



2017-10-24

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Michelle Sobot
333 7th Ave SW
Suite 1600
Calgary AB T2P 2Z1
Canada

Corporation Number: **1043269-5**
Numéro de société :

Your Reference:
Votre référence :

Please find enclosed the **Certificate of Arrangement** issued under the *Canada Business Corporations Act* (CBCA) for **PÉTROLIA INC.**.

Vous trouverez ci-joint le **certificat d'arrangement** émis en vertu de la *Loi canadienne sur les sociétés par actions* (LCSA) relativement à **PÉTROLIA INC.**.

The issuance of this certificate will be listed in the next Corporations Canada's online Monthly Transactions report. You can access the report on the Corporations Canada website.

L'émission de ce certificat sera publiée dans le prochain rapport électronique des transactions mensuelles de Corporations Canada. Vous pouvez consulter le rapport dans le site Web de Corporations Canada.

Where a name has been approved, be aware that the corporation assumes full responsibility for any risk of confusion with business names and trademarks (including those set out in the Nuans Name Search Report). The corporation may be required to change its name in the event that representations are made to Corporations Canada and it is established that confusion is likely to occur. Also note that any name granted is subject to the laws of the jurisdiction where the corporation carries on its activities.

Dans les cas où Corporations Canada a approuvé une dénomination sociale, il faut savoir que la société assume toute responsabilité de risque de confusion avec toutes dénominations commerciales, marques de commerce existantes (y compris celles qui sont citées dans le Rapport Nuans de recherche de dénominations). La société devra peut-être changer sa dénomination advenant le cas où des représentations soient faites auprès de Corporations Canada établissant qu'il existe une probabilité de confusion. Il faut aussi noter que toute dénomination octroyée est assujettie aux lois de l'autorité législative où la société mène ses activités.

For further information, please contact:

Pour de plus amples renseignements, veuillez communiquer avec :

Karim Mikaël
For the Director General, Corporations Canada / Pour le Directeur general, Corporations Canada

613-941-4550
Telephone / Téléphone

343-291-3409
Fax / Télécopieur



Certificate of Arrangement

Canada Business Corporations Act

Certificat d'arrangement

Loi canadienne sur les sociétés par actions

Pieridae Energy Limited

820396-2

PÉTROLIA INC.

1043269-5

Corporate name(s) of CBCA applicants / Dénomination(s)
sociale(s) de la ou des sociétés LCSA requérantes

Corporation number(s) / Numéro(s) de la ou
des sociétés

I HEREBY CERTIFY that the arrangement set out in the attached articles of arrangement has been effected under section 192 of the *Canada Business Corporations Act*.

JE CERTIFIE que l'arrangement mentionné dans les clauses d'arrangement annexées a pris effet en vertu de l'article 192 de la *Loi canadienne sur les sociétés par actions*.

Virginie Ethier

Director / Directeur

2017-10-24

Date of Arrangement (YYYY-MM-DD)

Date de l'arrangement (AAAA-MM-JJ)



**Canada Business Corporations Act (CBCA)
FORM 14.1
ARTICLES OF ARRANGEMENT
(Section 192)**

1 - Name of the applicant corporation(s) PÉTROLIA INC. Pieridae Energy Limited	Corporation number 1043269-5 820396-2
2 - Name of the corporation(s) the articles of which are amended, if applicable Pieridae Energy Limited	Corporation number 1034122-3
3 - Name of the corporation(s) created by amalgamation, if applicable Pieridae Energy Limited	Corporation number 10341223
4 - Name of the dissolved corporation(s), if applicable	Corporation number
5 - Name of the other bodies corporate involved, if applicable	Corporation number or jurisdiction
6 - In accordance with the order approving the arrangement, the plan of arrangement attached hereto, involving the above named body(ies) corporate, is hereby effected.	
SEE ATTACHED SCHEDULE "A"	
In accordance with the plan of arrangement,	
<input checked="" type="checkbox"/> a. the articles of the corporation(s) indicated in item 2, are amended. If the amendment includes a name change, indicate the change below:	
<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	
<input checked="" type="checkbox"/> b. the following bodies corporate and/or corporations are amalgamated (for CBCA corporations include the corporation number):	
PÉTROLIA INC., Corporation No. 1043269-5 Pieridae Energy Limited, Corporation No. 820396-2	
<input type="checkbox"/> c. the corporation(s) indicated in item 4 is(are) liquidated and dissolved:	
<div style="border: 1px solid black; height: 40px; width: 100%;"></div>	
7 - I hereby certify that I am a director or an authorized officer of one of the applicant corporations.	
Signature:	
Print name: <u>Alfred Sorensen</u>	
Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).	

Schedule "A"
to Articles of Arrangement

PIERIDAE ENERGY LIMITED
(the "Corporation")

1. Corporate name of the amalgamated corporation

Pieridae Energy Limited

2. The province or territory in Canada where the registered office is situated

Quebec

3. The classes and any maximum number of shares that the corporation is authorized to issue

An unlimited number of common shares

4. Restrictions, if any, on share transfers

None

5. Minimum and maximum number of directors

A minimum of three (3) and a maximum of eleven (11)

6. Restrictions, if any, on the business the corporation may carry on

None

7. Other provisions, if any

The directors of the corporation may appoint one or more additional directors of the corporation, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders of the corporation, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders of the corporation.

**SUPERIOR COURT
(Commercial Division)**

CANADA
PROVINCE OF QUEBEC
DISTRICT OF QUEBEC

N°: 200-11-024117-171

DATE : October 16, 2017

PRESIDING: THE HONOURABLE MARIE-PAULE GAGNON, J.S.C.

IN THE MATTER OF A PROPOSED ARRANGEMENT CONCERNING:

PÉTROLIA INC.

-and-

PIERIDAE ENERGY LIMITED

Petitioners

-and-

HOLDERS OF COMMON SHARES of PÉTROLIA INC.

-and-

HOLDERS OF OPTIONS to acquire Common Shares of PÉTROLIA INC.

-and-

HOLDERS OF WARRANTS to acquire Common Shares of PÉTROLIA INC.

-and-

HOLDERS OF COMMON SHARES of PIERIDAE ENERGY LIMITED

-and-

HOLDERS OF OPTIONS to acquire Common Shares of PIERIDAE ENERGY LIMITED

-and-

THE DIRECTOR UNDER THE CANADA BUSINESS CORPORATIONS ACT

Impleaded Parties

JUDGMENT

- [1] **GIVEN** the *Amended Motion for Interim and Final Orders Regarding the Approval of an Arrangement* (the "**Amended Motion**") of Petitioners Pétrolia inc. ("**Pétrolia**") and Pieridae Energy Limited ("**Pieridae**") pursuant to the *Canadian Business Corporations Act* (the "**CBCA**"), the exhibits and the affidavits filed in support thereof;
- [2] **GIVEN** the affidavits of Mr. Myron A. Tétreault and Mr. Alfred Sorensen (the "**Affidavits**") and the exhibits in support of the present Final Order (the "**Final Order**");
- [3] **GIVEN** that this Court is satisfied that the Director appointed pursuant to the CBCA has been duly notified with the Amended Motion and has confirmed in writing that he would not appear or be heard on the Amended Motion¹;
- [4] **GIVEN** that this Court is satisfied that Pétrolia has been continued under the CBCA and is therefore a valid applicant along with Pieridae in accordance with the terms of Section 192 CBCA²;
- [5] **GIVEN** the representations of attorneys for Pétrolia and Pieridae;
- [6] **GIVEN** the provisions of the CBCA;
- [7] **GIVEN** the Order rendered by this Court on June 27, 2017 (the "**Interim Order**");
- [8] **GIVEN** the Fairness opinions³;
- [9] **GIVEN** that the Pétrolia Board of Directors, after careful consideration, reviewing relevant factors and information, after consultation with various professionals, determined unanimously that: i) the Arrangement is in the best interests of Pétrolia and the Pétrolia Shareholders ii) the Arrangement is fair from a financial point of view and iii) the Arrangement shall be approved and recommended to Pétrolia Shareholders;
- [10] **GIVEN** that the Pieridae Board of Directors, after careful consideration, reviewing relevant factors and information, after consultation with various professionals, determined unanimously that i) the Arrangement is in the best interests of

¹ Exhibit P-29.

² Exhibits P-20 and P-22.

³ Exhibit P-2a, schedule D for Pétrolia (dated May 26, 2017 and August 21, 2017); Exhibit P-2a, schedule E for Pieridae (dated June 20, 2017 and August 21, 2017).

Pieridae and the Pieridae Shareholders ii) the Arrangement is fair from a financial point of view and iii) the Arrangement shall be approved and recommended to Pieridae Shareholders;

- [11] **GIVEN** that Pétrolia and Pieridae have complied with the terms of the Interim Order;
- [12] **GIVEN** that Joint Information Circular⁴ fully discloses the nature and the details of the Arrangement;
- [13] **GIVEN** that Pieridae shareholders (74,96% of shares voted) have unanimously approved the proposed Arrangement⁵;
- [14] **GIVEN** that Pétrolia shareholders (42,61% of shares voted) have overwhelmingly approved the proposed Arrangement at 97,53%⁶;
- [15] **GIVEN** that, pursuant to the terms of the Interim Order, no Notice of Appearance and/or Contestation was filed by any person in connection with the hearing for a Final Order;
- [16] **GIVEN** that, pursuant to the terms of the Interim Order, the CBCA and the Plan of Arrangement, as duly amended from time to time, no Dissent Rights have been exercised by any person in connection with the Arrangement;
- [17] **GIVEN** that Pétrolia, following the Reduction of the Stated Capital Resolution and its execution, complies with the solvency tests of Section 192 CBCA⁷;
- [18] **GIVEN** the Pétrolia share price as of October 11, 2017⁸;
- [19] **GIVEN** that this Court has previously been advised that it is the intention of the Petitioners to rely on its approval of the Arrangement referenced in this Order as the basis for a claim to an exemption from the registration requirements of the United States Securities Act of 1933, as amended, provided by Section 3(a)(10) thereof;
- [20] **GIVEN** that this Court is satisfied, relying on the evidence, that the Arrangement, including the terms and conditions thereof, conforms with the requirements of the CBCA, has a valid business purpose, resolves in a fair and balanced way the objections of those whose legal rights are being arranged, and is substantively and procedurally fair and reasonable to holders of Pétrolia and Pieridae securities;

⁴ Exhibit P-2a.

⁵ Exhibit P-18.

⁶ Exhibit P-21.

⁷ Exhibit P-20 and Exhibit P-2a, p. 41 (English version).

⁸ Exhibit P-32.

FOR THESE REASONS, THE COURT:

- [21] **GRANTS** the Final Order sought in the Amended Motion;
- [22] **DECLARES** that the service of the present Amended Motion has been made in accordance with the Interim Order, is valid and sufficient and amounts to valid service of same, notwithstanding that the mailing of the materials to U.S.-based recipients was made 8 days after TSX-V approval (rather than 7 days);
- [23] **DECLARES** that the Arrangement has been duly adopted in accordance with the Interim Order;
- [24] **DECLARES** that the Arrangement conforms with the requirements of the CBCA, has a valid business purpose, resolves in a fair and balanced way the objections of those whose legal rights are being arranged, and is fair and reasonable;
- [25] **DECLARES** that the Arrangement is hereby approved and ratified;
- [26] **ORDERS** that the Arrangement, as it may be amended in accordance with Section 140 d) of the Interim Order and/or in accordance with the following:
- a) The insertion into the Plan of Arrangement of the description of the rights, privileges, restrictions and conditions of the share capital of Amalco, such description being identical to that set out in Schedule 1 to Appendix 1 of Schedule A-1 of the Circular and having been erroneously omitted from the Plan of Arrangement;
 - b) In order to comply with all requirements of the TSXV with respect to the delays applicable to the declaration and payment of the Pétrolia dividend;
- shall take effect in accordance with the terms of the Arrangement upon receipt of the Certificate of Amendment pursuant to Section 192 of the CBCA giving effect to the Arrangement;
- [27] **ORDERS** that – upon previously being advised that it is the intention of the Petitioners to rely on this Court's approval of the Arrangement referenced in this Order as the basis for a claim to an exemption from the registration requirements of the United States Securities Act of 1933, as amended, provided by Section 3(a)(10) thereof – the Arrangement is substantively and procedurally fair and reasonable with respect to the issuance, exchange or distribution of the securities pursuant to the Arrangement referenced in this Final Order;
- [28] **ORDERS** the provisional execution of the Final Order notwithstanding any appeal therefrom and without the necessity of furnishing any security;

- [29] **DECLARES** that this Court shall remain seized of this matter to resolve any difficulty which may arise in relation to, or in connection with the implementation of the Arrangement;
- [30] **ORDERS** that the Petitioners shall be entitled, subject to and in compliance with the Arrangement Agreement, at any time to seek leave to vary the Final Order, to seek advice and direction of this Court as to the implementation of the Arrangement or the Final Order, or to apply for such future orders as may be appropriate;
- [31] **DECLARES** that this Final Order shall have full force and effect in all other Provinces and Territories of Canada and shall be enforced in the courts of each of the other Provinces and Territories of Canada in the same manner in all respects as if this Final Order had been made by the Court enforcing it;
- [32] **ORDERS** that this Court respectfully seeks and requests the aid and recognition of any court or any judicial, regulatory or administrative body constituted pursuant to the Parliament of Canada or the legislature of any province, as well as any court or any judicial, regulatory or administrative body of the United States of America or elsewhere, to act in aid of and to assist this Court in carrying out the terms of this Final Order;
- [33] **Without cost.**



MARIE-PAULE GAGNON, J.S.C.

M^e Anne-Marie Bonin Lavoie
Me Kimberley Okell
M^e Patrick Goudreau
DS AVOCATS CANADA S.E.N.C.R.L., S.R.L.
Casier 190

M^e Nicholas Scheib
ÉTUDE LÉGALE SCHEIB
600, Maisonneuve West, suite 1700
Montreal (Quebec) H3A 3J2

For Pétrolia inc.

M^e Gary Rivard
BCF AVOCATS D'AFFAIRES
Casier 12

For Pieridae Energy Limited

Hearing date: October 11, 2017

**PLAN OF ARRANGEMENT UNDER SECTION 192
OF THE CANADA BUSINESS CORPORATIONS ACT**

**PURSUANT TO THE ARRANGEMENT AGREEMENT DATED
MAY 15, 2017 BETWEEN PÉTROLIA INC. AND
PIERIDAE ENERGY LIMITED, AS AMENDED ON
JUNE 28, 2017, JULY 21, 2017, AUGUST 24, 2017 AND OCTOBER 16, 2017**

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Plan of Arrangement, unless something in the subject matter or context is inconsistent therewith:

"**Amalco**" means the corporation to be constituted upon completion of the Arrangement to be named "Pieridae Energy Limited" or such other name as Pétrolia and Pieridae may determine;

"**Amalco Pétrolia Option**" has the meaning ascribed thereto in Subsection 3.1(h)(xiv)(B);

"**Amalco Pétrolia Warrants**" means the share purchase warrants of Amalco to be issued pursuant to the Arrangement in replacement of the outstanding Pétrolia Warrants, each entitling the holder to purchase one (1) Amalco Share at a price of \$6.48 per Amalco Share until an expiry date of November 5, 2018, in accordance with its terms;

"**Amalco Pieridae Options**" has the meaning ascribed thereto in Subsection 3.1(h)(xiv)(E);

"**Amalco Securities**" means, collectively, the Amalco Shares, the Amalco Pétrolia Options, the Amalco Pétrolia Warrants and the Amalco Pieridae Options;

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

"**Amalgamating Corporations**" means Pieridae and Pétrolia;

"**Arrangement**", "**herein**", "**hereof**", "**hereunder**" and similar expressions mean and refer to the arrangement involving Pétrolia, the Pétrolia Shareholders, the Pétrolia Optionholders, the Pétrolia Warrantholders, Pieridae, the Pieridae Shareholders and the Pieridae Optionholders pursuant to Section 192 of the CBCA, 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 May 15, 2017 between Pieridae and Pétrolia with respect to the Arrangement, and all amendments and restatements thereto;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement;

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

"**CBCA**" means the Canada Business Corporations Act, R.S.C., 1985, c. C-44, and includes any regulations thereto or hereafter promulgated thereunder;

"**Certificate of Arrangement**" means the certificate or other confirmation of filing to be issued by the Director pursuant to Section 262 of the CBCA giving effect to the Arrangement;

"**Closing**" means the closing of the Arrangement;

"**Court**" means the Superior Court of Québec;

"**Depository**" means Computershare Trust Company of Canada;

"**Director**" means the Director appointed under Section 260 of the CBCA;

"**Effective Date**" means the date on which the Arrangement becomes effective in accordance with the terms of the Arrangement Agreement;

"**Effective Time**" means 12:01 a.m. (Mountain Time) on the Effective Date or such other time on the Effective Date as Pétrolia and Pieridae may agree upon in writing;

"**Final Order**" means the final order of the Court pursuant to Section 192 of the CBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, approving the Arrangement;

"**Income Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supp.), and includes any regulations thereto or hereafter promulgated thereunder;

"**Interim Order**" means an interim order of the Court concerning the Arrangement and providing for, among other things, the calling and holding of the Pétrolia Meeting and the Pieridae Meeting;

"**In-the-Money Amount**" in respect of a Pétrolia Option or a Pieridae Option means the amount, if any, by which the aggregate fair market value at a particular time of the Pétrolia Shares or the Pieridae Shares, as the case may be, subject to the option, exceeds the aggregate exercise price of the relevant option at that particular time;

"**Letter of Transmittal**" means a Pétrolia Letter of Transmittal or a Pieridae Letter of Transmittal, as applicable;

"**Option Group**" means the Pétrolia Options or the Pieridae Options, as the case may be, granted at any particular time on identical terms, including without limitation the same exercise price, vesting period and expiry date;

"**Pétrolia**" means Pétrolia Inc., a corporation continued under the CBCA;

"**Pétrolia Arrangement Resolution**" means the special resolution of Pétrolia Shareholders to approve the Arrangement to be considered at the Pétrolia Meeting;

"**Pétrolia Dissent Rights**" means the rights of a registered Pétrolia Shareholder to dissent to the Pétrolia Arrangement Resolution, pursuant to the CBCA, and to be paid the fair value of such securities in respect of which the holder dissents, all in accordance with the Interim Order and Section 4.1 hereof;

"**Pétrolia Dissenting Shareholder**" means a registered Pétrolia Shareholder who dissents in respect of the Arrangement in strict compliance with the Interim Order and Section 4.1 hereof;

"Pétrolia Dividend Declaration Date" means the date which is five (5) Business Days prior to the Effective Date;

"Pétrolia Dividend Record Date" means the date which is two (2) Business Days prior to the Effective Date;

"Pétrolia Letter of Transmittal" means a letter of transmittal to be used by holders of Pétrolia Shares for the purpose of surrendering certificates representing Pétrolia Shares and exchanging them for certificates representing Amalco Shares;

"Pétrolia Meeting" means the annual general and special meeting of the Pétrolia Shareholders to be called to, among other things, consider and, if thought fit, authorize, approve and adopt the Pétrolia Arrangement Resolution in accordance with the Interim Order and any adjournments thereof;

"Pétrolia Options" means the outstanding stock options of Pétrolia, each entitling the holder to purchase one (1) Pétrolia Share upon exercise thereof, in accordance with its terms;

"Pétrolia Optionholders" means the holders, from time, to time of Pétrolia Options;

"Pétrolia Securities" means the Pétrolia Shares, the Pétrolia Options, the Replacement Pétrolia Options and the Pétrolia Warrants;

"Pétrolia Securityholders" means the holders, from time to time, of Pétrolia Securities;

"Pétrolia Shares" means the common shares in the capital of Pétrolia;

"Pétrolia Shareholders" means the holders, from time to time, of Pétrolia Shares;

"Pétrolia Stock Option Plan" means the current incentive stock option plan of Pétrolia;

"Pétrolia Warrantholders" means the holders, from time to time, of Pétrolia Warrants;

"Pétrolia Warrants" means the share purchase warrants of Pétrolia, each entitling the holder to purchase one (1) Pétrolia Share upon exercise thereof, in accordance with its terms;

"Pieridae" means Pieridae Energy Limited, a corporation incorporated under the CBCA;

"Pieridae Arrangement Resolution" means the special resolution of Pieridae Shareholders to approve the Arrangement to be considered at the Pieridae Meeting;

"Pieridae Dissent Rights" means the rights of a registered Pieridae Shareholder to dissent to the Pieridae Arrangement Resolution, pursuant to the CBCA, and to be paid for the fair value of such securities in respect of the Arrangement in strict compliance with the Interim Order and Section 4.2 hereof;

"Pieridae Dissenting Shareholder" means a registered Pieridae Shareholder who dissents in respect of the Arrangement in strict compliance with the Interim Order and Section 4.2 hereof;

"Pieridae Letter of Transmittal" means a letter of transmittal to be used by holders of Pieridae Shares for the purpose of surrendering certificates representing Pieridae Shares and exchanging them for certificates representing Amalco Shares;

"**Pieridae Meeting**" means the annual general and special meeting of the Pieridae Shareholders to be called to, among other things, consider and, if thought fit, authorize, approve and adopt the Pieridae Arrangement Resolution in accordance with the Interim Order and any adjournments thereof;

"**Pieridae Options**" means the outstanding stock options of Pieridae, each entitling the holder to purchase one (1) Pieridae Share upon exercise thereof, in accordance with its terms;

"**Pieridae Optionholders**" means the holders, from time to time, of Pieridae Options;

"**Pieridae Securities**" means, collectively, the Pieridae Shares and the Pieridae Options;

"**Pieridae Securityholders**" means the holders, from time to time, of Pieridae Securities;

"**Pieridae Shareholders**" means the holders, from time to time, of Pieridae Shares;

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

"**Plan of Arrangement**" or "**Plan**" means this plan of arrangement as amended or supplemented from time to time in accordance with the terms hereof and Article 6 of the Arrangement Agreement; and

"**Replacement Pétrolia Options**" has the meaning ascribed thereto in Subsection 3.1(e).

1.2 Headings

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. The terms "this Plan of Arrangement", "hereof" and "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article or Section hereof and include any agreement or instrument supplemental therewith. References herein to Articles and Sections are to Articles and Sections of this Plan of Arrangement.

1.3 Number

In this Plan of Arrangement, unless something in the context is inconsistent therewith, words importing the singular number only shall include the plural and vice versa, words importing the masculine gender shall include the feminine and neuter genders and vice versa, words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations and vice versa.

1.4 Time for taking action

In the event that the date on which any action is required to be taken hereunder by any of the parties hereto 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.

ARTICLE 2 GOVERNING AGREEMENT

2.1 Arrangement Agreement

This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.

2.2 Binding Effect

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

ARTICLE 3 ARRANGEMENT

3.1 The Arrangement

Commencing at the times set forth below, 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 expressly provided herein:

Commencing on the Pétrolia Dividend Declaration Date:

- (a) a dividend shall be declared by Pétrolia to Pétrolia Shareholders as of the Pétrolia Dividend Record Date, other than Pétrolia Dissenting Shareholders, in the aggregate amount of \$9,012,002, equal to \$0.0831 per Pétrolia Share based on 108,399,683 issued and outstanding Pétrolia Shares, and to be paid out on the Effective Date;

Commencing at the Effective Time:

- (b) the dividend described above in Section 3.1(a) above shall be paid out to Pétrolia Shareholders as of the Pétrolia Dividend Record Date, other than Pétrolia Dissenting Shareholders;
- (c) each Pétrolia Share held by a Pétrolia Dissenting Shareholder who has validly exercised such Pétrolia Dissenting Shareholder's Pétrolia Dissent Rights and which rights remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to Amalco free and clear of all liens and cancelled as of the Effective Time, and such Pétrolia Dissenting Shareholder shall cease to have any rights as a Pétrolia Shareholder other than the right to be paid by Pétrolia the fair value of such Pétrolia Share in accordance with the Pétrolia Dissent Rights;
- (d) each Pieridae Share held by a Pieridae Dissenting Shareholder who has validly exercised such Pieridae Dissenting Shareholder's Pieridae Dissent Rights and which rights remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to Amalco free and clear of all liens and cancelled as of the Effective Time, and such Pieridae Dissenting Shareholder shall cease to have any rights as a Pieridae Shareholder other than the right to be paid by Pieridae the fair value of such Pieridae Share in accordance with the Pieridae Dissent Rights;
- (e) the issued and outstanding Pétrolia Shares shall be consolidated on the basis of one (1) post-consolidation Pétrolia Share for every twelve (12) pre-consolidation Pétrolia Shares; provided that, if the foregoing would result in the issuance of a fractional Pétrolia Share, the number of Pétrolia Shares issued to such holder shall be rounded up to the next greater whole number of Pétrolia Shares if the fractional entitlement is equal to or greater

than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Pétrolia Shares, if the fractional entitlement is less than 0.5;

- (f) for each Option Group, each Pétrolia Option of that particular Option Group (whether vested or unvested) shall without further action on the part of any Pétrolia Optionholder, be exchanged for options ("**Replacement Pétrolia Options**") entitling the Pétrolia Optionholder to receive from Pétrolia, upon the due exercise of Replacement Pétrolia Options (including without limitation, payment of the exercise price thereof), the number of Pétrolia Shares equal to the number of Pétrolia Shares subject to the Pétrolia Options immediately before the Effective Time divided by 12, provided that if the foregoing would result in the issuance of a fraction of a Pétrolia Share on the exercise of the Replacement Pétrolia Options, then the number of Pétrolia Shares otherwise issued shall be rounded down, without any additional compensation, to the nearest whole number of Pétrolia Shares. For each Pétrolia Optionholder, the exercise price per Pétrolia Share subject to the Replacement Pétrolia Options shall be, with any modifications that the circumstances require to preserve the In-the-Money Amount, an amount equal to the product of: (A) the exercise price per Pétrolia Share subject to each Pétrolia Option included in that particular Option Group and (B) 12, provided that the exercise price payable on any particular exercise of a Replacement Pétrolia Option shall be rounded up to the nearest whole cent. All terms and conditions of a Replacement Pétrolia Option, including the term to expiry, vesting and conditions to and manner of exercising, will be the same as the Pétrolia Option for which it was exchanged, and shall be governed by the terms of Pétrolia Stock Option Plan and any document evidencing a Pétrolia Option shall thereafter evidence and be deemed to evidence such Replacement Pétrolia Option. It is intended that subsection 7(1.4) of the Income Tax Act apply to such exchange of options. Accordingly, and notwithstanding the foregoing, if required, the exercise price of a Replacement Pétrolia Option will be increased such that the In-the-Money Amount of the Replacement Pétrolia Option immediately after the exchange does not exceed the In-the-Money Amount of the Pétrolia Option immediately before the exchange;
- (g) the issued and outstanding Pétrolia Warrants shall be consolidated on the basis of one (1) post-consolidation Pétrolia Warrant for every twelve (12) pre-consolidation Pétrolia Warrants; provided that, if the foregoing would result in the issuance of a fractional Pétrolia Warrant, then the number of Pétrolia Warrants otherwise issued shall, without any additional compensation, be rounded down to the nearest whole number of Pétrolia Warrants;
- (h) Pétrolia and Pieridae shall be amalgamated and continued as one corporation under the CBCA to form Amalco in accordance with the following:
 - (i) Name. The name of Amalco shall be "Pieridae Energy Limited";
 - (ii) Registered Office. The registered office of Amalco shall be located at the offices of Pétrolia;
 - (iii) Share Provisions. Amalco shall be authorized to issue an unlimited number of Amalco Shares with the rights, privileges, restrictions and conditions set out in Appendix 1 hereto;
 - (iv) Restrictions on Share Transfer. None;

- (v) Other Rules or Provisions.
 - (A) Appointments of Directors. The directors of Amalco may appoint one or more additional directors of Amalco, who shall hold office for a term expiring not later than the close of the next annual meeting of shareholders of Amalco, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders of Amalco;

- (vi) Directors and Officers.
 - (A) Minimum and Maximum. The directors of Amalco shall, until otherwise changed in accordance with the CBCA, consist of a minimum number of three (3) directors and a maximum number of eleven (11) directors;
 - (B) Initial Directors. The initial directors of Amalco shall be Myron Tetreault, Charles Boulanger, Alfred Sorensen, Andrew Judson and Matthew Rees; and
 - (C) Initial Officers. The initial officers of Amalco shall be Alfred Sorensen (Chief Executive Officer), Mario Racicot (Chief Financial Officer), Martin Belanger (President – Production), Thomas Dawson (President – LNG) and Thomas Ciz (Corporate Secretary);

- (vii) Business and Powers. There shall be no restrictions on the business Amalco may carry on or on the powers it may exercise;

- (viii) Stated Capital. For the purposes of the CBCA, the aggregate stated capital attributable to the Amalco Shares issued pursuant to the Arrangement shall be the aggregate of the paid-up capital for the purposes of the Income Tax Act of the Pétrolia Shares and the Pieridae Shares outstanding immediately before the amalgamation;

- (ix) By-laws. The by-laws of Amalco shall be the by-laws of Pétrolia, *mutatis mutandis*;

- (x) Stock Option Plan. The Petrolia Stock Option Plan shall become the stock option plan of Amalco, *mutatis mutandis*;

- (xi) Effect of Amalgamation:
 - (A) all of the property of each Amalgamating Corporation shall be the property of Amalco;
 - (B) Amalco shall be liable for all of the obligations of each Amalgamating Corporation (other than an amount owing by an Amalgamating Corporation to another Amalgamating Corporation);
 - (C) any existing cause of action, claim or liability to prosecution of an Amalgamating Corporation shall be unaffected;

- (D) any civil, criminal or administrative action or proceeding pending by or against an Amalgamating Corporation may be continued to be prosecuted by or against Amalco; and
- (E) a conviction against, or ruling, order or judgment in favour of or against, an Amalgamating Corporation may be enforced by or against Amalco;
- (xii) Articles. The Articles of Arrangement filed shall be deemed to be the articles of amalgamation of Amalco and the Certificate of Arrangement issued in respect of such Articles of Arrangement by the Director under the CBCA which gives effect to the Arrangement shall be deemed to be the certificate of amalgamation of Amalco;
- (xiii) Inconsistency with Laws. To the extent any provision of this Plan of Arrangement is deemed to be inconsistent with applicable laws, this Plan of Arrangement shall be automatically adjusted to remove such inconsistency; and
- (xiv) Exchange and Cancellation of Securities. On, and because of, the amalgamation:
 - (A) each issued and outstanding Pétrolia Share shall be cancelled and in consideration therefor the holders of Pétrolia Shares shall receive one (1) fully paid and non-assessable Amalco Share in respect of each one (1) Pétrolia Shares so cancelled;
 - (B) each Replacement Pétrolia Option (whether vested or unvested) shall, without further action on the part of any holder of a Replacement Petrolia Option, be exchanged for an option (each, an "Amalco Pétrolia Option") entitling the holder to receive from Amalco, upon the due exercise of such Amalco Pétrolia Option (including without limitation, payment of the exercise price thereof), the number of Amalco Shares equal to the number of Pétrolia Shares subject to the Replacement Pétrolia Option immediately before the Effective Time. The exercise price per Amalco Share subject to the Amalco Pétrolia Option shall be an amount equal the exercise price per Pétrolia Share subject to such Replacement Petrolia Option immediately prior to the Effective Time. All terms and conditions of a Amalco Pétrolia Option, including the term to expiry, vesting and conditions to and manner of exercising, will be the same as the Replacement Petrolia Option for which it was exchanged, and shall be governed by the terms of the Petrolia Stock Option Plan that shall become the stock option plan of Amalco and any document evidencing a Replacement Petrolia Option shall thereafter evidence and be deemed to evidence such Amalco Pétrolia Option. It is intended that subsection 7(1.4) of the Income Tax Act apply to such exchange of options. Accordingly, and notwithstanding the foregoing, if required, the exercise price of a Amalco Pétrolia Option will be increased such that the In-The-Money Amount of the Amalco Pétrolia Option immediately after the exchange does not exceed the In-The-Money Amount of the Replacement Petrolia Option immediately before the exchange;
 - (C) each issued and outstanding Pétrolia Warrant shall be cancelled and in consideration therefor the holders of Pétrolia Warrants shall receive one

(1) Amalco Pétrolia Warrant in respect of each one (1) Pétrolia Warrant so cancelled;

- (D) each issued and outstanding Pieridae Share shall be cancelled and in consideration therefor the holders of Pieridae Shares shall receive 2.2057526 fully paid and non-assessable Amalco Shares in respect of each Pieridae Share so cancelled, such exchange ratio being based on the following calculation:

$$\frac{X}{Y}$$

where:

X = \$12.50, being the value attributed to each issued and outstanding Pieridae Share (on a fully diluted basis) in connection with the Arrangement; and

Y = \$5.667, being the value attributed to each issued and outstanding Pétrolia Share (on a fully diluted basis) in connection with the Arrangement, after giving effect to the consolidations as contemplated by Subsections 3.1(e), 3.1(f) and 3.1(g) hereof,

and for the purposes of this Subsection 3.1(h)(xiv)(D), the expression "on a fully diluted basis" refers to the total number of Pieridae Shares and Pétrolia Shares, as applicable, that would be outstanding if all possible sources of conversion, such as options, warrants, debentures, bonds, obligations and any other conversion rights to receive common shares, are exercised;

- (E) for each Option Group, each Pieridae Option of that particular Option Group (whether vested or unvested) shall without further action on the part of any Pieridae Optionholder, be exchanged for options ("**Amalco Pieridae Options**") entitling the Pieridae Optionholder to receive from Amalco, upon the due exercise of Amalco Pieridae Options (including without limitation, payment of the exercise price thereof), the number of Amalco Shares equal to the number of Pieridae Shares subject to the Pieridae Options immediately before the Effective Time multiplied by the amount resulting from the calculation set forth in Subsection 3.1(h)(xiv)(D), provided that if the foregoing would result in the issuance of a fraction of an Amalco Share on the exercise of the Amalco Pieridae Options, then the number of Amalco Shares otherwise issued shall be rounded down, without any additional compensation, to the nearest whole number of Amalco Shares. For each holder of Amalco Pieridae Options, the exercise price per Amalco Share subject to the Amalco Pieridae Options shall be, with any modifications that the circumstances require to preserve the In-the-Money Amount, an amount equal to the quotient of: (A) the exercise price per Pieridae Share subject to each Pieridae Option included in that particular Option Group divided by (B) the amount resulting from the calculation set forth in Subsection 3.1(h)(xiv)(D), provided that the aggregate exercise price payable on any

particular exercise of Amalco Pieridae Options shall be rounded up to the nearest whole cent. All terms and conditions of a Amalco Pieridae Option, including the term to expiry, vesting and conditions to and manner of exercising, will be the same as the Pieridae Option for which it was exchanged, and shall be governed by the terms of Pétrolia Stock Option Plan and any document evidencing a Pieridae Option shall thereafter evidence and be deemed to evidence such Amalco Pieridae Option. It is intended that subsection 7(1.4) of the Income Tax Act apply to such exchange of options. Accordingly, and notwithstanding the foregoing, if required, the exercise price of a Amalco Pieridae Option will be increased such that the In-the-Money Amount of the Amalco Pieridae Option immediately after the exchange does not exceed the In-the-Money Amount of the Pieridae Option immediately before the exchange;

- (i) the articles of Amalco shall be amended in order that the registered office of Amalco be changed to the registered office of Pieridae in the province of Alberta;
- (j) Amalco shall issue to such holders the Amalco Securities to which such holder is entitled pursuant to subparagraph 3.1(h)(xiv)(A) to (E), as applicable, and the name of such holder shall be added to the register of holders of Amalco Securities and such holder shall be deemed to be the legal and beneficial owner thereof, free and clear of any liens; and
- (k) Pétrolia, Pieridae and Amalco shall make the appropriate entries in their respective securities registers to reflect the matters referred to in this Section 3.1.

3.2 Supplementary Actions

Notwithstanding that the transaction and events set out in section 3.1 shall occur and shall be deemed to occur in the order therein set out without any further act or formality, both of Pétrolia and Peiridae shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to further document or evidence any of the transactions or events set out in section 3.1, including without limitation, any resolutions of directors authorizing the issue, exchange or cancellation of shares, any share transfer powers evidencing the exchange of shares and any receipt therefore, and any necessary addition to or deletions from share registers or other registries.

ARTICLE 4 RIGHTS OF DISSENT

4.1 Pétrolia Rights of Dissent

- (a) Each registered Pétrolia Shareholder may exercise Pétrolia Dissent Rights with respect to the Pétrolia Shares held by such Pétrolia Shareholder pursuant to and in the manner set forth in Section 190 of the CBCA and this Section 4.1 in connection with the Arrangement; provided that, notwithstanding Section 190(5) of the CBCA, the written objection to the Pétrolia Arrangement Resolution referred to in Section 190(5) of the CBCA must be received by Pétrolia, c/o DS Lawyers Canada LLP, 891, boul. Charest Ouest, Quebec, Quebec, G1N 2C9, Attention: Kimberley Okell, not later than 5:00 p.m. (Eastern Daylight Time) on the day that is two Business Days immediately preceding the

Pétrolia Meeting. Pétrolia Shareholders who duly exercise such Pétrolia Dissent Rights and who:

- (i) are ultimately entitled to be paid fair value by Pétrolia for their Pétrolia Shares shall be deemed to have transferred such Pétrolia Shares to Amalco free and clear of all liens at the Effective Time in accordance with Section 3.1 hereof without further act or formality; or
 - (ii) are ultimately not entitled, for any reason, to be paid fair value for their Pétrolia Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Pétrolia Shares at the Effective Time and such Pétrolia Shares shall be exchanged for Amalco Shares in accordance with Section 3.1 hereof, but in no case shall Amalco or any other person be required to recognize such holders as Pétrolia Shareholders after the Effective Time and the names of such Pétrolia Shareholders shall be removed from the registers of Pétrolia Shareholders as of the Effective Time.
- (b) In no circumstances shall Pétrolia or any other person be required to recognize a person exercising Pétrolia Dissent Rights unless such person is a registered holder of Pétrolia Shares in respect of which such Pétrolia Dissent Rights are sought to be exercised and complies with the dissent procedures set forth in Section 190 of the CBCA as may be modified by the Interim Order.
- (c) Neither Pétrolia nor any other person shall be required to recognize a Pétrolia Dissenting Shareholder as a Pétrolia Shareholder at or after the Effective Time.
- (d) In addition to any other restrictions in Section 190 of the CBCA, no person who has voted in favour of the Pétrolia Arrangement Resolution shall be entitled to dissent with respect thereto.

4.2 Pieridae Rights of Dissent

- (a) Each registered Pieridae Shareholder may exercise Pieridae Dissent Rights with respect to the Pieridae Shares held by such Pieridae Shareholder pursuant to and in the manner set forth in Section 190 of the CBCA and this Section 4.2 in connection with the Arrangement; provided that, notwithstanding Section 190(5) of the CBCA, the written objection to the Pieridae Arrangement Resolution referred to in Section 190(5) of the CBCA must be received by Pieridae, c/o Burstall Winger Zammit LLP, Suite 1600, 333 – 7th Avenue S.W., Calgary, Alberta, T2P 2Z1, Attention: Robert Verbuck, not later than 5:00 p.m. (Mountain Time) on the day that is two Business Days immediately preceding the Pieridae Meeting. Pieridae Shareholders who duly exercise such Pieridae Dissent Rights and who:
- (i) are ultimately entitled to be paid fair value by Pieridae for their Pieridae Shares shall be deemed to have transferred such Pieridae Shares to Amalco free and clear of all liens at the Effective Time in accordance with Section 3.1 hereof without further act or formality; or
 - (ii) are ultimately not entitled, for any reason, to be paid fair value for their Pieridae Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Pieridae Shares at the Effective Time and

such Pieridae Shares shall be exchanged for Amalco Shares in accordance with Section 3.1 hereof, but in no case shall Amalco or any other person be required to recognize such holders as Pieridae Shareholders after the Effective Time, and the names of such Pieridae Shareholders shall be removed from the registers of Pieridae Shareholders as of the Effective Time.

- (b) In no circumstances shall Pieridae or any other person be required to recognize a person exercising Pieridae Dissent Rights unless such person is a registered holder of Pieridae Shares in respect of which such Pieridae Dissent Rights are sought to be exercised and complies with the dissent procedures set forth in Section 190 of the CBCA, as may be modified by the Interim Order.
- (c) Neither Pieridae nor any other person shall be required to recognize a Pieridae Dissenting Shareholder as a Pieridae Shareholder at or after the Effective Time.
- (d) In addition to any other restrictions in Section 190 of the CBCA, no person who has voted in favour of the Pieridae Arrangement Resolution shall be entitled to dissent with respect thereto.

ARTICLE 5 CERTIFICATES AND DOCUMENTATION

5.1 Certificates of Pétrolia and Pieridae

From and after the Effective Time, certificates or agreements formerly representing Pétrolia Securities and Pieridae Securities shall represent only the right to receive the consideration to which the holders are entitled to receive under the Arrangement or, as to certificates formerly representing Pétrolia Shares and/or Pieridae Shares held by Pétrolia Dissenting Shareholders and Pieridae Dissenting Shareholders, respectively, to receive the fair value of the Pétrolia Shares or Pieridae Shares represented by such certificates.

5.2 Lost or Stolen Certificates

If any certificate which immediately prior to the Effective Time represented an interest in outstanding Pétrolia Shares or Pieridae Shares that were transferred pursuant to Section 3.1 hereof 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 affidavit the certificate(s) representing that number of Amalco Shares 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. Unless otherwise agreed to by Amalco, the person who is entitled to receive such consideration shall, as a condition precedent to the receipt thereof, give a bond to Amalco and its transfer agent, which bond is in form and substance satisfactory to Amalco and its transfer agent, or shall otherwise indemnify Amalco and its transfer agent against any claim that may be made against any of them with respect to the certificate(s) alleged to have been lost, stolen or destroyed.

5.3 Amalco Certificates

- (a) Amalco, as soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Pétrolia Shares of a duly completed Pétrolia Letter of Transmittal and the certificates representing such Pétrolia Shares, will either:

- (i) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder at the address specified in the Pétrolia Letter of Transmittal; or
- (ii) if requested by such former holder in the Pétrolia Letter of Transmittal, make available or cause to be made available at the Depository for pickup by such holder,

certificates representing the number of Amalco Shares issued to such holder under the Arrangement.

- (b) Amalco, as soon as practicable following the later of the Effective Date and the date of deposit by a former holder of Pieridae Shares of a duly completed Pieridae Letter of Transmittal and the certificates representing such Pieridae Shares will either:

- (i) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder at the address specified in the Pieridae Letter of Transmittal; or
- (ii) if requested by such holder in the Pieridae Letter of Transmittal, make available or cause to be made available at the Depository for pickup by such holder,

certificates representing the number of Amalco Shares issued to such holder under the Arrangement.

5.4 No fractional Amalco Shares will be issued

- (a) In the event that a holder of Pétrolia Shares or Pieridae Shares would otherwise be entitled to a fractional Amalco Share upon the issuance of Amalco Shares pursuant to Section 3.1, the number of Amalco Shares issued to such holder, as applicable, shall be rounded up to the next greater whole number of Amalco Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Amalco Shares if the fractional entitlement is less than 0.5.
- (b) In calculating the above fractional interests, all Amalco Shares registered in the name of or beneficially held by such holder of Amalco Shares, or their nominee, shall be aggregated.

5.5 Extinction of Rights

Subject to applicable law, any certificate formerly representing Pétrolia Shares or Pieridae Shares that is not deposited with all other documents as required by this Plan of Arrangement before the sixth 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 Pétrolia Shares or Pieridae Shares to receive certificates representing Amalco Shares shall be deemed to be surrendered to Amalco together with all dividends, distributions, redemptions or cash payments thereon held for such holder.

5.6 Distributions with respect to unsurrendered securities

All dividends, distributions and redemptions made with respect to any Amalco Shares, as applicable, issued pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depository to be held by the Depository 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. Subject to Section 5.5, the Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such distributions and any interest thereon to which such holder, is entitled, net of any applicable withholding and other taxes.

5.7 Withholding Rights

Amalco or the Depositary shall be entitled to deduct and withhold from any consideration payable or otherwise deliverable to any former Pétrolia Shareholder or former Pieridae Shareholder or other person pursuant to the Arrangement Agreement, including payment pursuant to a Pétrolia Dissent Right or a Pieridae Dissent Right, such amounts as required to be deducted and withheld with respect to such payment under the Income Tax Act or any provision of provincial, state, local, or foreign tax law in each case as amended or succeeded and subject to the provisions of any applicable income tax treaty between Canada and the country where the holder is resident. To the extent that amounts are so withheld and duly remitted to the relevant tax authority, such withheld amounts shall be treated for all purposes as having been paid to the recipient of the payment in respect of which such deduction and withholding was made.

5.8 Paramountcy

From and after the Effective Time:

- (a) this Plan of Arrangement shall take precedence and priority over any and all Pétrolia Securities and Pieridae Securities issued prior to the Effective Time;
- (b) the rights and obligations of the holders of Pétrolia Securities and Pieridae Securities shall be solely as provided in this Plan of Arrangement; and
- (c) all actions, causes of action, claims or proceedings (actual or contingent and whether or not previously asserted) based on or in any way relating to any Pétrolia Securities and Pieridae Securities shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

ARTICLE 6 AMENDMENT

6.1 Amendment

- (a) Pétrolia and Pieridae 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: (a) set out in writing; (b) filed with the Court and, if made following the Pétrolia Meeting or the Pieridae Meeting, if and as required pursuant to the Interim Order or the Final Order, approved by the Court; and (c) communicated to Pétrolia Securityholders and Pieridae Securityholders, if and as required by the Court.
- (b) Other than as may be required under the Interim Order, any amendment, modification or supplement to this Plan of Arrangement may be proposed by Pétrolia and Pieridae at any time prior to or at the Pétrolia Meeting and the Pieridae Meeting (provided that the other party shall have given prior consent thereto in writing) with or without any other prior

notice or communication, and if so proposed and accepted by the persons voting at the Pétrolia Meeting and Pieridae Meeting, as the case may be, shall become part of this Plan of Arrangement for all purposes.

- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Pétrolia Meeting or the Pieridae Meeting shall be effective only if: (a) it is consented to by each of Pétrolia and Pieridae; and (b) if required by the Court or applicable law, it is approved by the Pétrolia Securityholders and Pieridae Securityholders voting in the manner directed by the Court.
- (d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by Amalco; provided that it concerns a matter which, in the reasonable opinion of Amalco, 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 any Pétrolia Securityholder and Pieridae Securityholder.

ARTICLE 7 FURTHER ASSURANCES

7.1 Further Assurances

- (a) Notwithstanding that the transactions and events set out herein shall occur and shall be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by either of them in order further to document or evidence any of the transactions or events set out herein.
- (b) Subject to the terms of the Arrangement Agreement, Pétrolia and Pieridae may agree not to implement the Plan, notwithstanding the approval of the Pétrolia Arrangement Resolution and/or the Pieridae Arrangement Resolution authorizing the Arrangement and the receipt of the Final Order.

Appendix 1

RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS

The rights, privileges, restrictions and conditions attaching to the common shares (the "Common Shares") are as follows:

1. Payment of Dividends

The holders of the Common Shares shall have the right to receive such dividends, if any, as the board in its discretion may declare.

2. Participation upon Liquidation, Dissolution or Winding-up

The registered holders of the Common Shares shall have the right to receive, equally on a share-for-share basis, the remaining assets of the Corporation in the event of liquidation, dissolution or winding-up of the Corporation or other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs.

3. Voting Rights

The holders of the Common Shares shall be entitled to receive notice of, to attend and to cast one vote per Common Share held at all meetings of shareholders of the Corporation except meetings at which only registered holders of some other specified class or series are, at law or pursuant to the articles, entitled to vote.

BY LAW NUMBER 2

**A BY LAW RELATING GENERALLY TO THE
TRANSACTION OF THE BUSINESS AND AFFAIRS OF**

PIERIDAE ENERGY LIMITED
(the "Corporation")

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SECTION ONE
INTERPRETATION

1.01 DEFINITIONS

In the by-laws of the Corporation, unless the context otherwise requires:

"Act" means the *Canada Business Corporations Act*, and any statute that may be substituted therefore, as from time to time amended;

"appoint" includes "elect" and vice versa;

"articles" means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution, articles of revival of the Corporation and includes an amendment to any of them;

"board" means the board of directors of the Corporation;

"by-laws" means this by law and all other by laws of the Corporation from time to time in force and effect;

"corporation" means a body corporate incorporated or continued under the Act and not discontinued under the Act;

"electronic document" means, subject to the Act, any form of representation of information or of concepts fixed in any medium in or by electronic, optical or other similar means and that can be read or perceived by a person or by any means;

"information system" means a system used to generate, send, receive, store or otherwise process an electronic document;

"meeting of shareholders" includes an annual meeting of shareholders and a special meeting of shareholders;

"non business day" means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada);

"prescribed" means prescribed by the Act or the regulations, as the case may be;

"recorded address" means in the case of a shareholder, the shareholder's latest address as shown in the records of the Corporation or its transfer agent; and in the case of a director, at the director's latest address as shown in the records of the Corporation or in the last notice filed under the Act; and in the case of an officer, an auditor or a member of a committee of the board, such person's latest address as recorded in the records of the Corporation;

"regulations" means the regulations to the Act and any regulations that may be substituted therefore, as from time to time amended;

"signing officer" means, in relation to any instrument, any person authorized to sign the same on behalf of the Corporation by section 2.04 or by a resolution passed pursuant thereto;

"special meeting of shareholders" includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

Save as aforesaid, words and expressions defined in the Act have the same meanings when used herein; and words importing the singular number include the plural and vice versa; words importing gender include the masculine, feminine and neuter genders; and words importing persons include individuals, bodies corporate, partnerships, associations, unincorporated organizations and personal representatives.

SECTION TWO

BUSINESS OF THE CORPORATION

2.01 REGISTERED OFFICE

Until changed in accordance with the Act, the registered office of the Corporation shall be in the province specified in the articles, and at such location therein as the board may from time to time determine.

2.02 CORPORATE SEAL

The Corporation may, but need not, adopt a corporate seal, and may change a corporate seal that is adopted. A document executed on behalf of the Corporation is not invalid merely because a corporate seal is not affixed to it.

2.03 FINANCIAL YEAR

The financial year of the Corporation shall be determined by the board from time to time.

2.04 EXECUTION OF INSTRUMENTS

Any officer or any director may sign certificates and similar instruments (other than share certificates) on the Corporation's behalf with respect to any factual matters relating to the Corporation's business and affairs, including certificates certifying copies of the articles, by laws, resolutions and minutes of meetings of the Corporation. Subject to the foregoing:

- (a) Deeds, transfers, assignments, contracts, obligations and other instruments shall be signed on behalf of the Corporation by one or more persons who hold the office of director, chairman of the board, chief executive officer, managing director, vice-president, secretary, treasurer, assistant secretary or assistant treasurer or any other office created by by-law or by resolution of the board. When there is only one director and that director is the only officer of the Corporation, deeds, transfers, assignments, contracts, obligations and other instruments may be signed by that person alone, as director or officer, on behalf of the Corporation;
- (b) Security certificates (including share certificates) shall be signed by at least one director or officer of the Corporation, or by a registrar, transfer agent or branch transfer agent of

the Corporation or an individual on their behalf, or by a trustee who certifies it in accordance with a trust indenture. Any signatures required on a security certificate (including share certificates) may be printed or otherwise mechanically reproduced on it.

In addition, the board may from time to time direct the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer or director may affix the corporate seal to any instrument requiring the same.

Any resolutions of the directors or shareholders of the Corporation and any documents and other instruments in writing requiring execution on behalf of the Corporation may be executed in separate counterparts, and all such executed counterparts when taken together shall constitute one resolution, document or other instrument in writing as the case may be. The Corporation and the directors and shareholders shall be entitled to rely on delivery of a facsimile copy of any executed resolution of the directors or shareholders of the Corporation or any executed document or other instrument in writing and such facsimile copy shall be legally effective to create a valid and binding resolution, document or other instrument in writing as the case may be.

2.05 BANKING ARRANGEMENTS

The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefore, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the board may from time to time prescribe or authorize.

2.06 VOTING RIGHTS IN OTHER BODIES CORPORATE

The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

SECTION THREE

BORROWING AND SECURITIES

3.01 BORROWING POWER

Without limiting the borrowing powers of the Corporation as set forth in the Act and subject to the articles, the board may from time to time:

- (a) borrow money upon the credit of the Corporation;
- (b) issue, reissue, sell, pledge or hypothecate debt obligations of the Corporation, whether secured or unsecured;

- (c) give a guarantee on behalf of the Corporation to secure performance of an obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any property of the Corporation, owned or subsequently acquired, to secure any obligation of the Corporation.

Nothing in this section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.02 DELEGATION

Subject to the articles, the board may from time to time delegate to such one or more of the directors and officers of the Corporation or a committee of directors as may be designated by the board all or any of the powers conferred on the board by section 3.01 or by the Act to such extent and in such manner as the board shall determine at the time of each such delegation.

SECTION FOUR

DIRECTORS

4.01 NUMBER OF DIRECTORS AND QUORUM

Until changed in accordance with the Act, the board shall consist of not fewer than the minimum number and not more than the maximum of directors provided in the articles. Subject to section 4.09, the quorum for the transaction of business at any meeting of the board shall consist of a majority of the directors holding office or such greater or lesser number of directors as the board may from time to time determine.

4.02 QUALIFICATION

No person shall be qualified for election as a director if he is less than 18 years of age; if he is of unsound mind and has been so found by a court in Canada or elsewhere; if he is not an individual; or if he has the status of a bankrupt. A director need not be a shareholder.

4.03 RESIDENCY

Subject to the Act, at least 25% of the directors of the Corporation must be resident Canadians. However, if the Corporation has less than four directors, at least one director must be a resident Canadian.

4.04 ELECTION AND TERM

The election of directors shall take place at the first meeting of the shareholders and at each annual meeting of shareholders and all the directors then in office shall retire but, if qualified, shall be eligible for re election. The number of directors to be elected at any such meeting shall, if a maximum or minimum number of directors is authorized, be the number of directors then in office unless the directors or the shareholders otherwise determine or shall, if a fixed number of directors is authorized, be such fixed number. The election shall be by resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

4.05 REMOVAL OF DIRECTORS

Subject to the provisions of the Act, the shareholders may by resolution passed at a meeting specially called for such purpose remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by the directors.

4.06 VACATION OF OFFICE

A director ceases to hold office when: he dies; he is removed from office by the shareholders; he ceases to be qualified for election as a director, or his written resignation is sent or delivered to the Corporation, or, if a time is specified in such resignation, at the time so specified, whichever is later.

Subject to the Act, if all of the directors of the Corporation have resigned or have been removed without replacement, a person who manages or supervises the management of the business and affairs of the Corporation is deemed to be a director for the purposes of the Act.

4.07 VACANCIES

Subject to the Act, a quorum of the board may fill a vacancy in the board, except a vacancy resulting from an increase in the minimum number of directors or from a failure of the shareholders to elect the minimum number of directors provided for in the articles. In the absence of a quorum of the board, or if the vacancy has arisen from a failure of the shareholders to elect the minimum number of directors provided for in the articles, the board shall forthwith call a special meeting of shareholders to fill the vacancy. If the board fails to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

4.08 ACTION BY THE BOARD

The board shall manage, or supervise the management of, the business and affairs of the Corporation. Subject to sections 4.09 and 4.10, the powers of the board may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the board. Where there is a vacancy in the board, the remaining directors may exercise all the powers of the board so long as a quorum remains in office. Where the Corporation has only one director, that director may constitute a meeting.

4.09 CANADIAN DIRECTORS PRESENT AT MEETINGS

Subject to the Act, the board shall not transact business at a meeting unless,

- (a) if the Corporation is subject to subsection 105(3) of the Act, at least 25% of the directors present are resident Canadians, or if the Corporation has less than four directors, at least one of the directors present is a resident Canadian; or
- (b) if the Corporation is subject to subsection 105(3.1) of the Act, a majority of the directors present are resident Canadians or if the Corporation has only two directors, at least one of the directors present is a resident Canadian.

Despite the foregoing but subject to the Act, directors may transact business at a meeting of directors where the number of resident Canadian directors required is not present if

- (a) a resident Canadian director who is unable to be present approves in writing, or by telephonic, electronic or other communication facility, the business transacted at the meeting, or
- (b) the required number of resident Canadian directors would have been present had that director been present at the meeting.

4.10 PARTICIPATION

A director may, in accordance with the regulations, if any, and if all the directors of the Corporation consent, participate in a meeting of directors or of a committee of directors by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. A director participating in such a meeting by such means is deemed for the purposes of the Act, to be present at that meeting.

4.11 PLACE OF MEETINGS

Meetings of the board may be held at any place in or outside Canada.

4.12 CALLING OF MEETINGS

Meetings of the board shall be held from time to time at such place, on such date and at such time as the board, the chairman of the board, the managing director, the chief executive officer or any two directors may determine.

4.13 NOTICE OF MEETING

Notice of the time and place of each meeting of the board shall be given in the manner provided in section 12.01 to each director not less than 48 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including, if required by the Act, any proposal to:

- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor, or appoint additional directors;
- (c) issue securities except as authorized by the directors;
- (d) issue shares of a series under the Act except as authorized by the directors;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares issued by the Corporation;
- (g) pay a commission referred to in the Act except as authorized by the directors;
- (h) approve a management proxy circular;
- (i) approve a take-over bid circular or directors' circular;

- (j) approve any annual financial statements; or
- (k) adopt, amend or repeal by laws.

A director may in any manner waive notice of or otherwise consent to a meeting of the board.

4.14 FIRST MEETING OF NEW BOARD

Provided a quorum of directors is present, each newly elected board may without notice hold its first meeting immediately following the meeting of shareholders at which such board is elected.

4.15 ADJOURNED MEETING

Notice of an adjourned meeting of the board is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.16 REGULAR MEETINGS

The board may appoint a day or days in any month or months for regular meetings of the board at a place and hour to be named. A copy of any resolution of the board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.17 CHAIRMAN

The chairman of any meeting of the board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: chairman of the board, managing director, chief executive officer, or a vice-president. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the directors present shall choose one of their number to be chairman.

4.18 VOTES TO GOVERN

At all meetings of the board every question shall be decided by a majority of the votes cast on the question. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

4.19 CONFLICT OF INTEREST

A director or officer who is a party to; or who is a director or officer, or an individual acting in a similar capacity, of a party to; or has a material interest in any person who is a party to, a material contract or material transaction, whether made or proposed, with the Corporation shall disclose the nature and extent of his interest at the time and in the manner provided by the Act. Any such contract or proposed contract shall be referred to the board or, in the event that all of the directors are so interested in such contract or the directors determine that it is advisable, to the shareholders for approval even if such contract is one that in the ordinary course of the Corporation's business would not require approval by the board or shareholders. A director interested in a contract so referred to the board shall not vote on any resolution to approve the same except as provided by the Act.

4.20 REMUNERATION AND EXPENSES

The directors shall be paid such remuneration for their services as the board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefore.

4.21 VALIDITY OF ACTS OF DIRECTORS AND OFFICERS

An act of a director or officer is valid notwithstanding an irregularity in their election or appointment or a defect in their qualification.

SECTION FIVE

COMMITTEES

5.01 COMMITTEE OF DIRECTORS

The board may appoint a committee of directors, however designated, and delegate to such committee any of the powers of the board except those which pertain to items which, under the Act, a committee of directors has no authority to exercise.

5.02 TRANSACTION OF BUSINESS

Subject to the provisions of section 4.10, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada.

5.03 ADVISORY COMMITTEES

The board may from time to time appoint such other committees as it may deem advisable, but the functions of any such other committees shall be advisory only.

5.04 PROCEDURE

Unless otherwise determined by the board, each committee shall have power to fix its quorum at not less than a majority of its members, to elect its chairman and to regulate its procedure.

SECTION SIX

OFFICERS

6.01 APPOINTMENT

The board may from time to time appoint a chief executive officer, a chief financial officer, a president (production), a president (LNG), one or more vice-presidents (to which title may be added words indicating seniority or function), a secretary, a treasurer and such other officers as the board may determine, including one or more assistants to any of the officers so appointed. The board may specify the duties of and, in accordance with this by law and subject to the provisions of the Act, delegate to such

officers powers to manage the business and affairs of the Corporation. Subject to sections 6.02 and 6.03, an officer may but need not be a director and one person may hold more than one office.

6.02 CHAIRMAN OF THE BOARD

The board may from time to time also appoint a chairman of the board who shall be a director. If appointed, the board may assign to him any of the powers and duties that are by any provisions of this by law assigned to the managing director or to the chief executive officer, and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chairman of the board, his duties shall be performed and his powers exercised by the managing director, if any, or by the chief executive officer.

6.03 MANAGING DIRECTOR

The board may from time to time also appoint a managing director who shall be a resident Canadian and a director. If appointed, he shall be the president and, subject to the authority of the board, shall have general supervision of the business and affairs of the Corporation; and he shall, subject to the provisions of the Act, have such other powers and duties as the board may specify. During the absence or disability of the chief executive officer, or if no chief executive officer has been appointed, the managing director shall also have the powers and duties of that office.

6.04 CHIEF EXECUTIVE OFFICER

The board may from time to time also appoint a chief executive officer. If appointed, the chief executive officer shall, subject to the discretion of the board, be the president and, subject to the authority of the board, shall have general supervision of the business of the Corporation, and he shall have such other powers and duties as the board may specify. During the absence or disability of the managing director, or if no managing director has been appointed, the chief executive officer shall also have the powers and duties of that office.

6.05 VICE PRESIDENTS

The board may from time to time also appoint a president (LNG), president (production), or one or more vice-presidents. If appointed, the president (LNG), president (production), or vice-president (as applicable) shall have such powers and duties as the board or the chief executive officer may specify.

6.06 SECRETARY

The board may from time to time also appoint a secretary. If appointed, the secretary shall attend and be the secretary of all meetings of the board, shareholders and committees of the board and shall enter or cause to be entered in records kept for that purpose minutes of all proceedings thereat; he shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the board; he shall be the custodian of the stamp or mechanical device generally used for affixing the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation, except when some other officer or agent has been appointed for that purpose; and he shall have such other powers and duties as the board or the chief executive officer may specify.

6.07 TREASURER

The board may from time to time also appoint a treasurer. If appointed, the treasurer shall keep proper accounting records in compliance with the Act and shall be responsible for the deposit of money, the safekeeping of securities and the disbursement of the funds of the Corporation; he shall render to the board whenever required an account of all his transactions as treasurer and of the financial position of the Corporation; and he shall have such other powers and duties as the board or the chief executive officer may specify.

6.08 POWERS AND DUTIES OF OTHER OFFICERS

The powers and duties of all other officers shall be such as the terms of their engagement call for or as the board or the chief executive officer may specify. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the board or the chief executive officer otherwise directs.

6.09 VARIATION OF POWERS AND DUTIES

The board may from time to time and subject to the provisions of the Act, vary, add to or limit the powers and duties of any officer.

6.10 TERM OF OFFICE

The board, in its discretion, may remove any officer of the Corporation, without prejudice to such officer's rights under any employment contract or otherwise at law. Otherwise each officer appointed by the board shall hold office until his successor is appointed, or until his earlier resignation.

6.11 TERMS OF EMPLOYMENT AND REMUNERATION

The terms of employment and the remuneration of an officer appointed by the board shall be settled by it from time to time.

6.12 CONFLICT OF INTEREST

An officer shall disclose his interest in any material contract or proposed material contract with the Corporation in accordance with section 4.19.

6.13 AGENTS AND ATTORNEYS

The board shall have power from time to time to appoint agents or attorneys for the Corporation in or outside Canada with such powers of management or otherwise (including the powers to subdelegate) as may be thought fit.

6.14 FIDELITY BONDS

The board may require such officers, employees and agents of the Corporation as the board deems advisable to furnish bonds for the faithful discharge of their powers and duties, in such form and with such surety as the board may from time to time determine.

SECTION SEVEN

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.01 LIMITATION OF LIABILITY

Every director and officer of the Corporation in exercising his powers and discharging his duties shall act honestly and in good faith with a view to the best interests of the Corporation and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Subject to the foregoing, no director or officer shall be liable for the acts, receipts, neglects or defaults of any other director or officer or employee, or for joining in any receipt or other act for conformity, or for any loss, damage or expense happening to the Corporation through the insufficiency or deficiency of title to any property acquired for or on behalf of the Corporation, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Corporation shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious acts of any person with whom any of the moneys, securities or effects of the Corporation shall be deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto; provided that nothing herein shall relieve any director or officer from the duty to act in accordance with the Act and the regulations or from liability for any breach thereof.

7.02 INDEMNITY

Subject to the Act, the Corporation shall indemnify a director or officer of the Corporation; a former director or officer of the Corporation; or another individual who acts or acted at the Corporation's request as a director or officer, or an individual acting in a similar capacity, of another entity, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other proceeding in which the individual is involved because of that association with the Corporation or other entity.

The Corporation shall not indemnify an individual under the foregoing unless the individual

- (a) acted honestly and in good faith with a view to the best interests of the Corporation, or, as the case may be, to the best interests of the other entity for which the individual acted as director or officer or in a similar capacity at the Corporation's request, and
- (b) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, the individual had reasonable grounds for believing that the individual's conduct was lawful.

The Corporation shall also indemnify an individual in such other circumstances as the Act permits or requires.

7.03 INSURANCE

Subject to the Act, the Corporation may purchase and maintain insurance for the benefit of an individual referred to in section 7.02 against any liability incurred by the individual

- (a) in the individual's capacity as a director or officer of the Corporation, or
- (b) in the individual's capacity as a director or officer, or similar capacity, of another entity, if the individual acts or acted in that capacity at the Corporation's request,

in such amounts as the board may from time to time determine.

SECTION EIGHT

SHARES AND OTHER SECURITIES

8.01 ALLOTMENT

The Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.02 COMMISSIONS

The board may from time to time authorize the Corporation to pay a reasonable commission to any person in consideration of his purchasing or agreeing to purchase shares of the Corporation, whether from the Corporation or from any other person, or procuring or agreeing to procure purchasers for any such shares.

8.03 REGISTRATION OF TRANSFERS

Subject to the provisions of the Act, no transfer of securities shall be registered in a securities register except upon presentation of the certificate representing such securities with an endorsement, which complies with the Act, made thereon or delivered therewith duly executed by an appropriate person as provided by the Act, together with such reasonable assurance that the endorsement is genuine and effective as the board may from time to time prescribe, upon payment of all applicable taxes and any fees prescribed by the board, upon compliance with such restrictions on transfer as are authorized by the articles and upon satisfaction of any lien referred to in section 8.05.

8.04 TRANSFER AGENTS AND REGISTRARS

The board may from time to time appoint one or more agents to maintain, in respect of each class of securities of the Corporation issued by it in registered form, a central securities register and one or more branch securities registers. Such a person may be designated as transfer agent or registrar according to his functions and one person may be designated both registrar and transfer agent. The board may at any time terminate such appointment.

8.05 LIEN FOR INDEBTEDNESS

If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder or the shareholder's personal representative for a debt of that shareholder to the Corporation, such lien may be enforced, subject to any other provisions of the articles, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or equity and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

8.06 NON RECOGNITION OF TRUSTS

Subject to the provisions of the Act, the Corporation may treat as absolute owner of any security the person in whose name the security is registered in the securities register as if that person had full legal

capacity and authority to exercise all rights of ownership, irrespective of any indication to the contrary through knowledge or notice of description in the Corporation's records or on the security certificate.

8.07 SECURITY CERTIFICATES

Every holder of securities of the Corporation shall be entitled, at his option, to a security certificate that complies with the Act, or to a non transferable written acknowledgment of his right to obtain a security certificate, stating the number and class or series of securities held by him as shown on the securities register. Security certificates and acknowledgments of a shareholder's right to a security certificate, respectively, shall be in such form as the board shall from time to time approve. Any security certificate shall be signed in accordance with section 2.04 and need not be under the corporate seal; provided that, unless the board otherwise determines, certificates representing securities in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of security certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile upon security certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding upon the Corporation. A security certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

8.08 REPLACEMENT OF SECURITY CERTIFICATES

The board or any officer or agent designated by the board shall direct the issue of a new security certificate in lieu of and upon cancellation of a security certificate that has been mutilated or in substitution for a security certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding the prescribed amount, if any, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the board may from time to time prescribe, whether generally or in any particular case.

8.09 JOINT HOLDERS

If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such security.

8.10 DECEASED SECURITY HOLDERS

In the event of the death of a holder, or of one of the joint holders, of any security, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except upon production of all such documents as may be required by law and upon compliance with the reasonable requirements of the Corporation and its transfer agents.

SECTION NINE

DIVIDENDS AND RIGHTS

9.01 DIVIDENDS

Subject to the provisions of the Act, the board may from time to time declare dividends payable to the shareholders according to their respective rights and interest in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

9.02 DIVIDEND CHEQUES

A dividend payable in cash shall be paid by cheque or other comparable form of payment to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his recorded address, unless such holder otherwise directs. In the case of joint holders, the cheque or other comparable form of payment shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque or other comparable form of payment as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.03 NON RECEIPT OF CHEQUES

In the event of non receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non receipt and of title as the board may from time to time prescribe whether generally or in any particular case.

9.04 RECORD DATE FOR DIVIDENDS AND RIGHTS

The board may, within the prescribed period, fix in advance a date, as a record date for determining shareholders entitled to receive payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation and, unless notice of the record date is waived in writing, notice of any such record date shall be given within the prescribed period. If no record date is so fixed, the record date for the determination of the persons entitled to receive payment of any dividend or for the issue of any warrant or other evidence of or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the board.

9.05 UNCLAIMED DIVIDENDS

Any dividend unclaimed after a period of 6 years from the date on which the same has been declared to be payable shall be forfeited and shall revert to the Corporation.

SECTION TEN

MEETINGS OF SHAREHOLDERS

10.01 ANNUAL MEETINGS

Subject to the Act, the annual meeting of shareholders shall be held at such time in each year and, subject to section 10.03, at such place as the board may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing an auditor and for the transaction of such other business as may properly be brought before the meeting.

10.02 SPECIAL MEETINGS

The board shall have power to call a special meeting of shareholders at any time.

10.03 PLACE OF MEETINGS

Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the municipality in which the registered office is situated or, if the board shall so determine, at some other place in Canada. Subject to the Act, a meeting of shareholders of the Corporation may be held at a place outside Canada if the place is specified in the articles or if all the shareholders entitled to vote at the meeting agree that the meeting is to be held at that place.

10.04 PARTICIPATION

Any person entitled to attend a meeting of shareholders may participate in the meeting, in accordance with the regulations, if any, by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting, if the Corporation makes available such a communication facility. A person participating in a meeting by such means is deemed for the purposes of the Act to be present at the meeting.

10.05 MEETING HELD BY ELECTRONIC MEANS

If the directors or shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the regulations, if any, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting.

10.06 NOTICE OF MEETINGS

Notice of the time and place of each meeting of shareholders shall be given, within the prescribed period, in the manner provided in section 12.01, to each director, to the auditor and to each shareholder who at the close of business on the record date for notice is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditor's or accountant's report, election of directors and reappointment of the incumbent auditor or accountant shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting. A shareholder and any other person entitled to attend a meeting of shareholders may in any manner waive notice of or otherwise consent to a meeting of shareholders.

10.07 LISTS OF SHAREHOLDERS ENTITLED TO NOTICE AND TO VOTE

For every meeting of shareholders, the Corporation shall, within the time period prescribed by the Act, prepare a list of shareholders entitled to receive notice of the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to receive notice of the meeting, as of the record date for notice of the meeting as fixed by the directors, or, if no record date is fixed by the directors, as deemed by the Act.

For every meeting of shareholders, the Corporation shall, within the time period prescribed by the Act, prepare a list of shareholders entitled to vote at the meeting, arranged in alphabetical order and showing the number of shares held by each shareholder entitled to vote at the meeting, as of the record date for voting at the meeting as fixed by the directors, or, if no record date is fixed by the directors, as deemed by the Act.

10.08 RECORD DATE FOR NOTICE AND VOTING

- (a) The board may, within the prescribed period, fix in advance a date, as a record date for determining shareholders entitled to receive notice of a meeting of shareholders.

If no record date is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be at the close of business on the day immediately preceding the day on which the notice is so given or, if no notice is given, the day on which the meeting is held.

- (b) The board may, within the prescribed period, fix in advance a date, as a record date for determining shareholders entitled to vote at a meeting of shareholders.
- (c) If a record date is fixed, unless notice of the record date is waived in writing by every holder of a share of the class or series affected whose name is set out in the securities register at the close of business on the day the directors fix the record date, notice of the record date shall be given within the prescribed period and in the manner set out in the Act.

10.09 MEETINGS WITHOUT NOTICE

A meeting of shareholders may be held without notice at any time and place permitted by the Act (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy waive notice of or otherwise consent to such meeting being held, and (b) if the auditors and the directors are present or waive notice of or otherwise consent to such meeting being held; so long as such shareholders, auditors or directors present are not attending for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of or otherwise consented to such meeting, shall also be deemed to have consented to the meeting being held at such place.

10.10 CHAIRMAN, SECRETARY AND SCRUTINEERS

The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: chairman of the board, chief executive officer, managing director or a vice-president who is a shareholder. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be a shareholder, may be appointed by a resolution or by the chairman with the consent of the meeting.

10.11 PERSONS ENTITLED TO BE PRESENT

The only persons entitled to be present at a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote are entitled or required under any provision of the Act or the articles or by laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.12 QUORUM

A quorum for the transaction of business at any meeting of shareholders shall be at least two persons present in person, or, if authorized by resolution of the Corporation's board of directors and in accordance with regulation, if any, by telephonic, electronic or other communication facility, each being a shareholder entitled to vote thereat or a duly appointed proxy or representative for an absent shareholder so entitled and representing in the aggregate not less than 5% of the outstanding shares of the Corporation carrying voting rights at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholder(s) present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholder(s) present or represented may adjourn the meeting to a fixed time and place but may not transact any other business.

10.13 RIGHT TO VOTE

Subject to the provisions of the Act as to authorized representatives of any other body corporate or association, at any meeting of shareholders for which the Corporation has prepared the list referred to in section 10.07, every person who is named in such list shall be entitled to vote the shares shown opposite his name at the meeting to which the list relates.

10.14 PROXIES

Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or his attorney and shall conform with the requirements of the Act. A proxy is valid only at the meeting in respect of which it is given or any adjournment thereof.

10.15 TIME FOR DEPOSIT OF PROXIES

The board may specify in a notice calling a meeting of shareholders a time, not exceeding 48 hours excluding Saturdays and holidays, preceding the meeting or an adjournment thereof, before which time proxies to be used at such meeting must be deposited with the Corporation or its agent. A proxy shall be acted upon only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

10.16 JOINT SHAREHOLDERS

If two or more persons hold shares jointly, any one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one the shares jointly held by them.

10.17 VOTES TO GOVERN

At any meeting of shareholders every question shall, unless otherwise required by the articles or by laws or by law, be determined by the majority of the votes cast on the question. In case of an equality of votes either upon a show of hands or upon a poll, the chairman of the meeting shall be entitled to a second or casting vote.

10.18 SHOW OF HANDS

Subject to the provisions of the Act any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. Upon a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken upon a question, unless a ballot thereon is so required or demanded, declaration by the chairman of the meeting that the vote upon the question has been carried or carried by a particular majority or not carried, an entry to that effect in the minutes of the meeting shall be prima facie evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the said question, and the result of the vote so taken shall be the decision of the shareholders upon the said question.

10.19 BALLOTS

On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, any shareholder or proxyholder entitled to vote at the meeting may require or demand a ballot. A ballot so required or demanded shall be taken in such manner as the chairman shall direct. A requirement or demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which he is entitled to vote at the meeting upon the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders upon the said question.

10.20 ELECTRONIC VOTING

Despite section 10.18, any vote referred to in such section may be held in accordance with the regulations, if any, entirely by means of a telephonic, electronic or other communication facility, if the Corporation makes available such a communication facility.

Any person participating in a meeting of shareholders under sections 10.04 or 10.05 and entitled to vote at that meeting may vote, in accordance with the regulations, if any, by means of the telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

10.21 ADJOURNMENT

If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. Subject to the Act, if a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

10.22 RESOLUTION IN WRITING

A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a

written statement with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.

10.23 ONLY ONE SHAREHOLDER

Where the Corporation has only one shareholder or only one holder of any class or series of shares, the shareholder present in person or by proxy constitutes a meeting.

SECTION ELEVEN

DIVISIONS AND DEPARTMENTS

11.01 CREATION AND CONSOLIDATION OF DIVISIONS

The board may cause the business and operations of the Corporation or any part thereof to be divided or to be segregated into one or more divisions upon such basis, including without limitation, character or type of operation, geographical territory, product manufactured or service rendered, as the board may consider appropriate in each case. The board may also cause the business and operations of any such division to be further divided into sub units and the business and operations of any such divisions or sub units to be consolidated upon such basis as the board may consider appropriate in each case.

11.02 NAME OF DIVISION

Any division or its sub units may be designated by such name as the board may from time to time determine and may transact business under such name, provided that the Corporation shall set out its name in legible characters in all contracts, invoices, negotiable instruments and orders for goods or services issued or made by or on behalf of the Corporation.

11.03 OFFICERS OF DIVISIONS

From time to time the board or, if authorized by the board, the chief executive officer, may appoint one or more officers for any division, prescribe their powers and duties and settle their terms of employment and remuneration. The board or, if authorized by the board, the chief executive officer, may remove at its or his pleasure any officer so appointed, without prejudice to such officer's rights under any employment contract. Officers of divisions or their sub units shall not, as such, be officers of the Corporation.

SECTION TWELVE

NOTICES

12.01 METHOD OF GIVING NOTICES

Any notice, document or other information (which term includes any communication or documents) to be given (which term includes sent, delivered or served) pursuant to the Act, the regulations, the articles, the by-laws or otherwise to a shareholder, director, officer, auditor or member of a committee of the board shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to his recorded address or if mailed to him at his recorded address by prepaid

ordinary or air mail or if sent to him pursuant to Section 13 hereof. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent pursuant to Section 13 hereof shall be deemed to have been given when it is sent or otherwise forwarded via the relevant information system. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the board in accordance with any information believed by him to be reliable.

12.02 NOTICE TO JOINT SHAREHOLDERS

If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

12.03 COMPUTATION OF TIME

In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall also be excluded.

12.04 UNDELIVERED NOTICES

If any notice given to a shareholder pursuant to section 12.01 is returned on two consecutive occasions because he cannot be found, the Corporation shall not be required to give any further notices to such shareholder until he informs the Corporation in writing of his new address.

12.05 OMISSIONS AND ERRORS

The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the board or the non receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

12.06 PERSONS ENTITLED BY DEATH OR OPERATION OF LAW

Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom he derives his title to such share prior to his name and address being entered on the securities register (whether such notice was given before or after the happening of the event upon which he became so entitled) and prior to his furnishing to the Corporation the proof of authority or evidence of his entitlement prescribed by the Act.

12.07 WAIVER OF NOTICE

Any shareholder (or his duly appointed proxyholder), director, officer, auditor or member of a committee of the board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to him under any provision of the Act, the regulations, the articles, the by-laws or otherwise and such waiver or abridgment, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgment shall be in writing except a waiver of notice of a meeting of shareholders or of the board or of a committee of the board which may be given in any manner.

SECTION THIRTEEN

DOCUMENTS IN ELECTRONIC OR OTHER FORM

13.01 CREATION AND PROVISION OF INFORMATION

Subject to the Act and the regulations, a notice, document or other information may be created or provided in the form of an electronic document and such electronic document may be generated, sent, received, stored or otherwise processed by means of an information system.

SECTION FOURTEEN

EFFECTIVE DATE

14.01 EFFECTIVE DATE

This by law shall come into force when made by the board in accordance with the Act.

MADE AND ADOPTED by the board of directors the 24th day of October, 2017.

(signed) "*Alfred Sorensen*"

Chief Executive Officer

CONFIRMED by the shareholders in accordance with the Act the ____ day of _____, 2017.

Chief Executive Officer