matters to be considered at the Winalta Meeting as required pursuant to Applicable Canadian Securities Laws and the TSXV;
- (dddd) **“Winalta Lock-up Agreement”** means an agreement to be entered into between CERF and each of the directors and officers of Winalta (unless the Parties agree otherwise) and each affiliate of such directors and officers that owns Winalta Shares, in form satisfactory to each of Winalta and CERF, acting reasonably, pursuant to which such directors, officers and affiliates agree with CERF, among other things, to vote in favour of the Winalta Arrangement Resolution and otherwise support the transactions contemplated by this Agreement;
- (eeee) **“Winalta Meeting”** means the special meeting of Winalta Shareholders to be held to consider the Winalta Arrangement Resolution and related matters, and any adjournment(s) thereof;
- (ffff) **“Winalta Net Debt”** means, except as otherwise provided in this Agreement, the total interest bearing debt of Winalta less the total of cash and cash equivalents of Winalta, in each case calculated in accordance with GAAP;
- (gggg) **“Winalta Option Plan”** means the Winalta share option plan in effect on the date hereof and the agreements entered into thereunder;
- (hhhh) **“Winalta Options”** means options granted pursuant to the Winalta Option Plan;
- (iiii) **“Winalta Plans”** has the meaning ascribed thereto in Section 4.1(aa);
- (jjjj) **“Winalta Public Record”** means all information, documents and reports filed by or on behalf of Winalta with the Securities Authorities, in compliance, or intended compliance, with any Applicable Laws which is available for public viewing on the SEDAR website under Winalta’s profile at www.sedar.com;
- (kkkk) **“Winalta Shareholders”** means holders of Winalta Shares;
- (llll) **“Winalta Shares”** means the common shares in the capital of Winalta, as constituted from time to time;
- (mmmm) **“Winalta Subsidiaries”** means Jutland Ridge Developments Inc., Winalta Carlton Homes Inc., Home Protection Warranty Corp. of Canada Inc., Winalta North Inc., Lighthouse Pointe Management Inc., Sylvan Meadows Development Inc., Pine Place

Developments Inc., and Kalwin Properties Ltd., 916830 Alberta Ltd. and Winalta Holdings Inc., each of which is a “**Winalta Subsidiary**”;

(nnnn) “**Winalta Termination Fee**” has the meaning ascribed thereto in Section 6.1;and

(oooo) “**Winalta Transaction Costs**” means, collectively, all costs of Winalta (where incurred, accrued or billed) in connection with the Arrangement including without limitation, fees and expenses of legal advisors, auditors or other professionals or consultants, and printing, mailing and other costs and expenses related to the Winalta Meeting, but excluding the Financial Advisory Fee.

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 and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 **Number and Gender**

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 either Party is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 **Entire Agreement**

This Agreement, the Confidentiality Agreement, the Winalta Disclosure Letter and the CERF Disclosure Letter, together with the agreements and documents herein and therein referred to, constitute the entire agreement between the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, between the Parties with respect to the subject matter hereof. To the extent of any inconsistency between this Agreement and the Confidentiality Agreement, this Agreement shall supersede the Confidentiality Agreement.

1.6 **Statute and Agreement References**

Any reference in this Agreement to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time.

1.7 **Currency**

All sums of money that are referred to in this Agreement are expressed in lawful money of Canada unless otherwise noted.

1.8 **Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under generally accepted accounting principles (“GAAP”) from time to time approved by the Canadian Institute of Chartered Accountants, or any successor institute, which, for greater certainty, shall include International Financial Reporting Standards, and all determinations of an accounting nature required to be made shall be made in accordance with GAAP applicable as at the date on which such calculation is made or required to be made on a basis consistent with preceding years but subject to the adoption of any new accounting principles and rules and the transition rules pertaining thereto.

1.9 **Interpretation Not Affected by Party Drafting**

The Parties hereto acknowledge that their respective legal counsel have reviewed and participated in settling the terms of this Agreement, and the Parties agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party will not be applicable in the interpretation of this Agreement.

1.10 **Knowledge**

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of Winalta or CERF, as applicable, it refers to the actual knowledge of any officer of Winalta in respect of Winalta and any officer of CERF in respect of CERF, in each case after reasonable inquiry, and in each case in their capacity as officers of Winalta or CERF and not in their personal capacity, as of the date of this Agreement and does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

1.11 **Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors’ rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

1.12 **Exhibits**

The following exhibits attached hereto are incorporated into and form an integral part of this Agreement:

- Exhibit “A” – Plan of Arrangement
- Exhibit “B” – Winalta Arrangement Resolution
- Exhibit “C” – CERF Resolution

ARTICLE 2 THE ARRANGEMENT

2.1 Plan of Arrangement

- (a) The Parties agree to carry out the Arrangement pursuant to which (among other things):
- (a) The Arrangement shall be implemented in accordance with and subject to the terms and conditions contained in this Agreement and the Plan of Arrangement;
 - (b) As soon as reasonably practicable, but in any event not later than July 25, 2014 or such other date as is agreed to by the Parties, Winalta shall apply to the Court, in a manner reasonably acceptable to Winalta and CERF, pursuant to section 193(4) of the ABCA for the Interim Order and thereafter diligently seek the Interim Order as provided for in Section 2.2 hereof, and, upon receipt thereof, Winalta and CERF shall forthwith carry out the terms of the Interim Order to the extent applicable to it;
 - (c) Provided all necessary approvals for the Winalta Arrangement Resolution and CERF Resolution are obtained from the Winalta Shareholders and CERF Shareholders, respectively, Winalta shall submit the Arrangement to the Court and apply for the Final Order;
 - (d) Upon the issuance of the Final Order and subject to the satisfaction or waiver of the conditions precedent in Article 5, Winalta shall forthwith proceed to file the Winalta Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement, respectively, with the Registrar pursuant to Subsection 193(9) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any further act or formality;
 - (e) Winalta shall permit CERF and its counsel to review and comment upon drafts of all material to be filed by Winalta with the Court in connection with the Arrangement (and shall give reasonable consideration to such comments), including the Winalta Information and any supplement or amendment thereto and provide counsel to CERF on a timely basis with copies of any notice of appearance and evidence served on Winalta or its counsel in respect of the application for the Interim Order and the Final Order or any appeal therefrom and of any notice (written or oral) received by Winalta indicating any intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order; and
 - (f) no Party shall file any material with the Court in connection with the Arrangement or serve any such material or agree to modify or amend materials so filed or served except as contemplated hereby or with the prior written consent of the Other Party, such consent not to be unreasonably withheld or delayed; provided that nothing herein shall require CERF to agree or consent to any increase in the consideration to be received by the Winalta Shareholders or other modification or amendment to such filed or served materials that expands or increases CERF's obligations, or diminishes or limits CERF's rights, set forth in any such filed or served materials or under this Agreement.

- (b) The Arrangement shall be structured such that on the Effective Date the issuance of the CERF Shares issuable to the Winalta Shareholders, pursuant to the Arrangement and all other trades of securities pursuant to the Arrangement will be made in compliance with Applicable Canadian Securities Laws.
- (c) The Arrangement shall be structured such that, assuming the CERF Resolution and Winalta Arrangement Resolution approving the Arrangement are approved and the Final Order is obtained: (i) the issuance of the CERF Shares issuable to the Winalta Shareholders under the Arrangement; and (ii) the deemed issuance under United States securities laws to Winalta Shareholders of CERF Shares will not require registration under the U.S. Securities Act, in reliance on Section 3(a)(10) of the U.S. Securities Act.
- (d) On the third Business Day after the last of the conditions set forth in Article 5 have been satisfied or, where not prohibited, waived by the applicable Party in whose favour the condition is, unless another time or date is agreed to by the Parties, the Parties will complete the Arrangement (the “**Effective Date**”), including by executing and delivering such closing documents and instruments and filing with the Registrar pursuant to Subsection 193(10) of the ABCA, the Winalta Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement, and the Arrangement shall become effective at the Effective Time and the steps comprising the Plan of Arrangement will be deemed to occur in the order, at the times, and in the manner set forth therein. The closing of the transactions contemplated hereby will take place at the offices of counsel to Winalta or at such other location as may be agreed upon by the Parties.
- (e) The Parties shall use their commercially reasonable efforts to cause the Effective Date to occur on or about August 29, 2014 or as soon thereafter as reasonably practicable and in any event by the Outside Date.

2.2 **Interim Order**

Winalta and CERF agree that as soon as reasonably practicable after the date hereof, Winalta shall apply in a manner reasonably acceptable to the Parties pursuant to Section 193 of the ABCA and, in cooperation with each other, acting reasonably, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

- (a) for the calling and the holding of the Winalta Meeting, including the record date for determining the Persons to whom notice of the Winalta Meeting is to be provided and for determining the Persons entitled to vote at the Winalta Meeting and for the manner in which such notice is to be provided;
- (b) that the securities of Winalta for which holders as at the record date established for the Winalta Meeting shall be entitled to vote on the Winalta Arrangement Resolution shall be the Winalta Shares voting together as a single class;
- (c) that all Winalta Shareholders as at the record date established for the Winalta Meeting shall be entitled to vote on the Winalta Arrangement Resolution, with Winalta Shareholders being entitled to one vote for each Winalta Share held by them;
- (d) that the requisite level of approval for the Winalta Arrangement Resolution shall be at least two-thirds of the votes cast on the Winalta Arrangement Resolution by those

Winalta Shareholders present in person or represented by proxy and entitled to vote at the Winalta Meeting, together with such other approval as may be required by Applicable Canadian Securities Laws;

- (e) that, in all other respects, the terms, restrictions and conditions of the constating documents of Winalta, including quorum requirements and all other matters, shall apply in respect of the Winalta Meeting;
- (f) for the grant of the Dissent Rights in the manner contemplated in the Plan of Arrangement and the Interim Order;
- (g) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (h) that the Winalta Meeting may be adjourned or postponed from time to time by Winalta without the need for additional approval of the Court.

2.3 **Information Circular**

As promptly as practical following the execution of this Agreement, and in compliance with the Interim Order and Applicable Laws (including Applicable Canadian Securities Laws):

- (a) Winalta shall prepare the Winalta Information for inclusion in the Information Circular and provide the Winalta Information to CERF in a timely and expeditious manner;
- (b) CERF shall prepare the CERF Information for inclusion in the Information Circular and provide the CERF Information to Winalta in a timely and expeditious manner;
- (c) the Parties shall prepare the Information Circular and other relevant documentation, in consultation with the Other Party, and each of the Parties shall ensure that the Information Circular provides Winalta Shareholders and CERF Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, in all cases ensuring compliance in all material respects with all Applicable Canadian Securities Laws (including compliance in respect of the issuance of CERF Shares) on the date of issue thereof;
- (d) without limiting the generality of the foregoing, Winalta shall ensure that the Information Circular does not contain any misrepresentations or any untrue statements of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (other than with respect to the CERF Information);
- (e) CERF shall ensure that the CERF Information does not contain any misrepresentations or any untrue statements of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made;
- (f) Winalta shall call and give notice of the Winalta Meeting in accordance with Applicable Canadian Securities Laws, the ABCA and the Interim Order;

- (g) if required to satisfy any of the conditions set out in Section 5.1, 5.2 and 5.3, CERF shall call and give notice of the CERF Meeting in accordance with Applicable Canadian Securities Laws and the ABCA;
- (h) Winalta shall cause the Information Circular to be mailed to the Winalta Shareholders and such other securityholders of Winalta or other third parties as may be required pursuant to the Interim Order, and filed with applicable regulatory authorities and other Governmental Authorities in all jurisdictions where the same are required to be mailed and filed; and
- (i) CERF shall cause the Information Circular to be mailed to the CERF Shareholders and filed with applicable regulatory authorities and other Governmental Authorities in all jurisdictions where the same are required to be mailed and filed.

2.4 **Preparation of Filings**

- (a) Winalta and CERF shall reasonably cooperate in:
 - (a) seeking the Interim Order and the Final Order, including by
 - (A) Winalta providing CERF on a timely basis any information required to be supplied by Winalta concerning itself in connection therewith; and
 - (B) CERF providing Winalta on a timely basis any information required to be supplied by CERF concerning itself in connection therewith. Winalta shall provide legal counsel to CERF with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and shall give reasonable consideration to all such comments; and
 - (b) the taking of all such action as may be required under the ABCA, Applicable Canadian Securities Laws and U.S. Securities Laws in connection with the transactions contemplated by this Agreement and the Plan of Arrangement.

2.5 **Employees**

The employment of all officers and employees of Winalta shall be terminated at the Effective Time and the officers and employees of Winalta shall be entitled to the Winalta Change of Control Payments; provided that management of CERF reserves the right, at its sole discretion, to offer continued employment following the Effective Time to any employee of Winalta on terms and conditions substantially similar to the terms under which such persons are currently employed. Any employees of Winalta that are not retained by CERF, for and on behalf of Winalta, shall be terminated at the Effective Time. The Winalta Change of Control Payments, less all withholding Taxes, shall be paid by Winalta at the Effective Time or as soon as practicable thereafter concurrent with the execution of a full and final release from the payee to Winalta in such form as is acceptable to CERF, acting reasonably.

2.6 **Indemnities, Directors' and Officers' Insurance**

- (a) CERF agrees that it and Winalta and their respective successors shall not take any action to terminate or materially adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of past and present officers and directors

of Winalta pursuant to the provisions of the articles, by-laws or other constating documents of Winalta, applicable corporate legislation and any written indemnity agreements which have been entered into between Winalta and its current officers and directors effective on or prior to the date hereof.

- (b) Prior to the Effective Date, Winalta shall be entitled to secure “run off” directors’ and officers’ liability insurance for the current officers and directors of Winalta covering claims made prior to or within 6 years after the Effective Date which has a scope and coverage no less advantageous in scope and coverage to that provided pursuant to Winalta’s current directors’ and officers’ insurance policy and CERF agrees to not take or permit any action to be taken by or on behalf of Winalta to terminate or adversely affect such directors’ and officers’ insurance.

2.7 **Treatment of Options**

- (a) The Parties agree that the Winalta Board of Directors may approve the vesting of all outstanding Winalta Options effective immediately prior to the Effective Time and conditional upon the subsequent consummation of the Arrangement and the agreement of the holders of the Winalta Options to enter the Winalta Cancellation Agreements (or, if required, amend any outstanding Winalta Options to accelerate the vesting of such Winalta Options effective immediately prior to the Effective Time and conditional upon the subsequent consummation of the Arrangement and the agreement of the holders of the Winalta Options to enter the Winalta Cancellation Agreements) in order that all such outstanding Winalta Options shall be fully vested and will be either exercised before or concurrent with the Effective Time in accordance with their terms or terminated for no consideration. The Winalta Disclosure Letter includes a list of all Winalta Options outstanding on the date hereof, including without limitation the following: the names of the holders of Winalta Options; the date of grant and the date of expiry of all Winalta Options; the exercise price of each Winalta Option; the amount required to be withheld on exercise of any Winalta Options to satisfy Winalta’s Tax withholding obligations; and the number of Winalta Options held by each optionee.
- (b) Winalta covenants and agrees that it will use all commercially reasonable efforts to encourage and facilitate all of the holders of outstanding Winalta Options that do not expire prior to the Effective Date to enter into Winalta Cancellation Agreements with Winalta prior to the date of the Interim Order.

2.8 **Recommendation of Winalta Board of Directors**

The Winalta Board of Directors has unanimously (other than directors who are not eligible to vote on such matters in accordance with the provisions of the ABCA):

- (a) determined that the Arrangement is in the best interests of Winalta;
- (b) determined that the consideration to be received by Winalta Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Winalta Shareholders;
- (c) approved the Arrangement and the entering into of this Agreement; and
- (d) resolved to recommend that Winalta Shareholders vote in favour of the Winalta Arrangement Resolution.

Notice of such approvals, determinations and resolution shall, subject to the terms hereof, be included in the Information Circular, along with the written fairness opinion of Winalta's financial advisor that the consideration to be received by Winalta Shareholders pursuant to the Arrangement is fair, from a financial point of view, to Winalta Shareholders.

2.9 Recommendation of CERF Board of Directors

The CERF Board of Directors has unanimously (other than directors who are not eligible to vote on such matters in accordance with the provisions of the ABCA):

- (a) determined that the Arrangement is in the best interests of CERF;
- (b) approved the Arrangement and the entering into of this Agreement; and
- (c) resolved to recommend that CERF Shareholders vote in favour of the CERF Resolution.

Notice of such approvals, determinations and resolution shall, subject to the terms hereof, be included in the Information Circular.

2.10 Dissenting Shareholders

Registered Winalta Shareholders entitled to vote at the Winalta Meeting may exercise Dissent Rights with respect to their Winalta Shares in connection with the Arrangement pursuant to and in the manner set forth in the Plan of Arrangement and the Interim Order. Winalta shall give CERF prompt notice of any written notice of a dissent, withdrawal of such notice, and any other instruments served pursuant to such Dissent Rights and received by Winalta and promptly provide CERF with copies of such notices and written objections and all other correspondence related thereto.

2.11 Tax Withholdings

Winalta and CERF shall be entitled to deduct and withhold from any consideration otherwise payable to any Winalta Shareholder and, for greater certainty, from any amount payable to a Winalta Shareholder who has validly exercised, and not withdrawn, Dissent Rights, as the case may be, under the Plan of Arrangement, such amounts as Winalta or CERF is required to deduct and withhold from such consideration in accordance with applicable Tax laws and administrative policies of the Canada Revenue Agency. Any such amounts will be deducted and withheld from the consideration payable pursuant to the Plan of Arrangement and shall be treated for all purposes as having been paid to the Winalta Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate Taxing Authority. Winalta and CERF shall be authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to Winalta and CERF, as the case may be, to enable it to comply with its deducting or withholding requirements and Winalta and CERF shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale to such holder.

2.12 Lock-up Agreements

Winalta shall, concurrent with the signing of this Agreement, deliver to CERF the Winalta Lock-up Agreements which have been executed by Winalta Shareholders holding or exercising control or direction over not less than: (i) 23,329,575 Winalta Shares representing 56.85% of the outstanding Winalta Shares; and (ii) 1,932,500 Winalta Options representing 92.35% of the outstanding Winalta Options.

CERF shall, concurrent with the signing of this Agreement, deliver to Winalta the CERF Lock-up Agreements which have been executed by CERF Shareholders holding or exercising control or direction over not less than: (i) 5,268,838 CERF Shares representing 30.07% of the outstanding CERF Shares; (ii) 517,000 CERF Options representing 51.8% of the outstanding CERF Options; and (iii) 150,000 CERF warrants representing 3.6% of the outstanding CERF warrants.

ARTICLE 3 COVENANTS

3.1 Covenants of Winalta

Winalta covenants and agrees that, from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement in accordance with Article 8, except with the prior written consent of CERF (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement and the Winalta Disclosure Letter) or required by Applicable Laws:

- (a) Winalta shall conduct its business only in the usual and ordinary course of business consistent with past practices and it shall use all reasonable commercial efforts to maintain and preserve its business, assets and advantageous business relationships;
- (b) Winalta shall not directly or indirectly do or permit to occur any of the following:
 - (a) amend its constating documents;
 - (b) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares except with respect to the declaration and payment of dividends in accordance with its current dividend policy;
 - (c) issue (other than on exercise or conversion of currently outstanding Winalta Options), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Winalta, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Winalta;
 - (d) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted pursuant to the terms thereof and as permitted in accordance with the terms hereunder;
 - (e) amend the terms of any of its securities, including the Winalta Options, other than to accelerate the vesting of any unvested Winalta Options in accordance with this Agreement;
 - (f) split, combine or reclassify any of its securities;
 - (g) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Winalta;
 - (h) pursue any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to the business, capital or affairs of Winalta;

- (i) reduce the stated capital of Winalta or any of the outstanding Winalta Shares or any other shares of Winalta;
 - (j) pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practice;
 - (k) terminate any employees;
 - (l) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement; or
 - (m) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (c) Winalta shall not, directly or indirectly, do or permit to occur any of the following:
 - (a) sell, pledge, lease, exclusively license, transfer, dispose of or encumber any assets other than in the ordinary course of Winalta's business consistent with past practice;
 - (b) other than what has been disclosed in Winalta's 2014 capital budget, expend, commit to expend or otherwise incur any capital expenditures or liabilities in excess of \$150,000 individually and \$500,000 in the aggregate;
 - (c) expend or commit to expend any amounts with respect to any operating expenses except to the extent such expenses are in the ordinary course of Winalta's business consistent with past practice;
 - (d) reorganize, amalgamate, merge or otherwise combine Winalta with any other Person;
 - (e) 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 therein either by purchase of shares or securities, contributions of capital or property transfer;
 - (f) acquire any material assets except in the ordinary course of Winalta's business consistent with past practice;
 - (g) incur, extend, renew or replace any indebtedness for borrowed money, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or Person, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors which are included in the Winalta Transaction Costs;
 - (h) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitrations, proceedings or obligations other than as reflected or reserved against in the Winalta Financial Statements;

- (i) authorize, recommend or propose any release or relinquishment of any right under any material contract;
 - (j) except with respect to contract renewals in the ordinary course of business, waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing license, lease, contract, or other material document;
 - (k) except with respect to contract renewals in the ordinary course of business, enter into or terminate any hedges, swaps or other financial instruments or like transactions;
 - (l) enter into any material consulting contract or operating agreement that: (A) cannot be terminated on 30 days or less notice without penalty or (B) alone; or in the aggregate with any other consulting contract or operating agreements, would create an obligation in excess of \$100,000;
 - (m) enter into any contracts or transactions with any officer or director of Winalta; or
 - (n) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (d) Winalta will promptly provide to CERF, for review by CERF and its counsel, prior to filing or issuance of the same, any proposed public disclosure document relating to the Arrangement, including without limitation, any press release or material change report, subject to Winalta's obligations under Applicable Laws to make timely disclosure of material information, and CERF agrees to keep such information confidential until same is filed as part of the Winalta Public Record;
- (e) Other than the payment of amounts contemplated by Section 2.5, Winalta shall not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock purchase plan, fund or arrangement 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;
- (f) Other than the payment of amounts contemplated by Section 2.5, Winalta shall not:
 - (i) grant any officer, director or employee an increase in compensation in any form;
 - (ii) grant any general salary increase;
 - (iii) take any action with respect to the amendment of any severance or termination pay policies or arrangements for any directors, officers or employees;
 - (iv) adopt or amend (other than to permit accelerated vesting of currently outstanding rights) any stock option plan or the terms of any outstanding rights thereunder;
 - or (v) advance any loan to any officer, director or any other party not at arm's length;
- (g) Winalta shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and

effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;

- (h) Winalta shall promptly notify CERF in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Winalta threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Winalta or of any change in any representation or warranty provided by Winalta 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 Winalta shall in good faith discuss with CERF any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Winalta threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to CERF pursuant to this provision;
- (i) Winalta shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by Winalta in this Agreement untrue in any material respect;
- (j) Winalta and the Winalta Board of Directors and senior management shall take all reasonable actions to solicit proxies to be voted at the Winalta Meeting in favour of matters to be considered at the Winalta Meeting, including the Winalta Arrangement Resolution;
- (k) Winalta shall ensure that it has available funds pursuant to the Winalta Credit Facility to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.2, 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 such amount when required;
- (l) Winalta shall provide notice to CERF of the Winalta Meeting and allow CERF's representatives to attend such meeting;
- (m) Winalta shall ensure that the Information Circular has been prepared in compliance with Applicable Laws and provides the Winalta Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and shall include, without limitation; (i) the Winalta Information (as reviewed by CERF); (ii) the CERF Information in the form approved by CERF (as reviewed by Winalta); (iii) any financial statements in respect of prior acquisitions made by it that are required to be included therein in accordance with Applicable Laws; (iv) the unanimous determinations and recommendations of the directors of Winalta (other than such directors who are not eligible to vote on such matters in accordance with the ABCA) as set out in Section 2.8; and (v) a copy of the Winalta Fairness Opinion; provided that, notwithstanding the covenants of Winalta in (iv), prior to the completion of the Arrangement, the Winalta Board of Directors may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of the Winalta Board of Directors acting reasonably, having received the advice of its outside legal counsel which is reflected in minutes of the meeting of the Winalta Board of Directors, such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the Winalta Board of Directors and provided the Winalta Board of Directors and Winalta shall have complied

with the provisions of Section 3.4 and have paid the CERF Termination Fee in accordance with Section 6.1;

- (n) Winalta shall indemnify and save harmless CERF and its directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which CERF or any of its directors, officers or agents thereof may be subject or which CERF or any of its directors, officers or agents 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:
 - (a) any misrepresentation or alleged misrepresentation contained solely in the Winalta Information included in the Information Circular or in the Winalta Public Record;
 - (b) 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 or any misrepresentation or any alleged misrepresentation in the Winalta Information or in the Winalta Public Record which prevents or restricts the trading in the Winalta Shares; or
 - (c) Winalta not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Winalta shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation based on the CERF Information, the negligence of CERF or the non-compliance by CERF with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

- (o) except for proxies and other non-substantive communications with third parties and communications to legal and other advisors of Winalta, Winalta will furnish promptly to CERF and its counsel: (a) a copy of each notice, report, schedule or other document delivered, filed or received by Winalta in connection with the Arrangement from any Governmental Authority or the Winalta Meeting; (b) any filings under Applicable Laws in connection with the Arrangement or the Winalta Meeting; and (c) any documents related to dealings with Governmental Authorities in connection with the transactions contemplated herein;
- (p) Winalta shall make all necessary filings and applications pursuant to Applicable Laws required to be made on the part of Winalta in connection with the transactions contemplated by this Agreement and shall take all reasonable commercial action necessary to be in compliance with such Applicable Laws;
- (q) Winalta shall conduct the Winalta Meeting in accordance with the by-laws of Winalta and any instrument governing the Winalta Meeting (including, without limitation, the Interim Order), as applicable, and as otherwise required by law;

- (r) Winalta shall use its reasonable commercial efforts to obtain and maintain the Third Party Approvals applicable to it and provide the same to CERF on or prior to the Effective Date;
- (s) Winalta will provide CERF with all information and documentation reasonably requested by it in connection with obtaining the Third Party Approvals applicable to it;
- (t) Winalta will furnish promptly to CERF or its legal counsel any requests from a Governmental Authority for any information in respect of the business, operations, financial conditions or assets of Winalta or any Winalta Subsidiary or any third party complaint, investigation or hearing (or investigations indicating the same may be contemplated) to the extent that it relates to or could have a Material Adverse Effect;
- (u) Winalta shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (v) Winalta shall use its commercially reasonable efforts to fulfill or cause the fulfillment of the conditions set forth in Sections 5.1, 5.2 and 5.3 as soon as reasonably possible to the extent that the fulfillment of the same is within the control of Winalta;
- (w) Winalta shall take all such steps as may be reasonably requested by CERF and its tax advisors to effect the Arrangement in a tax effective manner for CERF and, in connection therewith, Winalta agrees to assist CERF and its tax advisors in making such investigations, inquiries and actions with respect to Winalta as CERF and its tax advisors shall consider necessary, acting reasonably, provided that Winalta shall not be obligated to consent or agree to any structuring that has the effect of reducing the consideration to be received under the Arrangement by the Winalta Shareholders or if it has a Material Adverse Effect on Winalta or its assets. All costs or expenses associated with taking any steps pursuant to this subsection shall be the responsibility of CERF;
- (x) Winalta shall:
 - (a) duly and on a timely basis file all Tax Returns required to be filed by it on or after the date hereof and on or prior to the Effective Date and all such Tax Returns will be true, complete and correct in all material respects;
 - (b) timely pay all Taxes shown on such Tax Returns and make all required withholdings and remittances in respect of Taxes;
 - (c) not make, amend or rescind any material express or deemed election relating to Taxes, or file any amended Tax Returns where the result of such action is inconsistent with past practice;
 - (d) not make a request for a Tax ruling or enter into any agreement with any Governmental Authority;
 - (e) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to a material amount of Taxes;
 - (f) not make any changes in financial or Tax accounting methods, principles, policies or practices, except as required by GAAP or under Applicable Laws; and

- (g) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with GAAP, for all Taxes accruing in respect of Winalta which are not due or payable prior to the Effective Date; and
- (y) Winalta shall not make any Tax filings outside the ordinary course of business, including making, amending or rescinding any Tax Return, election or designation.

3.2 **Covenants of CERF**

CERF covenants and agrees that, from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement in accordance with Article 8, except with the prior written consent of Winalta (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement (including the Plan of Arrangement and the CERF Disclosure Letter) or required by Applicable Laws:

- (a) CERF shall conduct its business only in the usual and ordinary course of business consistent with past practices and it shall use all reasonable efforts to maintain and preserve its business, assets and advantageous business relationships;
- (b) CERF shall not directly or indirectly do or permit to occur any of the following:
 - (a) amend its constating documents;
 - (b) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares except with respect to the declaration and payment of dividends in accordance with its current dividend policy;
 - (c) issue (other than on exercise or conversion of currently outstanding securities of CERF), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of CERF, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of CERF;
 - (d) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted pursuant to the terms thereof and as permitted in accordance with the terms hereunder;
 - (e) amend the terms of any of its securities;
 - (f) split, combine or reclassify any of its securities;
 - (g) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, consolidation or reorganization of CERF;
 - (h) pursue any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to the business, capital or affairs of CERF;
 - (i) reduce the stated capital of CERF or any of the outstanding CERF Shares or any other shares of CERF;

- (j) take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, which might directly or indirectly interfere with or affect the consummation of the Arrangement; or
 - (k) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
 - (l) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (c) CERF shall not, directly or indirectly, do or permit to occur any of the following:
 - (a) sell, pledge, lease, exclusively license, transfer, dispose of or encumber any assets other than in the ordinary course of CERF's business consistent with past practice;
 - (b) other than what has been disclosed in CERF's 2014 capital budget, expend, commit to expend or otherwise incur any capital expenditures or liabilities in excess of \$200,000 individually and \$1,000,000 in the aggregate;
 - (c) expend or commit to expend any amounts with respect to any operating expenses except to the extent such expenses are in the ordinary course of CERF's business consistent with past practice;
 - (d) reorganize, amalgamate, merge or otherwise combine with any other Person;
 - (e) 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 therein either by purchase of shares or securities, contributions of capital or property transfer;
 - (f) acquire any material assets except in the ordinary course of CERF's business consistent with past practice;
 - (g) except in connection with the assumption or refinancing of the Winalta Credit Facility, incur, extend, renew or replace any indebtedness for borrowed money, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or Person, or make any loans or advances other than in respect of fees payable to legal, financial and other advisors in connection with the Arrangement;
 - (h) pay, settle, discharge or satisfy any material claims, liabilities, litigation, lawsuits, arbitrations, proceedings or obligations other than as reflected or reserved against in the CERF Financial Statements or other than where to do so would not have a Material Adverse Effect on CERF and Winalta, taken as a whole;
 - (i) authorize, recommend or propose any release or relinquishment of any right under any material contract other than as reflected against in the CERF financial statements;

- (j) except with respect to contract renewals in the ordinary course of business, authorize, recommend or propose any release or relinquishment of any right under any material contract;
 - (k) except with respect to contract renewals in the ordinary course of business, waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing license, lease, contract, or other material document;
 - (l) enter into or terminate any hedges, swaps or other financial instruments or like transactions;
 - (m) enter into any contracts or transactions with any officer or director of CERF; or
 - (n) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;
- (d) CERF will promptly provide to Winalta, for review by Winalta and its counsel, prior to filing or issuance of the same, any proposed public disclosure document relating to the Arrangement, including without limitation, any press release or material change report, subject to CERF's obligations under Applicable Laws to make timely disclosure of material information, and Winalta agrees to keep such information confidential until same is filed as part of the CERF Public Record;
- (e) CERF shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;
- (f) CERF shall promptly notify Winalta in writing of any material change (actual, anticipated, contemplated or, to the knowledge of CERF threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of CERF or of any change in any representation or warranty provided by CERF 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 CERF shall in good faith discuss with Winalta any change in circumstances (actual, anticipated, contemplated, or to the knowledge of CERF threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Winalta pursuant to this provision;
- (g) CERF shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by CERF in this Agreement untrue in any material respect;

- (h) CERF and the CERF Board of Directors and senior management shall take all reasonable actions to solicit proxies to be voted at the CERF Meeting in favour of matters to be considered at the CERF Meeting, as required, including the CERF Resolution;
- (i) CERF shall ensure that it has available funds pursuant to the CERF Credit Facility to make, within the time periods contemplated herein, the payment of the amount which may be required by Section 6.1, 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 such amount when required;
- (j) CERF shall use its reasonable commercial efforts to obtain and maintain the Third Party Approvals applicable to it and provide the same to Winalta on or prior to the Effective Date;
- (k) CERF will provide Winalta with all information and documentation reasonably requested in connection with obtaining the Third Party Approvals applicable to it;
- (l) CERF will furnish promptly to Winalta or its legal counsel any requests from a Governmental Authority for any information in respect of the business, operations, financial conditions or assets or CERF or any CERF Subsidiary or any third party complaint, investigation or hearing (or investigations indicating the same may be contemplated) to the extent that it relates to or could have a Material Adverse Effect;
- (m) CERF shall provide notice to Winalta of the CERF Meeting and allow Winalta's representatives to attend such meeting;
- (n) CERF shall ensure that the Information Circular has been prepared in compliance with Applicable Laws and provides the CERF Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and shall include, without limitation; (i) the CERF Information (as reviewed by Winalta); (ii) the Winalta Information in the form approved by Winalta (as reviewed by CERF); (iii) any financial statements in respect of prior acquisitions made by it that are required to be included therein in accordance with Applicable Laws; (iv) the unanimous determinations and recommendations of the directors of CERF (other than those directors who are not eligible to vote on such matters in accordance with the ABCA), as set out in Section 2.9; provided that, notwithstanding the covenants of CERF in (iv), prior to the completion of the Arrangement, the CERF Board of Directors may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of the CERF Board of Directors acting reasonably, having received the advice of its outside legal counsel which is reflected in minutes of the meeting of the CERF Board of Directors, such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the CERF Board of Directors and shall have paid the Winalta Termination Fee in accordance with Section 6.1;
- (o) except for proxies and non-substantive communications with third parties and communications to legal and other advisors of CERF, CERF will furnish promptly to Winalta and its counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by CERF in connection with the Arrangement from any Governmental Authority and the CERF Meeting; (ii) any filings under Applicable Laws in connection with the Arrangement and the CERF Meeting; and (iii) any documents

related to dealings with Governmental Authorities in connection with the transactions contemplated herein;

- (p) CERF shall conduct the CERF Meeting in accordance with the by-laws of CERF and any instrument governing the CERF Meeting as applicable, and as otherwise required by law;
- (q) CERF shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement and the Plan of Arrangement;
- (r) CERF shall make all necessary filings and applications under Applicable Laws required to be made on the part of CERF in connection with the transactions contemplated by this Agreement and shall take all reasonable commercial action necessary to be in compliance with such Applicable Laws;
- (s) CERF shall use its commercially reasonable efforts to fulfill or cause the fulfillment of the conditions set forth in Sections 5.1, 5.2 and 5.3 as soon as reasonably possible to the extent that the fulfillment of the same is within the control of CERF;
- (t) CERF shall take all such steps as may be reasonably requested by Winalta and its tax advisors to effect the Arrangement in a tax effective manner for Winalta and, in connection therewith, CERF agrees to assist Winalta and its tax advisors in making such investigations, inquiries and actions with respect to CERF as Winalta and its tax advisors shall consider necessary, acting reasonably, provided that CERF shall not be obligated to consent or agree to any structuring that has the effect of increasing the consideration to be received under the Arrangement by the Winalta Shareholders or if it has a Material Adverse Effect on CERF or its assets. All costs or expenses associated with taking any steps pursuant to this subsection shall be the responsibility of Winalta;
- (u) CERF shall indemnify and save harmless Winalta and its directors, officers and agents from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which Winalta or any of its directors, officers or agents thereof may be subject or which Winalta or any of its directors, officers or agents 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:
 - (a) any misrepresentation or alleged misrepresentation contained solely in the CERF Information included in the Information Circular or in the CERF Public Record;
 - (b) 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 or any misrepresentation or any alleged misrepresentation in the CERF Information or in the CERF Public Record which prevents or restricts the trading in the CERF Shares; or
 - (c) CERF not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that CERF shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based

upon any misrepresentation or alleged misrepresentation based on the Winalta Information, the negligence of Winalta or the non-compliance by Winalta with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

- (v) CERF shall use its commercially reasonable efforts to obtain the listing of the CERF Shares issuable pursuant to the Arrangement on the TSXV as of the Effective Date; and
- (w) CERF shall:
 - (a) duly and on a timely basis file all Tax Returns required to be filed by it on or after the date hereof and on or prior to the Effective Date and all such Tax Returns will be true, complete and correct in all material respects;
 - (b) timely pay all Taxes shown on such Tax Returns and make all required withholdings and remittances in respect of Taxes;
 - (c) not make, amend or rescind any material express or deemed election relating to Taxes, or file any amended Tax Returns where the result of such action is inconsistent with past practice;
 - (d) not make a request for a Tax ruling or enter into any agreement with any Governmental Authority;
 - (e) not settle any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to a material amount of Taxes;
 - (f) not make any changes in financial or Tax accounting methods, principles, policies or practices, except as required by GAAP or under Applicable Laws; and
 - (g) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with GAAP, for all Taxes accruing in respect of CERF which are not due or payable prior to the Effective Date.
- (x) CERF shall not make any Tax filings outside the ordinary course of business, including making, amending or rescinding any Tax Return, election or designation.

3.3 **Mutual Covenants Regarding the Arrangement**

From the date of this Agreement until the earlier of the Effective Date or the termination of this Agreement, each of Winalta and CERF will use its reasonable commercial efforts to: (a) satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder; (b) not take, or cause to be taken, any action or cause anything to be done that would cause such obligations not to be fulfilled in a timely manner; and (c) 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 to complete the Arrangement, including using reasonable commercial efforts:

- (a) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any agreements and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;

- (b) to effect all necessary registrations, filings and submissions of information requested by Governmental Authorities required to be effected by it in connection with the Arrangement;
- (c) to oppose, lift or rescind any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate the Arrangement and to defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby; and
- (d) to reasonably cooperate with the Other Party and their tax advisors in structuring the Arrangement in a tax effective manner, and assist the Other Party and their tax advisors in making such investigations and inquiries with respect to such Party in that regard, as the Other Party and their tax advisors shall consider necessary, acting reasonably, provided that such Party shall not be obligated to consent or agree to any structuring that has the effect of reducing the consideration to be received under the Arrangement.

Each of Winalta and CERF will use its reasonable commercial efforts to cooperate with the other in connection with the performance by the other of their obligations under this Section 3.3 and this Agreement including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between officers of Winalta and CERF, subject in all cases to the Confidentiality Agreement.

3.4 **Covenants Regarding Non-Solicitation**

- (a) Each Party shall immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any officers, directors, employees, representatives, agents, advisors or other parties on its behalf), with any parties (other than pursuant to this Agreement) with respect to any proposal that constitutes, or may reasonably be expected to constitute or lead to an Acquisition Proposal. Each Party shall not amend, modify, waive, release or otherwise forebear in the enforcement of, and shall use all commercially reasonable efforts to enforce, any confidentiality, non-solicitation or standstill or similar agreements or provisions to which it and any third parties are parties. Each Party shall discontinue access to any of its confidential information (and not establish or allow access to any of its confidential information, or any data room, virtual or otherwise) and shall as soon as possible request, to the extent that it is entitled to do so, and exercise all rights it has to require, the return or destruction of all confidential information provided to any third parties who have entered into a confidentiality or similar agreement with a Party relating to an Acquisition Proposal and shall request (and exercise all rights to require) the destruction of all material including or incorporating or otherwise reflecting any material confidential information regarding it and shall use all reasonable commercial efforts to ensure that such requests are honoured.
- (b) Each Party shall not, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:
 - (a) solicit, assist, initiate, encourage or in any way facilitate (including by way of furnishing information, or entering into any form of written or oral agreement, arrangement or understanding), the making of any proposal or offer that

constitutes or may constitute an Acquisition Proposal or inquiries, proposals or offers regarding an Acquisition Proposal;

- (b) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other Person any information, including with respect to its businesses, properties, assets, liabilities, operations, prospects or condition (financial or otherwise), in connection with an 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;
- (c) 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 under confidential information agreements relating to an Acquisition Proposal, including, without limitation, any “**standstill**” or similar provisions thereunder (it being acknowledged and agreed that the automatic termination of any standstill provision of any such agreement as a result of entering into and the announcement of this Agreement by the Parties pursuant to the express terms of any such agreement, shall not be in violation of this subsection 3.4(b));
- (d) accept, recommend, approve, agree to or endorse, or propose publicly to accept, recommend, approve, agree to or endorse, any Acquisition Proposal or agreement, understanding or arrangement in relation thereto;
- (e) withdraw or modify the approval of the Winalta Board of Directors or CERF Board of Directors, as applicable, of the Arrangement;

provided, however, that notwithstanding any other provision hereof, a Party and its respective officers, directors and advisers may, prior to the Winalta Meeting or CERF Meeting, as applicable:

- (f) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date hereof, by it or any of its officers, directors or employees or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions or negotiations with such Party, provided that such discussions or negotiations did not result from or are not connected to a breach of this Section 3.4, and subject to execution of a confidentiality and standstill agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to the Other Party as set out below), such Party may furnish to such third party information concerning it and its business, properties and assets, in each case if, and only to the extent that:
 - (A) the third party has first made a Superior Proposal, or an Acquisition Proposal that would reasonably be likely to, if consummated with its terms (but not assuming away any risk of non-completion) result in a Superior Proposal;

- (B) the third party was not restricted from making such Acquisition Proposal or Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure or similar restriction with the Party or any of its subsidiaries; and
 - (C) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, it provides prompt notice to the Other Party to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such Person together with a copy of the confidentiality agreement referenced above and, if not previously provided to the Other Party, copies of all information provided to such third party concurrently with the provision of such information to such third party, and shall keep the Other Party informed of the status and details of any such inquiry, offer or proposal and answer the respective questions of the Other Party with respect thereto on a timely basis; and
 - (g) accept, recommend, approve or enter into an agreement to implement a Superior Proposal, but only if prior to such acceptance, recommendation, approval or implementation, the Party shall otherwise have complied with its obligations set forth in this Section 3.4, including without limitation Section 3.4(d), and terminates this Agreement in accordance with Section 8.1(a)(e) and concurrently therewith pays the CERF Termination Fee or Winalta Termination Fee, as applicable.
- (c) Each Party shall promptly (and in any event within 24 hours) notify the Other Party (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to it or its business, properties or assets. Such notice shall include a copy of any written Acquisition Proposal (and any amendment thereto) which has been received or, if no written Acquisition Proposal has been received, a description of the material terms and conditions of, and the identity of the Person making any inquiry, proposal, offer or request. Each Party shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as the Other Party may reasonably request. Each Party shall keep the Other Party promptly and fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all inquiries by the Other Party, with respect thereto, and shall provide the Other Party copies of all material correspondence and other written material sent to or provided to it by any Person in connection with such inquiry, proposal, offer or request or sent or provided by it to any Person in connection with such inquiry, proposal, offer or request.
- (d) Each Party shall give the Other Party, orally and in writing, at least three (3) Business Days advance notice of any decision by the Winalta Board of Directors or CERF Board of Directors, as applicable, to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall:
 - (a) set out the Winalta Board of Directors or CERF Board of Directors, as applicable, reasonable determination of the financial value of the consideration offered by such third party to Winalta Shareholders or the CERF Shareholders under such Superior Proposal;

- (b) confirm that the Winalta Board of Directors or CERF Board of Directors, as applicable, has determined that such Acquisition Proposal constitutes a Superior Proposal; and
- (c) identify the third party making the Superior Proposal and include a copy thereof and any amendments thereto.

During the three (3) Business Day period commencing on the delivery of such notice, the Party agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such three (3) Business Day period it shall, and shall cause its financial and legal advisors to, negotiate in good faith with the Other Party and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable it to proceed with the Arrangement as amended rather than the Superior Proposal. In the event the Other Party proposes to amend this Agreement and the Arrangement such that the Superior Proposal ceases to be a Superior Proposal and so advises the Winalta Board of Directors or CERF Board of Directors, as applicable, prior to the expiry of such three (3) Business Day period, the Winalta Board of Directors or CERF Board of Directors, as applicable, shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal, shall not release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Each successive amendment to any Superior Proposal that results in an increase in, or modification of, the consideration (or value of such consideration) to be received by the Winalta Shareholders or CERF Shareholders, as applicable, pursuant thereto shall constitute a new Superior Proposal for the purposes hereof and a new three (3) Business Day period shall commence.

- (e) Each Party shall reaffirm its recommendation of the Arrangement by press release promptly and in any event within three (3) Business Days of any written request to do so by the Other Party (or, in the event that the Winalta Meeting or CERF Meeting, as applicable, to approve the Arrangement is scheduled to occur within such three (3) Business Day period, prior to the scheduled date of such meeting) in the event that: (a) any Acquisition Proposal which is publicly announced is determined not to be a Superior Proposal; or (b) the Parties have entered into an amended agreement pursuant to Section 3.4(d) which results in any Acquisition Proposal not being a Superior Proposal.
- (f) Each Party agrees that all information that may be provided to the Other Party with respect to any Acquisition Proposal pursuant to this Section 3.4 shall be treated as if it were “**Evaluation Material**” as that term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
- (g) Each Party shall ensure that its officers, directors and employees and any investment bankers or other advisers or representatives retained by it are aware of the provisions of this Section 3.4 and shall be responsible for any breach of this Section 3.4 by any of them.

- (h) Nothing in this agreement shall prevent the Winalta Board of Directors or CERF Board of Directors, as applicable, from complying with Section 2.17 of Multilateral Instrument 62-104 *Take Over Bids and Issuer Bids* of the Canadian Securities Administrators and similar provisions under Applicable Canadian Securities Laws relating to the provision of directors' circulars in respect of an Acquisition Proposal that is not a Superior Proposal but only following compliance with Section 3.4(d) by Winalta.

3.5 **Provision of Information; Access**

- (a) Until the Effective Date or termination of this Agreement, Winalta shall provide CERF and its representatives reasonable access, during normal business hours and at such other time or times as CERF may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to CERF all information concerning its business, assets and personnel as CERF may reasonably request, which information shall remain subject to the Confidentiality Agreement, in order to permit CERF to be in a position to expeditiously and efficiently integrate the business and operations of Winalta immediately upon but not prior to the Effective Date.
- (b) Until the Effective Date or termination of this Agreement, CERF shall provide Winalta and its representatives access, during normal business hours and at such other time or times as Winalta may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to Winalta all information concerning its business, assets and personnel as Winalta may reasonably request, which information shall remain subject to the Confidentiality Agreement.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 **Representations and Warranties of Winalta**

Winalta represents and warrants to and in favour of CERF and acknowledges that CERF is relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the Arrangement:

- (a) Organization and Qualification: Each of Winalta and the Winalta Subsidiaries has been duly incorporated and is validly subsisting under the Applicable Laws of its jurisdiction of formation and has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted. Each of Winalta and the Winalta Subsidiaries is duly registered or authorized to conduct its affairs or do business, as applicable, and each is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to do so would not have a Material Adverse Effect. Copies of the constating documents of Winalta and the Winalta Subsidiaries provided to CERF, together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.
- (b) Authority Relative to this Agreement: Winalta has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The

execution and delivery of this Agreement and the consummation by Winalta of the transactions contemplated by the Arrangement has been duly authorized by the Winalta Board of Directors and, subject to the requisite approval of the Winalta Shareholders and the obtaining of the Final Order, no other proceedings on the part of Winalta are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by Winalta and constitutes a legal, valid and binding obligation of Winalta enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

- (c) Subsidiaries: Winalta has no subsidiaries other than the Winalta Subsidiaries and each Winalta Subsidiary is wholly owned by Winalta, other than Pine Place Developments Inc. in which Winalta owns 50%. There are no rights of first refusal and similar rights restricting transfer of the Winalta Shares contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements and there are no outstanding contractual or other obligations of Winalta to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities.

- (d) No Violations: Except as contemplated by this Agreement:

- (a) neither the execution and delivery of this Agreement by Winalta nor the consummation of the transactions contemplated by the Arrangement nor compliance by Winalta with any of the provisions hereof will:

(A) other than any consents or approvals required under the Winalta Credit Facility, violate, conflict with, or result in a 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 the creation of any Encumbrance upon any of the properties or assets of Winalta or the Winalta Subsidiaries or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) articles or by-laws of Winalta or the Winalta Subsidiaries; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust agreement, lien, contract or other instrument or obligation to which each of Winalta or the Winalta Subsidiaries is a party or to which it, or any of its respective properties or assets, may be subject or by which Winalta or the Winalta Subsidiaries are bound;

(B) subject to compliance with applicable statutes and regulations and stock exchange rules, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Winalta, the Winalta Subsidiaries or any of its properties or assets; or

(C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect;

provided in the case of (A), (B) and (C) above, for such violations, conflicts, breaches, defaults, terminations or any consents, approvals or notices which if not given or received, would not have a Material Adverse Effect; and

(b) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled post Arrangement, and except for the Third Party Approvals and any consents or approvals required under the Winalta Credit Facility and the obtaining of the Final Order:

(A) there is no legal impediment to Winalta's consummation of the Arrangement; and

(B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of Winalta in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, have a Material Adverse Effect on Winalta, or significantly impede the ability of Winalta to consummate the Arrangement.

(e) Litigation: Except as disclosed in the Winalta Disclosure Letter, there are no claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of Winalta, threatened or for which there is a reasonable basis, affecting Winalta or any Winalta Subsidiary by or before any court or Governmental Authority which claim, action, suit, proceeding, investigation, arbitration, audit, grievance, assessment or reassessment involves a possibility of any judgment against or liability of Winalta or any Winalta Subsidiary that would have a Material Adverse Effect.

(f) Taxes, etc.:

(a) All Tax Returns required to be filed by or on behalf of Winalta have been duly filed on a timely basis and, in any event prior to the Effective Date, and all such Tax Returns are true, complete and correct in all material respects. All Taxes shown to be payable on such Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other material Taxes are payable by Winalta or any Winalta Subsidiary with respect to items or periods covered by such Tax Returns.

(b) There are no assessments or reassessments of any Taxes that have been issued and are outstanding against Winalta or any Winalta Subsidiary, or pursuant to which there are any amounts owing. No Governmental Authority has challenged, disputed or questioned Winalta or any Winalta Subsidiary in respect of Taxes or of any returns, filings or other reports filed under any statute providing for Taxes. Neither Winalta nor any Winalta Subsidiary is negotiating any draft assessment or reassessment with any Governmental Authority. Winalta is not aware of any contingent liabilities for a material amount of Taxes or any grounds for an assessment or reassessment with respect thereto relating to Winalta or any Winalta Subsidiary including, without limitation, aggressive

treatment of income, expenses, credits or other claims for deduction under any return or notice other than as disclosed in the its financial statements as at and for the year ended December 31, 2013. Neither Winalta nor any Winalta Subsidiary has received any indication from any Governmental Authority that an assessment or reassessment is proposed in respect of any Taxes, regardless of its merits. Neither Winalta nor any Winalta Subsidiary has executed or filed with any Governmental Authority any agreement extending the period for the filing of any Tax Returns or for the assessment, reassessment or collection of any Taxes. Neither Winalta nor any Winalta Subsidiary has requested, or entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which: (i) to file any Tax Return for which it is or may be liable, respectively; (ii) to file any elections, designations or similar documents or instruments relating to Taxes for which it is or may be liable, respectively; (iii) it is respectively required to pay or remit any Taxes or amounts on account thereof; or (iv) any Governmental Authority may assess, reassess or collect Taxes for which either it is or may be liable, respectively.

- (c) Winalta and each Winalta Subsidiary has paid or has withheld and remitted to the appropriate Taxing Authority all Taxes, including any instalments or prepayments of Taxes, that are due and payable whether or not shown as being due on any Tax Return, or, where payment is not yet due, Winalta has established adequate accruals in conformity with GAAP in the Winalta Financial Statements for the period covered by such financial statements for any Taxes, including income taxes and related future taxes, if applicable, that have not been paid, whether or not shown as being due on any Tax Return. Winalta has made adequate provision or disclosure in its books and records for any Taxes accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Tax Return.
- (d) Winalta and the Winalta Subsidiaries have withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the Tax Act, all amounts required by Applicable Law and will continue to do so until the Effective Date and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. Winalta and the Winalta Subsidiaries have remitted all Canada Pension Plan contributions, employment insurance premiums, and other Taxes payable by it in respect of its employees and has or will have remitted such amounts to the proper Governmental Authority within the time required by Applicable Law. Winalta has charged, collected and remitted on a timely basis all Taxes as required by Applicable Law on any sale, supply or delivery whatsoever, made by it.
- (e) Winalta has made available to CERF true and complete copies of: (A) income tax audit reports, statement of deficiencies, closing or other agreements received by Winalta and the Winalta Subsidiaries or on behalf of Winalta and the Winalta Subsidiaries relating to the Taxes for any taxable period; and (B) all Tax Returns for Winalta and the Winalta Subsidiaries for all taxable periods.
- (f) Neither Winalta nor any Winalta Subsidiary is a party to any Tax sharing, Tax indemnity or Tax allocation agreement or arrangement and Winalta and each Winalta Subsidiary does not have, nor could it have, any material liabilities or

obligations in respect of Taxes under any such Tax sharing, Tax indemnity or Tax allocation agreement. No material liability (or reasonable claim of material liability) relating to Winalta or any Winalta Subsidiary shall arise under any Tax sharing, Tax indemnity or Tax allocation agreement or arrangement or as a result of this transaction.

- (g) Neither Winalta nor any Winalta Subsidiary has claimed or will not claim in any Tax Return for any taxation year ending or deemed to end on or before the Effective Date any reserve (including, without limitation, any reserve under paragraph 20(1)(m) or 20(1)(n) or subparagraph 40(1)(a)(iii) of the Tax Act or any analogous provision under the legislation of any province or other jurisdiction) of any amount which could be included in the income of Winalta or any Winalta Subsidiary for any period ending after the Effective Date.
- (h) No facts, circumstances or events exist or have existed that have resulted in or may result in the application to Winalta or any Winalta Subsidiary of any of sections 80 to 80.04 of the Tax Act or any equivalent provisions of any applicable legislation.
- (i) Neither Winalta nor any Winalta Subsidiary has acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which would subject it to a liability under section 160 of the Tax Act or under any equivalent provisions of any applicable legislation.
- (j) Winalta and each Winalta Subsidiary has complied with all registration, reporting, collection and remittance requirements in respect of all federal and provincial sales tax legislation including but not limited to the *Excise Tax Act* (Canada). Winalta has made available to CERF all invoices, purchase orders, and all such other documents as are necessary to report any claim for income tax credits or refunds claimed or to be claimed pursuant to the *Excise Tax Act* (Canada) or under any equivalent provisions of any applicable legislation.
- (k) Winalta and the Winalta Subsidiaries do not have and will not have any obligation to file on or prior to the Effective Date, any Tax Return required to be made, prepared or filed under any Applicable Law of any jurisdiction other than Canada in respect of any Taxes, and Winalta and the Winalta Subsidiaries do not have any outstanding liability on account of any failure to comply with any such obligation.
- (l) Neither Winalta nor the Winalta Subsidiary has made any payment, nor is obligated to make any payment, and is not a party to any agreement under which it could be obligated to make any payment that may not be deductible by virtue of section 67 or 78 of the Tax Act or under any equivalent provisions of any applicable legislation.
- (m) Records or documents that meet the requirements of subsections 247(4)(a) to (c) of the Tax Act have been made and obtained by Winalta and each Winalta Subsidiary with respect to all material transactions between Winalta or any Winalta Subsidiary and any non-resident person with whom Winalta or any Winalta Subsidiary was not dealing at arm's length within the meaning of the

Tax Act, during a taxation year commencing after 2013 and ending on or before the Effective Date.

- (n) The liability for Taxes of Winalta and each Winalta Subsidiary under the Tax Act, and any other Applicable Law has been assessed by the relevant authority for all taxation years to and including its taxation year ended on December 31, 2013.
- (o) Winalta is a “taxable Canadian corporation” within the meaning of the Tax Act.
- (g) Tax Act Residency: Winalta is not a non-resident for the purposes of the Tax Act.
- (h) Reporting Issuer Status: Winalta is a “reporting issuer” in each of the provinces of British Columbia, Alberta and Saskatchewan and is in material compliance with all Applicable Canadian Securities Laws therein and the Winalta Shares are listed and posted for trading on the TSXV. Winalta is not in default of any material requirements of any Applicable Canadian Securities Laws or any rules or regulations of, or agreement with, the TSXV. No delisting, suspension of trading in or cease trading order with respect to the Winalta Shares is pending or, to the knowledge of Winalta, threatened. The documents comprising the Winalta Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made. Winalta has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by Winalta with the Securities Authorities since becoming a “reporting issuer”. Winalta has not filed any confidential material change report that, at the date hereof, remains confidential.
- (i) Capitalization: As of the date hereof, the authorized capital of Winalta consists of an unlimited number of Winalta Shares. As of the date hereof, there are issued and outstanding 41,036,131 Winalta Shares and no other shares are issued and outstanding. Other than Winalta Options to acquire up to 2,092,500 Winalta Shares, there are no options, warrants or other rights, plans, agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by Winalta of any securities of Winalta (including Winalta Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of Winalta (including Winalta Shares). All outstanding Winalta Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all Winalta Shares issuable upon the exercise of Winalta Options in accordance with the terms of such securities will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than the Winalta Shares, there are no securities of Winalta outstanding which have the right to vote generally (except for the Winalta Options are exercisable or convertible into or exchangeable for securities having the right to vote generally) with the Winalta Shareholders on any matter.
- (j) Equity Monetization Plans: Except as disclosed in the Winalta Disclosure Letter, there are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of Winalta and which are based upon the revenue, value, income or any other attribute of Winalta.

- (k) No Orders: No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Winalta Shares or any other securities of Winalta have been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of Winalta, are contemplated or threatened under any Applicable Laws or by any Governmental Authority.
- (l) Reports: As of their respective dates: (i) the Winalta Financial Statements; (ii) Winalta's annual information form for the year ended December 31, 2013; (iii) Winalta's information circular in respect of the annual and special meeting of Winalta Shareholders held May 21, 2014; and (iv) all Winalta press releases and material change reports filed with the Securities Authorities since December 31, 2013 and business acquisition reports filed with the Securities Authorities since December 31, 2012; did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect and complied in all material respects with all Applicable Laws.
- (m) Winalta Financial Statements: The Winalta Financial Statements were prepared in accordance with GAAP (except (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of Winalta's independent auditors or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year-end adjustments or may be condensed or summary statements), and present fairly in accordance with GAAP the financial position, results of operations and changes in financial position of Winalta as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments). There has been no material change in Winalta accounting policies since December 31, 2013.
- (n) Books and Records. The financial books, records and accounts of Winalta and the Winalta Subsidiaries, in all material respects: (a) have been maintained in accordance with good business practices on a basis consistent with prior years; (b) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of Winalta and the Winalta Subsidiaries; and (c) accurately and fairly reflect the basis for the Winalta Financial Statements. The corporate records and minute books of Winalta and the Winalta Subsidiaries have been maintained substantially in compliance with Applicable Laws and are complete and accurate in all material respects, and full access thereto has been provided to CERF.
- (o) Absence of Certain Changes or Events: Except for the Arrangement or any action taken in accordance with this Agreement, since December 31, 2013:
 - (a) each of Winalta and the Winalta Subsidiaries has conducted its business only in the ordinary course of business substantially consistent with past practice;
 - (b) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Winalta has been incurred other than in the ordinary course of business;
 - (c) there has been no Material Adverse Change in respect of Winalta; and

- (d) Winalta, and to the knowledge of Winalta, any director, officer, employee or auditor of Winalta or any Winalta Subsidiary, has not received or otherwise had or obtained knowledge of any fraud or material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of Winalta or any Winalta Subsidiary or their respective internal accounting controls.
- (p) Registration, Exemption Orders, Licenses, etc.: To the knowledge of Winalta, each of Winalta and the Winalta Subsidiaries has obtained and is in material compliance with all material Governmental Authorizations, except where such non-compliance does not cause a Material Adverse Effect. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a material violation of any such Governmental Authorization. No material proceedings are pending or, to the knowledge of Winalta, threatened, which could result in the revocation or limitation of any material Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each material Governmental Authorization and its renewal.
- (q) Compliance with Laws: The operations and business of Winalta and each Winalta Subsidiary are and have been carried out in compliance with and not in violation of any Applicable Laws in all material respects, and neither Winalta nor any Winalta Subsidiary has received any notice of any alleged material violation of any such Applicable Laws.
- (r) Restrictions on Business Activities: There is no judgment, injunction or order binding upon Winalta, and neither Winalta nor any Winalta Subsidiary is subject to any contractual commitment, that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing its business or, individually or in the aggregate, have a Material Adverse Effect on Winalta.
- (s) Non-Arm's Length Transactions: Except as set forth in the Winalta Financial Statements, there are no Contracts or other transactions currently in place between Winalta, on the one hand, and: (a) any officer or director of Winalta or any Winalta Subsidiary; (b) any holder of record or beneficial owner of 10% or more of the voting securities of Winalta; or (c) any affiliate of any such officer, director or beneficial owner, on the other hand. Without limiting the generality of the foregoing, neither Winalta nor any Winalta Subsidiary has loaned any money to, or guaranteed the obligations of, any director, officer or employee of Winalta or any Winalta Subsidiary, or any Winalta Shareholder.
- (t) Absence of Undisclosed Liabilities: Winalta does not have any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
 - (a) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the Winalta Financial Statements (for the purposes of this Section, the “**Winalta Balance Sheet**”);
 - (b) those incurred subsequent to the date of the Winalta Balance sheet in the ordinary course of business; and
 - (c) those incurred in connection with the execution of this Agreement.

- (u) **Absence of Undisclosed Changes:** There has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Winalta on a consolidated basis from the position set forth in the Winalta Financial Statements and Winalta has not incurred or suffered a Material Adverse Change since December 31, 2013 and since that date there have been no material facts, transactions, events or occurrences which would have a Material Adverse Effect on the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of the operations of Winalta which have not been disclosed in the Winalta Public Record.
- (v) **No Defaults:** Neither Winalta nor any Winalta Subsidiary is in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under, any contract, agreement or licence to which it is a party or by which it is bound which would, if terminated or upon exercise of a right made available to a third party solely by a reason of such a default due to such default, individually or in the aggregate, have a Material Adverse Effect. Neither Winalta nor any Winalta Subsidiary is in violation of any Applicable Laws which violation could have a Material Adverse Effect.
- (w) **Pre-emptive Rights:** There are no outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any person to acquire any of assets of Winalta or any Winalta Subsidiary that will be triggered or accelerated by the Arrangement.
- (x) **Environmental:** Except to the extent that violations or other matters referred to in this subparagraph would not, individually or in the aggregate, have a Material Adverse Effect on Winalta:
 - (a) each of Winalta and the Winalta Subsidiaries is not in violation of any applicable Environmental Laws;
 - (b) each of Winalta and the Winalta Subsidiaries has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances in compliance with Environmental Laws;
 - (c) there have been no spills, releases, deposits or discharges of Hazardous Substances, or wastes into the earth, subsoil, underground waters, air or into any body of water or any municipal or other sewer or drain water systems by Winalta or any Winalta Subsidiary, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by Winalta or any Winalta Subsidiary, that have not been fully remediated;
 - (d) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Winalta or the Winalta Subsidiaries which Winalta or a Winalta Subsidiary has notice;
 - (e) neither Winalta nor the Winalta Subsidiaries have failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law;
 - (f) each of Winalta and the Winalta Subsidiaries holds all Environmental Approvals required in connection with the operation of its business and the ownership and

use of such assets, all Environmental Approvals are in full force and effect, and neither Winalta nor any Winalta Subsidiary has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws or Environmental Approvals, or that any Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

- (g) there are no pending or, to the knowledge of Winalta, threatened claims, liens or encumbrances resulting from Environmental Laws with respect to any of the properties of Winalta or any Winalta Subsidiary currently or formerly owned, leased, operated or otherwise used; and
- (h) neither Winalta nor any Winalta Subsidiary has assumed or retained by contract or operation of law any losses, expenses, claims, damages or liabilities of any third-party pursuant to applicable Environmental Laws.

(y) Material Contracts: Other than agreements in the ordinary course of business, captured in the Winalta Public Record, set forth in the Winalta Disclosure Letter and this Agreement, there are no material contracts or agreements to which Winalta or any Winalta Subsidiary is a party or by which it is bound.

(z) Employee Benefit Plans: Winalta has made available to CERF true, complete and correct copies of each employee benefits plan (collectively, the “**Winalta Plans**”) covering active, former or retired employees of Winalta and the Winalta Subsidiaries, any related trust agreement, annuity or insurance contract or other funding vehicle, and:

- (a) each Winalta Plan has been maintained and administered in material compliance with its terms and is, to the extent required by Applicable Law or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefor;
- (b) all required employer contributions under any such plans have been made and the applicable funds have been funded in accordance with the terms thereof;
- (c) each Winalta Plan that is required or intended to be qualified under Applicable Law or registered or approved by a Governmental Authority has been so qualified, registered or approved by the appropriate Governmental Authority, and to the knowledge of Winalta, nothing has occurred since the date of the last qualification, registration or approval that would reasonably be expected to adversely affect, or cause, the appropriate Governmental Authority to revoke such qualification, registration or approval;
- (d) to the knowledge of Winalta, there are no pending or anticipated claims against or otherwise involving any of the Winalta Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of Winalta Plan activities) has been brought against or with respect to any Winalta Plan;
- (e) all contributions, reserves or premium payments required to be made to the Winalta Plans have been made or provided for; and

- (f) Winalta does not have any obligations for retiree health and life benefits under any Winalta Plan.

(aa) Employees:

- (a) Winalta has disclosed in the Winalta Disclosure Letter all employees and consultants of Winalta or any Winalta Subsidiary, including the Winalta Change of Control Payments payable to such employees and consultants;
- (b) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of Winalta or any Winalta Subsidiary by way of certification, interim certification, voluntary recognition, designation or successor rights or has applied to have Winalta or any Winalta Subsidiary declared a related employer or successor employer pursuant to applicable labour legislation. Neither Winalta nor any Winalta Subsidiary has engaged in any unfair labour practices and, no strike, lock-out, work stoppage, or other labour dispute is occurring. To the knowledge of Winalta, there are no threatened or pending strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts, slowdowns or similar labour related disputes pertaining to Winalta or any Winalta Subsidiary. Neither Winalta nor any Winalta Subsidiary has engaged in any closing or lay-off activities within the past two years that would materially violate or in any way subject Winalta or any Winalta Subsidiary to the group termination or lay-off requirements of the Applicable Laws; and
- (c) neither Winalta nor any Winalta Subsidiary has recognized any trade union or has any staff association, staff council, works council or other organisation formed for or arrangements having a similar purpose and no notification to any trade union, staff association, staff council, works council or other organisation formed for or in respect of any arrangements having a similar purpose is required by Winalta or any Winalta Subsidiary for the purpose of consummating the transactions contemplated by this Agreement.

(bb) Employment Agreements: Except as set out in the Winalta Disclosure Letter:

- (a) neither Winalta nor any Winalta Subsidiary is a party to any written contracts of employment or consultancy which may not be terminated on one month's notice, or which provide for payments occurring on a change of control of Winalta; and
- (b) neither Winalta nor any Winalta Subsidiary will become a party to any employment agreement, consultancy agreement, or to any written or oral policy, agreement, obligation or understanding (and for greater certainty, to any amendment to any of the foregoing) which contains any specific agreement as to notice of termination or severance pay in lieu thereof or which cannot be terminated without cause upon giving reasonable notice as may be implied by Applicable Law, or which creates rights in respect of loss or termination of office or employment or consultancy in relation to the Arrangement or which contains any specific agreement as to obligations arising on a change of control or as to notice of termination or severance pay in lieu thereof.

- (cc) Brokers and Finders: Other than such financial advisors, brokers, agents or finders whose fees will be included in the Financial Advisory Fee, Winalta has not retained nor will it retain any financial advisor, broker, agent or finder or pay 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.
- (dd) Rights Plans: Winalta does not have a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Winalta Shares or other securities of Winalta or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement.
- (ee) Fairness Opinion: The Winalta Board of Directors has received a verbal opinion from AltaCorp Capital Inc. that as of the date hereof the consideration to be received by Winalta Shareholders in connection with the Arrangement is fair, from a financial point of view, to the Winalta Shareholders.
- (ff) Insurance: Policies of insurance that are in force as of the date hereof naming Winalta and the Winalta Subsidiaries, as applicable, as an insured adequately and reasonably cover all risks as are customarily covered by oilfield service providers in the industry in which Winalta and the Winalta Subsidiaries operate and having regard to the nature of the risk insured and the relative cost of obtaining insurance to protect Winalta's interests. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.
- (gg) Board Approval: The Winalta Board of Directors has unanimously (other than directors who are not eligible to vote on such matters in accordance with the ABCA) made the determinations and recommendations as set out in Section 2.8.
- (hh) Proceeds of Crime: Each of Winalta and the Winalta Subsidiaries has not, directly or indirectly, (a) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction or (b) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to Winalta and the Winalta Subsidiaries and their operations and Winalta has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.
- (ii) Swaps: Winalta does not currently have any outstanding swaps.
- (jj) Arrangements in Respect of Outstanding Securities: Neither Winalta nor (to the knowledge of Winalta) any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of Winalta.
- (kk) Insiders: To the knowledge of Winalta, no insider of Winalta has a present intention to sell any securities of Winalta.

- (ll) Auditors: There has not been a reportable event (within the meaning of Section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations of the Canadian Securities Administrators*) with Winalta's auditors.
- (mm) Operation and Condition of Tangibles: All of Winalta's and the Winalta Subsidiaries' tangible depreciable property used or intended for use in connection with its oilfield service business has been operated and maintained in accordance with good and prudent oilfield services industry practices in Canada and all Applicable Law during all periods in which Winalta or the applicable Winalta Subsidiary was owner thereof and such are in good condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of business.
- (nn) Place of Principal Offices: Winalta is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States.
- (oo) Location of Assets and U.S. Sales: All of the assets and property of Winalta, including all entities "controlled by" Winalta for purposes of the *Hart-Scott-Rodino Antitrust Improvements Act* of 1976, as amended, are located outside the United States and did not generate sales in or into the United States exceeding US\$75.9 million during Winalta's most recent completed fiscal year.
- (pp) Foreign Private Issuer: Winalta is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.
- (qq) Investment Company: Winalta is not registered or required to be registered as an "investment company" pursuant to the *United States Investment Company Act* of 1940, as amended.
- (rr) Exchange Act: No class of securities of Winalta is registered or required to be registered pursuant to Section 12 of the *U.S. Securities Exchange Act* of 1934, as amended (the "**U.S. Exchange Act**"), nor does Winalta or any of its subsidiaries have a reporting obligation pursuant to Section 15(d) of the U.S. Exchange Act.
- (ss) No Guarantees: Each of Winalta and the Winalta Subsidiaries has not guaranteed, endorsed, assumed, indemnified (other than in respect of the Winalta Credit Facility and pursuant to indemnity agreements with its directors and officers and as contemplated by the by-laws of Winalta and the Winalta Subsidiaries and Applicable Laws, standard indemnity agreements in financial services (including credit facilities) and underwriting and agency agreements and indemnities provided in the ordinary course to industry partners and service providers) or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of the directors, officers, employees, consultants of Winalta or any Winalta Subsidiaries or Winalta Shareholders. Winalta has not guaranteed, endorsed, assumed, indemnified or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of any Winalta Subsidiary.
- (tt) Payments to Employees Etc.: Winalta and each Winalta Subsidiary has withheld from each payment made to any of its present or former employees, officers or directors, or to

other persons, all amounts required by law or administrative practice to be withheld by it on account of income taxes, pension plan contributions, employment insurance premiums, employer health taxes and similar taxes and levies, and has remitted such withheld amounts within the required time to the appropriate governmental entity. Winalta and each Winalta Subsidiary has charged, collected and remitted on a timely basis all sales, goods and services, value-added and other commodity taxes as required under applicable legislation on any sale, supply or delivery made by them.

- (uu) Debt Service Reserve Account: Winalta does not maintain a debt service reserve account or account of a similar nature.
- (vv) Winalta Net Debt: As at the date of this Arrangement Agreement, the Winalta Net Debt does not exceed the amount disclosed in the Winalta Disclosure Letter.
- (ww) Transaction Costs: The financial advisory fee to be paid by Winalta to AltaCorp Capital Inc. upon completion of the Arrangement in the aggregate shall not exceed \$1,250,000 (the “**Financial Advisory Fee**”). The Winalta Change of Control Payments shall not exceed \$1,000,000. The Winalta Transaction Costs shall not exceed the amount set forth in the Winalta Disclosure Letter.
- (xx) Winalta Option Proceeds: Assuming the exercise of all Winalta Options that are in-the-money as of the date hereof prior to the Effective Time, Winalta will receive cash proceeds of not less than \$914,175.
- (yy) Standstill Provisions: Winalta has not waived any standstill or similar provisions contained in a confidentiality agreement or otherwise for any Person.
- (zz) No Withholding: Winalta has not withheld from CERF any material information or documents concerning Winalta or Winalta’s assets or liabilities that was requested by CERF during the course of the review by CERF of Winalta and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document. Including the Winalta Disclosure Letter, provide or to be provided to CERF by Winalta pursuant hereto contains or will contain any untrue statement of a material fact which is necessary in order to make the statements herein or therein not misleading.
- (aaa) Intellectual Property:
 - (a) Winalta and each Winalta Subsidiary owns, or is validly licensed or otherwise have the right to use, all patents, patent rights, trademarks, trade names, service marks, industrial designs, design patents, copyrights, know how and other proprietary industrial or intellectual property industrial or rights that are used in its respective businesses;
 - (b) the use by Winalta or any Winalta Subsidiary of its trademarks, trade names, service marks, copyrights, industrial designs, patents, design patents, know how and other industrial or intellectual property and all applications therefor (the “**Winalta Applicable IP**”) does not infringe upon or breach the industrial or intellectual property rights of any other person; and

- (c) neither Winalta nor any Winalta Subsidiary has commenced legal proceedings against any person relating to an infringement by such person of any Winalta Applicable IP,

except in each case to the extent that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on Winalta.

4.2 **Representations and Warranties of CERF**

CERF represents and warrants to and in favour of Winalta and acknowledges that Winalta is relying upon such representations and warranties in connection with the matters contemplated by this Agreement and the consummation of the Arrangement:

- (a) Organization and Qualification: Each of CERF and the CERF Subsidiaries has been duly incorporated or amalgamated and is validly subsisting under the Applicable Laws of its jurisdiction of formation and each has the requisite power and authority to own its assets and properties as now owned and to carry on its business as now conducted. Each of CERF and the CERF Subsidiaries is duly registered or authorized to conduct its affairs or do business, as applicable, and each is in good standing in each jurisdiction in which the character of its assets and properties, owned, leased, licensed or otherwise held, or the nature of its activities makes such registration or authorization necessary, except where the failure to do so would not have a Material Adverse Effect. Copies of the constating documents of CERF and the CERF Subsidiaries, together with all amendments to date, are accurate and complete as of the date hereof and have not been amended or superseded.
- (b) Authority Relative to this Agreement: CERF has the requisite corporate power and authority to execute this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by CERF of the transactions contemplated by the Arrangement has been duly authorized by the CERF Board of Directors and, subject to the requisite approval of the CERF Shareholders, the obtaining of the Final Order and the requisite approvals of the TSXV, no other proceedings on the part of CERF are necessary to authorize this Agreement or the Arrangement. This Agreement has been duly executed and delivered by CERF and constitutes a legal, valid and binding obligation of CERF enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other Applicable Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.
- (c) Subsidiaries: CERF has no subsidiaries other than the CERF Subsidiaries, and each CERF Subsidiary is wholly-owned by CERF. There are no rights of first refusal and similar rights restricting transfer of the CERF Shares contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements and there are no outstanding contractual or other obligations of CERF to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any of its outstanding securities.

(d) No Violations: Except as contemplated by this Agreement:

- (a) neither the execution and delivery of this Agreement by CERF nor the consummation of the transactions contemplated by the Arrangement nor compliance by CERF with any of the provisions hereof will:
 - (A) other than any consents or approvals required under the CERF Credit Facility, violate, conflict with, or result in a 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 the creation of any Encumbrance upon any of the properties or assets of CERF or the CERF Subsidiaries or cause any indebtedness to come due before its stated maturity or cause any credit to cease to be available, under any of the terms, conditions or provisions of: (1) articles or by-laws of CERF or the CERF Subsidiaries; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust agreement, lien, contract or other instrument or obligation to which each of CERF or the CERF Subsidiaries is a party or to which they, or any of their respective properties or assets, may be subject or by which CERF or the CERF Subsidiaries are bound;
 - (B) subject to compliance with applicable statutes and regulations and stock exchange rules, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to CERF, the CERF Subsidiaries or any of their properties or assets; or
 - (C) cause the suspension or revocation of any authorization, consent, approval or license currently in effect;

provided in the case of (A), (B) and (C) above, for such violations, conflicts, breaches, defaults, terminations or any consents, approvals or notices which if not given or received, would not have a Material Adverse Effect; and

- (b) other than in connection with or in compliance with the provisions of Applicable Laws in relation to the completion of the Arrangement or which are required to be fulfilled post Arrangement, and except for the Third Party Approvals, the consents or approvals required under the CERF Credit Facility and the obtaining of the Final Order:
 - (A) there is no legal impediment to CERF's consummation of the Arrangement; and
 - (B) no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of CERF in connection with the consummation of the Arrangement, except for such filings or registrations which, if not made, or for such authorizations, consents or approvals which, if not received, would not, individually or in the aggregate, have a Material Adverse Effect on CERF, or

significantly impede the ability of CERF to consummate the Arrangement.

- (e) CERF Shares: CERF has reserved and allotted a sufficient number of CERF Shares as are issuable pursuant to the Arrangement, and, subject to the terms and conditions of the Arrangement, such CERF Shares will be validly issued as fully paid and non-assessable to previous holders of Winalta Shares pursuant to the Arrangement.
- (f) Litigation: Except as disclosed in the CERF Disclosure Letter, there are no claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of CERF, threatened or for which there is a reasonable basis, affecting CERF or any CERF Subsidiary by or before any court or Governmental Authority which claim, action, suit, proceeding, investigation, arbitration, audit, grievance, assessment or reassessment involves a possibility of any judgment against or liability of CERF or any CERF Subsidiary that would have a Material Adverse Effect.
- (g) Taxes, etc.:
 - (a) All Tax Returns required to be filed by or on behalf of CERF have been duly filed on a timely basis and such Tax Returns are true, complete and correct in all material respects. All Taxes shown to be payable on such Tax Returns or on subsequent assessments or reassessments with respect thereto have been paid in full on a timely basis, and no other material Taxes are payable by CERF or any CERF Subsidiary with respect to items or periods covered by such Tax Returns.
 - (b) There are no assessments or reassessments of any Taxes that have been issued and are outstanding against CERF or any CERF Subsidiary, or pursuant to which there are any amounts owing. No Governmental Authority has challenged, disputed or questioned CERF or any CERF Subsidiary in respect of Taxes or of any returns, filings or other reports filed under any statute providing for Taxes. Neither CERF nor any CERF Subsidiary is negotiating any draft assessment or reassessment with any Governmental Authority. CERF is not aware of any contingent liabilities for a material amount of Taxes or any grounds relating to CERF or any CERF Subsidiary for an assessment or reassessment with respect thereto including, without limitation, aggressive treatment of income, expenses, credits or other claims for deduction under any return or notice other than as disclosed in the its financial statements as at and for the year ended December 31, 2013. Neither CERF nor any CERF Subsidiary has received any indication from any Governmental Authority that an assessment or reassessment is proposed in respect of any Taxes, regardless of its merits. Neither CERF nor any CERF Subsidiary has executed or filed with any Governmental Authority any agreement extending the period for the filing of any Tax Returns or for the assessment, reassessment or collection of any Taxes; Neither CERF nor any CERF Subsidiary has requested, or entered into any agreement or other arrangement, or executed any waiver providing for, any extension of time within which: (i) to file any Tax Return for which it is or may be liable, respectively; (ii) to file any elections, designations or similar documents or instruments relating to Taxes for which it is or may be liable, respectively; (iii) it is respectively required to pay or remit any Taxes or amounts on account thereof; or (iv) any

Governmental Authority may assess, reassess or collect Taxes for which either it is or may be liable, respectively.

- (c) CERF and each CERF Subsidiary has paid or has withheld and remitted to the appropriate Taxing Authority all Taxes, including any instalments or prepayments of Taxes, that are due and payable whether or not shown as being due on any Tax Return, or, where payment is not yet due, CERF has established adequate accruals in conformity with GAAP in the CERF Financial Statements for the period covered by such financial statements for any Taxes, including income taxes and related future taxes, if applicable, that have not been paid, whether or not shown as being due on any Tax Return; and CERF has made adequate provision or disclosure in its books and records for any Taxes accruing in respect of any period subsequent to the period covered by such financial statements, whether or not shown as being due on any Tax Return.
- (d) CERF and the CERF Subsidiaries have withheld from each payment made to any of their present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the Tax Act, all amounts required by Applicable Law and will continue to do so until the Effective Date and has remitted such withheld amounts within the prescribed periods to the appropriate Governmental Authority. Winalta and the Winalta Subsidiaries have remitted all Canada Pension Plan contributions, employment insurance premiums, and other Taxes payable by them in respect of their employees and have or will have remitted such amounts to the proper governmental authority within the time required by Applicable Law. CERF and the CERF Subsidiaries have charged, collected and remitted on a timely basis all Taxes as required by Applicable Law on any sale, supply or delivery whatsoever, made by them.
- (e) No material deficiencies exist or have been asserted by any Governmental Authority with respect to Taxes of CERF or any CERF Subsidiary that have not yet been settled.
- (f) Neither CERF nor any CERF Subsidiary is a party to any Tax sharing, Tax indemnity or Tax allocation agreement or arrangement and CERF and each CERF Subsidiary does not have, nor could they have, any material liabilities or obligations in respect of Taxes under any such Tax sharing, Tax indemnity or Tax allocation agreement. No material liability (or reasonable claim of material liability) relating to CERF or any CERF Subsidiary shall arise under any Tax sharing, Tax indemnity or Tax allocation agreement or arrangement or as a result of this transaction.
- (g) Neither CERF nor any CERF Subsidiary has claimed or will claim in any Tax Return for any taxation year ending or deemed to end on or before the Effective Date any reserve (including, without limitation, any reserve under paragraph 20(1)(m) or 20(1)(n) or subparagraph 40(1)(a)(iii) of the Tax Act or any analogous provision under the legislation of any province or other jurisdiction) of any amount which could be included in the income of CERF or any CERF Subsidiary for any period ending after the Effective Date.
- (h) No facts, circumstances or events exist or have existed that have resulted in or may result in the application to CERF or any CERF Subsidiary of any of sections

80 to 80.04 of the Tax Act or any equivalent provisions of any applicable legislation.

- (i) Neither CERF nor any CERF Subsidiary has acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which would subject it to a liability under section 160 of the Tax Act or under any equivalent provisions of any applicable legislation.
- (j) CERF and each CERF Subsidiary has complied with all registration, reporting, collection and remittance requirements in respect of all federal and provincial sales tax legislation including but not limited to the *Excise Tax Act* (Canada). CERF has made available to Winalta all invoices, purchase orders, and all such other documents as are necessary to report any claim for income tax credits or refunds claimed or to be claimed pursuant to the *Excise Tax Act* (Canada) or under any equivalent provisions of any applicable legislation.
- (k) CERF and the CERF Subsidiaries do not have and will not have any obligation to file on or prior to the Effective Date, any Tax Return required to be made, prepared or filed under any Applicable Law of any jurisdiction other than Canada in respect of any Taxes, and CERF and the CERF Subsidiaries do not have any outstanding liability on account of any failure to comply with any such obligation.
- (l) Neither CERF nor any CERF Subsidiary has made any payment, or is obligated to make any payment, and is not a party to any agreement under which it could be obligated to make any payment that may not be deductible by virtue of section 67 or 78 of the Tax Act or under any equivalent provisions of any applicable legislation.
- (m) Records or documents that meet the requirements of subsections 247(4)(a) to (c) of the Tax Act have been made and obtained by CERF and each CERF Subsidiary with respect to all material transactions between CERF or any CERF Subsidiary and any non-resident person with whom CERF or any CERF Subsidiary was not dealing at arm's length within the meaning of the Tax Act, during a taxation year commencing after 2013 and ending on or before the Effective Date.
- (n) The liability for Taxes of CERF and each CERF Subsidiary under the Tax Act, and any other Applicable Law has been assessed by the relevant authority for all taxation years to and including its taxation year ended on December 31, 2013.
- (o) CERF is a "taxable Canadian corporation" within the meaning of the Tax Act.
- (h) Investment Canada Act: CERF is not a "non-Canadian" within the meaning of the *Investment Canada Act* (Canada).
- (i) Tax Act Residency: CERF is not a non-resident for the purposes of the Tax Act.
- (j) Reporting Issuer Status: CERF is a "reporting issuer" in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and is in material compliance with all Applicable

Canadian Securities Laws therein and the CERF Shares are listed and posted for trading on the TSXV. CERF is not in default of any material requirements of any Applicable Canadian Securities Laws or any rules or regulations of, or agreement with, the TSXV. No delisting, suspension of trading in or cease trading order with respect to the CERF Shares is pending or, to the knowledge of CERF, threatened. The documents comprising the CERF Public Record did not at the respective times they were filed with the relevant Securities Authorities, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made. CERF has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by CERF with the Securities Authorities since becoming a “reporting issuer”. CERF has not filed any confidential material change report that, at the date hereof, remains confidential.

- (k) Capitalization: As of the date hereof, the authorized capital of CERF consists of an unlimited number of CERF Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 17,521,142 CERF Shares and no other shares are issued and outstanding. Other than CERF Options to acquire up to 523,000 CERF Shares at an exercise price of \$3.09 per share, CERF Options to acquire up to 474,300 CERF Shares at an exercise price of \$2.71 per share, warrants to acquire up to 4,168,065 CERF shares at an exercise price of \$3.15 per share and agent’s options to acquire up to 72,732 CERF Shares at an exercise price of \$2.70 per share, there are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by CERF of any securities of CERF (including CERF Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of CERF (including CERF Shares). All outstanding CERF Shares have been duly authorized and validly issued, are fully paid and non-assessable and are not subject to, nor were they issued in violation of, any pre-emptive rights and all CERF Shares issuable upon the exercise of CERF Options, warrants and agent’s options in accordance with the terms of such securities will be duly authorized and validly issued as fully paid and non-assessable and will not be subject to any pre-emptive rights. Other than the CERF Shares, there are no securities of CERF outstanding which have the right to vote generally (except for the CERF Options, warrants and agent’s options are exercisable or convertible into or exchangeable for securities having the right to vote generally) with the CERF Shareholders on any matter.
- (l) Equity Monetization Plans: There are no outstanding stock appreciation rights, phantom equity, profit sharing plan or similar rights, agreements, arrangements or commitments payable to any employee of CERF and which are based upon the revenue, value, income or any other attribute of CERF.
- (m) No Orders: No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the CERF Shares or any other securities of CERF have been issued by any Governmental Authority and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of CERF, are contemplated or threatened under any Applicable Laws or by any Governmental Authority.
- (n) Reports: As of their respective dates: (i) the CERF Financial Statements; (ii) CERF’s annual information form for the year ended December 31, 2013; (iii) CERF’s information

circular in respect of the annual and special meeting of CERF Shareholders to be held July 3, 2014; and (iv) all CERF press releases and material change reports filed with the Securities Authorities since December 31, 2013 and business acquisition reports filed with the Securities Authorities since December 31, 2012; did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading in any material respect and complied in all material respects with all Applicable Laws.

- (o) CERF Financial Statements: The CERF Financial Statements were prepared in accordance with GAAP (except: (i) as otherwise indicated in such financial statements and the notes thereto or, in the case of audited statements, in the related report of CERF's independent auditors; or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes, are subject to normal year-end adjustments or may be condensed or summary statements), and present fairly in accordance with GAAP the financial position, results of operations and changes in financial position of CERF as of the dates thereof and for the periods indicated therein (subject, in the case of any unaudited interim financial statements, to normal year-end audit adjustments). There has been no material change in CERF accounting policies since December 31, 2013.
- (p) Books and Records. The financial books, records and accounts of CERF and the CERF Subsidiaries, in all material respects: (a) have been maintained in accordance with good business practices on a basis consistent with prior years; (b) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of CERF and the CERF Subsidiaries; and (c) accurately and fairly reflect the basis for the CERF Financial Statements. The corporate records and minute books of CERF and the CERF Subsidiaries have been maintained substantially in compliance with Applicable Laws and are complete and accurate in all material respects, and full access thereto has been provided to Winalta.
- (q) Absence of Certain Changes or Events: Except for the Arrangement or any action taken in accordance with this Agreement, since December 31, 2013:
 - (a) Each of CERF and the CERF Subsidiaries has conducted its business only in the ordinary course of business substantially consistent with past practice;
 - (b) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to CERF has been incurred other than in the ordinary course of business or other than where such liability or obligation would not have a Material Adverse Effect on CERF;
 - (c) there has been no Material Adverse Change in respect of CERF; and
 - (d) CERF, and to the knowledge of CERF, any director, officer, employee or auditor of CERF or any CERF Subsidiary, has not received or otherwise had or obtained knowledge of any fraud or material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of CERF or any CERF Subsidiary or their respective internal accounting controls.

- (r) Registration, Exemption Orders, Licenses, etc.: To the knowledge of CERF, each of CERF and the CERF Subsidiaries has obtained and is in material compliance with all material Governmental Authorizations, except where such non-compliance does not cause a Material Adverse Effect. Such Governmental Authorizations are in full force and effect in accordance with their terms, and no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a material violation of any such Governmental Authorization. No material proceedings are pending or, to the knowledge of CERF, threatened, which could result in the revocation or limitation of any material Governmental Authorization, and all steps have been taken and filings made on a timely basis with respect to each material Governmental Authorization and its renewal.
- (s) Compliance with Laws: The operations and business of CERF and each CERF Subsidiary are and have been carried out in compliance with and not in violation of any Applicable Laws in all material respects, and neither CERF nor any CERF Subsidiary has received any notice of any alleged material violation of any such Applicable Laws.
- (t) Restrictions on Business Activities: There is no judgment, injunction or order binding upon CERF or any CERF Subsidiary, and neither CERF nor any CERF Subsidiary is subject to any contractual commitment, that has or could reasonably be expected to have the effect of prohibiting, restricting or impairing its business or, individually or in the aggregate, have a Material Adverse Effect on CERF.
- (u) Non-Arm's Length Transactions: Except as set forth in the CERF Financial Statements, there are no Contracts or other transactions currently in place between CERF, on the one hand, and: (a) any officer or director of CERF or any CERF Subsidiary; (b) any holder of record or beneficial owner of 10% or more of the voting securities of CERF; or (c) any affiliate of any such officer, director or beneficial owner, on the other hand. Except as set forth in the CERF Financial Statements, without limiting the generality of the foregoing, neither CERF nor any CERF Subsidiary has loaned any money to, or guaranteed the obligations of, any director, officer or employee of CERF or any CERF Subsidiary, or any CERF Shareholder.
- (v) Absence of Undisclosed Liabilities: CERF does not have any material liabilities of any nature (matured or unmatured, fixed or contingent), other than:
 - (a) those set forth or adequately provided for in the most recent balance sheet and associated notes thereto included in the CERF Financial Statements (for the purposes of this Section, the "**CERF Balance Sheet**");
 - (b) those incurred subsequent to the date of the CERF Balance sheet in the ordinary course of business; and
 - (c) those incurred in connection with the execution of this Agreement.
- (w) Absence of Undisclosed Changes: There has not been any material change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of CERF on a consolidated basis from the position set forth in the CERF Financial Statements and CERF has not incurred or suffered a Material Adverse Change since December 31, 2013 and since that date there have been no material facts, transactions, events or occurrences which would have a Material Adverse Effect on the capital, assets, liabilities or

obligations (absolute, accrued, contingent or otherwise), condition (financial or otherwise) or results of the operations of CERF which have not been disclosed in the CERF Public Record.

- (x) No Defaults: Neither CERF nor any CERF Subsidiary is in default under, and there exists no event, condition or occurrence which, after notice or lapse of time or both, would constitute such a default under, any contract, agreement or licence to which it is a party or by which it is bound which would, if terminated or upon exercise of a right made available to a third party solely by a reason of such a default due to such default, individually or in the aggregate, have a Material Adverse Effect. Neither CERF nor any CERF Subsidiary is in violation of any Applicable Laws which violation could have a Material Adverse Effect.
- (y) Pre-emptive Rights: There are no outstanding rights of first refusal or other pre-emptive rights of purchase which entitle any person to acquire any of the assets of CERF or any CERF Subsidiary that will be triggered or accelerated by the Arrangement.
- (z) Environmental: Except to the extent that violations or other matters referred to in this subparagraph would not, individually or in the aggregate, have a Material Adverse Effect on CERF:
 - (a) each of CERF and the CERF Subsidiaries is not in violation of any applicable Environmental Laws;
 - (b) each of CERF and the CERF Subsidiaries has operated its business at all times and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances in compliance with Environmental Laws;
 - (c) there have been no spills, releases, deposits or discharges of Hazardous Substances, or wastes into the earth, subsoil, underground waters, air or into any body of water or any municipal or other sewer or drain water systems by CERF or any CERF Subsidiary, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by CERF or any CERF Subsidiary, that have not been fully remediated;
 - (d) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of CERF or the CERF Subsidiaries which CERF or a CERF Subsidiary has notice;
 - (e) neither CERF nor the CERF Subsidiaries have failed to report to the proper Governmental Authority the occurrence of any event which is required to be so reported by any Environmental Law;
 - (f) each of CERF and the CERF Subsidiaries hold all Environmental Approvals required in connection with the operation of its business and the ownership and use of such assets, all Environmental Approvals are in full force and effect, and neither CERF nor any CERF Subsidiary has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws or Environmental Approvals, or that

any Environmental Approval referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

- (g) there are no pending or, to the knowledge of CERF, threatened claims, liens or encumbrances resulting from Environmental Laws with respect to any of the properties of CERF or any CERF Subsidiary currently or formerly owned, leased, operated or otherwise used; and
- (h) neither CERF nor any CERF Subsidiary has assumed or retained by contract or operation of law any losses, expenses, claims, damages or liabilities of any third-party pursuant to applicable Environmental Laws.

(aa) Material Contracts: Other than agreements in the ordinary course of business, captured in the CERF Public Record, set forth in the Winalta Disclosure Letter and this Agreement, there are no material contracts or agreements to which CERF or any CERF Subsidiary is a party or by which it is bound.

(bb) Employee Benefit Plans: CERF has made available to Winalta true, complete and correct copies of each employee benefits plan (collectively, the “**CERF Plans**”) covering active, former or retired employees of CERF and the CERF Subsidiaries, any related trust agreement, annuity or insurance contract or other funding vehicle, and:

- (a) each CERF Plan has been maintained and administered in material compliance with its terms and is, to the extent required by Applicable Law or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefor;
- (b) all required employer contributions under any such plans have been made and the applicable funds have been funded in accordance with the terms thereof;
- (c) each CERF Plan that is required or intended to be qualified under Applicable Law or registered or approved by a Governmental Authority has been so qualified, registered or approved by the appropriate Governmental Authority, and to the knowledge of CERF, nothing has occurred since the date of the last qualification, registration or approval that would reasonably be expected to adversely affect, or cause, the appropriate Governmental Authority to revoke such qualification, registration or approval;
- (d) to the knowledge of CERF, there are no pending or anticipated claims against or otherwise involving any of the CERF Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of CERF Plan activities) has been brought against or with respect to any CERF Plan;
- (e) all contributions, reserves or premium payments required to be made to the CERF Plans have been made or provided for; and
- (f) CERF does not have any obligations for retiree health and life benefits under any CERF Plan.

- (cc) Employees:
- (a) CERF confirms that there are no severance, termination, change of control, bonus or retention payments payable to such employees, directors and consultants of CERF or any CERF Subsidiary as a result of the transactions contemplated by this Agreement.
 - (b) no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of CERF or any CERF Subsidiary by way of certification, interim certification, voluntary recognition, designation or successor rights or has applied to have CERF declared a related employer or successor employer pursuant to applicable labour legislation. Neither CERF nor any CERF Subsidiary has engaged in any unfair labour practices and, no strike, lock-out, work stoppage, or other labour dispute is occurring. To the knowledge of CERF, there are no threatened or pending strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts, slowdowns or similar labour related disputes pertaining to CERF or any CERF Subsidiary. Neither CERF nor any CERF Subsidiary has engaged in any closing or lay-off activities within the past two years that would materially violate or in any way subject CERF or any CERF Subsidiary to the group termination or lay-off requirements of the Applicable Laws; and
 - (c) neither CERF nor any CERF Subsidiary has recognized any trade union or has any staff association, staff council, works council or other organisation formed for or arrangements having a similar purpose and no notification to any trade union, staff association, staff council, works council or other organisation formed for or in respect of any arrangements having a similar purpose is required by CERF or any CERF Subsidiary for the purpose of consummating the transactions contemplated by this Agreement.
- (dd) Rights Plans: CERF does not have a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire CERF Shares or other securities of CERF or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement.
- (ee) Insurance: Policies of insurance that are in force as of the date hereof naming CERF and the CERF Subsidiaries, as applicable, as an insured adequately and reasonably cover all risks as are customarily covered in the industries in which the CERF and the CERF Subsidiaries operate and having regard to the nature of the risk insured and the relative cost of obtaining insurance to protect CERF's interests. All such policies shall remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.
- (ff) Board Approval: The CERF Board of Directors has unanimously (other than directors who are not eligible to vote on such matters in accordance with the ABCA due to an actual or potential conflict) made the determinations and recommendations as set out in Section 2.9.
- (gg) Proceeds of Crime: Each of CERF and the CERF Subsidiaries has not, directly or indirectly: (a) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or

instrumentality of any jurisdiction; or (b) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Canada Corruption of Foreign Public Officials Act* (Canada) or the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to CERF and the CERF Subsidiaries and their operations and CERF has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.

- (hh) Swaps: CERF does not currently have any outstanding swaps.
- (ii) Arrangements in Respect of Outstanding Securities: Neither CERF nor (to the knowledge of CERF) any of its shareholders is a party to any unanimous shareholders agreement, pooling agreement, voting trust or other similar type of arrangements in respect of outstanding securities of CERF.
- (jj) Insiders: To the knowledge of CERF, no insider of CERF has a present intention to sell any securities of CERF.
- (kk) Auditors: There has not been reportable event (within the meaning of Section 4.11 of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators) with CERF's auditors.
- (ll) Operation and Condition of Tangibles: All of CERF's and the CERF Subsidiaries' tangible depreciable property used or intended for use in connection with its business has been operated and maintained in accordance with good and prudent applicable industry practices in Canada and all Applicable Law during all periods in which CERF or the applicable CERF Subsidiary was owner thereof and such are in good condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of business.
- (mm) Place of Principal Offices: CERF is not incorporated in the United States, is not organized under the laws of the United States and does not have its principal office within the United States.
- (nn) Location of Assets and U.S. Sales: All of the assets and property of CERF, including all entities "controlled by" CERF for purposes of the *Hart-Scott-Rodino Antitrust Improvements Act* of 1976, as amended, are located outside the United States and did not generate sales in or into the United States exceeding US\$75.9 million during CERF's most recent completed fiscal year.
- (oo) Foreign Private Issuer: CERF is a "foreign private issuer" within the meaning of Rule 405 of Regulation C under the U.S. Securities Act.
- (pp) Investment Company: CERF is not registered or, assuming it was incorporated in the United States, required to be registered as an "investment company" pursuant to the *United States Investment Company Act* of 1940, as amended.

- (qq) Exchange Act: No class of securities of CERF is registered or required to be registered pursuant to Section 12 of the U.S. Exchange Act nor does CERF or any of its subsidiaries have a reporting obligation pursuant to Section 15(d) of the U.S. Exchange Act.
- (rr) No Guarantees: Each of CERF and the CERF Subsidiaries has not guaranteed, endorsed, assumed, indemnified (other than pursuant to indemnity agreements with its directors and officers and as contemplated by the by-laws of CERF and the CERF Subsidiaries and Applicable Laws, standard indemnity agreements in financial services (including credit facilities) and underwriting and agency agreements and indemnities provided in the ordinary course to industry partners and service providers) or accepted any responsibility for, and does not and will not guarantee, endorse, assume, indemnify or accept any responsibility for, contingently or otherwise, any indebtedness or the performance of any obligation of the directors, officers, employees, consultants of CERF or any CERF Subsidiary or CERF Shareholders.
- (ss) Payments to Employees Etc.: CERF and each CERF Subsidiary has withheld from each payment made to any of its present or former employees, officers or directors, or to other persons, all amounts required by law or administrative practice to be withheld by it on account of income taxes, pension plan contributions, employment insurance premiums, employer health taxes and similar taxes and levies, and has remitted such withheld amounts within the required time to the appropriate governmental entity. CERF and each CERF Subsidiary has charged, collected and remitted on a timely basis all sales, goods and services, value-added and other commodity taxes as required under applicable legislation on any sale, supply or delivery made by them.
- (tt) Debt Service Reserve Account: CERF does not maintain a debt service reserve account or account of a similar nature.
- (uu) CERF Net Debt: As at the date of this Arrangement Agreement, the CERF Net Debt does not exceed the amount disclosed in the CERF Disclosure Letter.
- (vv) Standstill Provisions: CERF has not waived any standstill or similar provisions contained in a confidentiality agreement or otherwise for any Person.
- (ww) No Withholding: CERF has not withheld from Winalta any material information or documents concerning CERF or CERF's assets or liabilities during the course of the review by Winalta of CERF and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document, including the CERF Disclosure Letter, provided or to be provided to Winalta by CERF pursuant hereto contains or will contain any untrue statement of a material fact which is necessary in order to make the statements herein or therein not misleading.
- (xx) Intellectual Property:
- (a) CERF and each CERF Subsidiary owns, or is validly licensed or otherwise have the right to use, all patents, patent rights, trademarks, trade names, service marks, industrial designs, design patents, copyrights, know how and other proprietary industrial or intellectual property industrial or rights that are used in its respective businesses;

- (b) the use by CERF or any CERF Subsidiary of its trademarks, trade names, service marks, copyrights, industrial designs, patents, design patents, know how and other industrial or intellectual property and all applications therefor (the “**CERF Applicable IP**”) does not infringe upon or breach the industrial or intellectual property rights of any other person; and
- (c) neither CERF nor any CERF Subsidiary has commenced legal proceedings against any person relating to an infringement by such person of any CERF Applicable IP,

except in each case to the extent that could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on CERF.

4.3

Privacy Issues

- (a) For the purposes of this Section 4.3, the following definitions shall apply:
 - (a) “**applicable law**” means, in relation to any Person, transaction or event, all applicable provisions of Applicable Laws by which such Person is bound or having application to the transaction or event in question, including applicable privacy laws;
 - (b) “**applicable privacy laws**” means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) or any comparable provincial law including the *Personal Information Protection Act* (Alberta) or both;
 - (c) “**authorized authority**” means, in relation to any Person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and
 - (a) “**Personal Information**” means information (other than business contact information when used or disclosed for the purpose of contacting such individual in that individual’s capacity as an employee or an official of an organization and for no other purpose) about an identifiable individual disclosed or transferred by one Party to another Party in accordance with this Agreement and/or as a condition of the Arrangement.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use or disclosure of Personal Information disclosed to either of the Parties pursuant to or in connection with this Agreement (the “**Disclosed Personal Information**”).

- (c) Prior to the completion of the Arrangement, neither Party shall use or disclose the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement. After the completion of the transactions contemplated herein, a Party may only collect, use and disclose the Disclosed Personal Information for the purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates or for the completion of the transactions contemplated herein, unless (a) either Party shall have first notified such individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such additional purpose, or (b) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from, such individual.
- (d) Each of the Parties acknowledges and confirms that the disclosure of the Disclosed Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the Disclosed Personal Information relates solely to the carrying on of the business or the completion of the Arrangement.
- (e) Each of the Parties acknowledge and confirm that it has taken and shall continue to take reasonable steps to, in accordance with applicable law, prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Subject to the following provisions, each of the Parties shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Prior to the completion of the Arrangement, each of the Parties shall take reasonable steps to ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective Party who have a *bona fide* need to access such information in order to complete the Arrangement.
- (g) Where authorized by applicable law, each of the Parties shall promptly notify the Other Party to this Agreement of all inquiries, complaints, requests for access, variations or withdrawals of consent and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable law, the Parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, variations or withdrawals of consent and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the Other Party shall forthwith cease all use of the Disclosed Personal Information acquired by it in connection with this Agreement and will return to the requesting Party or, at the requesting Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof) in its possession.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) Interim Order: The Interim Order shall have been granted on or before July 25, 2014 in form and substance satisfactory to each of Winalta and CERF, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Winalta and CERF, each acting reasonably, on appeal or otherwise.
- (b) Winalta Arrangement Resolution: The Winalta Arrangement Resolution shall have been passed by the Winalta Shareholders on or prior to the Outside Date.
- (c) CERF Resolution: The CERF Resolution, to the extent such resolutions are required pursuant to Applicable Laws or the TSXV, shall have been passed by the CERF Shareholders on or prior to the Outside Date.
- (d) Final Order: The Final Order shall have been granted in form and substance satisfactory to Winalta and CERF, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Winalta and CERF, acting reasonably, on appeal or otherwise.
- (e) CERF Shares: The TSXV shall have conditionally approved for listing all of the CERF Shares issuable to the Winalta Shareholders pursuant to the Arrangement, subject only to customary conditions in the opinion of Winalta and CERF, each acting reasonably.
- (f) Winalta Articles of Arrangement: The Winalta Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of CERF and Winalta, acting reasonably.
- (g) Third Party Approvals: Each of Winalta and CERF shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from any Person, including relevant Governmental Authorities, on terms and conditions satisfactory to the Parties, acting reasonably (collectively, the “**Third Party Approvals**”).
- (h) No Actions: There shall be no action taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority, that:
 - (a) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
 - (b) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.

- (i) Following completion of the Arrangement, the CERF Board of Directors will be comprised of seven persons, four of whom are CERF nominees and three of whom are Winalta nominees. CERF shall use reasonable commercial efforts to implement the foregoing composition of the CERF Board of Directors effective on or about the Effective Time.

The foregoing conditions are for the mutual benefit of Winalta and CERF and may be waived, in whole or in part, by the Parties at any time. If any of the foregoing conditions are not satisfied or waived on or before the Outside Date, then a Party may terminate this Agreement as provided in Section 8.1(b) (save and except for Article 6 and Section 4.3 hereof which shall survive such termination and remain in full force and effect) by written notice to the Other Party in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of such terminating Party's breach of this Agreement.

5.2 Additional Conditions to Obligations of Winalta

The obligation of Winalta to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties: The representations and warranties of CERF set forth herein shall be true and correct (without giving effect to, applying or taking into consideration any materiality qualification already contained in such representation and warranty) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties, except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result, or would not reasonably be expected to result, in a Material Adverse Change or have a Material Adverse Effect on CERF or would not, or would not reasonably be expected to, materially impede the ability of the Parties to complete the Arrangement, and CERF shall have provided to Winalta a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date; provided that CERF shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Winalta (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (b) Covenants: CERF shall have complied in all respects with its covenants herein (without giving effect to, applying or taking into consideration any materiality qualification already contained in such covenant or obligation), except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on CERF or would not reasonably be expected to significantly impede the ability of the Parties to complete the Arrangement, and CERF shall have provided to Winalta a certificate of a senior officer certifying compliance with such covenants; provided that CERF shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Winalta (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) No Actions: No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or

appointed public official or private Person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of Winalta, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect on CERF or would materially impede the ability of the Parties to complete the Arrangement.

- (d) Mailing Date: The Parties shall use best efforts to cause the Mailing Date to occur by July 31, 2014, but in any event the Mailing Date shall occur not later than August 6, 2014, provided that the failure to mail by such date is not caused by a material breach of Winalta's covenants under this Agreement.
- (e) Effective Date: The Effective Date shall occur on or before the Outside Date, provided that the failure to close by such date is not caused by a material breach of Winalta's covenants under this Agreement.
- (f) CERF Board and Shareholder Authorization: CERF shall have furnished Winalta with:
 - (a) certified copies of the resolutions duly passed by the CERF Board of Directors approving the entering into of this Agreement and the consummation of the transactions contemplated hereby; and
 - (b) a certified copy of the CERF Resolution duly passed by CERF Shareholders at the CERF Meeting.
- (g) No Material Adverse Change. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to CERF.
- (h) CERF Common Shares. Winalta shall be satisfied, acting reasonably, that immediately prior to the Effective Time the aggregate number of CERF Shares issued and outstanding on a fully diluted basis does not exceed 22,779,234 CERF Shares and CERF shall have provided to Winalta a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (i) CERF Dividend Policy: The dividend policy of CERF shall not have changed from the date of the execution of this Agreement until the Effective Time.
- (j) CERF Net Debt: As at the date of the Arrangement Agreement, the CERF Net Debt shall not have exceeded the amount disclosed in the CERF Disclosure Letter and CERF shall have provided to Winalta a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (k) Agreements: CERF shall have tabled duly executed copies of all agreements, documents and instruments required to be tabled by such Parties pursuant to the Plan of Arrangement.

The conditions in this Section 5.2 are for the exclusive benefit of Winalta and may be asserted by Winalta regardless of the circumstances or may be waived by Winalta in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Winalta may have. If any of the foregoing conditions are not satisfied or waived, Winalta may, in addition to any other remedies it

may have at law or equity, terminate this Agreement as provided in Section 8.1(a)(b) (save and except for Article 6 and Section 4.3 hereof which shall survive such termination and remain in full force and effect).

5.3 **Additional Conditions to Obligations of CERF**

The obligation of CERF to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the following conditions:

- (a) Representations and Warranties: The representations and warranties of Winalta set forth herein shall be true and correct (without giving effect to, applying or taking into consideration any materiality qualification already contained in such representation and warranty) as of the Effective Date as if made on and as of such date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties, except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result, or would not reasonably be expected to result, in a Material Adverse Change or have a Material Adverse Effect on Winalta or would not, or would not reasonably be expected to, materially impede the ability of the Parties to complete the Arrangement, and Winalta shall have provided to CERF a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date; provided that Winalta shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from CERF (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (b) Covenants: Winalta shall have complied in all respects with its covenants herein (without giving effect to, applying or taking into consideration any materiality qualification already contained in such covenant or obligation), except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect on Winalta or would not reasonably be expected to significantly impede the ability of the Parties to complete the Arrangement, and Winalta shall have provided to CERF a certificate of a senior officer certifying compliance with such covenants; provided that Winalta shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from CERF (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date).
- (c) No Actions: No act, action, suit, proceeding, objection or opposition shall have been threatened or taken before or by any Governmental Authority or by any elected or appointed public official or private Person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been proposed, enacted, promulgated, amended or applied, which in the sole judgment of CERF, acting reasonably, in either case has had or, if the Arrangement was consummated, would result in a Material Adverse Effect on Winalta or would materially impede the ability of the Parties to complete the Arrangement.
- (d) Mailing Date: The Parties shall use best efforts to cause the Mailing Date to occur by July 31, 2014, but in any event the Mailing Date shall occur not later than

August 6, 2014, provided that the failure to mail by such date is not caused by a material breach of CERF's covenants under this Agreement.

- (e) Effective Date: The Effective Date shall occur on or before the Outside Date, provided that the failure to close by such date is not caused by a material breach of CERF's covenants under this Agreement.
- (f) Board and Shareholder Authorization: Winalta shall have furnished CERF with:
 - (a) certified copies of the resolutions duly passed by the Winalta Board of Directors approving the entering into of this Agreement and the consummation of the transactions contemplated hereby; and
 - (b) a certified copy of the Winalta Arrangement Resolution duly passed by Winalta Shareholders and any other securityholders of Winalta who may be required to approve the Arrangement Resolution at the Winalta Meeting.
- (g) Dissent Rights: Winalta Shareholders holding not more than 5% of the Winalta Shares then outstanding shall have validly exercised, and not withdrawn, Dissent Rights, and Winalta shall have provided to CERF a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date with respect to Winalta.
- (h) Winalta Options: CERF shall be satisfied, acting reasonably, that all Winalta Options have either been exercised in accordance with their terms by the holders thereof in exchange for Winalta Shares or terminated for nil consideration pursuant to the Winalta Cancellation Agreements.
- (i) No Material Adverse Change. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to Winalta.
- (j) Winalta Common Shares: CERF shall be satisfied, acting reasonably, that immediately prior to the Effective Time the aggregate number of Winalta Shares issued and outstanding on a fully diluted basis does not exceed 43,128,631 Winalta Shares and Winalta shall have provided to CERF a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (k) Releases: Executed mutual resignations and releases in a form acceptable to CERF, acting reasonably, shall have been received by CERF on or prior to the Effective Date from each Person who is a director or officer of Winalta.
- (l) Lock-up Agreements: None of the Winalta Lock-up Agreements shall have been breached in any material respects.
- (m) Winalta Net Debt: As at the date of the Arrangement Agreement, the Winalta Net Debt shall not have exceeded the amount disclosed in the Winalta Disclosure Letter and Winalta shall have provided to CERF a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.
- (n) Transactions Costs: The Financial Advisory Fee shall not have exceeded \$1,250,000 and the Winalta Change of Control Payments shall not have exceeded \$1,000,000 and

Winalta shall have provided to CERF a certificate of a senior officer certifying (without personal liability) such facts on the Effective Date.

- (o) Winalta Share Reduction: The Executive Chairman of Winalta shall have entered into an agreement with CERF that within six months of the Effective Date, the Executive Chairman of Winalta shall use reasonable commercial efforts to reduce the percentage of CERF Shares he beneficially owns, controls or directs to less than 20% of the CERF Shares then outstanding (calculated on a basic basis) provided that such CERF Shares can be sold at a price higher than the trading price for the CERF Shares calculated on the basis of the volume weighed average price of the CERF Shares for the five trading days immediately preceding the Effective Date.
- (p) Support Agreement for CERF Board: The Executive Chairman of Winalta shall have entered into a support agreement with CERF providing for his agreement to vote for the appointment of all of the nominees for the CERF Board of Directors, as recommended by the majority of the CERF Board of Directors and providing for his agreement not to serve as a director of CERF and his entitlement to attend meeting of the CERF Board of Directors as an observer, which support agreement shall terminate on the day following the annual meeting of CERF Shareholders to be held in 2015. Such support agreement shall provide that management of CERF will ensure the appointment of nominees as provided in Section 5.1(i) for the term of the support agreement.
- (q) Winalta Dividend Policy: The dividend policy of Winalta shall not have changed from the date of the execution of this Agreement until the Effective Time.
- (r) Non-Competition Agreement: The Executive Chairman of Winalta shall have entered into a non-competition and non-solicitation agreement in favour of CERF for a period of 18 months from the Effective Date.
- (s) Executive Employment Agreements: Each of the President of Winalta and the Vice President, Sales of Winalta shall have entered into mutually acceptable employment agreements with CERF on similar terms to their existing employment contracts and which will include standard non-compete clauses.
- (t) Agreements: Winalta shall have tabled duly executed copies of all agreements, documents and instruments required to be tabled by such Parties pursuant to the Plan of Arrangement.
- (u) Winalta Credit Facility: The Winalta Credit Facility shall be assumed by CERF's lenders or syndicated on terms reasonably acceptable to CERF.

The conditions in this Section 5.3 are for the exclusive benefit of CERF and may be asserted by CERF regardless of the circumstances or may be waived by CERF in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which CERF may have. If any of the foregoing conditions are not satisfied or waived, CERF may, in addition to any other remedies it may have at law or equity, terminate this Agreement as provided in Section 8.1(a)(b) (save and except for Article 6 and Section 4.3 hereof which shall survive such termination and remain in full force and effect).

5.4 **Notice and Effect of Failure to Comply with Conditions**

Each of Winalta and CERF shall give prompt notice to the other 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: (a) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect; or (b) 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.

5.5 **Satisfaction of Conditions**

The conditions set out in this Article 5 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, the Winalta Articles of Arrangement are filed under the ABCA to give effect to the Arrangement.

ARTICLE 6 AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

6.1 **Damages**

If at any time after the execution of this Agreement and prior to its termination:

- (a) the Winalta Board of Directors withdraws, amends, changes or qualifies, or proposes publicly to withdraw, amend, change or qualify, in any manner adverse to CERF, any of its recommendations, approvals or determinations referred to in Section 2.8;
- (b) the CERF Board of Directors withdraws, amends, changes or qualifies, or proposes publicly to withdraw, amend, change or qualify, in any manner adverse to Winalta, any of its recommendations, approvals or determinations referred to in Section 2.9;
- (c) the Winalta Board of Directors shall have failed to publicly reaffirm any of its recommendations, approvals or determinations referred to in Section 2.8 in accordance with Section 3.4(e);
- (d) the CERF Board of Directors shall have failed to publicly reaffirm any of its recommendations, approvals or determinations referred to in Section 2.9 in accordance with Section 3.4(e);
- (e) a *bona fide* Acquisition Proposal is publicly announced, proposed, offered or made to the Winalta Shareholders or to Winalta and has not expired or been withdrawn at the time of the Winalta Meeting, and the Winalta Shareholders do not approve the Arrangement or the Arrangement is not submitted for their approval, and (whether prior to or following termination of this Agreement) such Acquisition Proposal is consummated within twelve months of the date such Acquisition Proposal is publicly announced, proposed, offered or made;
- (f) a *bona fide* Acquisition Proposal is publicly announced, proposed, offered or made to the CERF Shareholders or to CERF and has not expired or been withdrawn at the time of the CERF Meeting, and the CERF Shareholders do not approve the CERF Resolution or the CERF Resolution is not submitted for their approval (provided such approval is required

by the TSXV), and (whether prior to or following termination of this Agreement) such Acquisition Proposal is consummated within twelve months of the date such Acquisition Proposal is publicly announced, proposed, offered or made;

- (g) the Winalta Board of Directors accepts, recommends, approves or enters into an agreement to implement a Superior Proposal;
- (h) the CERF Board of Directors accepts, recommends, approves or enters into an agreement to implement a Superior Proposal;
- (i) either Party is in breach of any of its covenants made in this Agreement which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or Material Adverse Effect on, such Party or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and such Party fails to cure such breach within five Business Days after receipt of written notice thereof from the Other Party (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date); or
- (j) either Party is in breach of any of its representations or warranties made in this Agreement (without giving effect to any materiality qualifiers contained therein) which breach individually or in the aggregate causes or would reasonably be expected to cause a Material Adverse Change with respect to, or have a Material Adverse Effect on, such Party or materially impedes or would reasonably be expected to materially impede the completion of the Arrangement, and such Party fails to cure such breach within five Business Days after receipt of written notice thereof from the Other Party (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Outside Date);

(i) each of Sections 6.2(a), (c),(e),(g), (i) and (j) (for (i) and (j) the Party being Winalta) the above being a “**CERF Damages Event**”, then in the event of the termination of this Agreement pursuant to Article 8, Winalta shall pay to CERF (or to whom CERF may direct in writing) \$1,000,000 (the “**CERF Termination Fee**”) as liquidated damages in immediately available funds to an account designated by CERF within one Business Day after the first to occur of the events described above; and (ii) each of Sections 6.2(b),(d),(f),(h),(i) and (j) (for (i) and (j) the Party being CERF) the above being a “**Winalta Damages Event**”, then in the event of the termination of this Agreement pursuant to Article 8, CERF shall pay to Winalta (or to whom Winalta may direct in writing) \$1,000,000 (the “**Winalta Termination Fee**”) as liquidated damages in immediately available funds to an account designated by Winalta within one Business Day after the first to occur of the events described above. Following a CERF Damages Event or Winalta Damages Event, as applicable, but prior to payment of the CERF Termination Fee or Winalta Termination Fee, as applicable, Winalta or CERF, as applicable, shall be deemed to hold such applicable payment in trust for the Other Party.

6.2 Liquidated Damages

Each Party acknowledges that the Winalta Termination Fee and the CERF Termination Fee set out in Section 6.1 are a payment of liquidated damages which are a genuine pre estimate of the damages which Winalta or CERF, as the case may be, will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Agreement and is not a penalty. Each of the Parties irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. For greater certainty, the Parties agree that the payment of the amounts pursuant to

Sections 6.1 and 6.2 is the sole monetary remedy of the respective Party receiving such payment; provided, however, that this limitation shall not apply in the event of fraud or intentional breach of this Agreement by either of the Parties. Nothing herein shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement, the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith.

ARTICLE 7 AMENDMENT

7.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the later of the Winalta Meeting or the CERF Meeting be amended by written agreement of all of the Parties hereto without, subject to Applicable Law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Winalta Shareholder without approval by the affected securityholders given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

7.2 Amendment of Plan of Arrangement

The Parties may agree to amend the Plan of Arrangement as set forth in Article 6 of the Plan of Arrangement.

ARTICLE 8 TERMINATION

8.1 Termination

- (a) This Agreement may be terminated at any time prior to the Effective Date:
 - (a) by mutual written consent of Winalta and CERF;
 - (b) as provided in Sections 5.1, 5.2 and 5.3;
 - (c) by Winalta upon the occurrence of a Winalta Damages Event as provided in Section 6.1;
 - (d) by CERF upon the occurrence of a CERF Damages Event as provided in Section 6.1; and

- (e) by either Party upon the occurrence of a CERF Damages Event or Winalta Damages Event as provided in Section 6.2(c) or (d) (in accordance with Section 3.4(b)(g) and provided the Other Party has complied with its obligations set forth in Section 3.4(d)) and the payment by such Party of the amount required by Section 6.1 has been made.
- (b) If this Agreement is terminated in accordance with the foregoing provisions of this Section 8.1, this Agreement shall forthwith become void and neither Party shall have any liability or further obligation to and of the Other Party hereunder except as provided in Article 6 and Section 4.3 and each Party's obligations under the Confidentiality Agreements, which shall survive such termination, and provided that neither the termination of this Agreement nor anything contained in this Section 8.1(b) shall relieve either Party from any liability for any breach by it of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein, prior to the date of such termination.

ARTICLE 9 NOTICES

9.1 Notices

All notices that 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, delivered by overnight courier or sent by email or facsimile transmission:

- (a) in the case of Winalta, to:

2250, 520 – 5th Avenue SW
Calgary, Alberta T2P 3R7

Facsimile Number: (403) 776-3800
Attention: Austin Fraser, President
Email: afraser@winaltainc.com

with a copy to:

Torys LLP
Suite 4600, 525 - 8th Avenue SW
Calgary, Alberta T2P 1G1

Facsimile Number: (403) 776-3800
Attention: Janan Paskaran
Email: jpaskaran@torys.com

(b) in the case of CERF, to:

600, 404 – 6th Avenue SW
Calgary, Alberta T2P 0R9

Facsimile Number: (403)
Attention: Wayne Wadley, President and Chief Executive Officer
Email: wwadley@cerfcorp.com

with a copy to:

Borden Ladner Gervais LLP
Centennial Place, East Tower
1900, 520 - 3rd Avenue SW
Calgary, Alberta T2P 0R3

Facsimile Number: (403) 266-1395
Attention: William C. Guinan and Steven G. Pearson
Email: bguinan@blg.com and spearson@blg.com

or such other address as the Parties may, from time to time, advise the Other Party 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 facsimile transmission is received or a confirmation of receipt of email is received.

ARTICLE 10 GENERAL

10.1 Binding Effect

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

10.2 Assignment

Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either Party hereto without the prior written consent of the Other Party hereto.

10.3 Public Communications

Each of the Parties agree to consult with the Other Party prior to issuing any press releases or otherwise making public statements with respect to this Agreement or the Arrangement or making any filing with any Governmental Authority with respect thereto. Without limiting the generality of the foregoing, no Party shall issue any press release regarding the Arrangement, this Agreement or any transaction relating to this Agreement without first providing a draft of such press release to the Other Party and reasonable opportunity for comment; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make any such disclosure required in accordance with Applicable Laws. If such disclosure is required and the Other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the Other Party, and if such prior notice is not possible, to give such notice promptly following such disclosure.

10.4 **Costs**

Except as otherwise expressly provided for in Section 3.1(w), Section 3.2(t) and Article 6, 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 Arrangement is completed.

10.5 **Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

10.6 **Further Assurances**

Each of the Parties hereto shall, from time to time and at all times hereafter, at the request of the Other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments and provide all such further assurances as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

10.7 **Time of Essence**

Time shall be of the essence of this Agreement.

10.8 **Applicable Law and Enforcement**

This Agreement shall be governed, including as to validity, interpretation and effect, by the Applicable Laws of the Province of Alberta and the Applicable Laws of Canada applicable therein. The Parties hereby irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of Alberta in respect of all matters arising out of this Agreement. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is, accordingly, agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of Alberta having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity, subject to the provisions of this Agreement.

10.9 **Waiver**

Either Party may, on its own behalf only, (i) extend the time for the performance of any of the obligations or acts of the Other Party, (ii) waive compliance with the Other Party's agreements or the fulfillment of any conditions to its own obligations contained herein, or (iii) waive inaccuracies in the Other Party's representations or warranties contained herein or in any document delivered by the Other Party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of the Other Party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

10.10 **Third Party Beneficiaries**

The provisions of Section 2.6(a) and 2.6(b) are: (a) intended for the benefit of all such present directors and officers of Winalta and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the “**Winalta Third Party Beneficiaries**”) and Winalta shall hold the rights and benefits of such section in trust for and on behalf of the Winalta Third Party Beneficiaries and CERF hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Winalta Third Party Beneficiaries; and (b) are in addition to, and not in substitution for, any other rights that the Winalta Third Party Beneficiaries may have by contract or otherwise.

[Remainder of page left blank intentionally – signatures follow]

10.11 **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.

CERF INCORPORATED

By: (signed) "Wayne Wadley"
 Wayne Wadley, President

WINALTA INC.

By: (signed) "Austin Fraser"
 Austin Fraser, President

**EXHIBIT “A”
PLAN OF ARRANGEMENT**

See attached.

PLAN OF ARRANGEMENT UNDER SECTION 193

OF THE

BUSINESS CORPORATION ACT (ALBERTA)

**ARTICLE 1
INTERPRETATION**

- 1.1 In this Plan of Arrangement, the following defined terms have the meanings hereinafter set forth:
- (a) "**ABCA**" means the Business Corporations Act, R.S.A. 2000, c. B 9, as amended, including the regulations promulgated thereunder;
 - (b) "**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to Section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
 - (c) "**Arrangement Agreement**" means the arrangement agreement dated effective as of June 26, 2014 between Winalta and CERF with respect to the Arrangement and all amendments thereto and amendments and restatements thereof;
 - (d) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Section 193(10) of the ABCA to be filed with the Registrar after the Final Order has been made to give effect to the Arrangement;
 - (e) "**Business Day**" means a day other than a Saturday, Sunday or other day when banks in the city of Calgary, Alberta are not generally open for business;
 - (f) "**CERF**" means CERF Incorporated, a corporation amalgamated pursuant to the ABCA;
 - (g) "**CERF Shares**" means the common shares in the capital of CERF, as constituted from time to time;
 - (h) "**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Registrar pursuant to Section 193(11) of the ABCA giving effect to the Arrangement;
 - (i) "**Court**" means the Court of Queen's Bench of Alberta;
 - (j) "**Depository**" means Valiant Trust Company or such other trust company as may be designated by Winalta and CERF;
 - (k) "**Effective Date**" means the date that the Arrangement is effective under the ABCA;
 - (l) "**Effective Time**" means 12:01 a.m. on the Effective Date;
 - (m) "**Final Order**" means the final order of the Court approving the Arrangement under Section 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

- (n) **"Interim Order"** means the interim order of the Court under Section 193(4) of the ABCA containing declarations and directions with respect to the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
 - (o) **"ITA"** means the Income Tax Act (Canada), including the regulations promulgated thereunder, all as amended;
 - (p) **"Letter of Transmittal"** means the letter of transmittal sent to the registered Winalta Shareholders pursuant to which registered Winalta Shareholders are required to deliver certificates representing their Winalta Shares to receive CERF Shares issuable to them pursuant to this Arrangement;
 - (q) **"Person"** includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, government (including any governmental entity), syndicate or other entity, whether or not having legal status;
 - (r) **"Registrar"** means the Registrar of Corporations or a Deputy Registrar of Corporations appointed under Section 263 of the ABCA;
 - (s) **"Winalta"** means Winalta Inc., a corporation incorporated pursuant to the ABCA;
 - (t) **"Winalta Dissent Rights"** mean the rights of dissent granted in Article 4 hereof to the registered Winalta Shareholders in respect of the Arrangement and the Interim Order;
 - (u) **"Winalta Dissenting Shareholders"** mean registered Winalta Shareholders who validly exercise the Winalta Dissent Rights with respect to the Arrangement provided to them under this Plan of Arrangement and the Interim Order;
 - (v) **"Winalta Meeting"** means the special meeting of Winalta Shareholders to be held to consider the Arrangement and related matters, and any adjournment(s) thereof;
 - (w) **"Winalta Shares"** means the common shares in the capital of Winalta; and
 - (x) **"Winalta Shareholders"** means holders of Winalta Shares.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections and subsections are to articles, sections and subsections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing any gender shall include all genders.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the parties is not a Business Day in the place where the action is required to be taken,

such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.
- 1.7 Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

ARTICLE 2 ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to the Arrangement Agreement and is subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, shall become effective at the Effective Time, and shall be binding at and after the Effective Time on: (a) the Winalta Shareholders; (b) Winalta; (c) CERF; and (d) all other persons.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 3 has become effective in the sequence and at the times set out therein. If no Certificate is required to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA, the Arrangement shall become effective at the Effective Time on the date the Articles of Arrangement are filed with the Registrar pursuant to Subsection 193(10) of the ABCA.

ARTICLE 3 ARRANGEMENT

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur on the Effective Date in the following order without any further act or formality, except as otherwise provided herein:
 - (a) subject to Section 4.1 hereof, the Winalta Shares held by Winalta Dissenting Shareholders shall be deemed to be transferred to CERF and shall continue to be outstanding, and such Winalta Dissenting Shareholders shall cease to have any rights as Winalta Shareholders, other than the right to be paid the fair value of their Winalta Shares by CERF in accordance with the Winalta Dissent Rights;
 - (b) all Winalta Shareholders (other than CERF) shall transfer to CERF all of the Winalta Shares held by them in exchange for and as the sole consideration for 0.3352 CERF Shares for each 1.0 Winalta Share so transferred;
- 3.2 with respect to each Winalta Shareholder, other than Winalta Dissenting Shareholders, at the Effective Time, upon the exchange of Winalta Shares for CERF Shares pursuant to Section 3.1(b):

- (a) each holder of such Winalta Shares shall cease to be a holder of the Winalta Shares so exchanged and the name of such holder shall be removed from the register of holders of Winalta Shares as it relates to the Winalta Shares so exchanged;
 - (b) CERF shall become the holder of the Winalta Shares so exchanged and shall be added to the register of holders of Winalta Shares; and
 - (c) CERF shall allot and issue to such holder the number of CERF Shares issuable to such holder on the basis set forth in Section 3.1(b) and the name of such holder shall be added to the register of holders of CERF Shares.
- 3.3 The amount to be added to the stated capital account in respect of the CERF Shares shall not exceed the paid up capital of the exchanged Winalta Shares.

ARTICLE 4

DISSENTING WINALTA SHAREHOLDERS

- 4.1 Each registered Winalta Shareholder shall have the right to dissent with respect to the Arrangement, in the same manner as provided for in Section 191 of the ABCA, but as modified by the terms of this Plan of Arrangement and the Interim Order. A Winalta Dissenting Shareholder shall, immediately after the step contemplated in Section 3.1(a), cease to have any rights as a Winalta Shareholder and shall only be entitled to be paid by CERF the fair value of such Winalta Dissenting Shareholder's Winalta Shares under the Arrangement net of all withholding or other taxes. The fair value of the Winalta Shares shall be determined as of the close of business on the last Business Day before the day on which the Arrangement is approved by the Winalta Shareholders at the Winalta Meeting. A Winalta Dissenting Shareholder who is entitled to be paid the fair value of its Winalta Shares shall be deemed to have transferred its Winalta Shares to CERF at the Effective Time, notwithstanding Section 191 of the ABCA. A Winalta Dissenting Shareholder who for any reason is not entitled to be paid the fair value of its Winalta Shares shall be treated as if such Winalta Dissenting Shareholder had participated in the Arrangement on the same basis as a non-dissenting Winalta Shareholder, in which case CERF shall transfer the CERF Shares to which the Winalta Dissenting Shareholder is entitled under the Arrangement to the Winalta Dissenting Shareholder. In no event shall Winalta, CERF or any other Person be required to recognize a Winalta Dissenting Shareholder as a Winalta Shareholder after the transfer of the Winalta Shares to CERF pursuant to Section 3.1(a). For greater certainty, in addition to any other restrictions in Section 191 of the ABCA, no Person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

ARTICLE 5

OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

- 5.1 At or promptly after the Effective Time, CERF shall issue to the Depositary an irrevocable treasury order authorizing the Depositary, as the registrar and transfer agent of CERF, to issue certificates representing the aggregate number of CERF Shares to which the Winalta Shareholders are entitled in accordance with the terms of the Arrangement.
- 5.2 From and after the Effective Time, each certificate formerly representing Winalta Shares shall represent only the right to receive:

- (a) in the case of certificates held by Winalta Dissenting Shareholders, other than those Winalta Dissenting Shareholders deemed to have participated in the Arrangement pursuant to Section 4.1, the fair value of the Winalta Shares represented by such certificates from CERF as provided for in the Interim Order and Section 4.1; and
 - (b) in the case of certificates held by all other Winalta Shareholders, the number of CERF Shares that such Winalta Shareholder is entitled to in accordance with the terms and subject to the limitations of this Plan of Arrangement upon such former holder depositing with the Depositary the certificates representing his/her/its Winalta Shares, a duly completed and signed Letter of Transmittal and such other documents and instruments as the Depositary may reasonably require.
- 5.3 If any certificate which immediately prior to the Effective Time represented outstanding Winalta Shares has been lost, stolen or destroyed, upon satisfying such reasonable requirements as may be imposed by CERF and the Depositary in relation to the issuance of replacement share certificates, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement.
- 5.4 All dividends and distributions, if any, made with respect to any CERF Shares allotted and issued pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such dividends and distributions to which such holder is entitled, net of applicable withholding and other taxes (and no interest shall be payable by CERF, Winalta or the Depositary in respect thereof).
- 5.5 Any certificate formerly representing Winalta Shares that is not deposited with all other documents as required by this Plan of Arrangement and the Letter of Transmittal on or before the last Business Day prior to the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature, and the right of the holder of such Winalta Shares, to receive certificates representing CERF Shares to which such holder is entitled pursuant to the Arrangement (together with all dividends, distributions or other payments thereon held for such holder) shall be deemed to be surrendered to CERF.
- 5.6 No certificates representing fractional CERF Shares shall be issued pursuant to the Arrangement. In lieu of any fractional CERF Shares, each registered Winalta Shareholder otherwise entitled to a fractional interest in a CERF Share will receive the nearest whole number of CERF Shares. For greater certainty, where such fractional interest is greater than or equal to 0.5, the number of CERF Shares to be issued will be rounded up to the nearest whole number, and where such fractional interest is less than 0.5, the number of CERF Shares to be issued will be rounded down to the nearest whole number.
- 5.7 CERF, Winalta and the Depositary shall be entitled to deduct and withhold from any consideration, dividend or distribution otherwise payable to any former holder of Winalta Shares, such amounts as either CERF, Winalta or the Depositary are required to deduct

and withhold with respect to such payment under the ITA or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the holder of the securities in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. CERF, Winalta and the Depositary are hereby authorized to sell or otherwise dispose of such portion of the consideration as is necessary to provide sufficient funds to CERF, Winalta and the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement, and CERF, Winalta and the Depositary shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale to such holder.

- 5.8 After the Effective Time, the Winalta Shareholders (other than CERF) shall not be entitled to any interest, dividend, premium or other payment on or with respect to the Winalta Shares other than the CERF Shares which they are entitled to receive pursuant to this Plan.

ARTICLE 6 AMENDMENTS

- 6.1 CERF and Winalta may by mutual agreement amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) filed with the Court and, if made following the Winalta Meeting, approved by the Court; and (iii) communicated to holders of Winalta Shares, if and as required by the Court.
- 6.2 Other than as may be required under the Interim Order, any amendment to this Plan of Arrangement may be proposed by Winalta or CERF at any time prior to or at the Winalta Meeting (provided that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Winalta Meeting, shall become part of this Plan of Arrangement for all purposes.
- 6.3 Any amendment to this Plan of Arrangement that is approved by the Court following the Winalta Meeting shall be effective only if it is consented to by each of CERF and Winalta.

EXHIBIT "B"
WINALTA ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF WINALTA INC. ("**Winalta**") THAT:

the arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Appendix ● to the Joint Information Circular of Winalta and CERF Incorporated dated ●, 2014 (the "**Information Circular**") accompanying the notice of meeting is hereby authorized, approved, ratified and confirmed;

the arrangement agreement between Winalta and CERF dated June 26, 2014 (the "**Arrangement Agreement**"), a copy of which is attached as Appendix ● to the Information Circular accompanying the notice of meeting, with such amendments or variations thereto made in accordance with the terms of the Arrangement Agreement as may be approved by the persons referred to in paragraph 0 hereof, such approval to be evidenced conclusively by their execution and delivery of any such amendments or variations, is hereby authorized, approved, ratified and confirmed;

notwithstanding that this resolution has been duly passed and/or has received the approval of the Court of Queen's Bench of Alberta, the board of directors of Winalta may, without further notice to or approval of the securityholders of Winalta, subject to the terms of the arrangement agreement between Winalta and CERF (the "**Arrangement Agreement**") and the Arrangement: (i) amend or terminate the Arrangement Agreement or the Plan of Arrangement; or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;

any director or officer of Winalta is hereby authorized, for and on behalf of Winalta, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and

all actions heretofore taken by or on behalf of Winalta in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.

EXHIBIT "C"
CERF RESOLUTION

BE IT RESOLVED AS AN ORDINARY RESOLUTION OF THE HOLDERS OF COMMON SHARES OF CERF INCORPORATED ("**CERF**") THAT:

the issuance of such number of common shares of CERF as are required in connection with the arrangement under Section 193 of the *Business Corporations Act* (Alberta) (the "**Arrangement**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Appendix • to the Joint Information Circular of CERF and Winalta Inc. dated June 26, 2014 (the "**Information Circular**") accompanying the notice of meeting resulting in the creation of a Control Person of CERF under the policies of the TSX Venture Exchange whereby Mr. Artie Kos will beneficially own, control or direct greater than 20% of the common shares of CERF is hereby authorized, approved, ratified and confirmed;

the number of members of the board of the directors of CERF be fixed at 7 (seven);

in addition to the current directors of CERF, being Wayne Wadley, Ken Stephens, John Koop, William C. Guinan and David Maplethorpe, the following persons be elected as directors of CERF to hold office for the ensuing year until the next annual meeting of shareholders of CERF or until their successors are elected or appointed, unless such office is earlier vacated in accordance with the by-laws of CERF;

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notwithstanding that this resolution has been duly passed, the board of directors of CERF may, without further notice to or approval of the securityholders of CERF, subject to the terms of the Arrangement, (i) amend or terminate the Arrangement, or (ii) revoke this resolution at any time prior to the filing of articles of arrangement giving effect to the Arrangement;

any director or officer of CERF is hereby authorized, for and on behalf of CERF, to execute and deliver articles of arrangement and to execute, with or without the corporate seal, and, if appropriate, deliver all other documents and instruments and to do all other things as in the opinion of such director or officer may be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such document or instrument, and the taking of any such action; and

all actions heretofore taken by or on behalf of CERF in connection with any matter referred to in any of the foregoing resolutions which were in furtherance of the Arrangement are hereby approved, ratified and confirmed in all respects.