Update Plan of Arrangement - No Amendment - Proof of Filing

Alberta Amendment Date: 2011/05/31

Service Request Number: 16408199
Corporate Access Number: 203720172
Legal Entity Name: TEXALTA PETROLEUM LTD.
Legal Entity Status: Active

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Articles/Plan of Arrangement/Court Order	10000907107851866	2011/05/31

Registration Authorized By: PAUL J. BENNETT
DIRECTOR

BUSINESS CORPORATIONS ACT
(Section 193)

1000090710785186б
CAN 203720172

ARTICLES OF ARRANGEMENT

1. NAME OF CORPORATION	2. CORPORATE ACCESS NO.
TEXALTA PETROLEUM LTD.	203720172

3. IN ACCORDANCE WITH THE ORDER APPROVING THE ARRANGEMENT, THE ARTICLES OF THE CORPORATION ARE AMENDED AS FOLLOWS:

Pursuant to section 193 of the *Business Corporations Act* (Alberta) (the "Act") and in accordance with the Order of the Court of Queen's Bench of Alberta dated May 30, 2011:

1. The Plan of Arrangement attached as Schedule "A" to the Arrangement Agreement made effective as of March 21, 2011 made pursuant to section 193 of the Act involving Texalta Petroleum Ltd. (the "Corporation"), PetroFrontier Corp. and the shareholders of the Corporation, a copy of which is attached hereto as Schedule "A" (the "Arrangement") is hereby effected.

2. The Arrangement does not amend the Articles of the Corporation as contemplated by section 193(1)(a) of the Act, nor does it constitute an amalgamation as contemplated by sections 193(1)(b) or (c) of the Act, nor does it constitute a liquidation or dissolution as contemplated by section 193(1)(g) of the Act.

DATE	SIGNATURE	TITLE
May 31, 2011	[signature]	Director

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SD-1866

SCHEDULE "A"

PLAN OF ARRANGEMENT UNDER SECTION 193
OF THE

***BUSINESS CORPORATIONS ACT* (ALBERTA)**

ARTICLE 1
INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

"**ABCA**" means the *Business Corporations Act* (Alberta), R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;

"**Aggregate Cash Elected**" means the aggregate amount of cash that would be payable to the Texalta Shareholder based upon the elections to receive the Cash Consideration or the Combined Consideration made pursuant to paragraphs 3.1(c)(i) and 3.1(c)(iii), respectively, before giving effect to the proration provisions of subsection 3.1(d);

"**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the proposed arrangement involving PetroFrontier, Texalta and the Texalta Shareholders pursuant to section 193 of the ABCA, on the terms and conditions set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

"**Arrangement Agreement**" means the arrangement agreement dated March 21, 2011 between PetroFrontier and Texalta with respect to the Arrangement, and all amendments thereto;

"**Arrangement Resolution**" means the special resolution in respect of the Arrangement to be considered by the Texalta Shareholders at the Texalta Meeting to be held to approve the Arrangement;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under Subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, giving effect to the Arrangement;

"**Business Day**" means with respect to any action to be taken, any day, other than Saturday, Sunday or a statutory holiday in the place where such action is to be taken;

"**Cash Consideration**" shall have the meaning ascribed thereto in paragraph 3.1(c)(i);

"**Cash Limit**" shall have the meaning ascribed thereto in subsection 3.1(d);

"**Certificate**" means the certificate or other confirmation of filing to be issued by the Registrar pursuant to Subsection 193(11) of the ABCA giving effect to the Arrangement;

"**Circular**" means the management proxy circular of Texalta to be sent by Texalta to the Texalta Shareholders in connection with the Texalta Meeting if the Arrangement Resolution is not passed as provided for in the Arrangement Agreement;

"**Combined Consideration**" shall have the meaning ascribed thereto in paragraph 3.1(c)(iii);

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

"**Depositary**" means Olympia Trust Company at its offices referred to in the Letter of Transmittal and Election Form;

"**Dissent Rights**" means the right of a registered Texalta Shareholder to dissent to the resolution approving the Arrangement and to be paid the fair value of the Texalta Shares in respect of which the holder dissents, all in accordance with Section 191 of the ABCA, the Interim Order and Article 5 hereof;

"**Dissenting Shareholders**" means the registered Texalta Shareholders that validly exercise the Dissent Rights and "**Dissenting Shareholder**" means any one of them;

"**Effective Date**" means the date designated in writing by PetroFrontier and Texalta as the effective date for the completion of the Arrangement after the conditions set forth in Article 5 have been satisfied or waived in accordance with the terms of the Arrangement and all documents agreed to be delivered hereunder have been delivered as contemplated herein;

"**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date;

"**Election Deadline**" means 4:30 p.m. (at the place of deposit with the Depositary of the Letter of Transmittal and Election Form) on the business day immediately prior to the date of the Texalta Meeting or, if such meeting is adjourned, such time on the Business Day immediately prior to the date of such adjourned meeting;

"**Final Order**" means the order of the Court approving the Arrangement pursuant to Subsection 193(9) of the ABCA in respect of Texalta, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under Section 193(4) of the ABCA in respect of Texalta, containing declarations and directions with respect to the Arrangement and the holding of the Texalta Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction, such order to be applied for by Texalta in the event that the Arrangement Resolution is not passed as provided for in the Arrangement Agreement.

"**Letter of Transmittal and Election Form**" means the letter of transmittal and election form enclosed with the Circular pursuant to which Texalta Shareholders make their election to receive Cash Consideration, Share Consideration or Combined Consideration in exchange for their Texalta Shares and are required to deliver certificates representing Texalta Shares;

"**Parties**" means, collectively, Texalta and PetroFrontier and "**Party**" means any one of them;

"**Plan**" or "**Plan of Arrangement**" means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and Article 7 of the Arrangement Agreement;

"**PetroFrontier**" means PetroFrontier Corp., a corporation amalgamated under the ABCA;

"**PetroFrontier Shares**" means common shares of PetroFrontier as constituted on the date hereof;

"**Registrar**" means the Registrar of Corporations duly appointed under the ABCA;
"**Share Consideration**" shall have the meaning ascribed thereto in paragraph 3.1(c)(ii);

"**Tax Act**" means the *Income Tax Act* (Canada) and the regulations thereunder, as amended from time to time;

"**Texalta**" means Texalta Petroleum Ltd., a corporation continued under the ABCA;

"**Texalta Meeting**" means the special meeting of the Texalta Shareholders to be held to consider the Arrangement and related matters, and any adjournments thereof, as provided for in the Arrangement Agreement;

"**Texalta Shareholder**" means the holders from time to time of Texalta Shares;

"**Texalta Shareholder Rights Agreement**" means the shareholder rights plan agreement dated November 15, 2010 between Texalta and Equity Financial Trust Company; and

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

The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.

1.2 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.3 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.

1.4 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.5 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2
ARRANGEMENT AGREEMENT

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

2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate, will become effective on, and be binding on and after, the Effective Time on: (i) the Texalta Shareholders; (ii) Texalta; and (iii) PetroFrontier.

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

ARTICLE 3
ARRANGEMENT

3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order without any further act or formality except as otherwise provided herein:

(a) the Texalta Shares held by Dissenting Shareholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to PetroFrontier, and as of the Effective Time, such Dissenting Shareholders shall cease to have any rights as Texalta Shareholders, other than the right to be paid the fair value of their Texalta Shares in accordance with the Dissent Rights;

(b) the Texalta Shareholder Rights Agreement shall be terminated;

(c) all Texalta Shares (other than such Texalta Shares held by PetroFrontier), shall be transferred to PetroFrontier, and each Texalta Shareholder shall be entitled to receive from PetroFrontier, subject to the Cash Limit and to adjustment under subsection 3.1(d) hereof, consideration comprised of, at the election of the Texalta Shareholder:

(i) $1.58 cash for each Texalta Share (the "**Cash Consideration**");

(ii) 0.45 of a PetroFrontier Share for each Texalta Share (the "**Share Consideration**"); or

(iii) any combination of (i) or (ii) above (the "**Combined Consideration**") in respect of the Texalta Shares held thereby,

(d) with respect to the Cash Consideration and the Combined Consideration elected by Texalta Shareholders, the aggregate amount of cash available to satisfy such elected amounts is limited to $10,000,000 (the "**Cash Limit**"). If the Aggregate Cash Elected exceeds the Cash Limit, the amount of Cash Consideration paid to Texalta Shareholders so electing shall be prorated (based on the fraction equal to the Cash Limit divided by the Aggregate Cash Elected) among all such Texalta Shareholders who made an election to receive Cash Consideration or Combined Consideration so that the aggregate amount of cash payable to all such Texalta Shareholders shall be equal to the Cash Limit, and such Texalta Shareholders shall receive Share Consideration pursuant to paragraph 3.1(c)(ii) in respect of the balance of such Texalta Shareholder's Texalta Shares in respect of which such Texalta Shareholders had elected to receive Cash Consideration;

3.2 The election contemplated by subsection 3.1(c) shall be made as follows:

(a) each Texalta Shareholder shall make an election to receive either Cash Consideration, Share Consideration or Combined Consideration by depositing, by the Election Deadline with the Depositary, a duly completed Letter of Transmittal and Election Form indicating that Texalta Shareholder's election, together with certificates representing such Texalta Shareholder's Texalta Shares;

(b) any Texalta Shareholder who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline or otherwise fails to fully comply with the requirements of subsection 3.2(a) shall be deemed to have elected to receive Share Consideration for such Texalta Shareholder's Texalta Shares;

(c) any deposit of a Letter of Transmittal and Election Form and accompanying certificates may be made at the address of the Depositary specified in the Letter of Transmittal and Election Form;

(d) a Texalta Shareholder who holds Texalta Shares as a nominee, custodian, depository, trustee or in any other representative capacity for beneficial owners of Texalta Shares may submit multiple Letter of Transmittal and Election Forms;

(e) for greater certainty, although a Texalta Shareholder may elect to receive Cash Consideration, Share Consideration or Combined Consideration in respect of the aggregate number of Texalta Shares which they hold, no election may be made in respect of an individual Texalta Share to receive fractional interest in a PetroFrontier Share. Texalta Shareholders must designate in the Letter of Transmittal and Election Forms the aggregate number of Texalta Shares in respect of which they elect to receive Share Consideration and the aggregate number of Texalta Shares in respect of which they elect to receive Cash Consideration.

3.3 A Texalta Shareholder who has exchanged Texalta Shares for Share Consideration pursuant to this Arrangement shall be entitled to make an income tax election pursuant to subsection 85(1) of the Tax Act or, if the holder is a partnership, subsection 85(2) of the Tax Act (and in each case, where applicable, the analogous provisions of provincial income tax law) with respect to the transfer of such holder's Texalta Shares to PetroFrontier by providing two signed copies of the necessary prescribed election forms to the Depositary within 90 days after Effective Date, duly completed with the details of the number of Texalta Shares transferred and the applicable agreed amounts for the purposes of such elections. Thereafter, subject to the election forms being correct and complete and complying with the provisions of the Tax Act (or any applicable provincial income tax law), the forms will be signed by PetroFrontier and returned to such Texalta Shareholder by ordinary mail by posting same within 30 days after receipt thereof by the Depositary for filing by the relevant Texalta Shareholder with the Canada Revenue Agency (or the applicable provincial taxing authority). Neither PetroFrontier nor the Depositary will be responsible for any taxes, interest, penalties or other costs or damages resulting from the failure by a holder of Texalta Shares to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial income tax law). In its sole discretion, PetroFrontier may choose to sign and return an election form received later than 90 days after Effective Date, but PetroFrontier will have no obligation to do so. Where Texalta Shares are held as partnership property, a partner directed by the partnership must file a copy of the applicable prescribed election form on behalf of all the members of the partnership. Such form must be accompanied by a list containing the name, address, social insurance number and business identification number of each partner, as well as sufficient authorization of the filing partner to file the election.

3.4 Upon the completion of the transactions pursuant to subsection 3.1(c):

(a) each Texalta Shareholder shall cease to be a holder of Texalta Shares and the name of such holder shall be removed from the register of holders of Texalta Shares;

(b) PetroFrontier shall become the holder of all the issued and outstanding Texalta Shares and shall be added to the register of holders of the Texalta Shares; and

(c) PetroFrontier shall allot and issue to each former Texalta Shareholder who has made a valid election pursuant to paragraphs 3.1(c)(ii) or (iii), as the case may be, the number of PetroFrontier Shares issuable to such holder and the name of such holder shall be added to the register of holders of PetroFrontier Shares.

ARTICLE 4
OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

4.1 From and after the Effective Time, certificates formerly representing Texalta Shares shall represent only the right to receive the consideration to which the holders are entitled under the Arrangement, or as to those held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to section 5.1 hereof, to receive the fair value of the Texalta Shares represented by such certificates.

4.2 On or before 3:00 p.m. (Calgary time) on the Business Day prior to Effective Date, PetroFrontier shall deposit, with the Depositary, the applicable amount of Cash Consideration and Share Consideration required to satisfy and complete its obligations under subsection 3.1(c). The Depositary shall, as soon as reasonably practicable following the later of the Effective Date and the date of deposit with the Depositary by a former holder of Texalta Shares of a duly completed Letter of Transmittal and Election Form and the certificates representing such Texalta Shares, either:

(a) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder of the Texalta Shares at the address specified in the Letter of Transmittal and Election Form; or

(b) if requested by such holder in the Letter of Transmittal and Election Form, make available or cause to be made available at the Depositary for pickup by such holder;

certificates representing the applicable number (if any) of PetroFrontier Shares and/or a cheque for the Cash Consideration payable (if any) to such holder, under and in accordance with the terms of the Arrangement and in accordance with such holder's election, subject to any applicable withholding required pursuant to the Tax Act provided that withholding arrangements may be made that are satisfactory to PetroFrontier and otherwise comply with applicable laws.

4.3 If any certificate which immediately prior to the Effective Time represented an interest in outstanding Texalta Shares that were transferred or cancelled pursuant to Section 3.1 has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the Depositary will issue and deliver in exchange for such lost, stolen or destroyed certificate the consideration to which the holder is entitled pursuant to the Arrangement (and any dividends or distributions with respect thereto) as determined in accordance with the Arrangement. The person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to PetroFrontier and its transfer agent, which bond is in the form and substance satisfactory to PetroFrontier and its transfer agent or shall otherwise indemnify PetroFrontier and its transfer agent against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

4.4 No fractional PetroFrontier Shares will be issued upon the exchange of Texalta Shares for PetroFrontier Shares. In lieu of any fractional PetroFrontier Shares, each Texalta Shareholder otherwise entitled to a fractional interest in a PetroFrontier Share will either: (a) where the fractional interest is less than 0.5, be rounded down to the nearest whole number of PetroFrontier Shares without any additional compensation, or (b) where the fractional interest is equal to or greater than 0.5, be rounded up to the nearest whole number of PetroFrontier Shares. In calculating such fractional interests, all Texalta Shares registered in the name of or beneficially held by such Texalta Shareholder or their nominee shall be aggregated.

4.5 Subject to extinguishment under section 4.6, all dividends and distributions declared in respect of PetroFrontier Shares to which a former Texalta Shareholder is entitled in accordance with the terms of the Arrangement, but for which a certificate representing the PetroFrontier Shares has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. All monies received by the Depositary shall be invested by it in interest-bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefore is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such distributions and any interest thereof to which such holder, is entitled, net of applicable withholding and other taxes.

4.6 Any certificate formerly representing Texalta Shares that is not deposited with all other documents as required by this Plan of Arrangement on or before the fourth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and, for greater certainty, the right of the holder of such Texalta Shares to receive any Cash Consideration, Share Consideration or Combined Consideration shall be deemed to be surrendered to PetroFrontier, together with any dividends, distributions or cash payments thereon for such holder.

ARTICLE 5
DISSENTING SHAREHOLDERS

5.1 Each registered holder of Texalta Shares shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. A Dissenting Shareholder shall, at the Effective Time, cease to have any rights as a holder of Texalta Shares and shall only be entitled to be paid the fair value of the holder's Texalta Shares by PetroFrontier. Notwithstanding the provisions of section 191 of the ABCA, the Texalta Shares of a Dissenting Shareholder who is paid the fair value of the holder's Texalta Shares shall be deemed to have transferred the holder's Texalta Shares to PetroFrontier at the Effective Time. A Dissenting Shareholder who, for any reason is not entitled to be paid the fair value of the holder's Texalta Shares, shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Texalta Shares, notwithstanding the provisions of section 191 of the ABCA. The fair value of the Texalta Shares shall be determined as of the close of business on the last business day before the day on which the Arrangement is approved by the holders of Texalta Shares at the Texalta Meetings or, if not the same day, the day the last approval is obtained; but in no event shall Texalta or PetroFrontier be required to recognize such Dissenting Shareholder as shareholders of Texalta after the Effective Time and the names of such holders shall be removed from the applicable Texalta register of shareholders as at the Effective Time. For greater certainty, in addition to any other restrictions in section 191 of the ABCA, no person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

ARTICLE 6
AMENDMENTS

6.1 Texalta and PetroFrontier may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be: (i) set out in writing; (ii) filed with the Court and, if made following the Texalta Meeting, approved by the Court; and (iii) communicated to holders of Texalta Shares if and as required by the Court.

6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Texalta and PetroFrontier at any time prior to or at the Texalta Meeting, with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Texalta Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

6.3 Texalta or PetroFrontier, with the consent of the other party, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Texalta Meeting or execution of the Written Resolution, as the case may be, and prior to the Effective Time with the approval of the Court.

6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time but shall only be effective if it is consented to by PetroFrontier and Texalta, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the PetroFrontier and Texalta, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of the PetroFrontier and Texalta or any former holder of Texalta Shares.