WESTERN ENERGY SERVICES CORP.

and

SAVANNA ENERGY SERVICES CORP.

ARRANGEMENT AGREEMENT

March 8, 2017

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ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of March 8, 2017,

BETWEEN:

> **WESTERN ENERGY SERVICES CORP.**, a corporation existing under the laws of the Province of Alberta with its head office in the City of Calgary in the Province of Alberta (the "**Purchaser**")
>
> \- and -
>
> **SAVANNA ENERGY SERVICES CORP.**, a corporation existing under the laws of the Province of Alberta with its head office in the City of Calgary in the Province of Alberta (the "**Company**").

WHEREAS:

A. The Purchaser desires to acquire all of the issued and outstanding Company Shares in exchange for the New Purchaser Shares by way of the Arrangement.

B. After receiving financial and legal advice, the members of the Company Board have determined that the Consideration to be received by the Company Shareholders pursuant to the Arrangement is fair from a financial point of view and that the Arrangement is in the best interests of the Company and the Company Shareholders, and have resolved to support the Arrangement and to recommend that the holders of the Company Shares vote in favour of the Arrangement, all subject to the terms and conditions contained herein.

C. The Purchaser has entered into the Purchaser Voting Agreements, each dated as of the date of this Agreement, with each of the directors and officers of the Company.

D. The Company has entered into the Company Voting Agreements, each dated as of the date of this Agreement, with each of the directors and officers of the Purchaser.

E. In furtherance of the foregoing, the Parties have entered into this Agreement to provide for the matters referred to in these recitals and for other matters relating to the 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 agree as follows:

ARTICLE 1
INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

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

"**Acquisition Proposal**" means, other than the transactions contemplated by this Agreement and other than any transaction involving only the Purchaser and/or one or more of its wholly-owned Subsidiaries or the Company and/or one or more of its wholly-owned Subsidiaries, as the case may be, any offer, proposal or inquiry, written or oral, (including any modification after the date hereof to any offer or proposal made prior to the date hereof) from any Person or group of Persons, acting jointly or in concert, other than the Purchaser (or any affiliate of the Purchaser or any Person acting jointly or in concert with the Purchaser or any affiliate of the Purchaser) or the Company (or any affiliate of the Company or any Person acting jointly or in concert with the Company or any affiliate of the Company), as the case may be, after the date of this Agreement relating to: (i) any sale or disposition (or any lease, long-term supply agreement or other arrangement having the same economic effect as a sale), direct or indirect, of assets representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Purchaser and its Subsidiaries or the Company and its Subsidiaries, as the case may be; (ii) the sale, issuance or acquisition of securities of the Company or the Purchaser, as the case may be, that, when taken together with any securities of the Company or the Purchaser held by the proposed acquirer, and any group of Persons acting jointly or in concert with such acquirer, and assuming the conversion of any convertible securities held by the proposed acquirer, and any group of Persons acting jointly or in concert with such acquirer, would constitute beneficial ownership of 20% or more of the issued and outstanding voting or equity securities (or interests therein) of the Company or the Purchaser, as the case may be; (iii) any take-over bid, exchange offer or other transaction that, if consummated, would result in such Person or group of Persons acting jointly or in concert beneficially owning 20% or more of the issued and outstanding voting or equity securities (or interests therein) of the Purchaser or any of its Subsidiaries or the Company or any of its Subsidiaries, as the case may be; (iv) any plan of arrangement, merger, amalgamation, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or winding up involving the Purchaser or any of its Subsidiaries or the Company or any of its Subsidiaries, as the case may be; or (v) any other similar transaction or series of transactions involving the Purchaser or any of its Subsidiaries or the Company or any of its Subsidiaries or, as the case may be. For the purposes of this Agreement, the existing unsolicited take-over bid for the outstanding Common Shares of the Company as of the date hereof, shall be deemed to be an "**Acquisition Proposal**".

"**affiliate**" has the meaning specified in National Instrument 45-106 – *Prospectus and Registration Exemptions*.

"**Arrangement**" means an arrangement under Section 193 of the ABCA on the terms and subject to the conditions set out in the Plan of Arrangement.

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered at the Company Meeting, substantially in the form of Schedule B.

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement required by subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order is made, which shall include the Plan of Arrangement and otherwise be in a form and content satisfactory to the Company and the Purchaser, each acting reasonably.

"**associate**" has the meaning specified in the *Securities Act* (Alberta).

"**Authorization**" means, with respect to any Person, any 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 Entity necessary in connection with its business as it is now, individually or in the aggregate, being or proposed to be conducted.

"**authorized authority**" has the meaning specified in Section 4.10.

"**BDC Loan**" means the mortgage of the Company with the Business Development Bank of Canada on the Company's operating facility in Leduc, Alberta maturing on December 31, 2041.

"**Breaching Party**" has the meaning specified in Section 4.9(3).

"**Business Day**" means any day of the year, other than a Saturday, Sunday or any day on which major banks are closed for business in Calgary, Alberta.

"**Canadian Securities Authority**" means the Alberta Securities Commission and any other applicable securities commission or securities regulatory authority of a province or territory of Canada.

"**Canadian Securities Laws**" means the *Securities Act* (Alberta) and any other applicable provincial Securities Laws 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.

"**Certificate of Arrangement**" means the certificate of arrangement or other proof of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA in respect of the Articles of Arrangement giving effect to the Arrangement.

"**Commissioner**" means the Commissioner of Competition appointed under the Competition Act or any person authorized to exercise the powers and perform the duties of the Commissioner of Competition.

"**Company**" means Savanna Energy Services Corp.

"**Company Assets**" means all of the assets and equipment (including all attachments, accessories and all other items required for the operation thereof) used by the Company or any of its Subsidiaries in the operation of its business and all drilling rigs, service rigs, rental equipment, drill pipe, motors, pumps, rectifiers, trailers, compression units, fixtures, vehicles, office furniture and equipment and other tangible property owned by the Company or any of its Subsidiaries, including the Principal Company Assets.

"**Company Board**" means the board of directors of the Company as constituted from time to time.

"Company Board Nominees" has the meaning specified in Section 2.12.

"**Company Board Recommendation**" has the meaning specified in Section 2.5(1).

"**Company Budget**" means the capital budget of the Company as disclosed in writing to the Purchaser.

"**Company Change of Control Payments**" means obligations of the Company or any of its Subsidiaries pursuant to all employment agreements, termination, severance, change of control, bonus and retention plans or policies for termination, severance, change of control, bonus or retention payments (but excluding any such payments for employees who do not have written employment agreements with the Company or any of its Subsidiaries and excluding salary and vacation pay) and any payments pursuant to any other incentive plans, arising out of or in connection with the Arrangement, but not including payments in respect of Company Options, Company DSUs, Company PSEs, Company PSUs and Company RSUs as provided in this Agreement or as disclosed in writing by the Company to the Purchaser.

"**Company Confidentiality Agreement**" means the confidentiality agreement dated January 17, 2017 between the Purchaser as the receiving party and the Company as the disclosing party.

"**Company Data Room**" means the Company's virtual data room maintained by Peters & Co. Limited.

"**Company DSU**" means a deferred share unit issued pursuant to the Company's officer deferred share unit plan or director deferred share unit plan, as the case may be.

"**Company Employees**" means the employees of the Company or any of its Subsidiaries.

"**Company Exchange Ratio**" means 0.85 Purchaser Shares for each Company Share.

"**Company Fairness Opinions**" means, collectively, an opinion of Peters & Co. Limited and an opinion of Cormark Securities Inc., each to the effect that, as of the date of such opinion, the Consideration to be received by the Company Shareholders is fair, from a financial point of view, to such holders.

"**Company Filings**" means all documents publicly filed by the Company under the profile of the Company on the System for Electronic Document Analysis Retrieval (SEDAR) since January 1, 2015.

"**Company Financial Statements**" means the audited consolidated financial statements of the Company as at and for the fiscal years ended December 31, 2016 and December 31, 2015, together with the notes thereto and the auditors' report thereon.

"**Company Information**" has the meaning specified in Section 2.6(2).

"Company Material Contract" means any Contract: (a) pertaining to the sale or construction of drilling rigs and service rigs that have ongoing material obligations where the counterparty is not a member of the Company or any of its Subsidiaries; (b) pertaining to the rental, lease or operation of presently active drilling rigs, service rigs and oilfield rental equipment, in each case with term contracts with a term to expiry of greater than six months; (c) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect; (d) relating directly or indirectly to the guarantee by the Company or any of its Subsidiaries of any liabilities or obligations or to indebtedness for borrowed money in excess of $1,000,000 in the aggregate; (e) restricting the incurrence of indebtedness by the Company or any of its Subsidiaries (including by requiring the granting of an equal and rateable Encumbrance) or the incurrence of any Liens on any properties or assets of the Company or any of its Subsidiaries, or restricting the payment of dividends by the Company; (f) under which the Company or any of its Subsidiaries is obligated to make or expects to receive payments in excess of $1,000,000 over the remaining term; (g) providing for the establishment, investment in, organization or formation of any joint venture, limited liability company or partnership in which the interest of the Company and/or its Subsidiaries has a fair market value which exceeds $1,000,000; (h) that creates an exclusive dealing arrangement or right of first offer or refusal restricting the Company or any of its Subsidiaries; (i) with a Governmental Entity; (j) providing for employment, severance or change in control payments; (k) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset by the Company or any of its Subsidiaries where the purchase or sale price or agreed value or fair market value of such property or asset exceeds $1,000,000; or (l) that limits or restricts (A) the ability of the Company or any of its Subsidiaries to engage in any line of business or carry on business in any geographic area, or (B) the scope of Persons to whom the Company or any of its Subsidiaries may sell products or deliver services.

"**Company Meeting**" means the annual and special meeting of Company Shareholders, including any adjournment or postponement of such annual and special meeting in accordance with the terms of this Agreement, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution and for any other purpose as may be set out in Company Proxy Circular and agreed to in writing by the Purchaser.

"**Company Optionholders**" means the holders of Company Options.

"**Company Options**" means the outstanding options to purchase Company Shares issued pursuant to the Company Stock Option Plan.

"**Company Proxy Circular**" means the notice of the Company Meeting to be sent to Company Shareholders and the management proxy circular to be prepared in connection with the Company Meeting together with any amendments thereto or supplements thereof, and any other registration statement, information circular or proxy statement which may be prepared in connection with the Company Meeting.

"**Company PSE**" means a phantom share entitlement issued pursuant to the Company's phantom share entitlement plan.

"**Company PSU**" means a performance share unit issued pursuant to the Company's performance share unit plan.

"**Company RSU**" means a restricted share unit issued pursuant to the Company's restricted share unit plan.

"**Company Shareholders**" means the registered or beneficial holders of the Company Shares, as the context requires.

"**Company Shares**" means the common shares in the capital of the Company.

"**Company Stock Option Plan**" means the Company's amended stock option plan effective as of June 18, 2014.

"**Company Transaction Costs**" means, collectively, the costs of the Company and its Subsidiaries (whether incurred, accrued or billed) in connection with this Agreement and the Arrangement, including, without limitation, fees and expenses of financial and accounting advisors and the costs incurred to date in respect of the existing unsolicited take-over bid of the Company, printing, mailing, solicitation, proxy solicitation services and shareholder communication costs and the Company Meeting costs but excluding legal fees and disbursements, proxy solicitation services if required by the Purchaser pursuant to Section 2.3(1)(b), directors' and officers' run-off insurance as contemplated in Section 4.11, any costs, expenses or filing fees associated or incurred in connection with the Regulatory Approvals or the transactions contemplated by Section 4.5 or Section 4.6, payments in connection with the Company Options, Company RSUs, Company PSUs, Company DSUs and Company PSEs, any Company Change of Control Payments or any payment or premium arising with respect to the BDC Loan, the Senior Notes or the Second Lien Credit Agreement as a result of the Arrangement.

"**Company Voting Agreements**" means the voting and support agreements entered into by the Purchaser and each of the directors and senior officers of the Company pursuant to which, among other things, such parties have agreed, subject to the terms and conditions of this Agreement, to vote all Company Shares held by them in favour of the Arrangement Resolution.

"**Company Warrants**" means 7,000,000 common share purchase warrants of the Company issued to Alberta Investment Management Corporation in connection with the entering into of the Second Lien Credit Agreement, each such warrant entitling the holder to acquire one Company Share for an exercise price of $2.50, subject to adjustment in certain events, and expiring December 13, 2018.

"**Competition Act**" means the *Competition Act* (Canada).

"**Competition Act Approval**" means that, prior to the Effective Date, Competition Act Notice has been given and:

(a) the Commissioner shall have issued, and the Purchaser shall have received, an advance ruling certificate pursuant to section 102 of the Competition Act in respect of the Arrangement; or

(b) the Purchaser shall have received a No Action Letter, or shall have notified the Company in writing that it waives the requirement to have received a No Action Letter, and

(i) the relevant waiting period in section 123 of the Competition Act shall have expired or been earlier terminated; or

(ii) the obligation to give the requisite notice has been waived by the Commissioner pursuant to subsection 113(c) of the Competition Act; and

in addition to the occurrence of (a) or (b)(i) or (ii) above, in the interim period prior to the Effective Date, there shall have been no threatened or actual application by the Commissioner for an order under section 92, section 100 or section 104 of the Competition Act.

"**Competition Act Notice**" means notification of the Arrangement pursuant to: (i) a written request for the Commissioner to issue an advance ruling certificate under section 102 of the Competition Act or alternatively a No Action Letter and waiver pursuant to section 113(c) of the Competition Act; and/or (ii) section 114 of the Competition Act, including information required to be supplied pursuant to a request under section 114(2) of the Competition Act.

"**Conditional Option Exercise**" has the meaning specified in Section 2.9(1)(c).

"**Confidentiality Agreements**" means, collectively, the Company Confidentiality Agreement and the Purchaser Confidentiality Agreement.

"**Consideration**" has the meaning specified in Section 2.1.

"**Constating Documents**" means articles of incorporation, amalgamation, or continuation, as applicable, by-laws and all amendments to such articles or by-laws.

"**Contract**" means any legally binding agreement, commitment, engagement, contract, franchise, licence, obligation or undertaking (written or oral) to which the Purchaser or any of its Subsidiaries or the Company or any of its Subsidiaries, as the case may be, is a party or by which either Party or any of its Subsidiaries is bound or affected or to which any of their respective properties or assets is subject.

"**Court**" means the Court of Queen's Bench of Alberta in Calgary, Alberta.

"**Depositary**" means the depositary under the Arrangement, Computershare Investor Services Inc. or such other Person that may be appointed by the Parties in connection with the Arrangement for the purpose of receiving deposits of certificates formerly representing the Company Shares.

"**Dissent Rights**" means the rights of dissent in respect of the Arrangement described in the Plan of Arrangement.

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement.

"**Effective Time**" means 12:01a.m. on the Effective Date, or such other time as the parties may agree in writing before the Effective Date.

"Employee Plans" has the meaning ascribed thereto in paragraph (y) of Schedule C**.**

"**Encumbrances**" means, in the case of property or an asset, all mortgages, pledges, charges, liens, debentures, hypothecs, trust deeds, 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 assets, 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 Laws, contract or otherwise) against title to any of the property or assets, or any part thereof or interest therein or capable of becoming any of the foregoing;

"**Environmental Laws**" means all applicable Laws and agreements with Governmental Entities and all other statutory requirements relating to public health or the protection of the environment and all Authorizations issued pursuant to such applicable Laws, agreements or other statutory requirements.

"**Executive Officers**" has the meaning specified in Section 1.2(6).

"**Final Order**" means the final order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be amended by the Court (with the consent of both the Company and the Purchaser, 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 any such amendment is acceptable to both the Company and the Purchaser, each acting reasonably) on appeal.

"**GAAP**" means Canadian generally accepted accounting principles as contemplated by the Canadian Institute of Chartered Accountants Handbook – Accounting for an entity that prepares its financial statements in accordance with International Financial Reporting Standards, at the relevant time, applied on a consistent basis.

"**Governmental Entity**" means: (a) any international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry, agency or instrumentality, domestic or foreign; (b) any subdivision or authority of any of the above; (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; (d) any government-controlled corporation or similar entity; or (e) any stock exchange.

"**Hazardous Substances**" means any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, hazardous recyclable, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted, or identified in any Environmental Laws.

"**HSR Act**" means the *Hart-Scott-Rodino Antitrust Act of 1976*.

"**HSR Act Approval**" means the earlier termination of or the expiration of the waiting period under the HSR Act;

"**HSR filings**" has the meaning ascribed thereto in Section 4.4(a).

"**Indemnified Persons**" has the meaning specified in Section 8.6(1).

"**In-the-Money Amount**" has the meaning specified in Section 2.9(1)(b).

"**Interim Order**" means the interim order of the Court in a form acceptable to the Company and the Purchaser, each acting reasonably, concerning the Arrangement under subsection 193(4) of the ABCA, providing for, among other things, the calling and holding of the Company Meeting, as such order may be amended by the Court with the consent of the Company and the Purchaser, each acting reasonably.

"**jointly or in concert**" has the meaning ascribed thereto in NI 62-104.

"**Law**" means, with respect to any Person, any and all law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement, whether domestic or foreign, enacted, adopted, promulgated or applied by a Governmental Entity that is binding upon or applicable to such Person or its business, undertaking, property or securities, and to the extent that they have the force of law, policies, guidelines, notices and protocols of any Governmental Entity, as amended.

"**Matching Period**" has the meaning specified in Section 5.4(1)(e).

"**Material Adverse Change**" or "**Material Adverse Effect**" means any change, event, occurrence, effect or circumstance that, individually or in the aggregate with other such changes, events, occurrences, effects or circumstances:

(a) is or could reasonably be expected to be material and adverse to the business, operations, results of operations, assets, properties, capitalization, financial condition, liabilities (contingent or otherwise), of the Purchaser and its Subsidiaries, taken as a whole, or the Company and its Subsidiaries, taken as a whole, as the case may be, except any such change, event, occurrence, effect, or circumstance resulting from or arising in connection with:

(i) any change affecting the oilfield services industry as a whole;

(ii) any changes in currency exchange, interest or inflation rates or commodity, securities or general economic, financial, or credit market conditions in Canada, the United States, Australia or elsewhere;

(iii) any changes in the market price of crude oil, natural gas or related hydrocarbons;

(iv) any change in global, national or regional political conditions (including the outbreak or escalation of war or acts of terrorism);

(v) any change in applicable Law;

(vi) any change in GAAP;

(vii) any natural disaster;

(viii) any matters or actions required, permitted, restricted or contemplated by this Agreement or consented to or approved in writing by the other Party hereto, or, in all such cases, occurring as a direct result thereof;

(ix) the failure of the Company or the Purchaser, as the case may be, to meet any internal or published projections, forecasts or estimates, of revenues, earnings, cash flows, utilization rates or other matters (it being understood that the causes underlying such failure may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred);

(x) the announcement or performance of this Agreement or consummation of the Arrangement;

(xi) any change in the market price or trading volume of any securities of the Purchaser or the Company, as the case may be, (it being understood that the causes underlying such change in market price may be taken into account in determining whether a Material Adverse Change or Material Adverse Effect has occurred); or

(xii) in respect of the Company, any matter that has been expressly disclosed by the Company in writing, and in respect of the Purchaser, any matter that has been expressly disclosed by the Purchaser in writing;

provided, however, that with respect to clauses (i) through to and including (v) and (vii); such matter does not have a materially disproportionate effect on the Purchaser and its Subsidiaries, taken as a whole, or the Company and its Subsidiaries, taken as a whole, as the case may be, relative to other comparable companies and entities operating in the industries in which the Purchaser and/or its Subsidiaries or the Company and/or its Subsidiaries, as the case may be, operate. Provided further, for greater certainty, that any change, event, occurrence, effect or circumstance arising from the Purchaser or the Company carrying on its business in the ordinary course shall not be construed to be excluded, pursuant to clauses (viii) or (x) above, from the definition of "Material Adverse Change" or "Material Adverse Effect" by reason of the Purchaser or the Company, as applicable, being obligated to carry on its business in the ordinary course pursuant Sections 4.1(1) and 4.1(2), respectively; or

(b) prevents or materially impairs or could reasonably be expected to prevent or materially impair the ability of the Purchaser or the Company, as the case may be, to consummate the transactions contemplated by this Agreement by the Outside Date,

and unless expressly provided in any particular section of this Agreement, references in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretive for purposes of determining whether a "Material Adverse Change" or a "Material Adverse Effect" has occurred.

"**Material Subsidiaries**" means any Subsidiary of a Party, the total assets of which constitute more than 5% of the consolidated net tangible assets of the Party at December 31, 2016 or the total revenues of which constitute more than 5% of the consolidated revenues of the Party for the twelve months ended December 31, 2016.

"**Meetings**" means, collectively, the Purchaser Meeting and the Company Meeting.

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Shareholders in Special Transaction.*

"**Misrepresentation**", "**Material Change**" and "**Material Fact**" have the meanings ascribed thereto under the *Securities Act* (Alberta).

"**New Purchaser Shares**" means the aggregate Purchaser Shares to be issued to the Company Shareholders pursuant to the Arrangement.

"**NI 62-104**" means National Instrument 62-104 – *Take-Over Bids and Issuer Bids.*

"**No Action Letter**" means confirmation, in writing, by the Commissioner that the Commissioner does not, at that time, intend to make an application under section 92 of the Competition Act in respect of the Arrangement, and such advice has not been rescinded or amended.

"**officer**" has the meaning specified in the *Securities Act* (Alberta).

"**Option Election Agreements**" means the agreements to be entered into by each of the Company Optionholders with the Company in a form satisfactory to the Purchaser, acting reasonably, which form shall include an indemnity in favour of the Company for any withholding taxes applicable in respect of all transactions contemplated by or in connection with the Plan of Arrangement, pursuant to which each such Company Optionholder may elect to participate in (a) the Conditional Option Exercise; (b) the Surrender Offer; or (c) a combination of the foregoing elections, whereafter, subject to completion of the Arrangement, all of the Company Options held by such Company Optionholder shall be terminated.

"**Ordinary Course**" means, with respect to an action taken by the Purchaser or the Company, as the case may be, that such action is consistent with the past practices of the Purchaser or the Company, as the case may be, and is taken in the ordinary course of the normal day-to-day operations of the business of the Purchaser or the Company, as the case may be.

"**Outside Date**" means June 30, 2017 or such later date as may be agreed to in writing by the Parties.

"**Parties**" means, collectively, the Company and the Purchaser, and "**Party**" means either one of them.

"**Permitted Encumbrances**" means (a) with respect to the Company, Encumbrances specifically disclosed to the Purchaser by the Company in writing and with respect to the Purchaser, Encumbrances specifically disclosed to the Company in writing; (b) easements, rights of way, servitudes or other similar rights, including, without limitation, rights of way for highways, railways, sewers, drains, gas or oil pipelines, gas or water mains, electric light, power, telephone or cable television towers, poles, wires and similar rights in real property or any interest therein, provided the same are registered on title and not of such nature as to materially adversely affect the use of the property subject thereto; (c) the regulations and any rights reserved to or vested in any municipality or governmental, statutory or public authority to levy taxes or to control or regulate any Party's or any of its Subsidiaries' interests in any manner; (d) undetermined or inchoate liens incurred or created in the ordinary course of business as security for a Party's or any of its Subsidiaries' share of the costs and expenses of the development or operation of any of its assets, which costs and expenses are not delinquent as of the Effective Time; (e) undetermined or inchoate mechanics' liens and similar liens for which payment for services rendered or goods supplied is not delinquent as of the Effective Time; (f) liens granted in the ordinary course of business to a Governmental Entity respecting operations pertaining to petroleum and natural gas rights; (g) liens for taxes, assessments and governmental charges that are not due and payable or delinquent; and (h) any encumbrances under a Party's or any of its Subsidiaries' existing credit facilities or other borrowing arrangements disclosed in writing to the other Party.

"**Person**" includes any individual, partnership, association, body corporate, organization, trust, estate, trustee, executor, administrator, legal representative, government (including Governmental Entity), syndicate or other entity, whether or not having legal status.

"**Personal Information**" has the meaning specified in Section 4.10(1).

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form of Schedule A, as such plan of arrangement may be amended or supplemented from time to time in accordance with the terms hereof and thereof.

"**Pre-Arrangement Reorganization**" has the meaning specified in Section 4.6(1).

"**Principal Company Assets**" means all of the drilling rigs and service rigs used by the Company and its Subsidiaries in the conduct of its business.

"**Principal Purchaser Assets**" means all of the drilling rigs and service rigs used by the Purchaser and its Subsidiaries in the conduct of its business.

"**Protective Waivers**" has the meaning ascribed thereto in either paragraph (f)(vii) of Schedule C or paragraph (f)(vii) of Schedule D, as applicable.

"**Purchaser**" means Western Energy Services Corp.

"**Purchaser Assets**" means all of the assets and equipment (including all attachments, accessories and all other items required for the operation thereof) used by the Purchaser or any of its Subsidiaries in the operation of its business and all drilling rigs, service rigs, rental equipment, drill pipe, motors, pumps, rectifiers, trailers, compression units, fixtures, vehicles, office furniture and equipment and other tangible property owned by the Purchaser or any of its Subsidiaries, including the Principal Purchaser Assets.

"**Purchaser Board**" means the board of directors of the Purchaser as constituted from time to time.

"**Purchaser Board Recommendation**" has the meaning specified in 2.6(1).

"**Purchaser Confidentiality Agreement**" means the confidentiality agreement dated February 19, 2017 between the Company as the receiving party and the Purchaser as the disclosing party.

"**Purchaser Data Room**" means the Purchaser's virtual data room maintained by Raymond James Ltd.

"**Purchaser Fairness Opinion**" means the opinion of Raymond James Ltd. to the effect that, as of the date of such opinion, the Consideration to be paid by the Purchaser pursuant to the Arrangement is fair, from a financial point of view, to the Purchaser.

"**Purchaser Filings**" means all documents publicly filed by the Purchaser under the profile of the Purchaser on the System for Electronic Document Analysis Retrieval (SEDAR) since January 1, 2015.

"**Purchaser Financial Statements**" means the audited consolidated financial statements of the Purchaser as at and for the fiscal years ended December 31, 2016 and December 31, 2015, together with the notes thereto and the auditors' report thereon.

"**Purchaser Information**" has the meaning specified in Section 2.5(2).

"**Purchaser Material Contract**" means any Contract: (a) pertaining to the sale or construction of drilling rigs and service rigs that have ongoing material obligations where the counterparty is not the Purchaser or any of its Subsidiaries; (b) pertaining to the rental, lease or operation of presently active drilling rigs, service rigs and oilfield rental equipment, in each case with term contracts with a term to expiry of greater than six months; (c) that if terminated or modified or if it ceased to be in effect, would reasonably be expected to have a Material Adverse Effect; (d) relating directly or indirectly to the guarantee by the Purchaser or any of its Subsidiaries of any liabilities or obligations or to indebtedness for borrowed money in excess of $1,000,000 in the aggregate; (e) restricting the incurrence of indebtedness by the Purchaser or any of its Subsidiaries (including by requiring the granting of an equal and rateable Encumbrance) or the incurrence of any Liens on any properties or assets of the Purchaser or any of its Subsidiaries, or restricting the payment of dividends by the Purchaser; (f) under which the Purchaser or any of its Subsidiaries is obligated to make or expects to receive payments in excess of $1,000,000 over the remaining term; (g) providing for the establishment, investment in, organization or formation of any joint venture, limited liability company or partnership in which the interest of the Purchaser and/or its Subsidiaries has a fair market value which exceeds $1,000,000; (h) that creates an exclusive dealing arrangement or right of first offer or refusal restricting the Purchaser or any of its Subsidiaries; (j) with a Governmental Entity; (i) providing for employment, severance or change in control payments; (k) providing for the purchase, sale or exchange of, or option to purchase, sell or exchange, any property or asset by the Purchaser or any of its Subsidiaries where the purchase or sale price or agreed value or fair market value of such property or asset exceeds $1,000,000; or (l) that limits or restricts (A) the ability of the Purchaser or any of its Subsidiaries to engage in any line of business or carry on business in any geographic area, or (B) the scope of Persons to whom the Purchaser or any of its Subsidiaries may sell products or deliver services.

"**Purchaser Meeting**" means such annual and special meeting or meetings of the Purchaser Shareholders, including any adjournment thereof, that is to be convened to consider, and if deemed advisable, approve the Purchaser Resolution and for any other purpose as may be set out in the Purchaser Proxy Circular.

"**Purchaser Options**" means options to purchase Purchaser Shares granted pursuant to the Purchaser Stock Option Plan.

"**Purchaser Proxy Circular**" means the notice of the Purchaser Meeting to be sent to Purchaser Shareholders and the management proxy circular to be prepared in connection with the Purchaser Meeting together with any amendments thereto or supplements thereof, and any other registration statement, information circular or proxy statement which may be prepared in connection with the Purchaser Meeting.

"**Purchaser Resolution**" means the ordinary resolution of the Purchaser Shareholders to authorize and approve the issuance of the New Purchaser Shares pursuant to the acquisition by the Purchaser of the Company Shares pursuant to the Arrangement.

"**Purchaser RSU**" means a restricted share unit issued pursuant to the Purchaser's restricted share unit plan.

"**Purchaser Shareholders**" means the holders of Purchaser Shares.

"**Purchaser Shares**" means the common shares in the capital of the Purchaser.

"**Purchaser Stock Option Plan**" means the Purchaser's option plan approved at the Annual and Special Meeting of the Purchaser Shareholders held on May 6, 2014.

"**Purchaser Voting Agreements**" means the voting and support agreements entered into by the Company and each of the directors and senior officers of the Purchaser pursuant to which, among other things, such parties have agreed, subject to the terms and conditions of this Agreement, to vote all Purchaser Shares held by them in favour of the Purchaser Resolution.

"**Purchaser Warrants**" has the meaning specified in Section 2.9(2).

"**Recipient Party**" has the meaning specified in Section 5.4(1).

"**Registrar**" means the Registrar of Corporations or the Deputy Registrar of Corporations for the Province of Alberta appointed under Section 263 of the ABCA.

"**Regulatory Approvals**" means, collectively, the Competition Act Approval and the HSR Act Approval.

"**Reorganizing Party**" has the meaning specified in Section 4.5(1).

"**Representative**" means any officer, director, employee, consultant, representative (including any financial or other adviser) or agent of the Purchaser or of any of its Subsidiaries or the Company or of any of its Subsidiaries, as the case may be.

"**Required Approval**" has the meaning specified in Section 2.2(b).

"**Reverse Termination Fee**" has the meaning specified in Section 7.2(4).

"**Reverse Termination Fee Event**" has the meaning specified in Section 7.2(4).

"**SEC**" means the United States Securities and Exchange Commission.

"**Second Lien Credit Agreement**" means the senior secured second lien credit agreement dated December 13, 2016 among the Company, Her Majesty the Queen in Right of Alberta by its agent

Alberta Investment Management Corporation and Alberta Investment Management Corporation as agent for the lenders thereof, as amended.

"**Securities Authority**" means, collectively, the Canadian Securities Authority and the SEC.

"**Securities Laws**" means, collectively, the Canadian Securities Laws and the U.S. Securities Laws and the rules of the TSX.

"**Senior Notes**" means the $107.085 million aggregate principal amount of 7.0% unsecured notes of the Company with a maturity date of May 25, 2018 outstanding pursuant to the Trust Indenture.

"**Subsidiary**" has the meaning specified in National Instrument 45-106 – *Prospectus and Registration Exemptions* as in effect on the date of this Agreement.

"**Superior Proposal**" means any unsolicited *bona fide* written Acquisition Proposal from a Person other than the Purchaser (or any affiliate of the Purchaser or any Person acting jointly or in concert with the Purchaser or any affiliate of the Purchaser) or the Company (or any affiliate of the Company or any Person acting jointly or in concert with the Company or any affiliate of the Company), as the case may be, to acquire not less than all of the outstanding Purchaser Shares or all or substantially all of the assets of the Purchaser on a consolidated basis or not less than all of the outstanding Company Shares or all or substantially all of the assets of the Company on a consolidated basis, as the case may be, that : (a) complies with Securities Laws and did not result from or involve a breach of Article 5; (b) is reasonably 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) in respect of which it has been demonstrated to the satisfaction of the Purchaser Board, in the case of a Superior Proposal with respect to the Purchaser, or the Company Board, in the case of a Superior Proposal with respect to the Company, as the case may be, acting in good faith (after receipt of advice from its financial advisers and its outside legal counsel) that any required financing to complete such Acquisition Proposal will be reasonably likely to be obtained; (d) is not subject to any due diligence condition; and (e) that the Purchaser Board, in the case of a Superior Proposal with respect to the Purchaser, or the Company Board, in the case of a Superior Proposal with respect to the Company, as the case may be, determines, in its good faith judgment, after receiving the advice of its outside legal counsel and financial advisers and after taking into account all the terms and conditions of the Acquisition Proposal, including all legal, financial, regulatory and other aspects of such Acquisition Proposal and the party making such Acquisition Proposal, would, if consummated in accordance with its terms, result in a transaction which is more favourable, from a financial point of view, to the Purchaser Shareholders or to the Company Shareholders, as the case may be, than the Arrangement (including any amendments to the terms and conditions of the Arrangement proposed by the Purchaser pursuant to Section 5.4(2), if applicable).

"**Superior Proposal Notice**" has the meaning specified in Section 5.4(1)(c).

"**Surrender Offer**" has the meaning specified in Section 2.9(1)(b).

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

"**Tax Returns**" means any and all returns, reports, declarations, elections, notices, forms, designations, filings, and statements (including estimated tax returns and reports, withholding tax returns and reports, and information returns and reports) filed or required to be filed with any Governmental Entity in respect of Taxes.

"**Taxes**" means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Entity, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital,

capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, carbon emissions, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity on or in respect of amounts of the type described in clause (a) above or this clause (b).

"**Terminating Party**" has the meaning specified in Section 4.9(3).

"**Termination Fee**" has the meaning specified in Section 7.2(2).

"**Termination Fee Event**" has the meaning specified in Section 7.2(2).

"**Termination Notice**" has the meaning specified in Section 4.9(3).

"**Transfer Agent**" means Computershare Trust Company of Canada, as registrar and transfer agent for the Purchaser Shares.

"**Trust Indenture**" means the trust indenture between the Company and Computershare Trust Company of Canada dated as of May 25, 2011, as supplemented by a first supplemental indenture dated as of October 2, 2013 and as supplemented by a second supplemental indenture dated as of December 18, 2015 in respect of the Senior Notes.

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

"**TSX Approval**" has the meaning specified in Section 4.1(8).

"**U.S. Exchange Act**" means the United States *Securities Exchange Act of 1934*.

"**U.S. Securities Act**" means the United States *Securities Act of 1933*.

"**U.S. Securities Laws**" means, collectively, the U.S. Exchange Act, the U.S. Securities Act and any other federal or state securities legislation of the United States and all rules, regulations and order promulgated thereunder.

Section 1.2 Certain Rules of Interpretation.

In this Agreement, unless otherwise specified:

(1) **Headings, etc.** The provision of a Table of Contents, the division of this Agreement into Articles and Sections and the insertion of headings are for convenient reference only and do not affect the construction or interpretation of this Agreement.

(2) **Currency.** All references to dollars or to $ are references to Canadian dollars unless otherwise specified.

(3) **Gender and Number.** Any reference to gender includes all genders. Words importing the singular number only include the plural and vice versa.

(4) **Certain Phrases and References, etc**. The words "**including**", "**includes**" and "**include**" mean "**including (or includes or include) without limitation,**" and "**the aggregate of**", "**the total of**", "**the sum of**", or a phrase of similar meaning means "**the aggregate (or total or sum), without**

duplication, of". Unless stated otherwise, "**Article**", "**Section**", and "**Schedule**" followed by a number or letter mean and refer to the specified Article or Section of or Schedule to this Agreement. The term "**Agreement**" and any reference in this Agreement to this Agreement or any other agreement or document includes, and is a reference to, this Agreement or such other agreement or document as it may have been, or may from time to time be, amended, restated, replaced, supplemented or novated and includes all schedules to it.

(5) **Capitalized Terms.** Except as may be defined therein, all capitalized terms used in any Schedule have the meanings ascribed to them in this Agreement.

(6) **Knowledge.** Where any representation or warranty is expressly qualified by reference to the knowledge of a Party, it is deemed to refer to the knowledge of the Executive Officers of the Purchaser or the Company, as the case may be, after reasonable inquiry, and such officers shall make such inquiry as is reasonable in the circumstances. For purposes of this Section 1.2(6) "**Executive Officers**" (a) in the case of the Purchaser means Alex R. N. MacAusland, Jeffrey K. Bowers and Tim J. Sebastian and (b) in the case of the Company means Christopher Strong, Dwayne LaMontagne and Rick Torriero.

(7) **Disclosure in Writing.** References to "disclosed in writing", "except as previously disclosed in writing" and similar expressions in this Agreement shall in the case of disclosure by the Company, be construed for purposes of this Agreement as referring to matters disclosed in (a) any disclosure letter provided by the Company to the Purchaser concurrently with its entry into this Agreement; and (b) this Agreement or in the Schedules hereto; and in the case of disclosure by the Purchaser, be construed for purposes of this Agreement as referring to matters disclosed in (a) any disclosure letter provided by the Purchaser to the Company concurrently with its entry into this Agreement; and (b) this Agreement or in the Schedules hereto.

(8) **Accounting Terms.** All accounting terms are to be interpreted in accordance with GAAP and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with GAAP.

(9) **Statutes.** Any reference to a statute refers to such statute and all rules and regulations made under it, as it or they may have been or may from time to time be amended or re-enacted, unless stated otherwise.

(10) **Computation of Time.** A period of time is to be computed as beginning on the day following the event that began the period and ending at 4:30 p.m. on the last day of the period, if the last day of the period is a Business Day, or at 4:30 p.m. on the next Business Day if the last day of the period is not a Business Day.

(11) **Time References.** References to time are to local time, Calgary, Alberta.

(12) **Subsidiaries.** To the extent any covenants or agreements relate, directly or indirectly, to a Subsidiary of the Purchaser or to a Subsidiary of the Company, as the case may be, each such provision shall be construed as a covenant by the Purchaser or the Company, as the case may be, to cause (to the fullest extent to which it is legally capable) such Subsidiary to perform the required action.

(13) **Consent**. If any provision requires approval or consent of a Person and such approval or consent is not delivered within the specified time limit, the Person whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(14) **Date for any Action**. If any date on which any action is required to be taken hereunder is not a Business Day, such action shall be taken on the next succeeding day that is a Business Day.

Section 1.3 Schedules.

The schedules attached to this Agreement form an integral part of this Agreement for all purposes of it.

ARTICLE 2
THE ARRANGEMENT

Section 2.1 Arrangement.

The Company and the Purchaser agree that the Arrangement, pursuant to which, among other things, the Company Shareholders will receive Purchaser Shares equal to the Company Exchange Ratio for each Company Share held (the "**Consideration**"), will be implemented in accordance with and subject to the terms and conditions of this Agreement and the Plan of Arrangement.

No fractional Purchaser Shares will be issued in connection with the Arrangement. In the event a Company Shareholder would otherwise be entitled to a fractional Purchaser Share under the Arrangement, the number of Purchaser Shares issued to such Company Shareholder shall be rounded up to the next greater whole number of Purchaser Shares if the fractional entitlement is greater than or equal to 0.5 and shall, without any additional compensation, be rounded down to the next whole number of Purchaser Shares if the fractional entitlement is less than 0.5.

Section 2.2 Interim Order.

As soon as reasonably practicable after the date of this Agreement, the Company shall apply in a manner reasonably acceptable to the Purchaser pursuant to Section 193 of the ABCA (and the Company will use its reasonable commercial efforts to do so on or before April 7, 2017) and, in cooperation with the Purchaser, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

(a) for the calling and holding of the Company Meeting and the class of persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and for the manner in which such notice is to be provided;

(b) that the required level of approval (the "**Required Approval**") for the Arrangement Resolution shall be 66⅔% of the votes cast on the Arrangement Resolution by Company Shareholders present in person or represented by proxy at the Company Meeting and, if required by MI 61-101, majority approval after excluding the votes cast in respect of the Company Shares held by Persons whose votes may not be included in determining minority approval in accordance with MI 61-101;

(c) for the grant of the Dissent Rights to those Company Shareholders who are registered Company Shareholders;

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

(e) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court;

(f) that the record date for the Company Shareholders entitled to notice of and to vote at the Company Meeting will not change in respect of any adjournment(s) of the Company Meeting, unless required by applicable Law;

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

(h) for such other matters as the Purchaser may reasonably require, subject to obtaining the prior consent of the Company, such consent not to be unreasonably withheld or delayed.

Section 2.3 The Company Meeting.

(1) The Company shall:

(a) call, convene and hold the Company Meeting in accordance with the Interim Order, the Company's Constating Documents and applicable Law, subject to compliance by the Purchaser with Section 2.5(2), as soon as reasonably practicable (and the Company will use its reasonable commercial efforts to do so on or before May 9, 2017), and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Company Meeting without the prior written consent of the Purchaser, except:

(i) in the case of an adjournment, as required for quorum purposes; or

(ii) as required or permitted under Section 4.9(3) or Section 5.4(5);

(b) subject to the terms of this Agreement, solicit proxies, including if so requested by the Purchaser, using proxy solicitation services, in accordance with applicable Law, in favour of the approval of the Arrangement Resolution and against any resolution submitted by any Company Shareholder that is inconsistent with the Arrangement Resolution;

(c) provide the Purchaser with copies of or access to information regarding the Company Meeting generated by any dealer or proxy solicitation services firm, as requested from time to time by the Purchaser;

(d) consult with the Purchaser in fixing the date of the Company Meeting, give notice to the Purchaser of the Company Meeting and allow the Purchaser's Representatives and legal counsel to attend the Company Meeting;

(e) promptly advise the Purchaser, at such times as the Purchaser may reasonably request and, if requested by the Purchaser, at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of the Arrangement Resolution;

(f) promptly advise the Purchaser of any communication (written or oral) from any Company Shareholder in opposition to the Arrangement, written notice of dissent, purported exercise or withdrawal of Dissent Rights, and written communications sent by or on behalf of the Company to any Company Shareholder exercising or purporting to exercise Dissent Rights;

(g) not make any payment or settlement offer, or agree to any payment or settlement prior to the Effective Time with respect to Dissent Rights without the prior written consent of the Purchaser, acting reasonably;

(h) not change the record date for the Company Shareholders entitled to vote at the Company Meeting in connection with any adjournment or postponement of the Company Meeting unless required by applicable Law or consented to by the Purchaser, acting reasonably; and

(i) at the request of the Purchaser from time to time, provide the Purchaser with a list (in both written and electronic form) of (i) the registered Company Shareholders, together with their addresses and respective holdings of Company Shares, (ii) the names, addresses and holdings of all Persons having rights issued by the Company to acquire Company Shares (including holders of Company Options and the Company Warrants), and (iii) participants and book-based nominee registrants such as CDS & Co. and the Depository Trust Company, and non-objecting beneficial owners of Company Shares, together with their addresses and respective holdings of Company Shares. The Company shall from time to time require that its registrar and transfer agent furnish the Purchaser with such additional information, including updated or additional lists of Company Shareholders, and lists of securities positions and other assistance as the Purchaser may reasonably request in order to be able to communicate with respect to the Arrangement with the Company Shareholders and with such other Persons as are entitled to vote on the Arrangement Resolution.

Section 2.4 The Purchaser Meeting.

(1) The Purchaser shall:

(a) call, convene and hold the Purchaser Meeting in accordance with the Purchaser's Constating Documents and applicable Law, subject to compliance by the Company with Section 2.6(2), as soon as reasonably practicable (and the Purchaser will use its reasonable commercial efforts to do so on or before May 9, 2017), and not adjourn, postpone or cancel (or propose the adjournment, postponement or cancellation of) the Purchaser Meeting without the prior written consent of the Company, except:

(i) in the case of an adjournment, as required for quorum purposes; or

(ii) as required or permitted under Section 4.9(3) or Section 5.4(5);

(b) subject to the terms of this Agreement, solicit proxies, in accordance with applicable Law, in favour of the approval of the Purchaser Resolution;

(c) provide the Company with copies or access to information regarding the Purchaser Meeting generated by any dealer or proxy solicitation services firm, as requested from time to time by the Company;

(d) consult with the Company in fixing the date of the Purchaser Meeting, give notice to the Company of the Purchaser Meeting and allow the Company's Representatives and legal counsel to attend the Purchaser Meeting;

(e) promptly advise the Company, at such times as the Company may reasonably request and, if requested by the Company, at least on a daily basis on each of the last ten (10) Business Days prior to the date of the Purchaser Meeting, as to the aggregate tally of the proxies received by Purchaser in respect of the Purchaser Resolution;

(f) promptly advise the Company of any communication (written or oral) from any Purchaser Shareholder in opposition to the Purchaser Resolution; and

(g) not change the record date for the Purchaser Shareholders entitled to vote at the Purchaser Meeting in connection with any adjournment or postponement of the Purchaser Meeting unless required by applicable Law or consented to by the Company, acting reasonably.

Section 2.5 Company Proxy Circular.

(1) As promptly as practical following the date of this Agreement, the Company shall, subject to compliance by the Purchaser with Section 2.5(2), prepare and complete, in consultation with the Purchaser, the Company Proxy Circular. The Company shall use its reasonable commercial efforts to mail to the Company Shareholders the Company Proxy Circular so as to permit the Company Meeting

to be held by the date specified in Section 2.3(1)(a). Subject to compliance by the Purchaser with Section 2.5(2), the Company shall ensure that, as of the date the Company Proxy Circular is first mailed to the Company Shareholders and the date of the Company Meeting, the Company Proxy Circular shall be complete and correct in all material respects, shall 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 are made, not misleading and shall comply in all material respects with all applicable Laws. Without limiting the generality of the foregoing, the Company shall ensure that the Company Proxy Circular provides holders of the Company Shares with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Company Meeting and shall include: (a) a copy of the Company Fairness Opinions; (b) a statement that the Company Board has received the Company Fairness Opinions, and has unanimously, after receiving legal and financial advice, determined that the Arrangement Resolution is in the best interests of the Company and the Company Shareholders and unanimously recommends that the Company Shareholders vote in favour of the Arrangement Resolution (the "**Company Board Recommendation**"); and (c) a statement that each director and senior officer (and each other officer that has signed a Company Voting Agreement) intends, in accordance with the Company Voting Agreements, to vote all of such individual's Company Shares in favour of the Arrangement Resolution and against any resolution submitted by any Company Shareholder that is inconsistent with the Arrangement.

(2) As promptly as practical following the date of this Agreement, the Purchaser shall use its reasonable commercial efforts to obtain and furnish to the Company the information required relating to the Purchaser on its behalf to be included in the Company Proxy Circular (including pro forma financial statements of the Purchaser giving effect to the completion of the Arrangement required to be included therein in accordance with Canadian Securities Laws) (the "**Purchaser Information**"). The Purchaser shall ensure the Purchaser Information shall 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 are made, not misleading.

(3) The Company shall give the Purchaser and its legal counsel a reasonable opportunity to review and comment on drafts of the Company Proxy Circular and other related documents, and shall give reasonable consideration to any comments made by the Purchaser and its legal counsel. The Company agrees that all information relating solely to the Purchaser included in the Company Proxy Circular must be in a form and content satisfactory to the Purchaser, acting reasonably.

(4) The Company hereby indemnifies and saves harmless the Purchaser, its Subsidiaries and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which the Purchaser, its Subsidiaries or any of their respective Representatives may be subject or may suffer as a result of, or arising from:

(a) any Misrepresentation or alleged Misrepresentation contained in the Company Proxy Circular; and

(b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any Misrepresentation or any alleged Misrepresentation in the Company Proxy Circular,

provided, however, that such indemnification by the Company shall not apply to any liabilities, claims, demands, losses, costs, damages and expenses arising as a result of or based on any Misrepresentation or any alleged Misrepresentation in the Company Proxy Circular based solely on the Purchaser Information.

(5) The Purchaser hereby indemnifies and saves harmless the Company, its Subsidiaries and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which the Company, its Subsidiaries or any of their respective Representatives may be subject or may suffer as a result of, or arising from:

(a) any Misrepresentation or alleged Misrepresentation contained solely in the Purchaser Information included in the Company Proxy Circular; and

(b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any Misrepresentation or any alleged Misrepresentation contained solely in the Purchaser Information included in the Company Proxy Circular.

(6) Each Party shall promptly notify the other Party if it becomes aware that the Company Proxy Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Company shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Company Shareholders and, if required by the Court or by applicable Law, file the same with the Securities Authorities, the TSX or any other Governmental Entity as required.

Section 2.6 Purchaser Proxy Circular.

(1) As promptly as practical following the date of this Agreement, the Purchaser shall, subject to compliance by the Company with Section 2.6(2), prepare and complete, in consultation with the Company, the Purchaser Proxy Circular. Subject to compliance by the Company with Section 2.6(2), the Purchaser shall use its reasonable commercial efforts to mail to the Purchaser Shareholders the Purchaser Proxy Circular so as to permit the Purchaser Meeting to be held by the date specified in Section 2.4(1)(a). The Purchaser shall ensure that, as of the date the Purchaser Proxy Circular is first mailed to the Purchaser Shareholders and the date of the Purchaser Meeting, the Purchaser Proxy Circular shall be complete and correct in all material respects, shall 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 are made, not misleading and shall comply in all material respects with all applicable Laws. Without limiting the generality of the foregoing, the Purchaser shall ensure that the Purchaser Proxy Circular provides holders of the Purchaser Shares with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Purchaser Meeting and shall include: (a) pro forma financial statements of the Purchaser giving effect to the completion of the Arrangement required to be included therein in accordance with Canadian Securities Laws; (b) a copy of the Purchaser Fairness Opinion; (c) a statement that the Purchaser Board has received the Purchaser Fairness Opinion, and has unanimously, after receiving legal and financial advice, determined that the Purchaser Resolution is in the best interests of the Purchaser and the Purchaser Shareholders and unanimously recommends that the Purchaser Shareholders vote in favour of the Purchaser Resolution (the "**Purchaser Board Recommendation**"); and (d) a statement that each director and senior officer (and each other officer that has signed a Purchaser Voting Agreement) intends, in accordance with the Purchaser Voting Agreements, to vote all of such individual's Purchaser Shares in favour of the Purchaser Resolution and against any resolution submitted by any Purchaser Shareholder that is inconsistent with the Purchaser Resolution.

(2) As promptly as practical following the date of this Agreement, the Company shall use its reasonable commercial efforts to obtain and furnish to the Purchaser the information required relating to the Company on its behalf to be included in the Purchaser Proxy Circular (the "**Company Information**"). The Company shall ensure the Company Information shall 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 are made, not misleading.

(3) The Purchaser shall give the Company and its legal counsel a reasonable opportunity to review and comment on drafts of the Purchaser Proxy Circular and other related documents, and shall give reasonable consideration to any comments made by the Company and its legal counsel. The Purchaser agrees that all information relating solely to the Company included in the Purchaser Proxy Circular must be in a form and content satisfactory to the Company, acting reasonably.

(4) The Purchaser hereby indemnifies and saves harmless the Company, its Subsidiaries and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which the Company, its Subsidiaries or any of their respective Representatives may be subject or may suffer as a result of, or arising from:

(a) any Misrepresentation or alleged Misrepresentation contained in the Purchaser Proxy Circular; and

(b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any Misrepresentation or any alleged Misrepresentation in the Purchaser Proxy Circular,

provided, however, that such indemnification by the Purchaser shall not apply to any liabilities, claims, demands, losses, costs, damages and expenses arising as a result of or based on any Misrepresentation or any alleged Misrepresentation in the Purchaser Proxy Circular based solely on the Company Information.

(5) The Company hereby indemnifies and saves harmless the Purchaser, its Subsidiaries and their respective Representatives from and against any and all liabilities, claims, demands, losses, costs, damages and expenses to which the Purchaser, its Subsidiaries or any of their respective Representatives may be subject or may suffer as a result of, or arising from:

(a) any Misrepresentation or alleged Misrepresentation contained solely in the Company Information included in the Purchaser Proxy Circular; and

(b) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Entity, to the extent based on any Misrepresentation or any alleged Misrepresentation contained solely in the Company Information included in the Purchaser Proxy Circular.

(6) Each Party shall promptly notify the other Party if it becomes aware that the Purchaser Proxy Circular contains a Misrepresentation, or otherwise requires an amendment or supplement. The Parties shall co-operate in the preparation of any such amendment or supplement as required or appropriate, and the Purchaser shall promptly mail, file or otherwise publicly disseminate any such amendment or supplement to the Purchaser Shareholders and, if required by the Court or by applicable Law, file the same with the Securities Authorities, the TSX or any other Governmental Entity as required.

Section 2.7 Final Order.

The Company shall take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to Section 193 of the ABCA, as soon as reasonably practicable, but in any event not later than three (3) Business Days, after the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order and the conditions in Article 6 have been satisfied or waived by each of the Parties, as applicable.

Section 2.8 Court Proceedings.

In connection with all Court proceedings relating to obtaining the Interim Order and the Final Order, the Company shall:

(a) diligently pursue, and cooperate with the Purchaser in diligently pursuing, the Interim Order and the Final Order;

(b) provide legal counsel to the Purchaser with a reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, and give reasonable consideration to all such comments;

(c) provide copies of any notice of appearance, evidence or other documents served on the Company or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal from them, and any notice, written or oral, indicating the intention of any Person to appeal, or oppose the granting of, the Interim Order or the Final Order;

(d) ensure that all material filed with the Court in connection with the Arrangement is consistent with this Agreement and the Plan of Arrangement;

(e) not file any material with the Court in connection with the Arrangement or serve any such material, or agree to modify or amend any material so filed or served, except as contemplated by this Agreement or with the Purchaser's prior written consent**,** such consent not to be unreasonably withheld, conditioned or delayed, provided the Purchaser is not required to agree or consent to any increase in or variation in the form of the Consideration or other modification or amendment to such filed or served materials that expands or increases the Purchaser's obligations, or diminishes or limits the Purchaser's rights, set forth in any such filed or served materials or under this Agreement;

(f) oppose any proposal from any Person that the Final Order contain any provision inconsistent with this Agreement, and if required by the terms of the Final Order or by applicable Law to return to Court with respect to the Final Order only after notice to, and in consultation and cooperation with, the Purchaser; and

(g) not object to legal counsel to the Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such legal counsel considers appropriate, provided the Purchaser advises the Company of the nature of any such submissions prior to the hearing and such submissions are consistent with this Agreement and the Plan of Arrangement.

Section 2.9 Treatment of Company Options and Other Securities.

(1) The Company and the Purchaser acknowledge and agree that with respect to the Company Options:

(a) the Company Board will exercise its authority under the Company Stock Option Plan and the respective option agreements entered into with the Company Optionholders to permit the accelerated vesting of all Company Options effective prior to the Effective Time solely to allow Company Optionholders to participate in the Surrender Offer and the Conditional Option Exercise pursuant to the Option Election Agreements;

(b) the Company will, as set forth in Section 2.9(1)(c)(ii), accept each offer made by a Company Optionholder pursuant to the Company Stock Option Plan to surrender his or her Company Options to the Company in consideration for the issuance by the Company to such Company Optionholder, for each surrendered Company Option, of that number of Company Shares equal to the excess of the value of the Company Share (where the value of the Company Share shall be calculated, in each case, based on the volume weighted average trading price of the Company Shares on the TSX for the five trading days ending on the trading day prior to the Effective Date) over the exercise price of the Company Option (the "**In-the-Money Amount**"), conditional on closing of the Arrangement (a "**Surrender Offer**"); and

(c) Company Optionholders will have the choice of:

(i) exercising their Company Options at the applicable exercise prices in accordance with the Company Stock Option Plan (the "**Conditional Option Exercise**"), subject either: (i) to the remittance by such Company Optionholder to the Company of cash: (ii) agreement of such Company Optionholder of the right of the Company to set-off amounts that are or will become owing by the Company to such Company Optionholder; (iii) agreement of such Company Optionholder to the sale of Purchaser Shares pursuant to Section 2.9(3); or (iv) any combination of the foregoing, in an aggregate amount equal to the amount of Taxes, if any, required to be remitted by the Company in connection with such exercise and conditional on completion of the Arrangement; or

(ii) (A) in respect of their Company Options that are in-the-money as at the close of trading on the trading day prior to the Effective Date, surrendering such Company Options to the Company pursuant to a Surrender Offer, subject either: (i) to the remittance by such Company Optionholder to the Company of cash: (ii) agreement of such Company Optionholder of the right of the Company to set-off amounts that are or will become owing by the Company to such Company Optionholder; (iii) agreement of such Company Optionholder to the sale of Purchaser Shares pursuant to Section 2.9(3); or (iv) any combination of the foregoing, in an aggregate amount equal to the amount of Taxes, if any, required to be remitted by the Company in connection with such exercise and conditional on completion of the Arrangement, and (B) in respect of their Company Options that are out-of-the-money as at the close of trading on the trading day prior to the Effective Date surrendering their Company Options to the Company for cancellation (before or under the Plan of Arrangement) and the holders thereof shall receive, in respect of each such surrendered Company Option, cash equal to $0.01, in full satisfaction of the Company's obligations under such Company Option.

(2) The Company agrees that, prior to the time that the application for the Interim Order is heard, it shall make reasonable commercial efforts to obtain Option Election Agreements from each Company Optionholder.

(3) The Parties agree that satisfaction of the income tax remittance obligation with respect to the exercise or surrender of Company Options may also be accomplished by way of the withholding by the Company, the Purchaser or the Depositary from the Purchaser Shares received under the Arrangement of such number of Purchaser Shares as may be determined by the Company or the Purchaser, in its sole discretion, to be necessary to satisfy the income tax remittance obligation of such Company Options. The Company, Purchaser and/or the Depositary may sell any such withheld Purchaser Shares, as trustee for any holders of Company Options to satisfy the remittance obligation and, in connection with such exercise or surrender, the holder of the Company Options shall consent to the sale and grant to the Company, Purchaser and Depositary, as trustee for the holder of the Company Options, an irrevocable power of attorney to effect the sale of such Purchaser Shares. Any Purchaser Shares withheld shall be sold through the facilities of the TSX and the funds used to satisfy the remittance obligation.

(4) The Company Board will exercise its authority under the restricted share unit plan of the Company to permit the accelerated vesting of all Company RSUs effective the day which is immediately prior to the Effective Date.

(5) The Company Board will exercise its authority under the performance share unit plan of the Company to permit the accelerated vesting of all Company PSUs effective the day which is immediately prior to the Effective Date.

(6) The Parties acknowledge that holders of Company Warrants that have not, immediately prior to the Effective Time, exercised their Company Warrants in accordance with their terms by making payment to the Company of the exercise price therefor, shall without any payment, be deemed to have been adjusted such that after the Effective Time they will represent the right to acquire that number of

Purchaser Shares equal to the product of (a) the number of Company Shares subject to the Company Warrants immediately before the Effective Time and (b) the Company Exchange Ratio. The exercise price per Purchaser Share subject to any Company Warrant shall be adjusted to be equal to the quotient of (i) the exercise price per Company Share subject to such Company Warrant immediately before the Effective Time divided by (ii) the Company Exchange Ratio (provided that the aggregate exercise price payable on any particular exercise of Company Warrant shall be rounded up to the nearest whole cent). The Purchaser and the Company shall provide or enter into such written instruments, or provide a new certificate, as may be necessary by the terms of the Company Warrants to give effect to the foregoing.

Section 2.10 Company Awards.

The Parties acknowledge that all outstanding Company RSUs, Company PSUs and Company PSEs will, to the extent not already vested, vest on or before the Effective Time, and all outstanding Company RSUs, Company PSUs and Company PSEs shall be redeemed in cash in accordance with their terms and the terms of the applicable plan on or immediately before the Effective Time. The value of the Company DSUs shall be determined as of the Effective Time, and the Company shall pay out all the value of the Company DSUs concurrently with the resignation of each participant, as contemplated in Section 6.2(8) and Section 6.2(10) of this Agreement. The Parties further acknowledge that the Company and the directors of the Company will take all such actions as are necessary or desirable to effect the foregoing.

Section 2.11 Employment Matters.

(1) The Purchaser covenants and agrees, and after the Effective Time will cause the Company and any successor to the Company to agree, that the employment of all the Company Employees will be continued by the Purchaser or the Company or one of their Subsidiaries, as the case may be, and that the Company Employees, unless their employment is terminated, shall continue their employment on terms and conditions no less favourable, in the aggregate, to the terms and conditions on which they are currently employed.

(2) The Parties agree that the aggregate amount of all Company Change of Control Payments shall not exceed $2,750,000. All Company Change of Control Payments shall be made by the Company at the Effective Time conditional upon the execution by the employee of a release in favour of the Company and the Purchaser, or in the case of an officer of a mutual release in favour of the Company and the Purchaser and the individual, such release or mutual release in form and substance satisfactory to the Company and the Purchaser, each acting reasonably.

Section 2.12 Board Nominee Rights.

The Purchaser shall, as soon as reasonably practicable following the date of this Agreement, take such reasonable commercial steps as may be required by the TSX and applicable Law, to permit the appointment of Chris Strong and such other nominee to be mutually agreed upon prior to the Effective Date by the Parties, acting reasonably (the "**Company Board Nominees**"), to the Purchaser Board with such assistance from the Company Board Nominees as may be required and no later than immediately following the Effective Time subject to compliance by such Company Board Nominees with the requirements of the ABCA and the TSX.

Section 2.13 Articles of Arrangement and Effective Date.

(1) The Company shall file the Articles of Arrangement with the Registrar within two (2) Business Days of the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions set out in Article 6 (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date), unless another time or date is agreed to in writing by the Parties.

(2) The closing of the Arrangement will take place at the offices of legal counsel to the Company, or at such other location as may be agreed upon by the Parties.

Section 2.14 Tax Withholding.

The Purchaser, the Company and the Depositary shall be entitled to deduct or withhold from any dividend or consideration payable to any Company Shareholder, Company Optionholder or Company director, officer, employee or consultant pursuant to any Company incentive plan or otherwise, such amounts as the Purchaser, the Company or the Depositary is required to deduct or withhold with respect to such payment under the Tax Act or any provision of federal, provincial, territorial, state, local or foreign tax Law, in each case, as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated, for all purposes hereof, as having been paid to the Company Shareholders, Company Optionholders or Company director, officer, employee or consultant in respect of whom such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Entity. The Company, the Purchaser and/or the Depositary shall be entitled to sell any such withheld Purchaser Shares, as trustee for the Company Shareholders, Company Optionholders or Company director, officer, employee or consultant in respect of whom such deduction or withholding was made, to satisfy the remittance obligation. Any Purchaser Shares withheld shall be sold through the facilities of the TSX and the funds used to satisfy the remittance obligation.

Section 2.15 U.S. Securities Laws.

The Parties intend that the issuance of Purchaser Shares to the Company Shareholders under the Arrangement will qualify for the exemption from the registration requirements of the U.S. Securities Act provided by section 3(a)(10) thereof. Therefore, each Party agrees to act in good faith to execute the Arrangement in a manner that is consistent with the intent of the Parties and the intended treatment of the Arrangement as set forth in this Section 2.15.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Company.

(1) The Company represents and warrants to the Purchaser as set forth in Schedule C and acknowledges and agrees that the Purchaser is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

Section 3.2 Representations and Warranties of the Purchaser.

(1) The Purchaser represents and warrants to the Company as set forth in Schedule D and acknowledges and agrees that the Company is relying upon such representations and warranties in connection with the entering into of this Agreement.

(2) The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4
COVENANTS

Section 4.1 Covenants of the Purchaser.

(1) Until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, the Purchaser shall, and shall cause each of its Subsidiaries to, conduct its business in the Ordinary Course.

(2) Without limiting the generality of Section 4.1(1), and without derogating from the obligations of the Purchaser in Section 4.1(3) below, but subject to applicable Law, the Purchaser shall use its reasonable commercial efforts to preserve intact the current business organization of the Purchaser, keep available the services of the present employees and agents of the Purchaser and maintain good relations with, and the goodwill of, suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with the Purchaser and, except with the prior written consent of the Company (not to be unreasonably withheld) or as required or permitted by this Agreement, the Purchaser shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

(a) amend its Constating Documents, or, in the case of any Subsidiary of the Purchaser that is not a corporation, its similar organizational documents;

(b) split, combine or reclassify any shares of its capital stock or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof), other than in respect of the capital stock of, or any dividend or other distribution by any Subsidiary that is, directly or indirectly, wholly owned by the Purchaser;

(c) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of the Purchaser or any of its Subsidiaries;

(d) other than in connection with any normal course issuer bid to be implemented by the Purchaser in accordance with the requirements of the TSX, redeem, purchase or acquire any of the outstanding Purchaser Shares;

(e) issue, or agree to issue, any Purchaser Shares or any shares convertible or exercisable into Purchaser Shares at an issue price, conversion price or exercise price of less than $3.00 per Purchaser Share, other than a grant of, or an exercise of, options or other employee incentive compensation securities;

(f) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses if such acquisition would hinder or delay the consummation of the transactions contemplated by this Agreement;

(g) sell, lease, transfer or otherwise dispose of any of its assets if such sale, lease, transfer or disposition would hinder or delay the consummation of the transactions contemplated by this Agreement;

(h) make any change in the Purchaser's methods of accounting, except as required by concurrent changes in GAAP;

(i) amend, modify or terminate any material insurance policy of the Purchaser or its Subsidiaries in effect on the date of this Agreement;

(j) waive, release, grant or transfer any rights of value or modify or change any existing license or lease which is material to the business of the Purchaser or its Subsidiaries, taken as a whole, other than in the Ordinary Course;

(k) authorize, agree, resolve, commit or propose any of the foregoing, or enter into any contract, agreement, commitment or arrangement to do any of the foregoing; and

(l) abandon or fail to diligently pursue any application for any material licences, permits, authorizations or registrations.

(3) The Purchaser shall use its reasonable commercial efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under applicable Law to consummate the Arrangement as soon as practicable, including:

(a) using its reasonable commercial efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are required to be obtained under the Purchaser Material Contracts in connection with the Arrangement, in each case, on terms that are reasonably satisfactory to the Company, and without paying, and without committing itself or the Company to pay, any consideration or incur any liability or obligation without the prior written consent of the Company;

(b) subject to Section 4.4, preparing and filing, as promptly as practicable, all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals and using its reasonable commercial efforts to obtain and maintain all Regulatory Approvals, and providing or submitting all documentation and information that is required, or in the opinion of the Purchaser, advisable in connection with obtaining the Regulatory Approvals;

(c) using its reasonable commercial efforts to, on prior written approval of the Company, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement; and

(d) carrying out the terms of the Interim Order and the Final Order applicable to it and complying promptly with all requirements imposed by applicable Law on it or its Subsidiaries with respect to this Agreement or the Arrangement.

(4) The Purchaser shall, on the Effective Date: (i) provide to the Transfer Agent an irrevocable direction authorizing and directing the Transfer Agent to issue the New Purchaser Shares to holders of the Company Shares and shall irrevocably direct the Depositary to distribute the New Purchaser Shares to the holders of the Company Shares in accordance with the terms of the Plan of Arrangement; and (ii) irrevocably provide the Depositary with sufficient funds as are payable to Company Optionholders pursuant to the Plan of Arrangement together with an irrevocable direction to pay the same in accordance with the terms of the Plan of Arrangement.

(5) The Purchaser shall use its reasonable commercial efforts (taking into account insurance market conditions and offerings and industry practices) to cause its current insurance (or re-insurance) policies, including directors' and officers' insurance, not to be cancelled or terminated or any of the coverage thereunder to lapse, except where such cancellation, termination or lapse would not individually or in the aggregate be material to the Purchaser and its Subsidiaries, taken as a whole, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing having comparable

deductibles and 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.

(6) The Purchaser shall not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement.

(7) The Purchaser will make all necessary filings and applications under applicable Law, including Securities Laws, required to be made on the part of the Purchaser in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such applicable Law.

(8) The Purchaser shall apply to the TSX for conditional approval of the listing and posting for trading of the New Purchaser Shares on the TSX (the "**TSX Approval**") and shall use reasonable commercial efforts to obtain such TSX Approval prior to the Effective Date.

(9) The Purchaser shall promptly notify the Company of:

(a) any Material Adverse Change in respect of the Purchaser whether actual, anticipated, contemplated or, to the knowledge of the Purchaser, threatened;

(b) any change in any representation or warranty provided by the Purchaser 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 it shall in good faith discuss with the Company any change in circumstances (actual, anticipated, contemplated, or to the knowledge of such Party, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the Company pursuant to this provision;

(c) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;

(d) any notice or other communication from any Governmental Entity in connection with this Agreement or the Purchaser's operations (and the Purchaser shall contemporaneously provide a copy of any such written notice or communication to the Company); or

(e) any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Purchaser.

Section 4.2 Covenants of the Company.

(1) Until the earlier of the Effective Time and the time that this Agreement is terminated in accordance with its terms, the Company shall, and shall cause each of its Subsidiaries to, conduct its business in the Ordinary Course.

(2) Without limiting the generality of Section 4.2(1), and without derogating from the obligations of the Company in Section 6.2, but subject to applicable Law the Company shall use its reasonable commercial efforts to preserve intact the current business organization of the Company, keep available the services of the present employees and agents of the Company and maintain good relations with, and the goodwill of, suppliers, customers, landlords, creditors, distributors and all other Persons having business relationships with the Company and, except with the prior written consent of the Purchaser (not to be unreasonably withheld) or as required or permitted by this Agreement and except for expenditures considered necessary by the Company, acting reasonably, to preserve or protect the health and safety of individuals or to preserve or protect property or the environment, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

(a) amend its Constating Documents or, in the case of any Subsidiary of the Company which is not a corporation, its similar organizational documents;

(b) split, combine or reclassify any shares of its capital stock or declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof) or amend any term of any outstanding debt security;

(c) redeem, repurchase, or otherwise acquire or offer to redeem, repurchase or otherwise acquire any shares of its capital stock, except as required by the terms of its shares and in accordance with such terms;

(d) issue, deliver, sell, pledge or otherwise encumber, or authorize the issuance, delivery, sale, pledge or other encumbrance of any shares of its capital stock or other equity or voting interests, or any options, warrants or similar rights exercisable or exchangeable for or convertible into such capital stock or other equity or voting interests, or any stock appreciation rights, phantom stock awards or other rights that are linked to the price or the value of Company Shares, except for the issuance of Company Shares issuable upon the exercise of the currently outstanding Company Options;

(e) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of the Company or any of its Subsidiaries;

(f) except as disclosed in writing by the Company to the Purchaser, acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, in one transaction or in a series of related transactions, assets, securities, properties, interests or businesses unless otherwise contemplated by the Company Budget or in the Ordinary Course;

(g) sell, lease, transfer or otherwise dispose of any of its assets except for (i) assets which are obsolete and which individually or in the aggregate do not exceed $1,000,000, (ii) transactions of this nature contemplated by the Company Budget or (iii) assets disposed of in the Ordinary Course;

(h) make any capital expenditure or commitment to do so which individually exceeds $500,000 or in the aggregate exceeds $1,000,000 unless otherwise contemplated by the Company Budget;

(i) except in the Ordinary Course or as contemplated by this Agreement, prepay, redeem or otherwise satisfy any long-term indebtedness before its scheduled maturity or increase, create, incur, assume or otherwise become liable for any indebtedness for borrowed money or guarantees thereof;

(j) make any loan or advance to, or any capital contribution or investment in, or assume, guarantee or otherwise become liable with respect to the liabilities or obligations of, any Person;

(k) enter into any interest rate, currency, equity or commodity swaps, hedges, derivatives, forward sales contracts or similar financial instruments;

(l) except as disclosed in writing to the Purchaser, make any bonus or profit sharing distribution or similar payment of any kind except as may be required by the terms of an employment Contract or Employee Plan;

(m) make any change in the Company's methods of accounting, except as required by concurrent changes in GAAP;

(n) grant any general increase in the rate of wages, salaries, bonuses or other remuneration of any Company Employees except as may be required by the terms of any employment Contract;

(o) except as required by applicable Law or by the terms of the Employee Plans or Contracts in effect on the date of this Agreement (i) adopt, enter into or amend any Employee Plan (other than entering into an employment agreement in the Ordinary Course with a new employee who was not employed by the Company or a Subsidiary on the date of this Agreement); (ii) pay any benefit to any director or officer of the Company or any of its Subsidiaries or to any Company Employee other than in the Ordinary Course, that is not required under the terms of any Employee Plan in effect on the date of this Agreement or, in each case, as disclosed in writing; (iii) grant, accelerate, increase or otherwise amend any payment, award or other benefit payable to, or for the benefit of, any director or officer of the Company or any of its Subsidiaries or to any Company Employee other than in the Ordinary Course; (iv) make any material determination under any Employee Plan that is not in the Ordinary Course; or (v) take or propose any action to effect any of the foregoing;

(p) cancel, waive, release, assign, settle or compromise any material claims or rights other than in the Ordinary Course;

(q) except any disclosure in writing by the Company to the Purchaser, compromise or settle any litigation, proceeding or governmental investigation relating to the assets or the business of the Company in excess of an aggregate amount of $500,000;

(r) amend or modify, or terminate or waive any right under, any Company Material Contract or enter into any contract or agreement that would be a Company Material Contract if in effect on the date of this Agreement;

(s) enter into, amend or modify any agreement to which the term is for a duration of longer than one (1) year unless the agreement is capable of being terminated at any time within 30 days and without penalty to the Company;

(t) except as contemplated in Section 4.11 amend, modify or terminate any material insurance policy of the Company or any Subsidiary of the Company in effect on the date of this Agreement;

(u) enter into, renew or extend any agreement to retain the services of business development consultants or agents;

(v) authorize, agree, resolve or otherwise commit, whether or not in writing, to do any of the foregoing; or

(w) abandon or fail to diligently pursue any application for any material licences, permits, authorizations or registrations other than in the Ordinary Course.

(3) The Company shall use its reasonable commercial efforts to take or cause to be taken all actions and to do or cause to be done all things necessary, proper or advisable under applicable Law to consummate the Arrangement as soon as practicable, including:

(a) using its reasonable commercial efforts to obtain and maintain all third party or other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments or confirmations that are (i) required to be obtained under the Company Material Contracts in connection with the Arrangement or (ii) required in order to maintain the Company Material Contracts in full force and effect following completion of the Arrangement (including the Requested Consents), in each case, on terms that are reasonably satisfactory to the Purchaser, and without paying, and without committing itself or the Purchaser to pay, any consideration or incur any liability or obligation without the prior written consent of the Purchaser;

(b) subject to Section 4.4, preparing and filing, as promptly as practicable, all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals and using its reasonable commercial efforts to obtain and maintain all Regulatory Approvals, and providing or submitting all documentation and information that is required, or in the reasonable opinion of the Purchaser, advisable in connection with obtaining the Regulatory Approvals;

(c) using its reasonable commercial efforts to, on prior written approval of the Purchaser, oppose, lift or rescind any injunction, restraining or other order, decree or ruling seeking to restrain, enjoin or otherwise prohibit or adversely affect the consummation of the Arrangement and defend, or cause to be defended, any proceedings to which it is a party or brought against it or its directors or officers challenging the Arrangement or this Agreement;

(d) carrying out the terms of the Interim Order and the Final Order applicable to it and complying promptly with all requirements imposed by applicable Law on it or its Subsidiaries with respect to this Agreement or the Arrangement; and

(e) cooperating with the Purchaser in making application to the TSX in respect of the TSX Approval.

(4) The Company shall use its reasonable commercial efforts to maintain the listing of the Company Shares on the TSX until the Effective Date.

(5) The Company shall not take any action, or refrain from taking any commercially reasonable action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent, delay or otherwise impede the consummation of the Arrangement.

(6) The Company will make all necessary filings and applications under applicable Law, including Securities Laws, required to be made on the part of the Company in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such applicable Law.

(7) The Company shall promptly notify the Purchaser of:

(a) any Material Adverse Change in respect of the Company whether actual, anticipated, contemplated or, to the knowledge of the Company, threatened;

(b) any change in any representation or warranty provided by the Company 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 it shall in good faith discuss with the Purchaser any change in circumstances (actual, anticipated, contemplated, or to the knowledge of the Company, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the Purchaser pursuant to this provision;

(c) any notice or other communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person is required in connection with this Agreement or the Arrangement;

(d) any notice or other communication from any Governmental Entity in connection with this Agreement (and the Company shall contemporaneously provide a copy of any such written notice or communication to the Purchaser); or

(e) any filing, actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company.

(8) The Company shall use reasonable commercial efforts to cause to be delivered to the Purchaser on or before the Effective Date resignations and mutual releases, effective as of the Effective Date, of each director of the Company and its Subsidiaries in a form acceptable to the Purchaser, acting reasonably.

Section 4.3 Mutual Covenants.

(1) Each of the Parties shall use all reasonable commercial efforts to, and shall cause its Subsidiaries to use all reasonable commercial efforts to, satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 6 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under any applicable Law to complete the Arrangement, including using its reasonable commercial efforts to promptly:

(a) obtain all necessary exemptions, consents, approvals and authorizations as are required to be obtained by it under any applicable Law;

(b) effect all necessary registrations and filings and submissions of information under applicable Laws or requested by Governmental Entities required to be effected by it in connection with the Arrangement and participate and appear in any proceedings of either Party before Governmental Entities;

(c) defend all lawsuits or other legal, regulatory or other proceedings against it challenging or affecting the Arrangement or this Agreement, and oppose, lift or rescind any injunction or restraining order or other order or action seeking to stop, or otherwise adversely affecting the ability of the Parties to consummate, the Arrangement;

(d) fulfill all conditions and satisfy all provisions of this Agreement and the Arrangement, including delivery of the certificates of their respective officers contemplated by Section 6.2 and Section 6.3; and

(e) co-operate with the other Party in connection with the performance by it and its Subsidiaries of their obligations under this Agreement.

(2) The Parties shall not take any action, refrain from taking any action, or permit any action to be taken or not taken, which is inconsistent with this Agreement or which would reasonably be expected to prevent or significantly impede the consummation of the Arrangement.

(3) Each Party shall use its reasonable commercial efforts to obtain all necessary waivers, consents and approvals required to be obtained by it from parties to credit and loan agreements, leases and other contracts, except as have been obtained as of the date hereof it being acknowledged and agreed that the receipt of such waivers, consents or approvals is not a condition precedent to completion of the Arrangement.

(4) Each Party shall use its reasonable commercial efforts to conduct its affairs so that all representations and warranties of such Party shall be true and correct on and as of the Effective Time as if made at that time, provided that any representation and warranty not qualified by materiality shall be true and correct in all material respects.

Section 4.4 Mutual Covenants Regarding Regulatory Approvals.

(1) As soon as practicable, and in any event no later than 15 Business Days from the date of this Agreement, (a) the Purchaser and the Company shall each file (i) with the Commissioner the notice

and information required under subsection 114(1) of the Competition Act; and (ii) the Notification and Report Form required under the HSR Act ("**HSR filings**") and request early termination of the waiting period thereunder; and (b) the Purchaser shall file with the Commissioner a submission in support of a request for an advance ruling certificate under section 102 of the Competition Act or, in the event that the Commissioner will not issue an advance ruling certificate, a No Action Letter in respect of the Arrangement. The Purchaser and the Company shall each pay one-half of the filing fee relating to the Competition Act filings described above, the HSR filings and any other fees that are payable to a Governmental Entity in connection with obtaining or concluding the Regulatory Approvals.

(2) Each of the Company and the Purchaser will cooperate with each other, including by way of furnishing such information as may be reasonably requested by a Party, in connection with the preparation and submission of all applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Entity) as may be or become necessary or desirable in connection with the Competition Act and/or the HSR Act for the consummation of the Arrangement and, without limiting the generality of the foregoing, in connection with the Regulatory Approvals.

(3) Each Party will:

(a) promptly inform the other Party of any material communication received by that Party from any Governmental Entity in respect of obtaining or concluding the Regulatory Approvals;

(b) use reasonable commercial efforts to respond promptly to any request or notice from any Governmental Entity requiring the Parties, or any one of them, to supply additional information that is relevant to the review of the transactions contemplated by this Agreement in respect of obtaining or concluding the Regulatory Approvals and, in the event that the Parties obtain a "second request" for additional information under the HSR Act or a supplementary information request under subsection 114(2) of the Competition Act, will comply with such request or requests as soon as reasonably practicable and in any event within no greater than 90 days from the date of its issuance;

(c) subject to Section 4.4(4), permit the other Party to review in advance any proposed applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Entity) in respect of obtaining or concluding the Regulatory Approvals, and will provide the other Party a reasonable opportunity to comment thereon where timing permits and agree to consider those comments in good faith;

(d) subject to Section 4.4(4), promptly provide the other Party with any applications, notices, filings, submissions, undertakings, correspondence and communications of any nature (including responses to requests for information and inquiries from any Governmental Entity) that were submitted to a Governmental Entity in respect of obtaining or concluding the Regulatory Approvals;

(e) not participate in any substantive meeting or discussion (whether in person, by telephone or otherwise) with any Governmental Entity in respect of obtaining or concluding the Regulatory Approvals unless it consults with the other Party in advance; and

(f) keep the other Party promptly informed of the status of discussions relating to obtaining or concluding the Regulatory Approvals.

(4) Notwithstanding any requirement in this Section 4.4 in connection with obtaining the Regulatory Approvals, where a Party (in this Section 4.4 only, a "**Disclosing Party**") is required under this Section 4.4 to provide information to another Party (in this Section 4.4 only, a "**Receiving Party**") that the Disclosing Party deems to be competitively sensitive information or otherwise reasonably

determines in respect thereof that disclosure should be restricted, the Disclosing Party may restrict the provision of such competitively sensitive and other information only to external legal counsel of the Receiving Party, provided that the Disclosing Party also provides the Receiving Party a redacted version of any such application, notice, filing, submissions, undertakings, correspondence or communications (including responses to requests for information and inquiries from any Governmental Entity) which does not contain any such competitively sensitive or other restricted information.

(5) Notwithstanding any other provision of this Agreement, nothing in this Agreement shall require, or be construed to require, the Company to in relation to the Competition Act Approval or the HSR Act Approval: (i) sell, lease, license, transfer, dispose of, divest or otherwise encumber, or to hold separate pending any such action or proffer, propose, negotiate, offer to effect or consent, commit or agree to any sale, divestiture, lease, licensing, transfer, disposal, divestment or other encumbrance of, or to hold separate any assets, licenses, operations, rights, product lines, businesses or interest of the Company, the Purchaser or any of their respective subsidiaries or affiliates; (ii) take or agree to take any other action, or agree or consent to any limitations or restrictions on freedom of actions with respect to, or its ability to own, retain or make changes in, any assets, licenses, operations, rights, product lines, businesses or interests of the Company, the Purchaser or any of their respective subsidiaries or affiliates; or (iii) give any undertakings, or agree to any undertakings, including with respect to the matters referred to in (i) and (ii).

Section 4.5 Financing Assistance.

(1) The Company shall, and shall cause its Subsidiaries to, provide such cooperation to the Purchaser as the Purchaser may reasonably request in connection with the arrangements by the Purchaser to obtain new or amend any existing credit facilities (including the Second Lien Credit Agreement or the BDC Mortgage) or issue equity or debt securities publicly or privately, subject to the terms hereof (provided that (a) to the extent reasonably practicable, such request is made on reasonable notice, (b) such cooperation does not unreasonably interfere with the ongoing operations of the Company and its Subsidiaries or unreasonably interfere with, or hinder or delay the performance by the Company or its Subsidiaries of their obligations hereunder, (c) the Company shall not be required to provide, or cause any of its Subsidiaries to provide, cooperation that involves any binding commitment by the Company or its Subsidiaries; and (d) any actions taken hereunder are in compliance with Section 4.1, Section 4.2 and Section 4.3).

(2) Notwithstanding Section 4.5(1), neither the Company nor any of its Subsidiaries shall be required by the Purchaser to, nor shall the Purchaser: (a) take any action or do anything that would (i) contravene any applicable Law, (ii) be capable of impairing or preventing the satisfaction of any condition set forth in Article 6 or unreasonably interfere with or hinder or delay the consummation of the Arrangement; or (iii) require any public announcement by the Company or the Purchaser; (b) pay any commitment, consent or other fee or incur any other liability in connection with such financing prior to the Effective Date; or (c) except as required to comply with applicable Laws, disclose any information that in the reasonable judgment of such Party would violate any obligations of such Party or any other Person with respect to confidentiality.

(3) The Purchaser agrees to indemnify and save harmless the Company and its Subsidiaries and their respective officers, directors, employees, agents, advisors and representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest awards, judgments and penalties suffered or incurred by any of them in connection with any actions or omissions by any of them in connection with any request by the Purchaser made pursuant to this Section 4.5 and for any alleged misstatement or omission in any information provided by the Company at the request of the Purchaser (other than historical factual information to the extent prepared by the Company and relating to the Company and its Subsidiaries) except that the Purchaser shall not be liable in any such case to the extent that any such liabilities, losses, damages, claims, costs, expenses, interest awards, judgments and penalties arise solely as a result of the negligence, willful misconduct or fraud of the Company, it Subsidiaries or any of their Representatives. The Purchaser shall promptly, upon request by the Company and from time to time, reimburse the Company and its Subsidiaries for all out-of-pocket

costs (including legal fees and disbursements) incurred by the Company and its Subsidiaries and their Representatives in connection with any of the actions contemplated by this Section 4.5, including, if this Agreement is terminated by the Company in accordance with its terms, in connection with any unwinding or similar transactions by the Company or its Subsidiaries required as a result of actions taken pursuant to this Section 4.5.

Section 4.6 Pre-Arrangement Reorganization.

(1) Each Party acknowledges and agrees that, in contemplation of the Arrangement, it shall, and shall cause each of its respective Subsidiaries to, cooperate with the other Party (the "**Reorganizing Party**") in structuring, planning and implementing any reorganization of the business, operations and assets of the Reorganizing Party (each, a "**Pre-Arrangement Reorganization**") in order to improve the Tax efficiencies of the proposed transactions for the Parties and their securityholders, and the Reorganizing Party shall be permitted to take all necessary or desirable steps to effect any Pre-Arrangement Reorganization, provided that the Reorganizing Party shall not undertake any Pre-Arrangement Reorganization without the written consent of the other Party (not to be unreasonably withheld, conditioned or delayed).

(2) Notwithstanding anything contained in this Section 4.6, the Company shall not be obligated to proceed with or agree to any Pre-Arrangement Reorganization that: (i) would have the effect of reducing the Consideration to be received under the Arrangement by the Company Shareholders; (ii) would impose any incremental tax obligations on the Company Shareholders in connection with the Arrangement or a Pre-Arrangement Reorganization; (iii) would unreasonably interfere with or hinder or delay the consummation of the Arrangement; (iv) may require the Company to contravene any laws, its organizational documents or any Contract material to the Company; (v) would have a Material Adverse Effect on the Company; or (vi) would impose any material expense or cost on the Company. Further, the Company shall not be required to effect a Pre-Arrangement Reorganization unless the Purchaser has waived or confirmed in writing the satisfaction of all conditions in its favour under Section 6.1 and Section 6.2 hereof and the Company determines to its satisfaction there is certainty that the Arrangement will be completed in accordance with its terms. If the Arrangement is not completed, the Purchaser shall (x) forthwith reimburse the Company for all out of pocket costs and expenses incurred by the Company or its Representatives in connection with considering a Pre-Arrangement Reorganization; and (y) indemnify and save harmless the Company and its Subsidiaries and the respective officers, directors, employees, agents and advisors and representatives from and against any and all liabilities, losses, damages, claims, costs, expenses, interest awards, judgments and penalties separate or incurred by any of them in connection with any actions or omissions by any of them in connection with or arising directly or indirectly out of any Pre-Arrangement Reorganization (which indemnity shall include any costs and expenses incurred by the Company in order to restore the organizational structure of the Company to a substantially similar structure of the Company as of the date hereof).

(3) Each of the Parties acknowledges and agrees that the planning for and implementation of any Pre-Arrangement Reorganization pursuant to Section 4.6(1) shall not be considered a breach of any covenant under this Agreement and shall not be considered in determining whether a representation or warranty of a Party hereunder has been breached. Subject to the other provisions of this Section 4.6, the Parties shall work cooperatively and use reasonable commercial efforts to prepare prior to the Effective Time all documentation necessary and do such other acts and things as are necessary to give effect to such Pre-Arrangement Reorganization pursuant to Section 4.6(1).

Section 4.7 Access to Information; Confidentiality.

(1) Subject to applicable Law**,** each Party shall give the other Party and its Representatives (a) upon reasonable notice, reasonable access during normal business hours to its and its Subsidiaries' (i) premises, (ii) property and assets (including all books and records, whether retained internally or otherwise), (iii) Contracts, leases and other similar arrangements, as applicable, and (iv) senior personnel, so long as the access does not unduly interfere with the Ordinary Course conduct of the

business of the Purchaser or the Company, as the case may be; and (b) such financial and operating data or other information with respect to the assets or business of the Company or the Purchaser, as the case may be, that either Party from time to time reasonably requests.

(2) Investigations made by or on behalf of the Purchaser or the Company, as the case may be, whether under this Section 4.7 or otherwise, will not waive, diminish the scope of, or otherwise affect any representation or warranty made by the Purchaser or the Company, as the case may be, in this Agreement.

(3) The Purchaser and the Company acknowledge that each of the Confidentiality Agreements continue to apply and that any information provided under Section 4.7(1) above that is non-public and/or proprietary in nature shall be subject to the terms of the applicable Confidentiality Agreement. If this Agreement is terminated in accordance with its terms, the obligations under the Confidentiality Agreements shall survive the termination of this Agreement.

Section 4.8 Public Communications.

The Parties shall co-operate in the preparation of presentations, if any, to Company Shareholders or Purchaser Shareholders regarding the Arrangement. A Party shall not issue any press release or make any other public statement or disclosure with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed), and, subject to Section 4.4, a Party shall not make any filing with any Governmental Entity with respect to this Agreement or the Arrangement without the consent of the other Party (which consent shall not be unreasonably withheld or delayed); provided that any Party that is required to make disclosure by applicable Law may make such required disclosure but shall use its reasonable commercial efforts to give the other Party prior oral or written notice and a reasonable opportunity to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing). The Party making such disclosure shall give reasonable consideration to any comments made by the other Party or its legal counsel, and if such prior notice is not possible, shall give such notice immediately following the making of such disclosure or filing.

Section 4.9 Notice and Cure Provisions.

(1) Each Party shall promptly notify the other Party of the occurrence, or failure to occur, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(a) cause any of the representations or warranties of such Party contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the Effective Time; or

(b) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by such Party under this Agreement.

(2) Notification provided under this Section 4.9 will not affect the representations, warranties, covenants, agreements or obligations of the Parties (or remedies with respect thereto) or the conditions to the obligations of the Parties under this Agreement.

(3) The Purchaser may not elect to exercise its right to terminate this Agreement pursuant to Section 7.1(3)(a) and the Company may not elect to exercise its right to terminate this Agreement pursuant to Section 7.1(4)(a), unless the Party seeking to terminate the Agreement (the "**Terminating Party**") has delivered a written notice ("**Termination Notice**") to the other Party (the "**Breaching Party**") specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Terminating Party asserts as the basis for termination. After delivering a Termination Notice, provided the Breaching Party is proceeding diligently to cure such matter and such matter is capable of being cured prior to the Outside Date (with any intentional breach being deemed to be incurable), the Terminating Party may not exercise such termination right until the earlier

of (a) the Outside Date, and (b) if such matter has not been cured by the date that is seven (7) Business Days following receipt of such Termination Notice by the Breaching Party, such date. If the Terminating Party delivers a Termination Notice prior to the date of one or both of the Meetings, unless the Parties agree otherwise, the Parties shall, to the extent permitted by applicable Law, postpone or adjourn the such Meeting or Meetings to the earlier of (a) five (5) Business Days prior to the Outside Date and (b) the date that is seven (7) Business Days following receipt of such Termination Notice by the Breaching Party.

Section 4.10 Personal Information.

(1) For the purposes of this Section 4.10, the following definitions shall apply:

(a) "**applicable law**" means, in relation to any Person, transaction or event, all applicable provisions of applicable Laws, statutes, rules, regulations, official directives and orders of and the terms of all judgments, orders and decrees issued by any authorized authority 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 the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial Law including the *Personal Information Protection Act* (Alberta);

(c) "**authorized authority**" means, in relation to any Person, transaction or event, any (i) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (ii) 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, (iii) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (iv) 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

(d) **"Personal Information**" means information about an identifiable individual.

(2) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(3) Prior to the completion of the Arrangement,

(a) the Parties agree to only collect, use and disclose Personal Information as is necessary for the purposes of determining if the Parties are to proceed with the Arrangement; and

(b) a Party in receipt of Disclosed Personal Information may not use or disclose any Disclosed Personal Information for any purposes other than those related to the performance of this Agreement.

(4) Each Party covenants and agrees to, upon request, use reasonable efforts to advise the other of all documented purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates and all additional documented purposes where the Party has notified the individual of such additional purpose, and where required by applicable law, obtained the consent of such individual to such use or disclosure.

(5) In addition to its other obligations hereunder, each Party receiving Disclosed Personal Information covenants and agrees to (a) after the completion of the Arrangement, collect, use and disclose the Disclosed Personal Information only for those purposes for which the Disclosed Personal Information was initially collected from or in respect of the individual to which such Disclosed Personal Information relates and solely for the purposes of carrying on the business or activity or carrying out the objects for which the Arrangement took place, unless (i) either Party has first notified such individual of such additional purpose, and where required by applicable law, obtained consent of such individual to such additional purpose, or (ii) such use or disclosure is permitted or authorized by applicable law, without notice to, or consent from such individual; (b) where required by applicable law, promptly notify the individuals to whom the Disclosed Personal Information relates that the Arrangement has taken place and that the Disclosed Personal Information has been disclosed; and (c) notwithstanding any other provision herein, where the disclosure or transfer of Disclosed Personal Information requires the consent of, or the provision of notice to the individual to which such Disclosed Personal Information relates, to not require or accept the disclosure or transfer of such Disclosed Personal Information until the disclosing Party has first notified such individual of such disclosure or transfer and the purpose for same, and where required by applicable law, obtained the individual's consent to same and to only collect, use and disclose such information to the extent necessary to complete the Arrangement and as authorized or permitted by applicable law.

(6) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and take reasonable steps in accordance with applicable law to 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.

(7) Subject to the following provisions, each Party 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. Each Party shall ensure that access to the Disclosed Personal Information provided to it shall be restricted to those employees or advisors of the respective party who have a *bona fide* need to access to such information in order to complete the Arrangement.

(8) Where not prohibited by applicable law, each Party shall promptly notify the other Parties to this Agreement of all inquiries, complaints, requests for access, 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, and claims.

(9) In the event the Arrangement is not completed as contemplated herein, each Party shall forthwith cease all use of the Personal Information acquired by such Party in connection with this Agreement and will return to the other Party or, at the other Party's request, destroy in a secure manner, all such Personal Information (and any copies thereof).

Section 4.11 Insurance and Indemnification.

(1) On or prior to the Effective Date, the Company shall purchase, effective on the Effective Date, customary "tail" policies of directors' and officers' liability insurance for the benefit of all present and former directors and officers of the Company and its Subsidiaries providing protection no less favourable in the aggregate to the protection provided by the policies maintained by the Company and its Subsidiaries which are in effect immediately prior to the Effective Date and providing protection in respect of claims arising from facts or events which occurred on or prior to the Effective Date and the Purchaser shall, or shall cause the Company and its Subsidiaries to maintain such tail policies in effect without any reduction in scope or coverage for six (6) years from the Effective Date; provided that the Purchaser shall not be required to pay any amounts in respect of such coverage prior to the Effective

Time and provided further that the cost of such policies shall not exceed 250% of the Company's current annual aggregate premium for policies currently maintained by the Company or its Subsidiaries.

(2) The Purchaser shall honour all rights to indemnification or exculpation now existing in favour of present and former employees, officers and directors of the Company and its Subsidiaries to the extent that they are disclosed in writing to the Purchaser, and acknowledges that such rights shall survive the completion of the Plan of Arrangement and shall continue in full force and effect in accordance with their terms.

(3) If the Company or any of its Subsidiaries or any of their respective successors or assigns (a) consolidates with or merges into any other Person and is not a continuing or surviving corporation or entity of such consolidation or merger, or (b) transfers all or substantially all of its properties and assets to any Person, the Purchaser shall ensure that any such successor or assign (including, as applicable, any acquirer of substantially all of the properties and assets of the Company or its Subsidiaries) assumes all of the obligations set forth in this Section 4.11.

ARTICLE 5
ADDITIONAL COVENANTS REGARDING NON-SOLICITATION

Section 5.1 Non-Solicitation.

(1) Except as expressly provided in this Article 5, neither Party shall, directly or indirectly, through any Representative, or otherwise, and shall not permit any such Person to:

(a) solicit, initiate, encourage or otherwise facilitate (including by way of furnishing or providing copies of, access to, or disclosure of, any confidential information, properties, facilities, books or records of the Purchaser or any of its Subsidiaries or the Company or any of its Subsidiaries, as the case may be, or entering into any form of agreement, arrangement or understanding), any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(b) enter into or otherwise engage or participate in any discussions or negotiations with any Person (other than the other Party) regarding any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to, an Acquisition Proposal;

(c) withdraw, amend, modify or qualify, or publicly propose or state an intention to withdraw, amend, modify or qualify, the Purchaser Board Recommendation or the Company Board Recommendation, as the case may be;

(d) accept, approve, endorse or recommend, or publicly propose to accept, approve, endorse or recommend, or take no position or remain neutral with respect to, any Acquisition Proposal that is publicly announced, or otherwise publically disclosed, (it being understood that publicly taking no position or a neutral position with respect to any Acquisition Proposal for a period of no more than three (3) Business Days following the public announcement or disclosure of such Acquisition Proposal will not be considered to be in violation of this Section 5.1 provided the Purchaser Board or the Company Board, as the case may be, has rejected such Acquisition Proposal and affirmed the Purchaser Board Recommendation or the Company Board Recommendation, as the case may be, before the end of such three (3) Business Day period); or

(e) enter into or publicly propose to enter into any agreement in respect of an Acquisition Proposal.

(2) Each Party shall, and shall cause its Subsidiaries and Representatives to, immediately cease and terminate, and cause to be terminated, any solicitation, encouragement, discussion, negotiations, or other activities commenced prior to the date of this Agreement with any Person (other than the other Party) with respect to any inquiry, proposal or offer that constitutes, or may reasonably be expected to constitute or lead to, an Acquisition Proposal, and in connection with such termination shall:

(a) immediately discontinue access to and disclosure of all information, including the Purchaser Data Room or the Company Data Room, as the case may be, and any confidential information, properties, facilities, books and records of such Party or any of its Subsidiaries; and

(b) within five (5) Business Days of the date of this Agreement, request, and exercise all rights it has to require (i) the return or destruction of all copies of any confidential information regarding such Party or any of its Subsidiaries relating to an Acquisition Proposal provided to any Person other than the other Party, and (ii) the destruction of all material including or incorporating or otherwise reflecting such confidential information regarding such Party or any of its Subsidiaries using its reasonable commercial efforts to ensure that such requests are fully complied with in accordance with the terms of such rights or entitlements.

(3) Each Party represents and warrants that it has not waived any confidentiality, standstill, non-disclosure or similar agreement or restriction to which such Party or any of its Subsidiaries is a Party, except to permit submissions of expressions of interest prior the date of this Agreement, and covenants and agrees that (a) such Party shall take all necessary action to enforce each confidentiality, standstill, non-disclosure or similar agreement or restriction to which such Party or any of its Subsidiaries is a party, and (b) neither such Party, nor any of its Subsidiaries nor any of their respective Representatives have released or will, without the prior written consent of the other Party (which may be withheld or delayed in the such Party's sole and absolute discretion), release any Person from, or waive, amend, suspend or otherwise modify such Person's obligations respecting the such Party, or any of its Subsidiaries, under any confidentiality, standstill, non-disclosure or similar agreement or restriction to which such Party or any of its Subsidiaries is a party.

Section 5.2 Notification of Acquisition Proposals.

(1) If a Party or any of its Subsidiaries or any of their respective Representatives, receives or otherwise becomes aware of any inquiry, proposal or offer that constitutes or may reasonably be expected to constitute or lead to an Acquisition Proposal, or any request for copies of, access to, or disclosure of, confidential information relating to such Party or any of its Subsidiaries, including but not limited to information, access, or disclosure relating to the properties, facilities, books or records of such Party or any of its Subsidiaries, such Party shall immediately notify the other Party, at first orally, and then promptly and in any event within 24 hours in writing, of:

(a) such Acquisition Proposal, inquiry, proposal, offer or request, including a description of its material terms and conditions and the identity of all Persons making the Acquisition Proposal, inquiry, proposal, offer or request; and

(b) at the other Party's reasonable request, the status of developments with respect to such Acquisition Proposal, inquiry, proposal, offer or request, including any changes, modifications or other amendments to any such Acquisition Proposal, inquiry, proposal, offer or request.

Section 5.3 Responding to an Acquisition Proposal.

(1) Notwithstanding Section 5.1, or any other agreement between the Parties or between the Company and any other Person, including without limitation the Confidentiality Agreements, if at any time on or

after the date of this Agreement and prior to obtaining the approval by the Company Shareholders of the Arrangement Resolution, a Party receives a written Acquisition Proposal such Party may:

(a) contact the Person making such Acquisition Proposal and its Representatives solely for the purposes of clarifying the terms and conditions of such Acquisition Proposal and the likelihood of whether such Acquisition Proposal is, or could reasonably be expected to lead to a Superior Proposal;

(b) engage in or participate in discussions or negotiations with such Person regarding such Acquisition Proposal, and may provide copies of, access to or disclosure of confidential information, properties, facilities, books or records of such Party or its Subsidiaries, if and only if:

(i) the Purchaser Board or the Company Board, as the case may be, first determines in good faith, after consultation with its financial advisors and its outside legal counsel, that such Acquisition Proposal constitutes or is reasonably likely to lead to a Superior Proposal;

(ii) such Person was not restricted from making such Acquisition Proposal pursuant to an existing confidentiality, standstill, non-disclosure, use, business purpose or similar restriction with the Company or any of its Subsidiaries or the Purchaser or any of its Subsidiaries, as applicable;

(iii) such Party has been, and continues to be, in compliance with its obligations under this Article 5;

(iv) prior to providing any such copies, access, or disclosure, such Party enters into a confidentiality and standstill agreement with such Person on terms no more favourable to such Person than the Confidentiality Agreement and any copies, access or disclosure provided to such Person shall have already been (or simultaneously be) provided to the other Party; and

(v) such Party promptly provides the other Party with:

(A) prior written notice stating such Party's intention to participate in such discussions or negotiations and to provide such copies, access or disclosure; and

(B) prior to providing any such copies, access or disclosure, a true, complete and final executed copy of the confidentiality and standstill agreement referred to in Section 5.3(1)(b)(iv).

(2) Nothing contained in this Agreement shall prevent the Company Board or the Purchaser Board, as applicable, from complying with Section 2.17 of NI 62-104 and similar provisions under Securities Laws relating to the provision of a directors' circular in respect of an Acquisition Proposal.

Section 5.4 Superior Proposal Notice and Right to Match.

(1) If a Party (the "**Recipient Party**") receives an Acquisition Proposal that constitutes a Superior Proposal prior to the approval of the Arrangement Resolution by the Company Shareholders, in the case of the Company or the Purchaser Resolution in the case of the Purchaser, the Purchaser Board or the Company Board, as the case may be, may, subject to compliance with Section 7.2, accept, recommend, approve or enter into a definitive agreement to implement such Acquisition Proposal, if and only if:

(a) the Person making the Superior Proposal was not restricted from making such Superior Proposal pursuant to an existing confidentiality, standstill, non-disclosure or similar restriction;

(b) such Party has been, and continues to be, in compliance with its obligations under this Article 5;

(c) such Party has delivered to the other Party a written notice of the determination of the Purchaser Board or the Company Board, as the case may be, that such Acquisition Proposal constitutes a Superior Proposal and of the intention of the Purchaser Board or the Company Board, as the case may be, to accept, recommend, approve or enter into a definitive agreement to implement such Superior Proposal (the "**Superior Proposal Notice**");

(d) if applicable, such Party has provided the other Party with a copy of the proposed definitive agreement for the Superior Proposal and proposed support agreements, if any;

(e) at least 72 hours (the "**Matching Period**") have elapsed from the time that is the later of the time at which the other Party received the Superior Proposal Notice and the time at which it received all of the materials set forth in Section 5.4(1)(d), if any;

(f) during any Matching Period, the other Party has had the opportunity (but not the obligation), in accordance with Section 5.4(2), to offer to amend this Agreement and the Arrangement in order for such Acquisition Proposal to cease to be a Superior Proposal;

(g) if the other Party has offered to amend this Agreement and the Arrangement under Section 5.4(2), the Recipient Party's board of directors has determined in good faith, after consultation with their outside legal counsel and financial advisers, that such Acquisition Proposal continues to constitute a Superior Proposal compared to the terms of the Arrangement as proposed to be amended by the other Party under Section 5.4(2);

(h) after the Matching Period, the Recipient Party's board of directors has determined in good faith, after consultation with outside legal counsel that it is necessary for such board to accept, recommend, approve or enter into a definitive agreement to implement, as applicable, such Superior Proposal in order to properly discharge its fiduciary duties; and

(i) prior to or concurrently with accepting, recommending, approving or entering into such definitive agreement, the Recipient Party terminates this Agreement pursuant to Section 7.1(3)(b) or Section 7.1(4)(b), as applicable, and pays the Termination Fee or the Reverse Termination Fee, as applicable, pursuant to Section 7.2.

(2) During the Matching Period, or such longer period as the Recipient Party may approve in writing for such purpose: (a) the Recipient Party's board of directors shall review any offer under Section 5.4(1)(f) to amend the terms of this Agreement and the Arrangement in good faith in order to determine whether such proposal would, upon acceptance, result in the Acquisition Proposal previously constituting a Superior Proposal ceasing to be a Superior Proposal; and (b) the Recipient Party shall negotiate in good faith with the other Party to make such amendments to the terms of this Agreement and the Arrangement as would enable the other Party to proceed with the transactions contemplated by this Agreement on such amended terms. If the Recipient Party's board of directors determines that such Acquisition Proposal would cease to be a Superior Proposal, it shall promptly so advise the other Party and the Parties shall amend this Agreement to reflect such offer, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing.

(3) Each successive amendment to any Acquisition Proposal which modifies or changes the consideration offered thereunder shall constitute a new Acquisition Proposal for the purposes of this Section 5.4, and, if applicable, the other Party shall be afforded a new 72 hour Matching Period from the later of the date

on which the other Party received the Superior Proposal Notice and a copy of the proposed definitive agreement for the new Superior Proposal from the Recipient Party.

(4) The Purchaser Board or the Company Board, as the case may be, shall promptly reaffirm the Purchaser Board Recommendation or the Company Board Recommendation, as the case may be, by press release after any Acquisition Proposal which is not determined to be a Superior Proposal is publicly announced or if such Acquisition Proposal is publicly announced and it determines that a proposed amendment to the terms of this Agreement as contemplated under Section 5.4(2) would result in an Acquisition Proposal no longer being a Superior Proposal. The other Party and its outside legal counsel shall be provided with a reasonable opportunity to review the form and content of any such press release and all reasonable amendments to such press release as requested by such Party and its legal counsel shall be made to such press release.

(5) If a Party provides a Superior Proposal Notice to the other Party after a date that is less than 5 Business Days before one of the Meetings, the Parties shall either proceed with or shall postpone the Meeting or Meetings, as directed by the Party receiving the Superior Proposal Notice, acting reasonably, to the earlier of the date that is not more than (a) five (5) Business Days prior to the Outside Date and (b) 10 Business Days after the receipt of the Superior Proposal Notice, to the extent permitted by applicable Law.

Section 5.5 Breach by Subsidiaries and Representatives.

Without limiting the generality of the foregoing, the Parties shall advise their Subsidiaries and Representatives of the prohibitions set out in this Article 5 and any violation of the restrictions set forth in this Article 5 by a Subsidiary or Representative of a Party shall be deemed to be a breach of this Article 5 by such Party.

Section 5.6 Confidential Information

Each of the Parties agrees that all information that may be provided to it by the other Party with respect to an Acquisition Proposal pursuant to this Article 5 shall be treated as if it were "Evaluation Material" as that term is defined in the applicable Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions thereof or in order to enforce its rights under this Agreement.

ARTICLE 6
CONDITIONS

Section 6.1 Mutual Conditions Precedent.

Each of the Parties is not required to complete the Arrangement unless each of the following conditions is satisfied on or prior to the Effective Time, which conditions may only be waived, in whole or in part, by the mutual consent of each of the Parties:

(1) **Arrangement Resolution.** The Arrangement Resolution has been approved and adopted by the Company Shareholders at the Company Meeting in accordance with the Interim Order.

(2) **Purchaser Resolution.** The Purchaser Resolution has been approved by the Purchaser Shareholders at the Purchaser Meeting.

(3) **Interim and Final Order.** The Interim Order and the Final Order have each been obtained on terms consistent with this Agreement, and have not been set aside or modified in a manner unacceptable to either the Company or the Purchaser, each acting reasonably, on appeal or otherwise.

(4) **Regulatory Approvals**. The Purchaser and the Company shall have obtained all consents, waivers, permissions and approvals necessary to complete the Arrangement by or from all relevant

Governmental Entities, on terms and conditions satisfactory to the Parties, acting reasonably, including the Regulatory Approvals.

(5) **TSX Approval.** The TSX Approval shall have been obtained, subject only to the filing of documentation that cannot be filed prior to the Effective Date, such that the New Purchaser Shares shall be listed and posted for trading on the TSX as soon as is reasonably practicable following the Effective Date in accordance with TSX policies.

(6) **Illegality.** There is 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 Entity that: (i) makes it illegal or otherwise directly or indirectly restrains, enjoins, or prohibits the Arrangement or any of the transactions contemplated herein; or (ii) results in a judgment or assessment of material damage directly or indirectly relating to the transactions contemplated herein.

(7) **No Legal Action.** There is no action or proceeding pending or threatened by any Person (other than the Purchaser) in any jurisdiction that is reasonably likely to:

(a) cease trade, enjoin, prohibit, or impose any limitations, damages or conditions on, the Purchaser's ability to acquire, hold, or exercise full rights of ownership over, any Company Shares, including the right to vote the Company Shares;

(b) prohibit or restrict the Arrangement, or the ownership or operation by the Purchaser of a material portion of the business or assets of the Purchaser, the Company or any of its Subsidiaries, or compel the Purchaser to dispose of or hold separate any material portion of the business or assets of the Purchaser, the Company or any of its Subsidiaries as a result of the Arrangement; or

(c) prevent or materially impede or delay the consummation of the Arrangement, or if the Arrangement is consummated, have a Material Adverse Effect.

Section 6.2 Additional Conditions Precedent to the Obligations of the Purchaser.

The Purchaser is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Purchaser and may only be waived, in whole or in part, by the Purchaser in its sole discretion:

(1) **Representations and Warranties.** The representations and warranties of the Company set forth (a) in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored) and (b) in Paragraphs (a), (b), (c), (d), (h), (bb) and (hh) of Schedule C were true and correct as of the date of this Agreement and are true and correct as of the Effective Time (i) to the extent qualified by "Material Adverse Effect", in all respects; and (ii) in all other cases, in all material respects (and, for this purpose, any reference to "material" or other concepts of materiality in such representations and warranties shall be ignored) in each case, except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date; and the Company has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(2) **Performance of Covenants**. The Company has fulfilled or complied in all material respects with each of the covenants of the Company contained in this Agreement to be fulfilled or complied with by it on

or prior to the Effective Time, and has delivered a certificate confirming same to the Purchaser, executed by two (2) senior officers of the Company (in each case without personal liability) addressed to the Purchaser and dated the Effective Date.

(3) **Dissent Rights.** At the Effective Time, Dissent Rights have not been exercised and not withdrawn with respect to more than 5% of the issued and outstanding Company Shares.

(4) **Company Options**. All outstanding Company Options shall be conditionally exercised or surrendered and terminated in accordance with the Option Election Agreements and the Company Optionholders shall have remitted to the Company, in addition to the exercise price, if applicable, cash in an amount equal to the amount of Taxes, if any, required to be remitted by the Company in connection with such exercise or surrender and termination, or made other arrangements as contemplated herein or satisfactory to the Purchaser to satisfy the amounts to be remitted in connection with the exercise or surrender of the Company Options from amounts otherwise owing to the Company Optionholders by the Company in connection with the completion of the Arrangement, including, but not limited to, the Consideration and/or Company Change of Control Payments.

(5) **Company Transaction Costs.** The Company Transaction Costs shall not exceed $5,500,000 assuming and on the basis that there are no other offers or other proposals to the Company with respect to an Acquisition Proposal, other than the existing unsolicited take-over bid for the outstanding Company Shares as of the date hereof.

(6) **No Material Adverse Change**. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to the Company.

(7) **Company Securities**. Immediately prior to the Effective Time: (i) the aggregate number of Company Shares issued and outstanding shall not exceed 130,169,051 including the Company Shares which may be issued pursuant to the exercise of Company Options, Company PSUs and Company Warrants; (ii) there shall be no other shares or other securities in the capital of the Company outstanding; (iii) no Person shall have any agreement or option or any right or privilege (whether by law, pre-emptive right, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any unissued Company Shares or other equity interests in the Company and without limitation all Company Options shall have been exercised or terminated pursuant to their terms or in accordance with this Agreement; and (iv) there shall be no greater than 41,438 Company RSUs, 876,655 Company PSUs, 1,478,916 Company DSUs and 442,512 Company PSEs.

(8) **Releases**. Executed customary resignations and mutual releases, in a form and substance satisfactory to the Company and the Purchaser, each acting reasonably, shall have been received by the Company effective as of the Effective Time from each Person who is an officer or employee of the Company or its Subsidiaries and who has received or will receive a severance amount or other payment as a consequence of the Arrangement pursuant to an employment or change of control agreement.

(9) **Company Board and Shareholder Approval.** The Company shall have furnished the Purchaser with: (i) certified copies of resolutions duly passed by the Company Board approving this Agreement, the consummation of the transactions contemplated herein; and (ii) certified copies of the resolution of the Company Shareholders duly passed at the Company Meeting approving the Arrangement Resolution.

(10) **Resignations and Releases**. Executed resignations and customary mutual releases, in form and substance satisfactory to the Company and the Purchaser, each acting reasonably, shall have been received by the Company from all of the directors of the Company and its Subsidiaries (effective as of the Effective Time).

(11) **Senior Notes**. The Company shall have given, or caused to have been given, a notice of redemption, in order to redeem all of the Senior Notes, to each of the holders of the Senior Notes in the manner and

form prescribed in the Trust Indenture, as soon as reasonably practicable after March 25, 2017, and in any event no later than April 25, 2017, and either:

(a) shall have completed the redemption of all of the Senior Notes on or after May 25, 2017 and in any event no later than June 1, 2017, or

(b) shall have defeased all of the Senior Notes pursuant to and in accordance with Article 7 of the Trust Indenture prior to the redemption date set forth in such notice of redemption,

in either case, at a redemption price equal to 100% of the principal amount of the outstanding Senior Notes and accrued and unpaid interest thereon, using all available proceeds from the Second Lien Credit Agreement and thereafter from either cash on hand or proceeds from its existing credit facility.

Section 6.3 Additional Conditions Precedent to the Obligations of the Company.

The Company is not required to complete the Arrangement unless each of the following conditions is satisfied on or before the Effective Time, which conditions are for the exclusive benefit of the Company and may only be waived, in whole or in part, by the Company in its sole discretion:

(1) **Representations and Warranties.** The representations and warranties of the Purchaser set forth (a) in this Agreement were true and correct as of the date of this Agreement and are true and correct as of the Effective Time (except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date), except to the extent that the failure or failures of such representations and warranties to be so true and correct, individually or in the aggregate, would not have a Material Adverse Effect (and, for this purpose, any reference to "material", "Material Adverse Effect" or other concepts of materiality in such representations and warranties shall be ignored) and (b) in Paragraphs (a), (b), (c), (d), (j), (z) and (cc) of Schedule D were true and correct as of the date of this Agreement and are true and correct as of the Effective Time: (i) to the extent qualified by "Material Adverse Effect", in all respects; and (ii) in all other cases, in all material respects (and, for this purpose, any reference to "material" or other concepts of materiality in such representations and warranties shall be ignored) in each case, except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of such specified date; and the Purchaser has delivered a certificate confirming same to the Company, executed by two (2) senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

(2) **Performance of Covenants.** The Purchaser has fulfilled or complied in all material respects with each of the covenants of the Purchaser contained in this Agreement to be fulfilled or complied with by it on or prior to the Effective Time, and has delivered a certificate confirming same to the Company, executed by two (2) senior officers of the Purchaser (in each case without personal liability) addressed to the Company and dated the Effective Date.

(3) **Purchaser Board and Shareholder Approval.** The Purchaser shall have furnished the Company with: (i) certified copies of resolutions duly passed by the Purchaser Board approving this Agreement, the consummation of the transactions contemplated herein; and (ii) certified copies of the resolution of the Purchaser Shareholders duly passed at the Purchaser Meeting approving the Purchaser Resolution.

(4) **No Material Adverse Change**. Between the date hereof and the Effective Time, there shall not have occurred any Material Adverse Change with respect to the Purchaser.

Section 6.4 Satisfaction of Conditions.

The conditions precedent set out in Section 6.1, Section 6.2 and Section 6.3 will be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Registrar.

ARTICLE 7
TERM AND TERMINATION

Section 7.1 Termination.

This Agreement may be terminated prior to the Effective Time by:

(1) the mutual written agreement of the Parties;

(2) either the Company or the Purchaser if:

(a) the Required Approval is not obtained at the Company Meeting in accordance with the Interim Order, or the Company Shareholders do not vote upon the Arrangement Resolution on or before the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.1(2)(a) if the failure to obtain the Required Approval, or the failure to have the Company Shareholders vote upon the Arrangement Resolution on or before the Outside Date, has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

(b) the Purchaser Resolution shall have failed to receive the requisite vote of the Purchaser Shareholders for approval at the Purchaser Meeting, or the Purchaser Shareholders do not vote upon the Purchaser Resolution on or before the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.1(2)(b) if the failure to obtain the requisite vote of the Purchaser Shareholders, or the failure to have the Purchaser Shareholders vote upon the Purchaser Resolution on or before the Outside Date, has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

(c) after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins the Company or the Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable; or

(d) the Effective Time does not occur on or prior to the Outside Date, provided that a Party may not terminate this Agreement pursuant to this Section 7.1(2)(d) if the failure of the Effective Time to so occur has been caused by, or is a result of, a breach by such Party of any of its representations or warranties or the failure of such Party to perform any of its covenants or agreements under this Agreement;

(3) the Purchaser if:

(a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company under this Agreement occurs that would cause any condition in Section 6.1 or Section 6.2 not to be satisfied, and such breach or failure is incapable of being cured on or prior to the Outside Date or is not cured in accordance with the terms of Section 4.9(3); provided that the Purchaser is not then in breach of this Agreement so as to cause any condition in Section 6.1 or Section 6.2 not to be satisfied;

(b) prior to the approval by the Purchaser Shareholders of the Purchaser Resolution, the Purchaser Board authorizes the Purchaser to accept, recommend, approve or enter into a definitive agreement (other than a confidentiality agreement permitted by and in accordance with Section 5.3) to implement a Superior Proposal, provided that the Purchaser is then in compliance with Article 5 and that prior to or concurrent with such termination the Purchaser pays the Reverse Termination Fee in accordance with Section 7.2;

(c) the Company Board fails to unanimously recommend or withdraws, amends, modifies or qualifies (or publicly proposes or states its intention to withdraw, amend, modify or qualify) the Company Board Recommendation, or fails to publicly reaffirm (without qualification) the Company Board Recommendation within three Business Days (and in any case prior to the Company Meeting) after having been requested in writing by the Purchaser to do so, including for greater certainty in accordance with Section 5.4(4) or, the Company Board resolves or proposes to take any of the foregoing actions; or

(d) there has occurred a Material Adverse Change in respect of the Company.

(4) the Company if:

(a) a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser under this Agreement occurs that would cause any condition in Section 6.1 or Section 6.3 not to be satisfied, and such breach or failure is incapable of being cured or is not cured on or prior to the Outside Date in accordance with the terms of Section 4.9(3); provided that the Company is not then in breach of this Agreement so as to cause any condition in Section 6.1 or Section 6.3 not to be satisfied;

(b) prior to the approval by the Company Shareholders of the Arrangement Resolution, the Company Board authorizes the Company to accept, recommend, approve or enter into a definitive agreement (other than a confidentiality agreement permitted by and in accordance with Section 5.3) to implement a Superior Proposal, provided that the Company is then in compliance with Article 5 and that prior to or concurrent with such termination the Company pays the Termination Fee in accordance with Section 7.2;

(c) the Purchaser Board fails to unanimously recommend or withdraws, amends, modifies or qualifies (or publicly proposes or states its intention to withdraw, amend, modify or qualify) the Purchaser Board Recommendation, or fails to publicly reaffirm (without qualification) the Purchaser Board Recommendation within three Business Days (and in any case prior to the Purchaser Meeting) after having been requested in writing by the Company to do so, including for greater certainty in accordance with Section 5.4(4) or, the Purchaser Board resolves or proposes to take any of the foregoing actions; or

(d) there has occurred a Material Adverse Change in respect of the Purchaser.

Section 7.2 Termination Fees.

(1) Despite any other provision in this Agreement relating to the payment of fees and expenses, if a Termination Fee Event occurs, the Company shall pay the Purchaser the Termination Fee in accordance with Section 7.2(3), and if a Reverse Termination Fee Event occurs, the Purchaser shall pay the Company the Reverse Termination Fee in accordance with Section 7.2(5).

(2) For the purposes of this Agreement, "**Termination Fee**" means $15,000,000, and "**Termination Fee Event**" means the termination of this Agreement:

(a) by the Purchaser, pursuant to Section 7.1(3)(c);

(b) by the Company, pursuant to Section 7.1(4)(b);

(c) by the Company or the Purchaser pursuant to Section 7.1(2)(a) if, prior to such termination, an Acquisition Proposal in respect of the Company is publicly announced by or made to the Company Shareholders or the Company by any Person other than the Purchaser or any of its affiliates and within nine months following the date of such termination, an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in this clause above) is consummated, in respect of the Company, provided that for the purposes of this Section 7.2(2)(c) the existing unsolicited take-over bid for the outstanding Company Shares as of the date hereof, shall not constitute an "Acquisition Proposal" unless the terms of such bid are amended or modified after the date hereof;

(d) by the Purchaser pursuant to Section 7.1(3)(a) in the case of a breach of any representation or warranty under this Agreement; or

(e) by the Purchaser pursuant to Section 7.1(3)(a) due to failure to perform any covenant by the Company under this Agreement that individually or in the aggregate, causes or would reasonably be expected to cause a Material Adverse Effect in respect of the Company.

(3) The Termination Fee shall be paid by the Company to the Purchaser as follows, by wire transfer of immediately available funds, if a Termination Fee Event occurs due to:

(a) a termination of this Agreement described in Section 7.2(2)(a), Section 7.2(2)(d) or Section 7.2(2)(e), within two (2) Business Days of the occurrence of such Termination Fee Event;

(b) a termination of this Agreement described in Section 7.2(2)(b), prior to or simultaneously with the occurrence of such Termination Fee Event; and

(c) a termination of this Agreement described in Section 7.2(2)(c) on or prior to the consummation of an Acquisition Proposal.

(4) For the purposes of this Agreement, "**Reverse Termination Fee**" means $15,000,000, and "**Reverse Termination Fee Event**" means the termination of this Agreement:

(a) by the Company, pursuant to Section 7.1(4)(c);

(b) by the Purchaser, pursuant to Section 7.1(3)(b);

(c) by the Company or the Purchaser pursuant to Section 7.1(2)(b), if, prior to such termination, an Acquisition Proposal in respect of the Purchaser is publicly announced by or made to the Purchaser Shareholders or the Purchaser by any Person other than the Company or any of its affiliates and within nine months following the date of such termination, an Acquisition Proposal (whether or not such Acquisition Proposal is the same Acquisition Proposal referred to in this clause above) is consummated, in respect of the Purchaser;

(d) by the Company pursuant to Section 7.1(4)(a) in the case of a breach of any representation or warranty under this Agreement; or

(e) by the Company pursuant to Section 7.1(4)(a) due to the failure to perform any covenant by the Purchaser under this Agreement that individually or in the aggregate, causes or would reasonably be expected to cause a Material Adverse Effect in respect of the Purchaser.

(5) The Reverse Termination Fee shall be paid by the Purchaser to the Company as follows, by wire transfer of immediately available funds, if a Reverse Termination Fee Event occurs due to:

(a) a termination of this Agreement described in Section 7.2(4)(a), Section 7.2(4)(d), or Section 7.2(4)(e), within two (2) Business Days of the occurrence of such Reverse Termination Fee Event;

(b) a termination of this Agreement described in Section 7.2(4)(b), prior to or simultaneously with the occurrence of such Reverse Termination Fee Event; and

(c) a termination of this Agreement described in Section 7.2(4)(c), on or prior to the consummation of the Acquisition Proposal.

(6) Each Party acknowledges that the agreements contained in this Section 7.2 are an integral part of the transactions contemplated by this Agreement, and that without these agreements the Parties would not enter into this Agreement, and that the amounts set out in this Section 7.2 represent liquidated damages which are a genuine pre-estimate of the damages, including opportunity costs, which the Purchaser or the Company, as the case may be, will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement, and is not a penalty. Each Party irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive.

Section 7.3 Effect of Termination/Survival.

If this Agreement is terminated pursuant to Section 7.1, this Agreement shall become void and of no further force or effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to any other Party to this Agreement, except that: Section 2.5(4), Section 2.5(5), Section 2.6(4), Section 2.6(5), Section 4.5(3), Section 4.6, Section 4.11, Section 7.2 (provided that in the case of Section 7.2 the right of payment (which in the case of Section 7.2(2)(c) and Section 7.2(4)(c), being the public announcement or making of the Acquisition Proposal) arose prior to termination of this Agreement), this Section 7.3, Section 8.2 and Section 8.6, shall survive, and provided further that no Party shall be relieved of any liability for any willful and material breach by it of this Agreement.

ARTICLE 8
GENERAL PROVISIONS

Section 8.1 Amendments.

This Agreement and the Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Parties, without, subject to applicable Laws, further notice to or authorization on the part of Company Shareholders 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 or modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(c) waive or modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; and/or

(d) waive or modify any mutual conditions contained in this Agreement.

Section 8.2 Expenses and Expense Reimbursement.

Except as provided in Section 7.2 and Section 4.4(1), fees, costs and expenses incurred in connection with this Agreement and the Plan of Arrangement, including all costs, expenses and fees of the Company incurred prior to or after the Effective Date in connection with, or incidental to, the Plan of Arrangement, shall be paid by the Party incurring such expenses, whether or not the Arrangement is consummated.

Section 8.3 Notices.

Any notice, or other communication given regarding the matters contemplated by this Agreement must be in writing, sent by personal delivery, courier, facsimile or electronic mail and addressed:

(a) to the Purchaser at:

Western Energy Services Corp.
1700, 215 – 9th Avenue SW
Calgary, AB T2P 1K3

Attention: Tim Sebastian, Vice President, General Counsel and Corporate Secretary
Telephone: [redacted]
Facsimile: [redacted]
Email: [redacted]

with a copy (which shall not constitute notice) to**:**

Blake, Cassels & Graydon LLP
3500, 855 – 2nd Street SW
Calgary, Alberta T2P 4J8

Attention: Daniel McLeod
Telephone: [redacted]
Facsimile: [redacted]
Email: [redacted]

(b) to the Company at:

Savanna Energy Services Corp.
800, 311 – 6th Ave SW
Calgary, Alberta T2P 3H2

Attention: Chris Strong, President & Chief Executive Officer
Telephone: [redacted]
Facsimile: [redacted]
Email: [redacted]

with a copy (which shall not constitute notice) to**:**

Burnet, Duckworth & Palmer LLP
Suite 2400, 525 – 8th Avenue SW
Calgary, Alberta T2P 1G1

Attention: Alyson Goldman
Telephone: [redacted]
Facsimile: [redacted]
Email: [redacted]

Any notice or other communication is deemed to be given and received (i) if sent by personal delivery or same day courier, on the date of delivery if it is a Business Day and the delivery was made prior to 4:30 p.m. (local time in place of receipt) and otherwise on the next Business Day, or (ii) if sent by facsimile or email or other electronic transmission, at the time of confirmation of transmission if it is a Business Day and the transmission was made prior to 4:30 p.m. (local time in the place of receipt) and otherwise on the next Business Day. A Party may change its address for service from time to time by providing a notice in accordance with the foregoing. Any subsequent notice or other communication must be sent to the Party at its changed address. Any element of a Party's address that is not specifically changed in a notice will be assumed not to be changed. Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

Section 8.4 Time is of the Essence.

Time is of the essence in this Agreement.

Section 8.5 Injunctive Relief.

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at applicable Law 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, before the termination of this Agreement pursuant to Section 7.1, the Parties shall be entitled to injunctive and other equitable relief to prevent breaches of this Agreement, and to enforce compliance with the terms of this Agreement, this being in addition to any other remedy to which the Parties may be entitled at applicable Law or in equity.

Section 8.6 Third Party Beneficiaries.

(1) Except as provided in, Section 2.5(4), Section 2.5(5), Section 2.6(4), 2.6(5), Section 4.5, Section 4.6 and Section 4.11 which, without limiting their terms, are intended as stipulations for the benefit of the third Persons mentioned in such provisions (such third Persons referred to in this Section 8.6 as the "**Indemnified Persons**") the Company and the Purchaser intend that this Agreement will not benefit or create any right or cause of action in favour of any Person, other than the Parties and that no Person, other than the Parties, shall be entitled to rely on the provisions of this Agreement in any action, suit, proceeding, hearing or other forum.

(2) Despite the foregoing, the Company acknowledges to each of the Indemnified Persons their direct rights against it under Section 2.5(4), Section 2.6(5) and Section 4.11, of this Agreement**,** which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, the Company confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf. The Parties reserve their right by mutual agreement to vary or rescind the rights at any time prior to the Effective Time, and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

(3) Despite the foregoing, the Purchaser acknowledges to each of the Indemnified Persons their direct rights against it under Section 2.5(5), Section 2.6(4), Section 4.5, Section 4.6 or Section 4.11 of this Agreement, which are intended for the benefit of, and shall be enforceable by, each Indemnified Person, his or her heirs and his or her legal representatives, and for such purpose, the Purchaser confirms that it is acting as trustee on their behalf, and agrees to enforce such provisions on their behalf. The Parties reserve their right by mutual agreement to vary or rescind the rights at any time prior to the Effective Time, and in any way whatsoever, if any, granted by or under this Agreement to any Person who is not a Party, without notice to or consent of that Person, including any Indemnified Person.

Section 8.7 Waiver.

No waiver of any of the provisions of this Agreement will constitute a waiver of any other provision (whether or not similar). No waiver will be binding unless executed in writing by the Party to be bound by the waiver. A Party's failure or delay in exercising any right under this Agreement will not operate as a waiver of that right. A single or partial exercise of any right will not preclude a Party from any other or further exercise of that right or the exercise of any other right.

Section 8.8 Entire Agreement.

This Agreement, together with the Confidentiality Agreements, constitutes the entire agreement between the Parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the Parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The Parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

Section 8.9 Successors and Assigns.

(1) This Agreement becomes effective only when executed by the Company and the Purchaser. After that time, it will be binding upon and enure to the benefit of the Company, the Purchaser and their respective successors and permitted assigns.

(2) Neither this Agreement nor any of the rights or obligations under this Agreement are assignable or transferable by any Party without the prior written consent of the other Party.

Section 8.10 Severability.

If any provision of this Agreement is determined to be illegal, invalid or unenforceable by any court of competent jurisdiction, that provision will be severed from this Agreement and the remaining provisions shall remain in full force and effect. 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.

Section 8.11 Further Assurances.

Each Party 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.

Section 8.12 Governing Law.

(1) This Agreement will be governed by and interpreted and enforced in accordance with the applicable Laws of the Province of Alberta and the federal applicable Laws of Canada applicable therein.

(2) Each Party irrevocably attorns and submits to the exclusive jurisdiction of the Alberta courts situated in the City of Calgary and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

Section 8.13 Rules of Construction.

The Parties to this Agreement waive the application of any Law or rule of construction providing that ambiguities in any agreement or other document shall be construed against the party drafting such agreement or other document.

Section 8.14 No Liability.

No director or officer of the Purchaser or any of its Subsidiaries shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser or any of its Subsidiaries. No director or officer of the Company or any of its Subsidiaries shall have any personal liability whatsoever to the Purchaser under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Company or any of its Subsidiaries.

Section 8.15 Language.

The Parties expressly acknowledge that they have requested that this Agreement and all ancillary and related documents thereto be drafted in the English language only.

Section 8.16 Counterparts.

This Agreement may be executed in any number of counterparts (including counterparts by facsimile) and all such counterparts taken together shall be deemed to constitute one and the same instrument. The Parties shall be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy shall be legally effective to create a valid and binding agreement between the Parties.

[Remainder of page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF the Parties have executed this Arrangement Agreement.

WESTERN ENERGY SERVICES CORP.

By: (Signed) "*Alex R.N. MacAusland*"
Name: Alex R.N. MacAusland
Title: President and Chief Executive Officer

SAVANNA ENERGY SERVICES CORP.

By: (Signed) "*Christopher Strong*"
Name: Christopher Strong
Title: President and Chief Executive Officer

SCHEDULE A

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

SCHEDULE B

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE HOLDERS OF COMMON SHARES OF SAVANNA ENERGY SERVICES CORP. (THE "**CORPORATION**") THAT:

1. the arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act* (Alberta) (the "**ABCA**") substantially as set forth in the plan of arrangement (the "**Plan of Arrangement**") attached as Exhibit "A" to the Arrangement Agreement (as defined herein), a copy of which is attached as [●] to the information circular of the Corporation dated [●], 2017 (the "**Information Circular**") be and is hereby authorized, approved, ratified, confirmed and adopted;

2. the Plan of Arrangement is hereby authorized, approved, confirmed and adopted;

3. any one director or officer of the Corporation be and is hereby authorized and directed for and on behalf of the Corporation to execute, under the corporate seal of the Corporation or otherwise, and to deliver to the Registrar under the ABCA for filing articles of arrangement and such other documents as are necessary or desirable to give effect to the Arrangement and the Plan of Arrangement in accordance with the Arrangement Agreement;

4. 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 the Corporation may, without further notice to or approval of the shareholders of the Corporation, subject to the terms of the Arrangement, (i) amend or terminate the arrangement agreement between the Corporation and Western Energy Services Corp. dated March 8, 2017 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;

5. any director or officer of the Corporation is hereby authorized, for and on behalf of the Corporation, to 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

6. all actions heretofore taken by or on behalf of the Corporation 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.

SCHEDULE C

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to and in favour of the Purchaser and acknowledges that the Purchaser 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 the Company and its Subsidiaries has been duly incorporated, amalgamated or created, as the case may be, 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 the Company and its Subsidiaries is duly registered or authorized to conduct its affairs or do business, as applicable, and 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 be so registered or authorized would not, individually or in the aggregate, have a Material Adverse Effect on the Company. Copies of the constating documents of the Company and its Subsidiaries made available to the Purchaser, 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. The Company 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 the Company of the transactions contemplated by the Arrangement have been duly authorized by the Company Board and, subject to the requisite approval of the Company Shareholders and the obtaining of the Final Order, no other proceedings on the part of the Company are necessary to authorize this Agreement or the Arrangement, other than the approval of the Company Proxy Circular by the Company Board and matters ancillary thereto and approval by the Company Shareholders of the Arrangement Resolution. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company 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, Joint Ventures and Partnerships. The Company has no Subsidiaries, joint ventures or partnerships, other than those disclosed in writing by the Company to the Purchaser. The Company owns, directly or indirectly, all of the outstanding voting and equity securities of each of its Subsidiaries and the Company's and its Subsidiaries' ownership interest in each of its joint ventures and partnerships has been disclosed in writing by the Company to the Purchaser. All of the outstanding shares and all other ownership interests in the Subsidiaries, joint ventures or partnerships of the Company are duly authorized, validly issued and fully paid and non-assessable, and all such shares and other ownership interests held directly or indirectly by the Company, are owned by the Company free and clear of all Encumbrances (other than Permitted Encumbrances), except pursuant to restrictions on transfer contained in the constating documents of such Subsidiary, joint venture or partnership. There are no rights of first refusal or similar rights restricting the transfer of the Company Shares contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements.

(d) No Violations. Except as contemplated by this Agreement or as disclosed in writing by the Company to the Purchaser:

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

i. 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 (other than Permitted Encumbrances) upon any of the properties or assets of the Company or any of its 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) the articles or by-laws of any member of the Company or any of its Subsidiaries; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which the Company or any of its Subsidiaries is a party or to which it, or any of its properties or assets, may be subject or by the Company or any of its Subsidiaries is bound; or

ii. subject to compliance with applicable statutes and regulations, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to the Company or any of its Subsidiaries or their properties or assets;

except, in the case of each of clauses (A) and (B) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances (other than Permitted Encumbrances) which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, have any Material Adverse Effect on the Company, or significantly impede the ability of the Company to consummate the transactions contemplated by the Arrangement; or

iii. cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would, individually or in the aggregate, have a Material Adverse Effect on the Company.

(ii) 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 requisite approvals of the Company Shareholders and the obtaining of the Interim Order and the Final Order:

i. there is no legal impediment to the Company's consummation of the Arrangement; and

ii. no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of the Company 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 the Company, or significantly impede the ability of the Company to consummate the Arrangement.

(e) Litigation. There are no claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of the Company, threatened, affecting or that would reasonably be expected to affect the Company or any of its Subsidiaries or affecting or that would reasonably be expected to affect any of their respective properties or assets at law or in equity or before or by any court or Governmental Entity which claim, action, suit, proceeding, investigation, arbitration, audit, grievance, assessment or reassessment involves a possibility of any judgment against or liability of the Company or any of its Subsidiaries which would reasonably be expected to cause, individually or in the aggregate, a Material Adverse Change to the Company, or would significantly impede the ability of the Company to consummate the Arrangement.

(f) Taxes, etc. Except to the extent that any matter referred to in this paragraph (f) does not, and would not reasonably be expected to, have a Material Adverse Effect on the Company:

(i) the Company and each of its Subsidiaries has duly and timely filed all Tax Returns required to be filed by them prior to the date hereof and all such Tax Returns are complete and correct in all material respects;

(ii) the Company and each of its Subsidiaries has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, and all other Taxes due and payable by them on or before the date hereof, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published consolidated financial statements of the Company. The Company and each of its Subsidiaries has provided adequate accruals in accordance with GAAP in the most recently published consolidated financial statements of the Company for any Taxes of the Company and each of its Subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business;

(iii) no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of the Company or any of its Subsidiaries, and none of the Company and each of its Subsidiaries is a party to any material action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of the Company, threatened against the Company or any of its Subsidiaries or any of their respective assets;

(iv) no claim has been made by any Governmental Entity in a jurisdiction where the Company and each of its Subsidiaries do not file Tax Returns that the Company or any of its Subsidiaries is or may be subject to material Tax by that jurisdiction;

(v) there are no Encumbrances (other than Permitted Encumbrances) with respect to Taxes upon any of the Company Assets;

(vi) the Company and each of its Subsidiaries has withheld or collected all material amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by applicable Law to do so;

(vii) other than waivers that were filed solely for the purpose of permitting the Company to claim deductions in order to reduce Taxes arising from adjustments to income arising from assessments or reassessments of Tax for prior taxation years and for which the Company has filed objections or appeals in respect of such amendments or reassessments (the "**Protective Waivers**"), there are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of Taxes due from the Company and each of its Subsidiaries for any taxable period and no request for any such waiver or extension is currently pending. For greater certainty, no Protective Waiver allows the relevant Governmental Entity to assess or reassess additional Tax in respect of the taxation year to which the Protective Waiver relates;

(viii) the Company and each of its Subsidiaries has made available to the Purchaser true, correct and complete copies of all material Tax Returns, examination reports and statements of deficiencies for taxable periods, or transactions consummated, for the prior three years;

(ix) to the knowledge of the Company, none of the Company or any of its Subsidiaries has ever directly or indirectly transferred any property to or supplied any services to or acquired any property or services from a Person with whom it was not dealing at arm's length (for the purposes of the Tax Act) for consideration other than consideration equal to the fair market value of the property or services at the time of the transfer, supply or acquisition of the property or services;

(x) the tax attributes of the assets of the Company and each of its Subsidiaries are accurately reflected in the Tax Returns of the Company and each of its Subsidiaries, as applicable, and have not materially and adversely changed since the date of such Tax Returns, except to the extent that such attributes have been used in the ordinary course or as a result of completion of any transaction contemplated by this Agreement including, without limitation, any Pre-Arrangement Reorganization;

(xi) there are no circumstances existing which could result in the application of section 78 or sections 80 to 80.04 of the Tax Act, or any equivalent provision under provincial applicable Law, to the Company or any of its Subsidiaries. Other than in the ordinary course, none of the Company or any of its Subsidiaries has claimed nor will they claim any reserve under any provision of the Tax Act or any equivalent provincial provision, if any amount could be included in the income of the Company or any of its Subsidiaries for any period ending after the Effective Time;

(xii) the Company is a taxable Canadian corporation as defined in subsection 89(1) of the Tax Act; and

(xiii) the Company is not a non-resident of Canada within the meaning of the Tax Act.

(g) Reporting Issuer Status. The Company is a "reporting issuer" in each of the Provinces of Canada and is in material compliance with all applicable Canadian Securities laws therein and the Company Shares are listed and posted for trading on the TSX. The Company is not in default of any material requirements of applicable Canadian Securities Laws in such jurisdictions or any rules or regulations of, or agreement with, the TSX. No delisting, suspension of trading in or cease trading order with respect to the Company Shares is pending or, to the knowledge of the Company, threatened or is expected to be implemented or undertaken and to its knowledge the Company is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. The documents and information comprising the Company Filings did not at the respective times they were filed with the relevant Securities Authorities, contain any Misrepresentation, unless such document or information was subsequently corrected or superseded in the Company Filings prior to the date hereof. The Company has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by the Company with the Securities Authorities since becoming a "reporting issuer" under Canadian Securities Laws. The Company has not filed any confidential material change report that, at the date hereof, remains confidential.

(h) Capitalization. As of the date hereof, the authorized capital of the Company consists of an unlimited number of Company Shares, an unlimited number of first preferred shares, issuable in series and an unlimited number of second preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 118,224,189 Company Shares and no other shares are issued and outstanding. As of the date hereof, there are 4,068,207 Company Shares issuable upon the exercise of outstanding Company Options, 876,655 Company Shares issuable pursuant to outstanding Company PSUs and 7,000,000 Company Shares issuable pursuant to the Company Warrants. Except as set forth above, there are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by the Company of any securities of the Company (including the Company Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of the Company (including the Company Shares). All outstanding Company 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 the Company Shares issuable upon the exercise of the Company Options, the Company PSUs and the Company Warrants 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 Company Shares, there are no securities of the Company outstanding which have the right to vote generally (or, except for the Company Options and the Company PSUs, are exercisable or convertible into or exchangeable for securities having the right to vote generally) with the Company Shareholders on any matter. As of the date hereof, there are 41,438 Company RSUs, 1,478,916 Company DSUs and 442,512 Company PSEs.

(i) Equity Monetization Plans. Except as disclosed in writing by the Company to the Purchaser, there are no outstanding stock appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments payable to any employee of the Company and which are based upon the revenue, value, income or any other attribute of the Company.

(j) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Company Shares or any other securities of the Company has been issued by any Governmental Entity and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of the Company, are contemplated or threatened under any applicable Laws or by any Governmental Entity.

(k) Financial Reports. The Company Financial Statements, and any interim or annual financial statements filed by or on behalf of the Company on and after the date hereof with the Securities Authorities, in compliance, or intended compliance, with any applicable Laws, were or, when so filed, will have been prepared in accordance with GAAP (except 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 or, when so filed, will present fairly in accordance with GAAP the financial position, results of operations and changes in financial position of the Company 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). The Company does not intend to correct or restate, nor, to the knowledge of the Company is there any basis for any correction or restatement of any aspect of the Company Financial Statements.

(l) Books and Records. The financial books, records and accounts of the Company and each of its Material Subsidiaries, in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of the Company or any of its Subsidiaries, as applicable; and (iii) accurately and fairly reflect the basis for the Company Financial Statements. The corporate records and minute books of the Company and its Subsidiaries have been maintained substantially in compliance with applicable Laws and are complete and accurate in all material respects (other than those minutes of the meetings of the Company Board or committees thereof which are in draft form), and except as disclosed in writing by the Company to the Purchaser, full access thereto has been provided to the Purchaser.

(m) Absence of Undisclosed Liabilities. Each of the Company and its Subsidiaries has no material liabilities of any nature (matured or unmatured, fixed or contingent), other than:

(i) those set forth or adequately provided for in the most recent statement of financial position and associated notes thereto included in the Company Financial Statements;

(ii) those incurred in the ordinary course of business and not required to be set forth in the Company Financial Statements under GAAP;

(iii) those incurred in the ordinary course of business since the date of the Company Financial Statements and consistent with past practice;

(iv) those incurred in connection with the execution of this Agreement;

(v) inter-company indebtedness or liabilities; and

(vi) as disclosed in writing by the Company to the Purchaser.

(n) Absence of Certain Changes or Events. Except for the Arrangement or any action taken in accordance with this Agreement, since December 31, 2016:

(i) the Company and each of its Subsidiaries has conducted its business only in the ordinary course of business substantially consistent with past practice, other than as disclosed in the Company Filings;

(ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to the Company has been incurred other than in the Ordinary Course or as disclosed in the Company Filings;

(iii) there has been no Material Adverse Change in respect of the Company; and

(iv) the Company has not, and to the knowledge of the Company, no director, officer, employee or auditor of any of the Company's Subsidiaries, has received or otherwise had or obtained knowledge of any fraud, material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of any member of the Company or any of its Subsidiaries or its internal accounting controls.

(o) Registration, Exemption Orders, Licences, etc. To the knowledge of the Company, the Company and its Subsidiaries has obtained and is in compliance with all Authorizations, except where the failure to obtain or be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. Such 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 violation of any such Authorization, except where the violation would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company. No proceedings are pending or, to the knowledge of the Company, threatened, which could result in the revocation or limitation of any Authorization, and all steps have been taken and filings made on a timely basis with respect to each Authorization and its renewal, except where the failure to take such steps and make such filings would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company.

(p) Compliance with Laws. The operations and business of the Company and its Subsidiaries is and has been carried out in compliance with and not in violation of any applicable Laws, other than non-compliance or violation which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, and none of the Company or its Subsidiaries has received any notice of any alleged violation of any such applicable Laws other than where such notice would not reasonably be expected to have a Material Adverse Effect on the Company.

(q) Restrictions on Business Activities. There is no judgment, injunction or order binding upon the Company or any of its Subsidiaries 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 the Company.

(r) Non-Arm's Length Transactions. Except for the Company Warrants, Second Lien Credit Agreement, amounts due as normal salaries and bonuses and in reimbursement of ordinary expenses, indemnity agreements in favour of directors and officers, existing employment agreements and existing agreements respecting the Company's security based or other compensation arrangements there are no Contracts or other transactions (including with respect to loans or other indebtedness) currently in place between the Company or any of its Subsidiaries, on the one hand, and: (i) any officer, director or employee of, or consultant of the Company or any of its Subsidiaries; (ii) any holder of record or beneficial owner of 10% or more of the voting securities of the Company; or (iii) any associate or affiliate of any such Person.

(s) Title. The Company is not aware of any defects, failures or impairments in the title of the Company or any of its Subsidiaries to the Company Assets, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party, which in aggregate, could reasonably be expected to have a Material Adverse Effect on the Company.

(t) Customers and Suppliers. None of the Company or any of its Subsidiaries has received notice of, and there is not, to the knowledge of the Company, any intention on the part of any principal customer to cease doing business with the Company or any of its Subsidiaries or to modify or change in any material manner any existing arrangement with the Company or any of its Subsidiaries for the purchase or supply of any products or services. The relationships of the Company and its Subsidiaries with their principal suppliers and customers are satisfactory, and there are no material unresolved disputes with any such supplier or customer. No Contract with any supplier or customer contains terms under which the execution or performance of this Agreement would give the supplier or customer the right to terminate or adversely change the terms of that Contract. Since December 31, 2016, there has been no termination or cancellation of, and no modification or change in, the business relationship of the Company or any of its Subsidiaries with any major customer or group of major customers. The Company has no reason to believe that the benefits of any relationship with any of the major customers or suppliers of the Company or any of its Subsidiaries will not continue after the consummation of the transactions hereunder in substantially the same manner as prior to the date 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 the Company on a consolidated basis from the position set forth in the Company Financial Statements (other than as have been disclosed in the Company Filings) and the Company has not incurred or suffered a Material Adverse Change since December 31, 2016 and since that date there have been no Material Facts, transactions, events or occurrences which would have a Material Adverse Effect on the Company which have not been disclosed in the Company Filings.

(v) No Defaults. None of the Company or any of its Subsidiaries 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 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, reasonably be expected to have a Material Adverse Effect on the Company. None of the Company or any of its Subsidiaries is in violation of any applicable Laws which violation could reasonably be expected to have a Material Adverse Effect on the Company.

(w) Environmental. In respect of the properties which the Company or any of its Subsidiaries operates and, to the knowledge of the Company in respect of properties for which the Company or any of its Subsidiaries is not the operator, except to the extent that any violation or other matter referred to in this paragraph (w) does not, and would not reasonably be expected to, have a Material Adverse Effect on the Company:

(i) none of the Company or any of its Subsidiaries is in violation of any applicable Environmental Laws;

(ii) each of the Company and its 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;

(iii) 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 the Company or any of its Subsidiaries, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by the Company or any of its Subsidiaries, that have not been fully remediated;

(iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Company or any of its Subsidiaries of which any of them has notice;

(v) none of the Company or any of its Subsidiaries has failed to report to the proper Governmental Entity the occurrence of any event which is required to be so reported by any Environmental Law;

(vi) each of the Company and its Subsidiaries holds all required approvals under any Environmental Laws in connection with the operation of its business and the ownership and use of such assets, all such approvals required under any Environmental Laws are in full force and effect, and none of the Company or any of its Subsidiaries 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 any approvals thereunder, or that any approval under any Environmental Law referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

(vii) there are no pending or, to the knowledge of the Company, threatened claims, liens or Encumbrances (other than Permitted Encumbrances) resulting from Environmental Laws with respect to any of the properties of the Company or any of its Subsidiaries currently or formerly owned, leased, operated or otherwise used; and

(viii) none of the Company or any of its Subsidiaries 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.

(x) Company Material Contracts. Each of the Company Material Contracts constitutes a legally valid and binding agreement of each of the Company and Subsidiaries that is a party to the Company Material Contract, enforceable in accordance with their respective terms and, to the knowledge of the Company, no party thereto is in material default in the observance or performance of any term or obligation to be performed by it under any such Company Material Contract or agreement which is material to the business of the Company and its Subsidiaries and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default, in any such case which default or event would reasonably be expected to have a Material Adverse Effect on the Company.

(y) Company Plans. The Company has made available to the Purchaser true, complete and correct copies of each employee benefits plan (collectively, the "**Employee Plans**") covering active, former or retired employees of the Company and its Subsidiaries, any related trust agreement, annuity or insurance contract or other funding vehicle, and:

(i) each Employee Plan has been maintained and administered in material compliance with its terms and is, to the extent required by applicable Laws or contract, fully funded without having any deficit or unfunded actuarial liability or adequate provision has been made therefor;

(ii) all required employer contributions under any such plans have been made and the applicable funds have been funded in accordance with the terms thereof;

(iii) each Employee Plan that is required or intended to be qualified under applicable Laws or registered or approved by a Governmental Entity has been so qualified, registered or approved by the appropriate Governmental Entity, and to the knowledge of the Company, 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 Entity to revoke such qualification, registration or approval;

(iv) to the knowledge of the Company, there are no pending or anticipated material claims against or otherwise involving any of the Company Plans and no suit, action or other litigation (excluding claims for benefits incurred in the ordinary course of the Employee Plan activities) has been brought against or with respect to any Employee Plan;

(v) all material contributions, reserves or premium payments required to be made to the Company Plans have been made or provided for; and

(vi) the Company has no obligations for retiree health and life benefits under any the Employee Plan.

(z) Employees.

(i) The Company has disclosed in writing to the Purchaser a complete list of all employees of the Company and its Subsidiaries, including the current salary and start date of each employee.

(ii) No trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any employees of the Company and its Subsidiaries by way of certification, interim certification, voluntary recognition, designation or successor rights or has applied to have the Company or any of its Subsidiaries declared a related employer or successor employer pursuant to applicable labour legislation. To the knowledge of the Company, except as disclosed in writing by the Company to the Purchaser, none of the Company or any of its Subsidiaries has engaged in any unfair labour practices and, no strike, lock-out, work stoppage, or other material labour dispute is occurring. To the knowledge of the Company, there are no threatened or pending strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts, slowdowns or similar labour related disputes pertaining to the Company or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect on the Company or lead to a material and continuing interruption of operations of the Company or any of its Subsidiaries at any location. None of the Company or any of its Subsidiaries has engaged in any closing or lay-off activities within the past two years that would violate or in any way subject the Company or any of its Subsidiaries to group termination or lay-off requirements of applicable Laws.

(iii) None of the Company or any of its Subsidiaries 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 the Company or any of its Subsidiaries for the purpose of consummating the transactions contemplated by this Agreement.

(aa) Employment Agreements. Except as disclosed in writing by the Company to the Purchaser:

(i) None of the Company or any of its Subsidiaries is a party to any written contracts of employment which may not be terminated on one month's notice which provide for payments occurring on a change of control of the Company; and

(ii) except as otherwise permitted by this Agreement, none of the Company or any of its Subsidiaries will become a party to any employment 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 Laws, or which creates rights in respect of loss or termination of office or employment 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.

(bb) Brokers and Finders. The Company has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Peters & Co. Limited and Cormark Securities Inc. have been retained as the Company's financial advisors in connection with certain matters including the transactions contemplated hereby. The Company has made available to the Purchaser true and complete copies of its agreements with Peters & Co. Limited and Cormark Securities Inc.

(cc) Employment and Officer Obligations. Except as disclosed in writing by the Company to the Purchaser, there are no existing health plans or pension obligations or other employment or consulting services agreements, termination, severance and retention plans or policies of the Company or any of its Subsidiaries and except as disclosed in writing by the Company to the Purchaser, there are no accrued bonuses payable to any present or former employee, director, officer or consultant of the Company or any of its Subsidiaries.

(dd) Fairness Opinion. The Company Board has received a verbal opinion as of March 8, 2017 from each of Peters & Co. Limited and Cormark Securities Inc. that the consideration to be received by the Company Shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Company Shareholders.

(ee) Long Term and Derivative Transactions. Except as disclosed in writing by the Company to the Purchaser, none of the Company or any of its Subsidiaries has any obligations or liabilities, direct or indirect, vested or contingent in respect of any rate swap transactions, basis swaps, forward rate transactions, commodity swaps, commodity options, equity or equity index swaps, equity or equity index options, bond options, interest rate options, foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross currency rate swap transactions or currency options having terms greater than 90 days or any other similar transactions (including any option with respect to any of such transactions) or any combination of such transactions.

(ff) Insurance. Policies of insurance that are in force as of the date hereof naming the Company and its Subsidiaries as applicable as an insured adequately and reasonably cover all risks as are customarily covered by oilfield services companies in the industry in which the Company and its Subsidiaries operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance protect the interests of the Company and its Subsidiaries. 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) No Limitation. Except as disclosed in writing by the Company to the Purchaser, there is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which the Company or any of its Subsidiaries is a party or by which it is otherwise bound that would now or hereafter in any way limit the business or operations of the Company or any of its Subsidiaries in a particular manner or to a particular locality or geographic region or for a limited period of time, and the execution, delivery and performance of this Agreement does not and will not result in the restriction of the Company or any of its Subsidiaries from engaging in its business or from competing with any Person or in any geographic area.

(hh) Board Approval. Based upon, among other things, the Company Fairness Opinions, the Company Board has unanimously determined that the Arrangement is fair from a financial point of view to the Company Shareholders, has unanimously determined that the Arrangement is in the best interests of the Company and the Company Shareholders, and has resolved to unanimously recommend the Company Shareholders vote in favour of the Arrangement.

(ii) Rights Plans. The Company does not have and will not implement any shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire the Company Shares or other securities of the Company or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement, with the exception of the Company Option Plan and related the Company Option agreements.

(jj) Proceeds of Crime. To the knowledge of the Company, the Company and its Subsidiaries have 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 the Company and any of its Subsidiaries and their respective operations and the Company and any of its Subsidiaries has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.

(kk) No Guarantees. Other than an indemnification of directors and officers in accordance with existing indemnification agreements (the form of which has been made available to the Purchaser), the by-laws of the Company or applicable Laws and other than standard indemnity agreements in underwriting and agency agreements, credit facilities, transfer agent and registrar agreements, and in the ordinary course provided to service providers or pursuant to drilling rig operating agreements, drilling rig construction agreements, service rig operating agreements, service rig construction agreements, oilfield equipment rental agreements and similar agreements, none of the Company or any of its Subsidiaries has 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 Person.

(ll) Payments to Employees, etc. Each of the Company and its Subsidiaries 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. Each of the Company and its Subsidiaries 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 it.

(mm) No Encumbrances. None of the Company or any of its Subsidiaries has encumbered or alienated its interest in the Principal Company Assets or agreed to do so and such assets are free and clear of all Encumbrances (other than Permitted Encumbrances), created by, through or the Company or any of its Subsidiaries, except for those arising in the Ordinary Course, which are not material in the aggregate.

(nn) Operation and Condition of the Company Assets. The Principal Company Assets:

(i) for which the Company or any of its Subsidiaries was or is operator, was or have been constructed, operated and maintained in accordance with good and prudent oilfield services industry practices in Canada and all applicable Laws during all periods in which the Company or any of its Subsidiaries was operator thereof and are in good condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of business; and

(ii) for which the Company or any of its Subsidiaries was not or is not operator, was or have been constructed and, to its knowledge, operated and maintained in accordance with good and prudent oilfield services industry practices in Canada and all applicable Laws during all periods in which the Company or any of its Subsidiaries was not operator thereof and are in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business;

except as disclosed in writing by the Company to the Purchaser or to the extent that such non-compliance with prudent oilfield services industry practices or applicable Laws or failure to be in good condition and repair would not have a Material Adverse Effect on the Company.

(oo) Intellectual Property. Except as disclosed in writing to the Purchaser, no material patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (the "**Intellectual Property**") are necessary to carry on the business and operations carried on by the Company or any of its Subsidiaries and none of the Company or any of its Subsidiaries owns, licenses or uses any Intellectual Property that is material to the Company and its Subsidiaries. To the knowledge of the Company, none of the Company or any of its Subsidiaries has received any written notice or claim that is still outstanding challenging the Company or any of its Subsidiaries with respect to the validity of, use of or ownership of the processes and technology used by it, and to the knowledge of the Company, there are no facts upon which such a challenge could reasonably be made. No employees, other individuals or entities have an interest, beneficial or otherwise, right, or financial benefit relating to any Intellectual Property of the Company and its Subsidiaries.

(pp) Confidentiality Agreements. All agreements entered into by the Company or any of its Subsidiaries with Persons other than the Purchaser regarding the confidentiality of information provided to such Persons or reviewed by such Persons with respect to the sale of the Company or any of its Subsidiaries or a substantial portion of its assets or any other business combination or similar transaction with another party contain standstill provisions that are substantially similar to those contained in the Company Confidentiality Agreement and the Company has not waived the standstill or other provisions of any of such agreements.

(qq) Off-Balance Sheet Arrangements. Except as disclosed in writing by the Company to the Purchaser, none of the Company or any of its Subsidiaries has any "off-balance sheet arrangements" as such term is defined under GAAP.

(rr) No Withholding. To the knowledge of the Company, the Company has not withheld from the Purchaser any material information or documents (or a summary of any document that has not been provided, due to confidentiality restrictions) concerning the Company and its Subsidiaries or their assets or liabilities during the course of the Purchaser's review of the Company and its Subsidiaries and their assets.

SCHEDULE D

REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

The Purchaser represents and warrants to and in favour of the Company and acknowledges that the Company 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 the Purchaser and its Subsidiaries has been duly incorporated, amalgamated or created, as the case may be, 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 the Purchaser and its Subsidiaries is duly registered or authorized to conduct its affairs or do business, as applicable, and 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 be so registered or authorized would not, individually or in the aggregate, have a Material Adverse Effect on the Purchaser. Except as disclosed in writing, copies of the constating documents of each of the Purchaser and its Subsidiaries made available to the Company, 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. The Purchaser 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 the Purchaser of the transactions contemplated by the Arrangement have been duly authorized by the Purchaser Board and no other proceedings on the part of the Purchaser are necessary to authorize this Agreement or the Arrangement, other than the approval of the TSX, the approval of the Purchaser Proxy Circular by the Purchaser Board, the approval by the Purchaser Shareholders of the Purchaser Resolution. This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser 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, Joint Ventures and Partnerships. The Purchaser has no Subsidiaries, joint ventures or partnerships, other than those disclosed in writing by the Purchaser to the Company. The Purchaser owns, directly or indirectly, all of the outstanding voting and equity securities of each of its Subsidiaries and the Purchaser's and its Subsidiaries' ownership interest in each of its joint ventures and partnerships has been disclosed in writing by the Purchaser to the Company. All of the outstanding shares and all other ownership interests in the subsidiaries, joint ventures or partnerships of the Purchaser are duly authorized, validly issued and fully paid and non-assessable, all such shares and other ownership interests held directly or indirectly by the Purchaser, are owned by the Purchaser free and clear of all Encumbrances (other than Permitted Encumbrances), except pursuant to restrictions on transfer contained in the constating documents of such Subsidiary, joint venture or partnership. There are no rights of first refusal or similar rights restricting the transfer of the Purchaser Shares contained in shareholders, partnership, joint venture or similar agreements or pursuant to existing financing arrangements.

(d) No Violations. Except as contemplated by this Agreement or as disclosed in writing by the Purchaser to the Company:

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

i. 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 (other than Permitted Encumbrances) upon any of the properties or assets of the Purchaser or any of its 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) the articles or by-laws of any member of the Purchaser or any of its Subsidiaries; or (2) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which the Purchaser or any of its Subsidiaries is a party or to which it, or any of its properties or assets, may be subject or by which the Purchaser or any of its Subsidiaries is bound; or

ii. subject to compliance with applicable statutes and regulations, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to the Purchaser or any of its Subsidiaries or any of its or their properties or assets,

except, in the case of each of clauses (A) and (B) above, for such violations, conflicts, breaches, defaults, terminations, accelerations or creations of Encumbrances (other than Permitted Encumbrances) which, or any consents, approvals or notices which if not given or received, would not, individually or in the aggregate, have any Material Adverse Effect on the Purchaser, or significantly impede the ability of the Purchaser to consummate the transactions contemplated by the Arrangement; provided that, the Purchaser will need the consent of its lender under its existing credit facility to consummate the Arrangement; or

iii. cause the suspension or revocation of any authorization, consent, approval or license currently in effect which would, individually or in the aggregate, have a Material Adverse Effect on the Purchaser; and

(ii) 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 requisite approvals of the Court , Governmental Entities and the TSX:

i. there is no legal impediment to the Purchaser's consummation of the Arrangement; and

ii. no filing or registration with, or authorization, consent or approval of, any domestic or foreign public body or authority is required of the Purchaser 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 the Purchaser, or significantly impede the ability of the Purchaser to consummate the Arrangement.

(e) <u>The Purchaser Shares</u>. The Purchaser has reserved and allotted a sufficient number of the Purchaser Shares as are issuable pursuant to the Arrangement, and, subject to the terms and conditions of the Arrangement, such Purchaser Shares will be validly issued as fully paid and non-assessable to previous holders of Company Shares pursuant to the Arrangement.

(f) <u>Litigation</u>. There are no claims, actions, suits, proceedings, investigations, arbitrations, audits, grievances, assessments or reassessments in existence or pending or, to the knowledge of the Purchaser, threatened, affecting or that would reasonably be expected to affect the Purchaser or any of its Subsidiaries or affecting or that would reasonably be expected to affect any of their respective properties or assets at law or in equity or before or by any court or Governmental Entity which claim, action, suit, proceeding, investigation, arbitration, audit, grievance, assessment or reassessment involves a possibility of any judgment against or liability of any member of the Purchaser or any of its Subsidiaries which would reasonably be expected to cause, individually or in the aggregate, a Material Adverse Change to the Purchaser, or would significantly impede the ability of the Purchaser to consummate the Arrangement.

(g) Taxes, etc. Except to the extent that any matter referred to in this paragraph (g) does not, and would not reasonably be expected to, have a Material Adverse Effect on the Purchaser:

(i) the Purchaser and each of its Subsidiaries has duly and timely filed all Tax Returns required to be filed by them prior to the date hereof and all such Tax Returns are complete and correct in all material respects;

(ii) the Purchaser and each of its Subsidiaries has paid on a timely basis all Taxes which are due and payable, all assessments and reassessments, and all other Taxes due and payable by them on or before the date hereof, other than those which are being or have been contested in good faith and in respect of which reserves have been provided in the most recently published consolidated financial statements of the Purchaser. The Purchaser and each of its Subsidiaries has provided adequate accruals in accordance with GAAP in the most recently published consolidated financial statements of the Purchaser for any Taxes of the Purchaser and each of its Subsidiaries for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business;

(iii) no material deficiencies, litigation, proposed adjustments or matters in controversy exist or have been asserted with respect to Taxes of the Purchaser or any of its Subsidiaries, and none of the Purchaser and each of its Subsidiaries is a party to any material action or proceeding for assessment or collection of Taxes and no such event has been asserted or, to the knowledge of the Purchaser, threatened against the Purchaser or any of its Subsidiaries or any of their respective assets;

(iv) no claim has been made by any Governmental Entity in a jurisdiction where the Purchaser and each of its Subsidiaries do not file Tax Returns that the Purchaser or any of its Subsidiaries is or may be subject to material Tax by that jurisdiction;

(v) there are no Encumbrances (other than Permitted Encumbrances) with respect to Taxes upon any of the Purchaser Assets;

(vi) the Purchaser and each of its Subsidiaries has withheld or collected all material amounts required to be withheld or collected by it on account of Taxes and has remitted all such amounts to the appropriate Governmental Entity when required by applicable Law to do so;

(vii) other than waivers that were filed solely for the purpose of permitting the Purchaser to claim deductions in order to reduce Taxes arising from adjustments to income arising from assessments or reassessments of Tax for prior taxation years and for which the Purchaser has filed objections or appeals in respect of such amendments or reassessments (the "**Protective Waivers**"), there are no outstanding agreements extending or waiving the statutory period of limitations applicable to any claim for, or the period for the collection or assessment or reassessment of Taxes due from the Purchaser and each of its Subsidiaries for any taxable period and no request for any such waiver or extension is currently pending. For greater certainty, no Protective Waiver allows the relevant Governmental Entity to assess or reassess additional Tax in respect of the taxation year to which the Protective Waiver relates;

(viii) the Purchaser and each of its Subsidiaries has made available to the Company true, correct and complete copies of all material Tax Returns, examination reports and statements of deficiencies for taxable periods, or transactions consummated, for which the applicable statutory periods of limitations have not expired;

(ix) to the knowledge of the Purchaser, none of the Purchaser or any of its Subsidiaries has ever directly or indirectly transferred any property to or supplied any services to or acquired any property or services from a Person with whom it was not dealing at arm's length (for the purposes of the Tax Act) for consideration other than consideration equal to the fair market value of the property or services at the time of the transfer, supply or acquisition of the property or services;

(x) the tax attributes of the assets of each of the Purchaser and each of its Subsidiaries are accurately reflected in the Tax Returns of the Purchaser and each of its Subsidiaries, as applicable, and have not materially and adversely changed since the date of such Tax Returns, except to the extent that such attributes have been used in the ordinary course or as a result of completion of any transaction contemplated by this Agreement including, without limitation, any Pre-Arrangement Reorganization and as disclosed by the Purchaser in writing to the Company;

(xi) there are no circumstances existing which could result in the application of section 78 or sections 80 to 80.04 of the Tax Act, or any equivalent provision under provincial applicable Law, to the Purchaser or any of its Subsidiaries. Other than in the ordinary course, none of the Purchaser or any of its Subsidiaries has claimed nor will they claim any reserve under any provision of the Tax Act or any equivalent provincial provision, if any amount could be included in the income of the Purchaser or any of its Subsidiaries for any period ending after the Effective Time;

(xii) The Purchaser is a taxable Canadian corporation as defined in subsection 89(1) of the Tax Act; and

(xiii) The Purchaser is not a non-resident of Canada within the meaning of the Tax Act.

(h) Investment Canada Act. The Purchaser is not a "non-Canadian" within the meaning of the Investment Canada Act.

(i) Reporting Issuer Status. The Purchaser is a "reporting issuer" in each of the Provinces of Canada and is in material compliance with all applicable Canadian Securities laws therein and the Purchaser Shares are listed and posted for trading on the TSX. The Purchaser is not in default of any material requirements of applicable Canadian Securities Laws in such jurisdictions or any rules or regulations of, or agreement with, the TSX. No delisting, suspension of trading in or cease trading order with respect to the Purchaser Shares is pending or, to the knowledge of the Purchaser, threatened or is expected to be implemented or undertaken and to its knowledge the Purchaser is not subject to any formal or informal review, enquiry, investigation or other proceeding relating to any such order or restriction. The documents and information comprising the Purchaser Filings did not at the respective times they were filed with the relevant Securities Authorities, contain any Misrepresentation, unless such document or information was subsequently corrected or superseded in the Purchaser Filings prior to the date hereof. The Purchaser has timely filed with the Securities Authorities all material forms, reports, schedules, statements and other documents required to be filed by the Purchaser with the Securities Authorities since becoming a "reporting issuer" under Canadian Securities Laws. The Purchaser has not filed any confidential material change report that, at the date hereof, remains confidential.

(j) Capitalization. As of the date hereof, the authorized capital of the Purchaser consists of an unlimited number of Purchaser Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are issued and outstanding 73,795,944 Purchaser Shares and no other shares are issued and outstanding. As of the date hereof, there are 6,211,701 Purchaser Shares issuable upon the exercise of 6,211,701 stock options of the Purchaser and 415,717 Purchaser Shares issuable upon the settlement of the Purchaser RSUs. Except as set forth above, there are no options, warrants or other rights, plans agreements or commitments of any nature whatsoever requiring the issuance, sale or transfer by the Purchaser of any securities of the Purchaser (including the Purchaser Shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, any securities of the Purchaser (including the Purchaser Shares). All outstanding Purchaser Shares have been duly authorized and validly issued, are fully paid and non-assessable, are not subject to, nor were they issued in violation of, any pre-emptive rights and all Purchaser Shares issuable upon the exercise of stock options and rights in accordance with the terms of such options and rights 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 Purchaser Shares, there are no securities of the Purchaser outstanding which have the right to vote generally (or, except for the stock options of the Purchaser and Purchaser RSUs, are exercisable or convertible into or exchangeable for securities having the right to vote generally) on any matter.

(k) No Orders. No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the Purchaser Shares or any other securities of the Purchaser has been issued by any Governmental Entity and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of the Purchaser, are contemplated or threatened under any applicable Laws or by any Governmental Entity.

(l) Financial Reports. The Purchaser Financial Statements, and any interim or annual financial statements filed by or on behalf of the Purchaser on and after the date hereof with the Securities Authorities, in compliance, or intended compliance, with any applicable Laws, were or, when so filed, will have been prepared in accordance with GAAP (except 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 or, when so filed, will present fairly in accordance with GAAP the financial position, results of operations and changes in financial position of the Purchaser 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). The Purchaser does not intend to correct or restate, nor, to the knowledge of the Purchaser is there any basis for any correction or restatement of any aspect of the Purchaser Financial Statements.

(m) Books and Records. The financial books, records and accounts of the Purchaser and each of its Material Subsidiaries, in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years; (ii) are stated in reasonable detail and accurately and fairly reflect the material transactions and dispositions of the assets of the Purchaser or any of its Subsidiaries, as applicable; and (iii) accurately and fairly reflect the basis for the Purchaser Financial Statements. The corporate records and minute books of the Purchaser and its Subsidiaries have been maintained substantially in compliance with applicable Laws and are complete and accurate in all material respects (other than those minutes of the meetings of the Purchaser Board or committees thereof which are in draft form and except as disclosed in writing), and full access thereto has been provided to Company.

(n) Absence of Undisclosed Liabilities. Each of the Purchaser and its Subsidiaries has no material liabilities of any nature (matured or unmatured, fixed or contingent), other than:

(i) those set forth or adequately provided for in the most recent statement of financial position and associated notes thereto included in the Purchaser Financial Statements;

(ii) those incurred in the ordinary course of business and not required to be set forth in the Purchaser Financial Statements under GAAP;

(iii) those incurred in the ordinary course of business since the date of the Purchaser Financial Statements and consistent with past practice;

(iv) inter-company indebtedness or liabilities; and

(v) those incurred in connection with the execution of this Agreement.

(o) Absence of Certain Changes or Events. Except for the Arrangement or any action taken in accordance with this Agreement, since December 31, 2016:

(i) the Purchaser and each of its Subsidiaries has conducted its business only in the ordinary course of business substantially consistent with past practice, other than as disclosed in the Purchaser Filings;

(ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to the Purchaser has been incurred other than in the Ordinary Course or as disclosed in the Purchaser Filings;

(iii) there has been no Material Adverse Change in respect of the Purchaser; and

(iv) the Purchaser has not, and to the knowledge of the Purchaser, no director, officer, employee or auditor of any the Purchaser's Subsidiaries, has received or otherwise had or obtained knowledge of any fraud, material complaint, allegation, assertion or claim, whether written or oral, regarding fraud or the accounting or auditing practices, procedures, methodologies or methods of the Purchaser or any of its Subsidiaries or its internal accounting controls.

(p) Registration, Exemption Orders, Licences, etc. To the knowledge of the Purchaser, the Purchaser and its Subsidiaries has obtained and is in compliance with all Authorizations, except where the failure to obtain or be in compliance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Purchaser. Such 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 violation of any such Authorization, except where the violation would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Purchaser. No proceedings are pending or, to the knowledge of the Purchaser, threatened, which could result in the revocation or limitation of any Authorization, and all steps have been taken and filings made on a timely basis with respect to each Authorization and its renewal, except where the failure to take such steps and make such filings would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Purchaser.

(q) Compliance with Laws. The operations and business of the Purchaser and its Subsidiaries is and has been carried out in compliance with and not in violation of any applicable Laws, other than non-compliance or violation which would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Purchaser, and none of the Purchaser or its Subsidiaries has received any notice of any alleged violation of any such applicable Laws other than where such notice would not reasonably be expected to have a Material Adverse Effect on the Purchaser.

(r) Restrictions on Business Activities. There is no judgment, injunction or order binding upon the Purchaser or any of its Subsidiaries 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 the Purchaser.

(s) Non-Arm's Length Transactions. Except for amounts due as normal salaries and bonuses and in reimbursement of ordinary expenses, indemnity agreements in favour of directors and officers, existing employment agreements and existing agreements respecting The Purchaser's security-based or other compensation arrangements there are no Contracts or other transactions (including with respect to loans or other indebtedness) currently in place between the Purchaser or any of its Subsidiaries, on the one hand, and: (i) any officer, director or employee of, or consultant of the Purchaser or any of its

Subsidiaries; (ii) any holder of record or beneficial owner of 10% or more of the voting securities of the Purchaser; or (iii) any associate or affiliate of any such Person.

(t) Title. The Purchaser is not aware of any defects, failures or impairments in the title of the Purchaser or any of its Subsidiaries to the Purchaser Assets, whether or not an action, suit, proceeding or inquiry is pending or threatened or whether or not discovered by any third party, which in aggregate, could reasonably be expected to have a Material Adverse Effect on the Purchaser.

(u) Customers and Suppliers. None of the Purchaser or any of its Subsidiaries has received notice of, and there is not, to the knowledge of the Purchaser, any intention on the part of any principal customer to cease doing business with the Purchaser or any of its Subsidiaries or to modify or change in any material manner any existing arrangement with the Purchaser or any of its Subsidiaries for the purchase or supply of any products or services. The relationships of the Purchaser and its Subsidiaries with its principal suppliers and customers are satisfactory, and there are no material unresolved disputes with any such supplier or customer. No Contract with any supplier or customer contains terms under which the execution or performance of this Agreement would give the supplier or customer the right to terminate or adversely change the terms of that Contract. Since December 31, 2016, there has been no termination or cancellation of, and no modification or change in, the business relationship of the Purchaser or any of its Subsidiaries with any major customer or group of major customers. The Purchaser has no reason to believe that the benefits of any relationship with any of the major customers or suppliers of the Purchaser or any of its Subsidiaries will not continue after the consummation of the transactions hereunder in substantially the same manner as prior to the date of this Agreement.

(v) Absence of Undisclosed Changes. There has not been any Material Change in the capital, assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of the Purchaser on a consolidated basis from the position set forth in the Purchaser Financial Statements other than disclosed in the Purchaser Filings and the Purchaser has not incurred or suffered a Material Adverse Change since December 31, 2016 and since that date there have been no Material Facts, transactions, events or occurrences which would have a Material Adverse Effect on the Purchaser which have not been disclosed in the Purchaser Filings.

(w) No Defaults. None of the Purchaser or any of its Subsidiaries 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 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, reasonably be expected to have a Material Adverse Effect on the Purchaser. None of the Purchaser or any of its Subsidiaries is in violation of any applicable Laws which violation could reasonably be expected to have a Material Adverse Effect on the Purchaser.

(x) Environmental. In respect of the properties which the Purchaser or any of its Subsidiaries operates and, to the knowledge of the Purchaser in respect of properties for which the Purchaser or any of its Subsidiaries is not the operator, except to the extent that any violation or other matter referred to in this paragraph (x) does not, and would not reasonably be expected to, have a Material Adverse Effect on the Purchaser:

(i) none of the Purchaser or any of its Subsidiaries is in violation of any applicable Environmental Laws;

(ii) each of the Purchaser and its 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;

(iii) 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 the Purchaser or any of its Subsidiaries, or on or underneath any location which is or was currently or formerly owned, leased or otherwise operated by the Purchaser or any of its Subsidiaries, that have not been fully remediated;

(iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of the Purchaser or any of its Subsidiaries of which any of them has notice;

(v) none of the Purchaser or any of its Subsidiaries has failed to report to the proper Governmental Entity the occurrence of any event which is required to be so reported by any Environmental Law;

(vi) each of the Purchaser and its Subsidiaries holds all required approvals under any Environmental Laws in connection with the operation of its business and the ownership and use of such assets, all such approvals required under any Environmental Laws are in full force and effect, and none of the Purchaser or any of its Subsidiaries 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 any approvals thereunder, or that any approval under any Environmental Law referred to above is about to be reviewed, made subject to limitation or conditions, revoked, withdrawn or terminated;

(vii) there are no pending or, to the knowledge of the Purchaser, threatened claims, liens or Encumbrances (other than Permitted Encumbrances) resulting from Environmental Laws with respect to any of the properties of the Purchaser or any of its Subsidiaries currently or formerly owned, leased, operated or otherwise used; and

(viii) none of the Purchaser or any of its Subsidiaries 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) Purchaser Material Contracts. Each of the Purchaser Material Contracts constitutes a legally valid and binding agreement of each of the Purchaser and Subsidiaries that is party to such the Purchaser Material Contract, enforceable in accordance with their respective terms and, to the knowledge of the Purchaser, no party thereto is in material default in the observance or performance of any term or obligation to be performed by it under any such the Purchaser Material Contract or agreement which is material to the business of the Purchaser and its Subsidiaries and no event has occurred which with notice or lapse of time or both would directly or indirectly constitute such a default, in any such case which default or event would reasonably be expected to have a Material Adverse Effect on the Purchaser.

(z) Brokers and Finders. The Purchaser has not retained nor will it retain any financial advisor, broker, agent or finder or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement, any transaction contemplated hereby or any transaction presently ongoing or contemplated, except that Raymond James Ltd. has been retained as the Purchaser's financial advisor in connection with certain matters including the transactions contemplated hereby. The Purchaser has made available to the Company a true and complete copy of its agreement with Raymond James Ltd.

(aa) Insurance. Policies of insurance that are in force as of the date hereof naming the Purchaser and its Subsidiaries as an insured adequately and reasonably cover all risks as are customarily covered by oilfield services companies in the industry in which the Purchaser and its Subsidiaries operates and having regard to the nature of the risk insured and the relative cost of obtaining insurance protect the interests of the Purchaser and its Subsidiaries. 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.

(bb) No Limitation. Except as disclosed in writing by the Purchaser to the Company, there is no non-competition, exclusivity or other similar agreement, commitment or understanding in place to which the Purchaser or any of its Subsidiaries is a party or by which it is otherwise bound that would now or hereafter in any way limit the business or operations of the Purchaser or any of its Subsidiaries in a particular manner or to a particular locality or geographic region or for a limited period of time, and the execution, delivery and performance of this Agreement does not and will not result in the restriction of any member of the Purchaser or any of its Subsidiaries from engaging in its business or from competing with any Person or in any geographic area.

(cc) Board Approval. Based upon, among other things, the advice of its financial advisors, the Purchaser Board has unanimously determined that the Arrangement is in the best interests of the Purchaser and has resolved to unanimously recommend the Purchaser Shareholders vote in favour of the Purchaser Transaction Resolution.

(dd) Rights Plans. The Purchaser does not have and will not implement any shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire the Purchaser Shares or other securities of the Purchaser or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement or in connection with the Arrangement.

(ee) Proceeds of Crime. To the knowledge of the Purchaser, the Purchaser and its Subsidiaries have not, directly or indirectly: (i) 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 (ii) 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 the Purchaser and any of its Subsidiaries and their respective operations and the Purchaser and its Subsidiaries have instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.

(ff) No Guarantees. Other than an indemnification of directors and officers in accordance with existing indemnification agreements, the by-laws of the Purchaser or applicable Laws and other than standard indemnity agreements in underwriting and agency agreements, credit facilities, transfer agent and registrar agreements, and in the ordinary course provided to service providers or pursuant to drilling rig or service rig operating agreements, drilling rig or service rig construction agreements and similar agreements, none of the Purchaser or any of its Subsidiaries has 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 Person.

(gg) Payments to Employees, etc. Each of the Purchaser and its Subsidiaries 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. Each of the Purchaser and its Subsidiaries 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 it.

(hh) No Encumbrances. None of the Purchaser or any of its Subsidiaries has encumbered or alienated its interest in the Principal Purchaser Assets or agreed to do so and such assets are free and clear of all Encumbrances (other than Permitted Encumbrances), created by, through or under the Purchaser or any of its Subsidiaries, except for those arising in the Ordinary Course, which are not material in the aggregate.

(ii) Operation and Condition of Principal Purchaser Assets. The Principal Purchaser Assets:

(i) for which the Purchaser or any of its Subsidiaries was or is operator, was or have been constructed, operated and maintained in accordance with good and prudent oilfield services industry practices in Canada and all applicable Laws during all periods in which the Purchaser or any of its Subsidiaries was operator thereof and are in good condition and repair, ordinary wear and tear excepted, and are useable in the ordinary course of business; and

(ii) for which the Purchaser or any of its Subsidiaries was not or is not operator, was or have been constructed and, to its knowledge, operated and maintained in accordance with good and prudent oilfield services industry practices in Canada and all applicable Laws during all periods in which the Purchaser or any of its Subsidiaries was not operator thereof and are in good condition and repair, ordinary wear and tear excepted, and is useable in the ordinary course of business;

except to the extent that such non-compliance with prudent oilfield services industry practices or applicable Laws or failure to be in good condition and repair would not have a Material Adverse Effect on the Purchaser.

(jj) Intellectual Property. Except as disclosed in writing by the Purchaser to the Company, no material Intellectual Property (as defined in Schedule C) is necessary to carry on the business and operations carried on by the Purchaser or any of its Subsidiaries and none of the Purchaser or any of its Subsidiaries owns, licenses or uses any Intellectual Property that is material to the Purchaser or any of its Subsidiaries. To the knowledge of the Purchaser, none of the Purchaser or any of its Subsidiaries has received any written notice or claim that is still outstanding challenging the Purchaser or any of its Subsidiaries with respect to the validity of, use of or ownership of the processes and technology used by it, and to the knowledge of the Purchaser, there are no facts upon which such a challenge could reasonably be made. No employees, other individuals or entities have an interest, beneficial or otherwise, right, or financial benefit relating to any Intellectual Property of the Purchaser and its Subsidiaries.

(kk) Off-Balance Sheet Arrangements. Except as disclosed in writing by the Purchaser to the Company, none of the Purchaser or any of its Subsidiaries has any "off-balance sheet arrangements" as such term is defined under GAAP.

(ll) No Withholding. To the knowledge of the Purchaser, the Purchaser has not withheld from the Company any material information or documents (or a summary of any document that has not been provided, due to confidentiality restrictions) concerning the Purchaser and its Subsidiaries or their assets or liabilities during the course of the Company's review of the Purchaser and its Subsidiaries and their assets.