

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 24th day of October 2005.

BETWEEN:

TROPIC NETWORKS INC., a corporation incorporated under the laws of Canada ("**Tropic**")

- and -

CHAMAELO EXPLORATION LTD., a corporation incorporated under the laws of the Province of Alberta ("**Chamaelo**")

- and -

TOURNAMENT ENERGY LTD., a corporation incorporated under the laws of the Province of Alberta ("**Tournament**").

WHEREAS Tropic, Chamaelo and Tournament wish to propose an arrangement affecting Tropic, Chamaelo and Tournament and their respective securityholders;

AND WHEREAS Tropic has offered to acquire all the issued and outstanding shares of Chamaelo and Tournament by way of an arrangement;

AND WHEREAS the Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Canada Business Corporations Act* and the *Business Corporations Act* (Alberta);

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

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

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

"**Acquisition Proposal**" means, with respect to Chamaelo, Tournament or Tropic, any inquiry or the making of any proposal to such Party or its shareholders from any person which constitutes, or may reasonably be expected to lead to (in either case whether in one transaction or a series of transactions): (i) an acquisition from such Party or its shareholders of any securities of such Party (other than on exercise of currently outstanding securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire shares of Chamaelo, Tournament or Tropic, as applicable) or its

Subsidiaries pursuant to which, if consummated, such person would own or control, directly or indirectly, 20% or more of any class of such Party's, or such Party's Subsidiaries' securities; (ii) any acquisition of a material amount of assets of such Party or its Subsidiaries; (iii) an amalgamation, arrangement, merger, or consolidation involving such Party or its Subsidiaries; or (iv) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution, reorganization into a royalty trust or income fund or similar transaction involving such Party or its Subsidiaries or any other transaction, in each case the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement or which would or could reasonably be expected to materially reduce the benefits to the other Parties under this Agreement or the Arrangement;

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this Agreement, as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;

"**Applicable Laws**" means all applicable securities laws, rules of applicable stock exchanges and applicable corporate laws;

"**Arrangement**" means the arrangement pursuant to Section 192 of the CBCA and Section 193 of the ABCA set forth in the Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;

"**Arrangement Resolutions**" means the resolutions in respect of the Arrangement, the Subscription Receipt Offering, the Tropic Stock Option Plan, the continuance of Tropic under the ABCA and other related matters to be considered at the Chamaelo Meeting, the Tournament Meeting and the Tropic Meeting, as the case may be;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director and subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been granted, giving effect to the Arrangement;

"**Asset Sale**" has the meaning ascribed thereto in subsection 6.1(b);

"**Business Day**" means a day other than a Saturday, Sunday or other than a day when banks in Calgary, Alberta or Ottawa, Ontario are not generally open for business;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended, including the regulations promulgated thereunder;

"**Certificate**" means the certificate or certificates or other confirmation of filing to be issued by the Director pursuant to subsection 192(7) of the CBCA and the Registrar pursuant to Subsection 193(11) of the ABCA giving effect to the Arrangement;

"**Chamaelo Financial Statements**" means, collectively, the audited statement of revenue and operating expenses of the assets acquired by Chamaelo pursuant to a plan of arrangement which closed June 22, 2005 for the year ended December 31, 2004, together with the notes thereto and the report of the auditors thereon, the balance sheet of Chamaelo (formerly 1166554 Alberta Inc.) as at April 30, 2005 and the interim unaudited financial statements of Chamaelo for the three month and nine day period ended September 30, 2005;

"Chamaelo Information" means the information included in the Information Circular describing Chamaelo and its business, operations and affairs and the matters to be considered at the Chamaelo Meeting;

"Chamaelo Lock-up Agreements" means agreements pursuant to which such officers and directors agree to irrevocably vote the Chamaelo Securities beneficially owned or controlled by them in favour of the Arrangement Resolutions and to otherwise support the Arrangement and other related matters to be considered at the Chamaelo Meeting;

"Chamaelo Meeting" means the special meeting of Chamaelo Securityholders to be held to consider the Arrangement Resolutions applicable to Chamaelo and related matters, and any adjournment(s) thereof;

"Chamaelo Non-Voting Common Shareholders" means the holders from time to time of Chamaelo Non-Voting Common Shares;

"Chamaelo Non-Voting Common Shares" means the non-voting common shares in the capital of Chamaelo;

"Chamaelo Non-Voting Warrantholders" means the holders from time to time of Chamaelo Non-Voting Warrants;

"Chamaelo Non-Voting Warrants" means the outstanding warrants to acquire Chamaelo Non-Voting Common Shares;

"Chamaelo Optionholders" means the holders from time to time of Chamaelo Options;

"Chamaelo Options" means the outstanding stock options granted by Chamaelo, whether or not vested, to acquire Chamaelo Shares;

"Chamaelo Securities" means, collectively, the Chamaelo Shares, the Chamaelo Options and the Chamaelo Warrants;

"Chamaelo Securityholders" means, collectively, the Chamaelo Shareholders, the Chamaelo Optionholders and the Chamaelo Warrantholders;

"Chamaelo Shareholders" means, collectively, the Chamaelo Non-Voting Common Shareholders and the Chamaelo Voting Common Shareholders;

"Chamaelo Shares" means, collectively, the Chamaelo Non-Voting Common Shares and the Chamaelo Voting Common Shares;

"Chamaelo Voting Common Shareholders" means the holders from time to time of Chamaelo Voting Common Shares;

"Chamaelo Voting Common Shares" means the voting common shares in the capital of Chamaelo;

"Chamaelo Voting Warrants" means the outstanding warrants to acquire Chamaelo Voting Common Shares;

"Chamaelo Warrantholders" means the holders from time to time of Chamaelo Warrants;

"Chamaelo Warrants" means, collectively, the Chamaelo Non-Voting Warrants and the Chamaelo Voting Warrants;

"Closing Time" shall be 11:00 a.m. (Calgary time) on the Business Day immediately following the date the Final Order is granted, unless otherwise agreed to by the Parties;

"Competition Act" means the *Competition Act*, R.S. 1985, c. C-34, as amended;

"Confidentiality Agreement" means the mutual confidentiality agreement between Chamaelo, Tournament and Tropic dated October 12, 2005 in respect of the information provided by each of them to the others;

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

"Depository" means Valiant Trust Company;

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

"Effective Date" means the date the Arrangement becomes effective under the CBCA and the ABCA;

"Effective Time" has the meaning ascribed thereto in the Plan of Arrangement attached hereto;

"Election Deadline" has the meaning ascribed thereto in the Plan of Arrangement attached hereto;

"Final Order" means the order of the Court approving the Arrangement pursuant to subsection 192(4) of the CBCA and subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"Information Circular" means the joint information circular to be prepared by Tropic, Tournament and Chamaelo and sent, as part of the proxy solicitation materials, to the Tropic Shareholders, the Tournament Securityholders and the Chamaelo Securityholders in connection with their respective Meetings;

"Interim Order" means an interim order of the Court concerning the Arrangement under subsection 192(4) of the CBCA and subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the necessary securityholder meetings and the matters referred to in Section 2.2, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"Meetings" means collectively, the Chamaelo Meeting, the Tournament Meeting and the Tropic Meeting;

"Non-Capital Losses" has the meaning ascribed thereto in section 111 of the Tax Act;

"Parties" means, collectively, Chamaelo, Tournament and Tropic; and **"Party"** means any one of them;

"Plan of Arrangement" means the plan of arrangement substantially in the form set out in **Exhibit I** hereto as amended or supplemented from time to time in accordance with Article 6 thereof and Article 8 hereof;

"Public Record" means all information filed after December 31, 2004 in the case of Chamaelo with any securities commission or similar regulatory authority in compliance, or intended compliance, with any applicable securities laws;

"Receiving Party" has the meaning set forth in subsection 3.5(c);

"Registrar" means the Registrar of Corporations for the Province of Alberta duly appointed under the ABCA;

"Returns" shall mean all reports, estimates, elections, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be filed in connection with, any Taxes;

"SR&ED" means unapplied scientific research and experimental development expenditures as described in section 37 of the Tax Act;

"SR&ED ITCs" means investment tax credits relating to SR&ED as described in section 127 of the Tax Act;

"Subscription Receipt Offering" means a brokered private placement of subscription receipts of Tropic, which subscription receipts shall be convertible in connection with the Arrangement into Tropic Voting Common Shares;

"Subsidiary" has the meaning ascribed thereto in the ABCA, provided that it shall also include all partnerships directly or indirectly owned by Chamaelo, Tournament or Tropic, as the case may be;

"Superior Proposal" has the meaning set forth in subsection 3.5(b)(v)(A);

"Tax Act" means the *Income Tax Act* (Canada), including the regulations thereunder as amended;

"Taxes" shall mean all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any federal, provincial, territorial, state, local or foreign government or any agency or political subdivision of any such government, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes and provincial income taxes), payroll and employee withholding taxes, unemployment insurance, social insurance taxes, value added taxes (including, but not limited to the goods and services tax), sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipts taxes, business license taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation and other governmental charges, and other obligations of the same or of a similar nature to any of the foregoing, which Chamaelo, Tournament or Tropic (or any of their respective Subsidiaries), as the case may be, is required to pay, withhold, remit or collect;

"Tournament Damages Event" has the meaning set forth in Section 7.1;

"Tournament ExploreCo" has the meaning set forth in Section 2.4;

"Tournament ExploreCo Business" means the assets and liabilities to be transferred by Tournament to Tournament ExploreCo pursuant to the Tournament ExploreCo Conveyance Agreement;

"Tournament ExploreCo Conveyance Agreement" means the agreement to be entered into between Tournament and Tournament ExploreCo, in the form attached hereto as **Exhibit II**, effecting the sale of the Tournament ExploreCo Business to Tournament ExploreCo and the issuance of Tournament ExploreCo Shares to Tournament;

"Tournament ExploreCo Shares" means the common shares in the capital of Tournament ExploreCo;

"Tournament Financial Statements" means, collectively, the audited consolidated financial statements of Tournament for the year ended March 31, 2005, together with the notes thereto and the report of the auditors thereon, and the interim unaudited financial statements of Tournament for the six month period ended September 30, 2005;

"Tournament Information" means the information included in the Information Circular describing Tournament and its business, operations and affairs and the matters to be considered at the Tournament Meeting;

"Tournament Lock-up Agreements" means agreements pursuant to which the Tournament Lock-Up Securityholders agree to irrevocably vote the Tournament Securities beneficially owned or controlled by the Tournament Lock-Up Securityholders in favour of the Arrangement Resolutions and to otherwise support the Arrangement and other related matters to be considered at the Tournament Meeting;

"Tournament Lock-up Securityholders" means those Tournament Securityholders that have entered into the Tournament Lock-Up Agreements;

"Tournament Meeting" means the special meeting of Tournament Securityholders to be held to consider the Arrangement Resolutions applicable to Tournament and related matters, and any adjournments thereof;

"Tournament Optionholders" means the holders from time to time of Tournament Options;

"Tournament Options" means the outstanding stock options granted by Tournament, whether or not vested, to acquire Tournament Shares;

"Tournament Performance Warrantholders" means the holders from time to time of Tournament Performance Warrants;

"Tournament Performance Warrants" means the warrants of Tournament, whether or not vested, which vest on a sliding scale by measuring the rate of return provided to the major investors of Tournament Special Warrants;

"Tournament Preferred Share" means the voting special preferred share of Tournament;

"Tournament Preferred Shareholder" means the holder from time to time of the Special Preferred Share, currently being a trust company;

"Tournament Securities" means, collectively, the Tournament Shares, the Tournament Preferred Share, the Tournament Options, the Tournament Special Warrants and the Tournament Performance Warrants;

"Tournament Securityholders" means, collectively, the Tournament Shareholders, the Tournament Preferred Shareholder, the Tournament Optionholders, the Tournament Special Warrantholders and the Tournament Performance Warrantholders;

"Tournament Shareholder Agreement" has the meaning set forth in Section 5.2(p);

"Tournament Shareholders" means the holders from time to time of Tournament Shares;

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

"Tournament Special Warrants" means the special warrants of Tournament which are convertible into Tournament Shares at no cost on the earlier of (i) the sale of Tournament, (ii) upon exchange of Tournament Shares for shares of another company, (iii) upon listing of the Tournament Shares on a recognized stock exchange, or (iv) September 30, 2007, with voting rights equal to Tournament Shares, as more particularly described in the indenture dated September 30, 2002;

"Tournament Special Warrantholders" means the holders from time to time of Tournament Special Warrants;

"Tropic Common Shareholders" means the holders from time to time of Tropic Common Shares;

"Tropic Common Shares" means the common shares in the capital of Tropic;

"Tropic Financial Statements" means the audited consolidated financial statements of Tropic for the fiscal year ended June 30, 2005, together with the notes thereto and the report of the auditors thereon;

"Tropic Information" means the information included in the Information Circular describing Tropic and its business, operations and affairs and the matters to be considered at the Tropic Meeting;

"Tropic Lock-up Agreements" means agreements pursuant to which the Tropic Lock-Up Securityholders agree to take such actions as may be required to give effect to the Arrangement;

"Tropic Lock-up Securityholders" means those Tropic Shareholders that have entered into the Tropic Lock-Up Agreements;

"Tropic Meeting" means the special meeting of Tropic Shareholders to be held to consider the Arrangement Resolutions applicable to Tropic and related matters, and any adjournments thereof;

"Tropic NewCo" has the meaning ascribed thereto in Section 2.5;

"Tropic NewCo Conveyance Agreement" has the meaning ascribed thereto in subsection 6.1(b);

"Tropic NewCo Indemnity" has the meaning ascribed thereto in subsection 6.1(b);

"Tropic Non-Voting Common Shares" means the non-voting common shares of Tropic to be created and authorized at the Tropic Meeting;

"Tropic Optionholders" means the holders from time to time of Tropic Options;

"Tropic Options" means outstanding stock options granted by Tropic, whether or not vested, to acquire Tropic Common Shares;

"Tropic Preferred Shareholders" means the holders from time to time of Tropic Preferred Shares;

"Tropic Preferred Shares" means the class A preferred shares (of which there are outstanding series A-I preferred shares and series A-II preferred shares), the class B preferred shares (of which there are outstanding series B-I preferred shares and series B-II preferred shares), the class C preferred shares, the class D preferred shares and the class D-I preferred shares;

"Tropic Shareholders" means the holders from time to time of Tropic Shares;

"Tropic Shares" means the Tropic Common Shares and the Tropic Preferred Shares;

"Tropic Stock Option Plan" means the stock option plan for the benefit of the directors, officers, employees and consultants to Tropic and its Subsidiaries to be in substantially the same form as the current stock option plan of Chamaelo except that the maximum number of Tropic Voting Common Shares reserved for issuance shall be no more than 10% of the aggregate of the Tropic Voting Common Shares and the Tropic Non-Voting Common Shares outstanding after giving effect to the Arrangement;

"Tropic Voting Common Shares" means the voting common shares of Tropic to be created and authorized at the Tropic Meeting;

"Tropic Warrantholders" means the holders from time to time of the Tropic Warrants;

"Tropic Warrants" means the outstanding warrants to acquire the Tropic Shares;

"TSX" means the Toronto Stock Exchange; and

"Undepreciated Capital Cost" has the meaning ascribed to it in subsection 13(21) of the Tax Act.

1.2 Interpretation Not Affected by Headings, etc.

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

1.3 Number, etc.

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

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 Entire Agreement

This Agreement, the Confidentiality Agreement, the Tournament Lock-Up Agreements, the Tropic Lock-Up Agreements and the Chamaelo Lock-Up Agreements, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

1.6 Currency

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

1.7 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under Canadian generally accepted accounting principles and all determinations of an accounting nature are required to be made in a manner consistent with Canadian generally accepted accounting principles.

1.8 Disclosure in Writing

Reference to disclosure in writing herein shall, in the case of Chamaelo, include disclosure to Chamaelo or its representatives, in the case of Tournament, include disclosure to Tournament or its representatives and in the case of Tropic, include disclosure to Tropic or its representatives. Disclosure in writing shall mean the disclosure statements delivered concurrently herewith by each of the Parties to the others.

1.9 Meaning of "Date Hereof", etc.

Reference in this Agreement to "date hereof", "date of this Agreement" and similar expressions shall mean October 24, 2005, unless otherwise expressly stated.

1.10 Exhibits

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

- I - Plan of Arrangement
- II - Tournament ExploreCo Conveyance Agreement
- III - Form of Tropic NewCo Indemnity
- IV - Form of Tropic Releases

ARTICLE 2 THE ARRANGEMENT

2.1 Plan of Arrangement

Each of Chamaelo, Tournament and Tropic will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Chamaelo Meeting, the Tournament Meeting and the Tropic Meeting, which shall be held concurrently on the same date, if practicable, for the purpose of considering and, if deemed advisable, approving the Arrangement Resolutions applicable to each. Provided all necessary approvals for the Arrangement Resolutions are obtained from the Chamaelo Securityholders, the Tournament Securityholders and the Tropic Shareholders, the Parties shall forthwith submit the Arrangement to the Court and jointly apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 6, Chamaelo, on behalf of each of Chamaelo, Tournament and Tropic shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Director pursuant to subsection 192(4) of the CBCA and the Registrar pursuant to Subsection 193(9) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

2.2 Interim Order

Subject to the approval of the Court, the Interim Order shall provide that:

- (a) for the purpose of the Chamaelo Meeting:
 - (i) the securities of Chamaelo for which holders shall be entitled to vote on the Arrangement Resolutions shall be the Chamaelo Voting Common Shares, the Chamaelo Non-Voting Common Shares, the Chamaelo Options, the Chamaelo Voting Warrants and the Chamaelo Non-Voting Warrants, but for other resolutions only holders of Chamaelo Voting Common Shares will be entitled to vote unless counsel to Chamaelo advises that the holders of other classes of securities are entitled to participate in such vote;
 - (ii) the Chamaelo Voting Common Shareholders, the Chamaelo Non-Voting Common Shareholders, the Chamaelo Optionholders and the Chamaelo Warrantholders shall be entitled to vote on the Arrangement Resolutions together as a single class, and not as separate classes, with each Chamaelo Shareholder being entitled to one vote for each Chamaelo Share held by such holder, each Chamaelo Optionholder being entitled to one vote for each Chamaelo Share issuable pursuant to the Chamaelo Options held by such holder and each Chamaelo Warrantholder being entitled to one vote for each Chamaelo Share issuable pursuant to the Chamaelo Warrants; and
 - (iii) the requisite majority for the approval of the Arrangement Resolutions shall be two-thirds, in the case of the Arrangement Resolutions and a simple majority for all other resolutions, of the votes cast by the Chamaelo Securityholders or the Chamaelo Shareholders as the case may be, present in person or by proxy at the Chamaelo Meeting, voting together as a single class, and not as separate classes;
- (b) for the purpose of the Tournament Meeting:
 - (i) the securities of Tournament for which holders shall be entitled to vote on the Arrangement Resolutions shall be the Tournament Shares, the Tournament Preferred Share, the Tournament Options, the Tournament Special Warrants and the Tournament Performance Warrants, but for other resolutions only holders of Tournament Shares will be entitled to vote unless counsel to Tournament advises that the holders of other classes of securities are entitled to participate in such vote;
 - (ii) the Tournament Shareholders, the Tournament Preferred Shareholder, the Tournament Optionholders, the Tournament Special Warrantholders and the Tournament Performance Warrantholders shall be entitled to vote on the Arrangement Resolutions together as a single class, and not as separate classes, with each Tournament Shareholder being entitled to one vote for each Tournament Share held by such holder, the Tournament Preferred Shareholder being entitled to one vote for each Tournament Share issuable upon the exercise of the Tournament Special Warrants, each Tournament Optionholder being entitled to one vote for each Tournament Share issuable pursuant to the Tournament Options held by such holder and each Tournament Performance

Warrantholder being entitled to one vote for each Tournament Share issuable pursuant to the Tournament Performance Warrants held by such holder; and

- (iii) the requisite majority for the approval of the Arrangement Resolutions shall be: two-thirds, in the case of the Arrangement Resolutions and a simple majority for all other resolutions, of the votes cast by the Tournament Securityholders or the Tournament Shareholders, as the case may be, present in person or by proxy at the Tournament Meeting, voting together as a single class, and not as separate classes;
- (c) for the purpose of the Tropic Meeting:
 - (i) the securities of Tropic for which holders shall be entitled to vote on the Arrangement Resolutions and other resolutions shall be the Tropic Common Shares and the Tropic Preferred Shares unless counsel to Tropic advises that the holders of other classes of securities are entitled to participate in such vote;
 - (ii) the Tropic Shareholders shall be entitled to vote on the Arrangement Resolutions together as a single class, and the holders of Tropic class C preferred shares, class D-1 preferred shares and class D preferred shares (the "**Voting Preferred Shareholders**") shall also be entitled to vote together as a single class, with each Tropic Common Shareholder being entitled to one vote for each Tropic Common Share held by such holder and each Tropic Preferred Shareholder entitled to one vote for each Tropic Preferred Share held by such holder; and
 - (iii) the requisite majority for the approval of the Arrangement Resolutions shall be two-thirds of all Tropic Shareholders voting together as a single class and 51% of the Voting Preferred Shareholders voting together as a single class, in the case of the Arrangement Resolutions and a simple majority for all other resolutions, of the votes cast by the Tropic Shareholders, present in person or by proxy at the Tropic Meeting, voting together as a single class, and not as separate classes.

2.3 Information Circulars and Meetings

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws:

- (a) Tropic shall:
 - (i) prepare the Information Circular and cause such circular to be mailed to the Tropic Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same is required to be mailed and filed; and
 - (ii) convene the Tropic Meeting; and
- (b) Tournament shall:
 - (i) prepare the Information Circular and cause such circular to be mailed to the Tournament Securityholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same is required to be mailed and filed; and

- (ii) convene the Tournament Meeting; and
- (c) Chamaelo shall:
 - (i) prepare the Information Circular and cause such circular to be mailed to the Chamaelo Securityholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same is required to be mailed and filed; and
 - (ii) convene the Chamaelo Meeting.

2.4 **Tournament ExploreCo**

Prior to the Effective Date, Tournament shall cause a new corporation to be incorporated under the ABCA ("**Tournament ExploreCo**").

2.5 **Tropic NewCo**

- (a) Prior to the Effective Date, Tropic shall cause a new corporation to be incorporated under the CBCA ("**Tropic NewCo**"). Tropic NewCo shall have such provisions included in its articles of incorporation as may be agreed by Chamaelo, Tournament and Tropic, acting reasonably. Prior to the Effective Time, Tropic shall not cause or permit Tropic NewCo to: (i) issue any securities or enter into any agreements to issue or grant options, warrants or rights to purchase any of its securities except for the issuance of a nominal number of common shares to Tropic on incorporation; or (ii) carry on any business, enter into any transaction or effect any corporate act whatsoever, other than as contemplated herein or as reasonably necessary to carry out the transactions contemplated by the Plan of Arrangement unless previously consented to in writing by Chamaelo and Tournament;
- (b) prior to the Effective Time, Tropic shall cause Tropic NewCo to include the Tropic NewCo Indemnity in the Tropic NewCo Conveyance Agreement; and
- (c) Tropic will ensure that all exchanges of Tropic Shares by Tropic Shareholders pursuant to the Plan of Arrangement will be carried out in compliance with the requirements of Section 116 of the Tax Act.

2.6 **Completion of Transactions**

Tournament shall cause Tournament ExploreCo to complete the transactions contemplated herein and by the Tournament ExploreCo Conveyance Agreement. Tropic shall cause Tropic NewCo to complete the transactions contemplated herein and by the Tropic NewCo Conveyance Agreement.

2.7 **Voting**

Tropic shall use its reasonable commercial efforts to obtain the Tropic Lock-Up Agreements from holders of at least holders of 80% of each of the Tropic Common Shares and the Tropic Preferred Shares within two weeks of signing this Agreement (with holders of 67% of the Tropic Shares signing agreements on or before the date hereof).

2.8 TSX Listing

Prior to the Effective Date, the Parties will make application to the TSX for the substitutional listing of Tropic on the TSX. Chamaelo shall pay any expenses incurred by Tropic in connection with the Subscription Receipt Offering and the application to the TSX for the substitutional listing of Tropic.

2.9 Indemnities

- (a) Chamaelo shall indemnify and save harmless Tournament and Tropic and the directors, officers and agents of Tournament and Tropic from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which either of them, or any director, officer or agent thereof, may be subject or which either of them, or any director, officer or agent thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:

- (i) any misrepresentation or alleged misrepresentation relating to Chamaelo in the Information Circular or in any material filed by or on behalf of Chamaelo in connection with the Arrangement in compliance or intended compliance with any Applicable Laws;
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation relating to Chamaelo in the Information Circular or in any material filed by or on behalf of Chamaelo in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the Chamaelo Shares; and
 - (iii) Chamaelo not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Chamaelo shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Tournament Information or the Tropic Information included in the Information Circular or the negligence of Tournament or Tropic.

- (b) Tournament shall indemnify and save harmless Chamaelo and Tropic and the directors, officers and agents of Chamaelo and Tropic from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which either of them, or any director, officer or agent thereof, may be subject or which either of them, or any director, officer or agent thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any misrepresentation or alleged misrepresentation relating to Tournament in the Information Circular or in any material filed by or on behalf of Tournament in connection with the Arrangement in compliance or intended compliance with any Applicable Laws;

- (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation relating to Tournament in the Information Circular or in any material filed by or on behalf of Tournament in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the Tournament Shares; and
- (iii) Tournament not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement.

except that Tournament shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Chamaelo Information or Tropic Information included in the Information Circular or the negligence of Chamaelo or Tropic; and

- (c) Tropic shall indemnify and save harmless Chamaelo and Tournament and the directors, officers and agents of each from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits or consequential damages) to which either of them, or any director, officer or agent thereof, may be subject or which either of them, or any director, officer or agent thereof may suffer, whether under the provisions of any statute or otherwise, in any way caused by, or arising, directly or indirectly, from or in consequence of:
 - (i) any misrepresentation or alleged misrepresentation relating to Tropic in the Information Circular or in any material filed by or on behalf of Tropic in connection with the Arrangement in compliance or intended compliance with any Applicable Laws;
 - (ii) any order made or any inquiry, investigation or proceeding by any securities commission or other competent authority based upon any untrue statement or omission or alleged untrue statement or omission of a material fact or any misrepresentation or any alleged misrepresentation relating to Tropic in the Information Circular or in any material filed by or on behalf of Tropic in compliance or intended compliance with applicable securities laws, which prevents or restricts the trading in the Tropic Shares; and
 - (iii) Tropic not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement;

except that Tropic shall not be liable in any such case to the extent that any such liabilities, claims, demands, losses, costs, damages and expenses arise out of or are based upon any misrepresentation or alleged misrepresentation of a material fact based solely on the Chamaelo Information or Tournament Information included in the Information Circular or the negligence of Chamaelo or Tournament.

2.10 **Effective Date**

The Arrangement shall become effective at the Effective Time on the Effective Date.

ARTICLE 3 COVENANTS

3.1 Covenants of Chamaelo

From the date hereof until the earlier of the Effective Date and termination of this Agreement, except with the prior written consent of the Parties (such consent not to be unreasonably withheld) and except as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) Chamaelo's business shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and Chamaelo shall consult with the other Parties in respect of the ongoing business and affairs of Chamaelo and keep the other Parties apprised of all material developments relating thereto;
- (b) Chamaelo shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue (other than on exercise of currently outstanding Chamaelo Options or Chamaelo Warrants), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Chamaelo, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Chamaelo; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Chamaelo; or (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (c) other than expenses committed to by Chamaelo prior to the date of this Agreement (which have been disclosed in writing prior to the date hereof), expenses related to health, safety, environment or the commitments or expenses related to the transactions contemplated hereby, Chamaelo will not directly or indirectly do any of the following: (i) sell, pledge, dispose of or encumber any assets except for production in the ordinary course of business for a consideration in excess of \$100,000 individually or \$500,000 in the aggregate; (ii) expend or commit to expend amounts in respect of capital or operating expenses in excess of \$250,000 individually or \$500,000 per month (on a cumulative basis) in the aggregate (excluding expenditures specified in Chamaelo's current 2005 budget as disclosed in writing prior to the date hereof); (iii) reorganize, amalgamate, merge or otherwise consolidate Chamaelo with any other person, corporation, partnership or other business organization whatsoever; (iv) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or, except for investments in securities made in the ordinary course of business, make any investment either by purchase of shares or securities, contributions of capital, property transfer, or, except in the ordinary course of business, purchase of any property or assets of any other individual or entity, in each case having a value in excess of \$100,000 individually or \$250,000 in the aggregate; (v) incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity,

or make any loans or advances, except in the ordinary course of business; (vi) pay, discharge or satisfy any material claims, liabilities or obligations other than disclosed in writing prior to the date hereof or reflected or reserved against in the Chamaelo Financial Statements or otherwise in the ordinary course of business; (vii) enter into any hedges, swaps or other financial instruments or like transactions; (viii) enter into any agreements for the sale of production having a term of more than thirty (30) days; (ix) enter into any consulting or contract operating agreement that cannot be terminated on thirty (30) days or less notice without penalty; or (x) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

- (d) Chamaelo shall not grant any officer, director, employee or consultant an increase in compensation in any form or take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements for any directors, officers, employees or consultants, nor adopt or amend (other than to permit accelerated vesting of options) or make any contribution to any bonus, profit-sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan from a trust fund or arrangement for the benefit of directors, officers, employees or consultants, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (e) Chamaelo shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
- (f) except as otherwise contemplated herein, no amendments shall be made to outstanding Chamaelo Options or Chamaelo Warrants without the prior written consent of Tournament and Tropic;
- (g) Chamaelo shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (h) Chamaelo shall promptly notify Tournament and Tropic in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Chamaelo, threatened) financial or otherwise, in its business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Chamaelo or of any change in any representation or warranty provided by Chamaelo in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Chamaelo shall in good faith discuss with Tournament and Tropic any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Chamaelo, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Tournament and Tropic pursuant to this provision;

- (i) Chamaelo shall use its reasonable commercial efforts to obtain the consent of its bankers and any other third party consents required for the transactions contemplated hereby and provide the same to the other Parties on or prior to the Effective Date;
- (j) Chamaelo shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 6.1, 6.3 and 6.4 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Chamaelo;
- (k) Chamaelo shall provide notice to Tournament and Tropic of the Chamaelo Meeting and allow representatives of Tournament and Tropic to attend such meeting;
- (l) subject to compliance by Tournament with subsection 3.2(o) and by Tropic with subsection 3.3(o), Chamaelo will ensure that the Information Circular provides Chamaelo Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them, and will set out the Tournament Information and Tropic Information in the Information Circular in the form approved by Tournament and Tropic, acting reasonably, and shall include, without limitation; (i) any financial statements that are required to be included therein in accordance with Applicable Laws; (ii) the unanimous determination of the board of directors of Chamaelo that the Arrangement is in the best interests of Chamaelo and Chamaelo Securityholders, including a unanimous recommendation of the board of directors of Chamaelo that the Chamaelo Securityholders vote in favour of the Arrangement Resolutions; and (iii) the fairness opinion of Chamaelo's financial advisor that the consideration to be received pursuant to the Arrangement is fair, from a financial point of view, to Chamaelo Shareholders; provided that, notwithstanding the covenants of Chamaelo in this subsection, prior to the completion of the Arrangement, the board of directors of Chamaelo may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of such board of directors acting reasonably, having received the advice of its outside legal counsel, such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the board of directors of Chamaelo and, if applicable, provided the board of directors shall have complied with the provisions of Sections 3.5 and 7.1;
- (m) Chamaelo will prepare the Information Circular and provide, in a timely and expeditious manner, all information as may be reasonably requested by the other Parties with respect to Chamaelo for inclusion in the Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof to enable Tournament and Tropic to meet the standards referred to in subsections 3.2(n) and 3.3(n) with respect to Chamaelo, the Arrangement and the transactions to be considered at the Tournament Meetings;
- (n) except for proxies and other non-substantive communications with securityholders, Chamaelo will furnish promptly to Tournament and Tropic or their respective counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Chamaelo in connection with: (i) the Arrangement; (ii) the Chamaelo Meeting; (iii) any filings by Chamaelo under Applicable Laws; and (iv) any dealings of Chamaelo with regulatory agencies in connection with the transactions contemplated hereby;
- (o) Chamaelo shall solicit proxies to be voted at the Chamaelo Meeting in favour of matters to be considered at the Chamaelo Meeting, including the Arrangement Resolutions applicable to Chamaelo;

- (p) Chamaelo shall conduct the Chamaelo Meeting in accordance with the by-laws of Chamaelo and any instrument governing the Chamaelo Meeting (including, without limitation, the Interim Order) as applicable, and as otherwise required by law;
- (q) Chamaelo will make all necessary filings and applications under Canadian federal and provincial and U.S. laws and regulations required to be made on the part of Chamaelo in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such laws and regulations; and
- (r) Chamaelo shall promptly advise Tournament and Tropic of the number of Chamaelo Securities for which Chamaelo receives notices of dissent or written objections to the Arrangement and provide Tournament and Tropic with copies of such notices and written objections prior to the Chamaelo Meeting.

Notwithstanding any of the foregoing, Chamaelo shall be entitled to seek approval from the Chamaelo Shareholders to approve the previous grants of stock options in excess of the number reserved pursuant to its current stock option plan.

3.2 Covenants of Tournament

From the date hereof until the earlier of the Effective Date and termination of this Agreement, except with the prior written consent of the Parties (such consent not to be unreasonably withheld), and except as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) Tournament's business and the business of each of its Subsidiaries shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, where it is an operator of any property, it shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and Tournament shall consult with the other Parties in respect of the ongoing business and affairs of Tournament and its Subsidiaries and keep the other Parties apprised of all material developments relating thereto;
- (b) Tournament and its Subsidiaries shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares (other than dividends or other distributions between Tournament and its Subsidiaries or between its Subsidiaries and dividends in specie or other distributions of the Tournament ExploreCo Shares); (iii) issue (other than on exercise of currently outstanding Tournament Options, Tournament Special Warrants or Tournament Performance Warrants), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Tournament, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Tournament; (iv) redeem, purchase or otherwise acquire any of Tournament's outstanding shares or other securities, except as permitted hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Tournament; or (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (c) other than expenses committed to by Tournament prior to the date of this Agreement (which have been disclosed in writing prior to the date hereof), expenses related to health,

safety, environment or the commitments and expenses related to the transactions contemplated hereby, Tournament will not, and will not permit its Subsidiaries to, directly or indirectly do any of the following: (i) sell, pledge, dispose of or encumber any assets except for production in the ordinary course of business, for a consideration in excess of \$100,000 individually or \$500,000 in the aggregate; (ii) expend or commit to expend amounts in respect of capital or operating expenses in excess of \$250,000 individually or \$500,000 per month (on a cumulative basis) in the aggregate (excluding expenditures specified in Tournament's current 2005 budget as disclosed in writing prior to the date hereof); (iii) reorganize, amalgamate, merge or otherwise consolidate Tournament or any of its Subsidiaries with any other person, corporation, partnership or other business organization whatsoever; (iv) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or, except for investments in securities made in the ordinary course of business, make any investment either by purchase of shares or securities, contributions of capital (other than to its Subsidiaries), property transfer, or, except in the ordinary course of business, purchase of any property or assets of any other individual or entity, in each case having a value in excess of \$100,000 individually or \$250,000 in the aggregate; (v) incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise as an accommodation become responsible for, the obligation of any other individual or entity, or make any loans or advances, except in the ordinary course of business or otherwise in excess of \$100,000 individually or \$500,000 in the aggregate; (vi) pay, discharge or satisfy any material claims, liabilities or obligations other than disclosed in writing prior to the date hereof or reflected or reserved against in the Tournament Financial Statements or otherwise in the ordinary course of business; (vii) enter into any hedges, swaps or other financial instruments or like transactions; (viii) enter into any agreements for the sale of production having a term of more than thirty (30) days; (ix) enter into any consulting or contract operating agreement that cannot be terminated on thirty (30) days or less notice without penalty; or (x) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;

- (d) neither Tournament nor any of its Subsidiaries shall adopt or amend or make any contribution to any bonus, profit sharing, option, pension, retirement, deferred compensation, insurance (other than trailing directors and officers insurance), incentive compensation, other compensation or other similar plan, agreement, trust, fund or arrangements for the benefit of employees, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;
- (e) Tournament Energy Partnership No. 1 and Tournament Energy Partnership No. 2 shall not have had fiscal years ending on or before the Effective Date and the tax election under subsection 97(2) of the Tax Act, and any related provincial legislation, shall not have been nor will be completed or filed with respect to Tournament Energy Partnership No. 1 and Tournament Energy Partnership No. 2;
- (f) Tournament shall not, nor permit any of its Subsidiaries to, grant any officer, director, employee or consultant an increase in compensation in any form or take any action with respect to the amendment or grant of any severance or termination pay policies or arrangements for any directors, officers, employees or consultants, nor adopt or amend (other than to permit accelerated vesting of options) or make any contribution to any

bonus, profit-sharing, option, pension, retirement, deferred compensation, insurance, incentive compensation, other compensation or other similar plan from a trust fund or arrangement for the benefit of directors, officers, employees or consultants, except as is necessary to comply with the law or with respect to existing provisions of any such plans, programs, arrangements or agreements;

- (g) Tournament shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;
- (h) except to permit early vesting, no amendments shall be made to outstanding Tournament Options, Tournament Special Warrants or Tournament Performance Warrants;
- (i) Tournament and its Subsidiaries shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (j) Tournament shall promptly notify Chamaelo and Tropic in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Tournament, threatened), financial or otherwise, in its (or its Subsidiaries) business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Tournament or of any change in any representation or warranty provided by Tournament in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Tournament shall in good faith discuss with Chamaelo and Tropic any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Tournament, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Chamaelo and Tropic pursuant to this provision;
- (k) Tournament shall use its reasonable commercial efforts to obtain the consent of its bankers and any other third party consents required for the transactions contemplated hereby and provide the same to the Parties on or prior to the Effective Date;
- (l) Tournament shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 6.1, 6.2 and 6.4 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Tournament;
- (m) Tournament shall provide notice to Chamaelo and Tropic of the Tournament Meeting and allow representatives of Chamaelo and Tropic to attend such meeting;
- (n) subject to compliance by Chamaelo with subsection 3.1(m) and by Tropic with subsection 3.3(o), Tournament will ensure that the Information Circular provides Tournament Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters before them and shall include, without limitation; (i) any financial statements that are required to be included therein in

accordance with Applicable Laws; (ii) the unanimous determination of the board of directors of Tournament that the Arrangement is in the best interests of Tournament and Tournament Securityholders, including a unanimous recommendation of the board of directors of Tournament that the Tournament Securityholders vote in favour of the Arrangement Resolutions; and (iii) the fairness opinion of Tournament's financial advisor that the consideration to be received pursuant to the Arrangement is fair, from a financial point of view, to Tournament Shareholders; provided that, notwithstanding the covenants of Tournament in this subsection, prior to the completion of the Arrangement, the board of directors of Tournament may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of such board of directors acting reasonably, having received the advice of its outside legal counsel, such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the board of directors of Tournament and, if applicable, provided the board of directors shall have complied with the provisions of Section 3.5;

- (o) Tournament will prepare the Information Circular and provide, in a timely and expeditious manner, all information as may be reasonably requested by the other Parties with respect to Tournament for inclusion in the Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof and to enable Chamaelo and Tropic to meet the standard referred to in subsections 3.1(l) and 3.3(n), respectively, with respect to Tournament, the Arrangement and the transactions to be considered at the Meetings;
- (p) except for proxies and other non-substantive communications with securityholders, Tournament will furnish promptly to Chamaelo and Tropic or their respective counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Tournament in connection with: (i) the Arrangement; (ii) the Tournament Meeting; (iii) any filings by Tournament under Applicable Laws; and (iv) any dealings of Tournament with regulatory agencies in connection with the transactions contemplated hereby;
- (q) Tournament shall solicit proxies to be voted at the Tournament Meeting in favour of matters to be considered at the Tournament Meeting, including the Arrangement Resolutions applicable to Tournament;
- (r) Tournament shall conduct the Tournament Meeting in accordance with the by-laws of Tournament and any instrument governing the Tournament Meeting (including, without limitation, the Interim Order), as applicable, and as otherwise required by law;
- (s) Tournament will make all necessary filings and applications under Canadian federal and provincial and U.S. laws and regulations required to be made on the part of Tournament in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such laws and regulations; and
- (t) Tournament shall promptly advise Chamaelo and Tropic of the number of Tournament Securities for which Tournament receives notices of dissent or written objections to the Arrangement and provide Chamaelo and Tropic with copies of such notices and written objections prior to the Tournament Meeting.

3.3 Covenants of Tropic

From the date hereof until the earlier of the Effective Date and termination of this Agreement, except with the prior written consent of Parties (such consent not to be unreasonably withheld), and except as otherwise expressly permitted or specifically contemplated by this Agreement:

- (a) Tropic's business and the business of each of its Subsidiaries shall be conducted only in the usual and ordinary course of business consistent with past practices (for greater certainty, it shall maintain in full force and effect and in good standing any and all permits, authorizations, approvals and licences, necessary in order to permit Tropic and any of its Subsidiaries to carry its business as currently conducted) and Tropic shall consult with the other Parties in respect of the ongoing business and affairs of Tropic and its Subsidiaries and keep the other Parties apprised of all material developments relating thereto;
- (b) Tropic and its Subsidiaries shall not directly or indirectly do or permit to occur any of the following: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue (other than on exercise of currently outstanding Tropic Options or Tropic Warrants, pursuant to the Subscription Receipt Offering or the grant of Tropic Options in the ordinary course of business), grant, sell or pledge or agree to issue, grant, sell or pledge any shares of Tropic, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, shares of Tropic; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities, except as permitted hereunder; (v) split, combine or reclassify any of its shares; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Tropic; or (vii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (c) Tropic will not, and will not permit its Subsidiaries to, directly or indirectly do any of the following: (i) reorganize, amalgamate, merge or otherwise continue Tropic or any of its Subsidiaries with any other person, corporation, partnership or other business organization whatsoever; (ii) acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership or other business organization or division thereof, or, except for investments in securities made in the ordinary course of business, make any investment either by purchase of shares or securities, contributions of capital (other than to its Subsidiaries), property transfer, or, except in the ordinary course of business, purchase of any property or assets of any other individual or entity, in each case having a value in excess of \$100,000 individually or \$250,000 in the aggregate; or (iii) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (d) Tropic shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect;

- (e) except as otherwise contemplated herein, no amendments shall be made to outstanding Tropic Options or Tropic Warrants without the prior written consent of Chamaelo and Tournament and no Tropic Options or Tropic Warrants will be outstanding as of the Effective Date;
- (f) Tropic will use its reasonable commercial efforts to take such steps and obtain such consents from Tropic Optionholders or Tropic Warrantholders prior to the date of mailing the Information Circular as may be required to provide for the exchange of the Tropic Options and the Tropic Warrants held by such holders after the Tropic Meeting and prior to the Effective Date for equivalent options and warrants issued by Tropic NewCo;
- (g) Tropic and its Subsidiaries shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (h) Tropic shall promptly notify Chamaelo and Tournament in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Tropic, threatened), financial or otherwise, in its (or its Subsidiary's) business, operations, affairs, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Tropic or of any change in any representation or warranty provided by Tropic in this Agreement which change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Tropic shall in good faith discuss with Chamaelo and Tournament any change in circumstances (actual, anticipated, contemplated or, to the knowledge of Tropic, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Chamaelo and Tournament pursuant to this provision;
- (i) Tropic shall use its reasonable commercial efforts to obtain the consent of its bankers and any other third party consents required for the transactions contemplated hereby and provide the same to the other Parties on or prior to the Effective Date;
- (j) Tropic shall use its reasonable commercial efforts to obtain releases, and/or consents to assignments, to the extent required, made by Tropic from, any party that has current contractual rights with Tropic;
- (k) Tropic shall provide all documentation in connection with the Tropic NewCo Conveyance Agreement to Chamaelo and Tournament for review and approval prior to the execution thereof, such approval not to be unreasonably withheld;
- (l) Tropic shall use its reasonable commercial efforts to satisfy or cause satisfaction of the conditions set forth in Sections 6.1, 6.2 and 6.3 as soon as reasonably possible to the extent that the satisfaction of the same is within the control of Tropic;
- (m) Tropic shall provide notice to Chamaelo and Tournament of the Tropic Meeting and allow representatives of Chamaelo and Tournament to attend such meeting;
- (n) subject to compliance by Chamaelo with subsection 3.1(m) and by Tournament with subsection 3.2(o), Tropic will ensure that the Information Circular provides Tropic Shareholders with information in sufficient detail to permit them to form a reasoned

judgment concerning the matters before them, and will set out the Chamaelo Information and Tournament Information in the Information Circular in the form approved by Chamaelo and Tournament, acting reasonably, and shall include, without limitation; (i) any financial statements that are required to be included therein in accordance with Applicable Laws, and (ii) the unanimous determination of the board of directors of Tropic that, based on a third party valuation, the Arrangement is fair to Tropic Shareholders from a financial point of view, is in the best interests of Tropic and Tropic Shareholders, including a unanimous recommendation that the Tropic Shareholders vote in favour of Arrangement Resolutions; provided that, notwithstanding the covenants of Tropic in this subsection, prior to the completion of the Arrangement, the board of directors of Tropic may withdraw, modify or change the recommendation regarding the Arrangement if, in the opinion of such board of directors acting reasonably, having received the advice of its outside legal counsel, such withdrawal, modification or change is required to act in a manner consistent with the fiduciary duties of the board of directors of Tropic and, if applicable, provided the board of directors shall have complied with the provisions of Section 3.5;

- (o) Tropic will prepare the Information Circular and provide, in a timely and expeditious manner, all information as may be reasonably requested by the other Parties with respect to Tropic for inclusion in the Information Circular and any amendments or supplements thereto, in each case complying in all material respects with all applicable legal requirements on the date of issue thereof and to enable Chamaelo and Tournament to meet the standard referred to in subsections 3.1(l) and 3.2(n), respectively, with respect to Tropic, the Arrangement and the transactions to be considered at the Meetings;
- (p) except for proxies and other non-substantive communications with securityholders, Tropic will furnish promptly to Chamaelo and Tournament or their respective counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Tropic in connection with: (i) the Arrangement; (ii) the Tropic Meeting; (iii) any filings by Tropic under Applicable Laws; and (iv) any dealings of Tropic with regulatory agencies in connection with the transactions contemplated hereby;
- (q) Tropic shall solicit proxies to be voted at the Tropic Meeting in favour of matters to be considered at the Tropic Meeting, including the Arrangement Resolutions;
- (r) Tropic shall conduct the Tropic Meeting in accordance with the by-laws of Tropic and any instrument governing the Tropic Meeting (including, without limitation, the Interim Order), as applicable, and as otherwise required by law;
- (s) Tropic will make all necessary filings and applications under Canadian federal and provincial and U.S. laws and regulations required to be made on the part of Tropic in connection with the transactions contemplated herein and shall take all reasonable action necessary to be in compliance with such laws and regulations, provided that any such filings to be made by Tropic in connection with the Subscription Receipt Offering or the continuance of Tropic under the ABCA shall be made at the expense of and with the assistance of Chamaelo; and
- (t) Tropic shall promptly advise Chamaelo and Tournament of the number of Tropic Shares for which Tropic receives notices of dissent or written objections to the Arrangement and provide Chamaelo and Tournament with copies of such notices and written objections prior to the Tropic Meeting.

3.4 **Mutual Covenants Regarding the Arrangement**

Commencing on the date of execution of this Agreement and ending on the earlier of the Effective Date and the termination of this Agreement, each of Chamaelo, Tournament and Tropic will use its reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to provide to the other Parties, at least one Business Day prior to the filing thereof unless otherwise agreed, a copy of any press release relating in any way to the Arrangement for their review,
- (b) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases and other contracts;
- (c) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby;
- (d) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement, and each of Chamaelo, Tournament and Tropic will use its reasonable commercial efforts to cooperate with the others in connection with the performance by the others of their obligations under this Section 3.4 including, without limitation, continuing to provide reasonable access to information and to maintain ongoing communications as between officers of Chamaelo, Tournament and Tropic, subject in all cases to the Confidentiality Agreement;
- (e) to ensure that, subject to Applicable Laws, (i) Tournament ExploreCo may use the name "Tournament" but not "Tournament Energy" upon completion of the Arrangement, and (ii) Tournament shall cease to use the name "Tournament" within one month of completion of the Arrangement; and
- (f) to ensure that, subject to Applicable Laws, Tropic NewCo may use the name "Tropic Networks" upon completion of the Arrangement.

3.5 **Mutual Covenants Regarding Non-Solicitation**

- (a) Each Party shall immediately cease and cause to be terminated all existing discussions and negotiations (including, without limitation, through any advisors or other parties on its behalf), if any, with any parties conducted before the date of this Agreement with respect to any Acquisition Proposal and shall immediately request the return or destruction of all information provided to any third parties who have entered into a confidentiality agreement with such party relating to an Acquisition Proposal and shall use all reasonable commercial efforts to ensure that such requests are honoured.
- (b) No Party shall, directly or indirectly, do or authorize or permit any of its officers, directors or employees or any financial advisor, expert or other representative retained by it to do, any of the following:
 - (i) solicit, facilitate, initiate or encourage any Acquisition Proposal;

- (ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other person any information with respect to their respective businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;
- (iii) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including, without limitation, any **"standstill provisions"** thereunder; or
- (iv) accept, recommend, approve or enter into an agreement to implement an Acquisition Proposal;

provided, however, that notwithstanding any other provision hereof, each Party and its officers, directors and advisers may:

- (v) enter into or participate in any discussions or negotiations with a third party who (without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by such party or any of its officers, directors or employees or any financial advisor, expert or other representative retained by it) seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality agreement substantially similar to the Confidentiality Agreement (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to the other Parties as set out below), may furnish to such third party information concerning such Party and its business, properties and assets, in each case if, and only to the extent that:
 - (A) the third party has first made a written bona fide Acquisition Proposal which the board of directors of such Party determines in good faith: (1) that funds or other consideration necessary for the Acquisition Proposal are or are likely to be available; (2) (after consultation with its financial advisor) would, if consummated in accordance with its terms, result in a transaction financially superior for securityholders of the Receiving Party than the transaction contemplated by this Agreement; and (3) after receiving the advice of outside counsel that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under Applicable Laws (a **"Superior Proposal"**); and
 - (B) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, such Party provides prompt notice to the other Parties to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity together with a copy of the confidentiality agreement referenced above and if not previously provided to the other Parties, copies of all information provided to such third party concurrently with the provision of such information to such third party, and provided further that such Party shall notify the other Parties orally and in writing of any inquiries, offers or proposals with

respect to a Superior Proposal (which written notice shall include, without limitation, a copy of any such proposal (and any amendments or supplements thereto), the identity of the person making it, if not previously provided to the other Parties, copies of all information provided to such party and all other information reasonably requested by the other Parties), within 24 hours of the receipt thereof, shall keep the other Parties informed of the status and details of any such inquiry, offer or proposal and answer the other Party's questions, acting reasonably, with respect thereto; or

- (vi) comply with Section 172 of the *Securities Act* (Alberta) and similar provisions under applicable Canadian securities laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and
 - (vii) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, its board of directors shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement and after receiving the advice of outside counsel as reflected in minutes of the board of directors of such Party, that the taking of such action is necessary for the board of directors in discharge of its fiduciary duties under Applicable Laws and such Party complies with its obligations set forth in subsection 3.5(c) and terminates this Agreement in accordance with Section 9.1 and if applicable, concurrently therewith pays the amount required by Section 7.1.
- (c) Each Party in receipt of a Superior Proposal (a "**Receiving Party**") shall give the other Parties, orally and in writing, at least two Business Days advance notice of any decision by its board of directors to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall identify the third party making the Superior Proposal and shall provide a true and complete copy thereof and any amendments thereto.
- (d) Each Party agrees that all information that may be provided to it by the other Parties with respect to any Superior Proposal pursuant to this Section 3.5 shall be treated as if it were "**Confidential Information**" as such term is defined in the Confidentiality Agreement and shall not be disclosed or used except in accordance with the provisions of the Confidentiality Agreement, or in order to enforce its rights under this Agreement in legal proceedings.
- (e) Each Party shall ensure that its officers, directors and employees and any investment bankers or other advisers or representatives retained by it are aware of the provisions of this Section 3.5. Chamaelo shall be responsible for any breach of this Section 3.5 by its officers, directors, employees, investment bankers, advisors or representatives, Tournament shall be responsible for any breach of this Section 3.5 by its officers, directors, employees, investment bankers, advisors or representatives and Tropic shall be responsible for any breach of this Section 3.5 by its officers, directors, employees, investment bankers, advisors or representatives.

3.6 Mutual Standstill Provisions

Commencing on the date of execution of this Agreement and ending on the earlier of the Effective Date and the termination of this Agreement, other than pursuant to this Agreement, the Arrangement and the transactions contemplated hereby and thereby, each Party agrees that it will not, except in accordance with this Agreement or the Arrangement or with the prior written consent of the other Parties, which approval may be given on such terms as the other Parties may determine:

- (a) acquire or agree to acquire, or make any proposal or offer to acquire, in any manner, either directly or indirectly, any securities or properties of any other Party (provided that the provisions hereof shall not be interpreted to prohibit the Parties or their affiliates from continuing to conduct business with any other Party in the ordinary course of business and consistent with past practice);
- (b) commence a take-over bid for any securities of any other Party;
- (c) solicit proxies from holders of securities of any other Party, otherwise attempt to influence the vote or conduct of the holders of the securities of any other Party, or otherwise act alone or in concert with others to seek to control or to influence the management, board of directors or policies of any other Party; or
- (d) engage in any discussion or negotiations or enter into any agreement, commitment or understanding or otherwise act in concert with any third party to propose or effect any business combination or other transaction of any nature or kind with respect to any other Party.

3.7 Access to Information

Subject to the Confidentiality Agreement and applicable law, upon reasonable notice, each Party shall, and shall cause each of its Subsidiaries to, afford the other Parties' officers, employees, counsel, accountants and other authorized representatives and advisers access, during normal business hours from the date hereof and until the earlier of the Effective Date or the termination of this Agreement, to its properties, books, contracts and records as well as to its management personnel, and shall (and shall cause each of its Subsidiaries to) furnish promptly to the other Parties all information concerning its business, properties and personnel as the other Parties may reasonably request.

ARTICLE 4 PRIVATE PLACEMENTS AND INCENTIVE PLANS

4.1 Tropic

Subject to receipt of all necessary approvals, Tropic shall

- (a) prior to the completion of the Arrangement, do all things necessary to complete the Subscription Receipt Offering and will deposit in escrow the proceeds of the Subscription Receipt Offering with Valiant Trust Company or some other duly appointed trust company; and
- (b) adopt the Tropic Stock Option Plan and submit the same to the securityholders of Tropic, Chamaelo and Tournament in connection with the Arrangement for approval.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of Chamaelo

Chamaelo hereby makes the representations and warranties set forth in this Section 5.1 to and in favour of Tournament and Tropic and acknowledges that Tournament and Tropic are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) Chamaelo is a corporation duly incorporated, and validly subsisting under the laws of its jurisdiction of incorporation, and has the requisite corporate power and authority to carry on its business as it is now being conducted. Chamaelo is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on the business, operations or financial condition of Chamaelo.
- (b) Chamaelo has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Chamaelo of the transactions contemplated hereby have been duly authorized by Chamaelo's board of directors and, subject to obtaining securityholder approval, no other corporate proceedings on the part of Chamaelo are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Chamaelo and constitutes a legal, valid and binding obligation of Chamaelo enforceable against Chamaelo in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.
- (c) Neither the execution and delivery of this Agreement by Chamaelo, the consummation by Chamaelo of the transactions contemplated hereby nor compliance by Chamaelo with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Chamaelo under, any of the terms, conditions or provisions of (A) the articles or bylaws or other constating documents of Chamaelo, or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Chamaelo is a party or to which it, or its properties or assets, may be subject or by which Chamaelo is bound (subject to obtaining the consent of Chamaelo's bankers); or (ii) subject to compliance with Applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Chamaelo or its subsidiary (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Chamaelo, or on the ability of Chamaelo to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Chamaelo.

- (d) Chamaelo has authorized an unlimited number of Chamaelo Voting Common Shares and an unlimited number of Chamaelo Non-Voting Common Shares of which, as at the date of this Agreement, Chamaelo has issued and outstanding 17,291,419 Chamaelo Voting Common Shares, and 3,076,923 Chamaelo Non-Voting Common Shares. In addition, as at the date of this Agreement, Chamaelo has issued and outstanding: (i) Chamaelo Options entitling the holders thereof to acquire 1,749,000 Chamaelo Shares, (ii) Chamaelo Voting Warrants entitling the holders thereof to acquire no more than 698,335 Chamaelo Voting Common Shares, and (iii) Chamaelo Non-Voting Warrants entitling the holders thereof to acquire no more than 3,076,923 Chamaelo Non-Voting Common Shares. Except as aforesaid, there are no outstanding shares of Chamaelo or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Chamaelo or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Chamaelo of any unissued shares of Chamaelo (including Chamaelo Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Chamaelo. All outstanding Chamaelo Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights, and all Chamaelo Voting Common Shares issuable upon exercise or conversion of outstanding Chamaelo Options or Chamaelo Voting Warrants, and all Chamaelo Non-Voting Common Shares issuable upon exercise of outstanding Chamaelo Non-Voting Warrants, in accordance with their respective terms, will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights.
- (e) Since the date of the Chamaelo Financial Statements, except as disclosed in the Public Record:
 - (i) there has been no material adverse change (or any condition, event or development involving a prospective change that could be materially adverse to Chamaelo) in the business, affairs, operations, assets, capitalization, financial condition, prospect, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Chamaelo;
 - (ii) Chamaelo has conducted its business only in the ordinary and normal course; and
 - (iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Chamaelo has been incurred other than in the ordinary and normal course of business.
- (f) The data and information in respect of Chamaelo and its assets, reserves, liabilities, business and operations provided (or made available) by Chamaelo or its advisors to Tournament or Tropic or their respective advisors was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof. Chamaelo has no knowledge of any material adverse change to the oil and gas reserves of Chamaelo from that disclosed in such data and information.
- (g) Except as disclosed in the Public Record, there are no outstanding or threatened claims, suits, actions or proceedings against Chamaelo which, if determined adversely to Chamaelo, would have a material adverse effect on the business, operations or financial

condition of Chamaelo or on the ability of Chamaelo to consummate the transactions contemplated hereby.

- (h) The Chamaelo Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Chamaelo at the dates thereof and the results of the operations of Chamaelo for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Chamaelo as at the dates thereof.
- (i) Chamaelo has not received notice of any material violation of or investigation relating to any federal, provincial or local law, regulation or ordinance with respect to its assets, business or operations and Chamaelo holds all permits, licenses and other authorizations which are required under federal, provincial or local laws relating to its assets, business or operations except where the failure to hold the same would not have a material adverse affect on Chamaelo, taken as a whole. The assets of Chamaelo are operated and maintained by it in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects.
- (j) No securities commission or similar regulatory authority, or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Chamaelo, no such proceeding is, to the knowledge of Chamaelo, pending, contemplated or threatened and Chamaelo is not, to its knowledge, in default of any requirement of any securities laws, rules or policies applicable to Chamaelo or its securities.
- (k) There shall be no payments to directors, officers and employees of Chamaelo prior to the Effective Date or as a result of the transactions contemplated hereby under all contract settlements, bonus plans, retention arrangements, change of control agreements and severance obligations (whether resulting from termination or alteration of duties).
- (l) Other than Sprott Securities Inc. and GMP Securities Ltd., Chamaelo has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated. Chamaelo has delivered or made available true and current copies of or advised of the terms of all agreements between Chamaelo and its financial advisors which could give rise to the payment of any fees to such financial advisors.
- (m) The board of directors of Chamaelo has unanimously approved the Arrangement and this Agreement, has unanimously determined that the Arrangement and this Agreement are in the best interests of Chamaelo and the Chamaelo Securityholders, and has, based on the verbal opinion of its financial advisor, unanimously determined that the Arrangement is fair, from a financial point of view, to Chamaelo Securityholders and has resolved to unanimously recommend the approval of the Arrangement by Chamaelo Securityholders.
- (n) Each of its senior officers and directors have advised Chamaelo that they intend to vote in favour of the Arrangement Resolutions applicable to Chamaelo.
- (o) Chamaelo is not a party to and Chamaelo will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Chamaelo Shares or other securities of Chamaelo or rights, entitlements or

privileges in favour of any person upon the entering into of this Agreement or the Arrangement, other than agreements and contracts relating to the Chamaelo Options and Chamaelo Warrants and any agreement in relation thereto which may provide for the acceleration of vesting.

- (p) To the knowledge of the management of Chamaelo, none of the Chamaelo Shares are the subject of any escrow, voting trust or other similar agreement except the voluntary hold agreements entered into with directors and officers who participated in the June 2005 private placement.
- (q) Chamaelo does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of the shares of Chamaelo that have not yet been fully expended and renounced and reflected in the Chamaelo Financial Statements.
- (r) There is not:
 - (i) any order or directive from any regulatory authority which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures;
 - (ii) any demand or notice from any regulatory authority with respect to the material breach of any environmental, health or safety law applicable to Chamaelo or its business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants; or
 - (iii) any spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes, which have not been rectified, on any of the properties or assets owned or leased by Chamaelo or in which it has an interest or over which it has control, except for any such spills, releases, deposits or discharges which, in aggregate, would not have a material adverse effect on the business, operations or financial condition of Chamaelo.
- (s) Chamaelo has no Subsidiaries.
- (t) The corporate records and minute books, books of account and other records of Chamaelo have (whether of a financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects.
- (u) Chamaelo is a "reporting issuer" or equivalent in the provinces of British Columbia, Alberta, Manitoba, Ontario and Quebec and the outstanding Chamaelo Voting Common Shares are listed and posted for trading on the TSX.
- (v) Valiant Trust Company, at its principal offices in Calgary, Alberta and through its co-agent Equity Transfer Services Inc. at its principal office in Toronto, Ontario, is the duly appointed registrar and transfer agent of Chamaelo with respect to the Chamaelo Voting Common Shares.

- (w) To the extent required, all Returns have been duly filed on a timely basis and all Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis. Except for matters disclosed in the Chamaelo Financial Statements, the filed Returns are true, complete and correct in all material respects, and no other Taxes are payable by Chamaelo with respect to items or periods covered by such Returns.
- (x) No material deficiencies exist or have been asserted with respect to Taxes. Chamaelo is not a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against Chamaelo or its assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns. The Returns have never been audited by a government or taxing authority, nor is any such audit in process, pending or threatened which resulted in or could result in a reassessment of Taxes owing by Chamaelo.
- (y) No contingent Tax liabilities, or grounds which could reasonably be expected to support an assessment or reassessment of Taxes by any applicable authority, exist with respect to Chamaelo.
- (z) Chamaelo has, and immediately prior to the Effective Time will have, available tax pools of at least \$41 million in the aggregate.
- (aa) Chamaelo has withheld as required by law and duly remitted on a timely basis all Taxes, withholdings, deductions, levies or other amounts which it is required to withhold or remit, including remittances with respect to income tax, withholding tax, GST, HST and employee source deductions. All instalments on account of Taxes due and payable with respect to periods ending on or before the Effective Date have been paid by and Chamaelo has made adequate provision for Taxes payable by it in respect of any period ending on or before the Effective Date for which Tax Returns have not been filed.
- (bb) No director, officer, insider or other non-arm's length party to Chamaelo (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Chamaelo that will be effective after the Effective Date.
- (cc) Except as disclosed in the Public Record, no director, officer, insider or other non-arm's length party is indebted to Chamaelo.
- (dd) Except for indemnity agreements with its directors and officers (which if not entered prior to the date hereof, will be entered in Chamaelo's standard form prior to the Effective Time), and guarantees or indemnities provided in the ordinary course of its oil and gas operations, Chamaelo is not a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation.
- (ee) The policies of insurance in force at the date hereof naming Chamaelo as an insured and as disclosed prior to the date hereof, to the knowledge of Chamaelo, remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated herein.

- (ff) Chamaelo has provided to Tournament and Tropic copies of all management recommendation letters relating to Chamaelo received from Chamaelo's current auditor.
- (gg) To the knowledge of Chamaelo, Chamaelo has not withheld from Tournament or Tropic any material information or documents concerning Chamaelo or its assets or liabilities during the course of their review of Chamaelo and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided or to be provided to Tournament and Tropic by Chamaelo pursuant hereto contains or will contain an untrue statement or omit a material fact which is necessary to make the statements herein or therein not misleading.

5.2 Representations and Warranties of Tournament

Tournament hereby makes the representations and warranties set forth in this Section 5.2 to and in favour of Chamaelo and Tropic and acknowledges that Chamaelo and Tropic are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) Each of Tournament, 1195267 Alberta Ltd., 1195273 Alberta Ltd., Tournament Energy Partnership No. 1 and Tournament Energy Partnership No. 2 is a corporation or partnership duly incorporated or amalgamated or, in the event of a partnership, formed, and validly subsisting under the laws of its jurisdiction of incorporation, amalgamation or formation, as applicable and has the requisite corporate or partnership power and authority to carry on its business as it is now being conducted. Each of Tournament, 1195267 Alberta Ltd., 1195273 Alberta Ltd., Tournament Energy Partnership No. 1 and Tournament Energy Partnership No. 2 is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on the business, operations or financial condition of Tournament and its Subsidiaries taken as a whole.
- (b) Tournament has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Tournament of the transactions contemplated hereby have been duly authorized by Tournament's board of directors and, subject to obtaining shareholder approval, no other corporate proceedings on the part of Tournament are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Tournament and constitutes a legal, valid and binding obligation of Tournament enforceable against Tournament in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.
- (c) Neither the execution and delivery of this Agreement by Tournament, the consummation by Tournament or any of its Subsidiaries of the transactions contemplated hereby nor compliance by Tournament with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Tournament or any of its Subsidiaries under, any of the terms,

conditions or provisions of (A) the articles, bylaws or other constating documents of Tournament or any of its Subsidiaries, or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Tournament or any of its Subsidiaries is a party or to which it, or its properties or assets, may be subject or by which Tournament or any of its Subsidiaries is bound (subject to obtaining the consent of Tournament's bankers); or (ii) subject to compliance with Applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Tournament or any of its Subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have any material adverse effect on the business, operations or financial condition of Tournament and its Subsidiaries taken as a whole, or on the ability of Tournament or any of its Subsidiaries to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Tournament and its Subsidiaries taken as a whole.

- (d) Tournament has authorized an unlimited number of Tournament Shares and one Tournament Preferred Share of which, as the date of this Agreement, Tournament has issued and outstanding 9,472,373 Tournament Shares and one Tournament Preferred Share. In addition, as the date of this Agreement, Tournament has issued and outstanding: (i) 18,975,000 Tournament Special Warrants (ii) Tournament Options entitling the holders thereof to acquire 2,844,737 Tournament Shares, and (iii) Tournament Performance Warrants entitling the holders thereof to acquire 1,559,999 Tournament Shares. The Tournament Special Warrants entitle the holders thereof to acquire 18,975,000 Tournament Shares. Except as aforesaid, there are no outstanding shares of Tournament or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Tournament or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Tournament of any shares of Tournament (including Tournament Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Tournament. All outstanding Tournament Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights (except as provided in the Tournament Shareholder Agreement), and all Tournament Shares issuable upon exercise or conversion of outstanding Tournament Options, Tournament Special Warrants and Tournament Performance Warrants in accordance with their respective terms, will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights.
- (e) Since the date of the Tournament Financial Statements:
 - (i) each of Tournament and its Subsidiaries has conducted its business only in the ordinary and normal course; and
 - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to Tournament or any of its Subsidiaries has been incurred to the date hereof other than in the ordinary and normal course of business.

- (f) The data and information in respect of Tournament and its assets, reserves, liabilities, business and operations provided (or made available) by Tournament or its advisors to Chamaelo or Tropic or their respective advisors was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof. As of the date hereof, Tournament has no knowledge of any material adverse change to the oil and gas reserves of Tournament from that disclosed in such data and information.
- (g) As of the date hereof there are no outstanding or threatened claims, suits, actions or proceedings against Tournament or any of its Subsidiaries which, if determined adversely to Tournament or any of its Subsidiaries, would have a material adverse effect on the business, operations or financial condition of Tournament, or on the ability of Tournament and its Subsidiaries, taken as a whole, or any of its Subsidiaries to consummate the transactions contemplated hereby.
- (h) The Tournament Financial Statements fairly present, in accordance with generally accepted accounting principles in Canada, consistently applied, the financial position and condition of Tournament and its Subsidiaries on a consolidated basis at the dates thereof and the results of the operations of Tournament and its Subsidiaries on a consolidated basis for the periods then ended and reflect all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Tournament and its Subsidiaries on a consolidated basis as at the dates thereof.
- (i) As of the date hereof, neither Tournament nor any of its Subsidiaries has received notice of any material violation of or investigation relating to any federal, provincial or local law, regulation or ordinance with respect to its assets, business or operations and Tournament holds all permits, licenses and other authorizations which are required under federal, provincial or local laws relating to its assets, business or operations except where the failure to hold same would not have a material adverse affect on Tournament or its Subsidiaries, taken as a whole. The assets of Tournament and each of its Subsidiaries are operated and maintained by it in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects.
- (j) As of the date hereof, no securities commission or similar regulatory authority, or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Tournament, no such proceeding is, to the knowledge of Tournament, pending, contemplated or threatened and Tournament is not, to its knowledge, in default of any requirement of any securities laws, rules or policies applicable to Tournament or its securities.
- (k) Except as otherwise disclosed in writing prior to the date hereof, Tournament is not a party to any written employment agreements.
- (l) Payments to directors, officers and employees of Tournament prior to the Effective Date or as a result of the transactions contemplated hereby under all contract settlements, bonus plans, retention arrangements, change of control agreements and severance obligations (whether resulting from termination or alteration of duties) shall not exceed \$850,000 (pursuant to all contractual entitlements).

- (m) Other than Tristone Capital Inc., Tournament has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated. Tournament has delivered or made available true and current copies of or advised of the terms of all agreements between Tournament and its financial adviser which could give rise to the payment of any fees to such financial adviser. Tournament may only retain additional financial advisors with the consent of Chamaelo and Tropic.
- (n) The board of directors of Tournament has unanimously endorsed the Arrangement and approved this Agreement, has unanimously determined that the Arrangement and this Agreement are in the best interests of Tournament and the Tournament Securityholders, and has received a verbal opinion of its financial advisor that the Arrangement is fair, from a financial point of view, to Tournament Securityholders and has resolved to unanimously recommend approval of the Arrangement by Tournament Securityholders.
- (o) Each of its senior officers and directors have advised Tournament that they intend to vote in favour of the Arrangement Resolutions applicable to Tournament.
- (p) Other than a shareholder agreement entered into among certain of the Tournament Shareholders dated September 30, 2002 (the "**Tournament Shareholder Agreement**") which will not interfere with or impede the completion of the Arrangement, Tournament is not a party to and, prior to the Effective Date, Tournament will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Tournament Shares or other securities of Tournament or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement.
- (q) To the knowledge of the management of Tournament, none of the Tournament Shares are the subject of any escrow, voting trust or other similar agreement except as contemplated by the Tournament Shareholder Agreement.
- (r) Tournament does not have any outstanding obligations to incur and/or renounce any Canadian exploration expenditures or Canadian development expenditures to any purchaser of the shares of Tournament that have not yet been fully expended and renounced and reflected in the Tournament Financial Statements.
- (s) As of the date hereof, there is not (or are not):
 - (i) any order or directive from any regulatory authority which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures;
 - (ii) any demand or notice from any regulatory authority with respect to the material breach of any environmental, health or safety law applicable to Tournament or any of its Subsidiaries or any of their respective business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants; or
 - (iii) any spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes, which have not been rectified, on any of the properties

or assets owned or leased by Tournament or its Subsidiaries or in which it has an interest or over which it has control, except for any such spills, releases, deposits or discharges which, in aggregate, would not have a material adverse effect on the business, operations or financial condition of Tournament and its Subsidiaries taken as a whole.

- (t) All of the partnership interests in Tournament Energy Partnership No. 1 and Tournament Energy Partnership No. 2 are held by Tournament, directly or indirectly. The only Subsidiaries of Tournament are 1195267 Alberta Ltd. and 1195273 Alberta Ltd. Tournament legally and beneficially owns all of the outstanding shares and other securities or interests of 1195267 Alberta Ltd. and 1195273 Alberta Ltd. and no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of such subsidiary or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase or issuance of any shares or other securities of such Subsidiary.
- (u) Tournament Energy Partnership No. 1 and Tournament Energy Partnership No. 2 shall not have had fiscal years ending on or before the Effective Date and the tax election under subsection 97(2) of the Tax Act, and any related provincial legislation, shall not have been nor will be completed or filed with respect to Tournament Energy Partnership No. 1 and Tournament Energy Partnership No. 2.
- (v) The corporate and partnership records and minutes books, books of account and other records of Tournament, 1195267 Alberta Ltd., 1195273 Alberta Ltd., Tournament Energy Partnership No. 1 and Tournament Energy Partnership No. 2 (whether of a financial or accounting nature or otherwise) have been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects.
- (w) All Returns have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects and all Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by Tournament or any of its Subsidiaries with respect to items or periods covered by such Returns.
- (x) Except as disclosed in writing prior to the date hereof, Tournament has paid or provided adequate accruals in its financial statements for the year ended March 31, 2005 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada.
- (y) As of the date hereof, except as disclosed in writing, no material deficiencies exist or have been asserted with respect to Taxes. As of the date hereof, neither Tournament, any predecessor to Tournament nor any of its Subsidiaries or any predecessor thereto is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against Tournament, any predecessor to Tournament or any of its Subsidiaries or any predecessor thereto or any of their respective assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns. As of the date hereof, the Returns have never been audited by a government or taxing authority, nor is any such audit in process, pending or threatened which resulted in or could result in a reassessment of Taxes owing by Tournament or any of its Subsidiaries or any predecessor thereto.

- (z) As of the date hereof, no contingent Tax liabilities, or grounds which could reasonably be expected to support an assessment or reassessment of Taxes by any applicable authority, exist with respect to Tournament, any predecessor to Tournament or any of its existing or former Subsidiaries or any predecessor thereto.
- (aa) Tournament has withheld as required by law and duly remitted on a timely basis all Taxes, withholdings, deductions, levies or other amounts which it is required to withhold or remit, including remittances with respect to income tax, withholding tax, GST, HST and employee source deductions. All instalments on account of Taxes due and payable with respect to periods ending on or before the Effective Date have been paid by and Tournament has made adequate provision for Taxes payable by it in respect of any period ending on or before the Effective Date for which Tax Returns have not been filed.
- (bb) Tournament and its Subsidiaries had, as of August 31, 2005 available tax pools of at least \$34 million in the aggregate.
- (cc) Except as otherwise disclosed in writing prior to the date hereof, no director, officer, insider or other non-arm's length party to Tournament or any of its Subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Tournament or any of its Subsidiaries that will be effective after the Effective Date.
- (dd) Except as otherwise disclosed in writing prior to the date hereof, no director, officer, insider or other non-arm's length party of Tournament or any of its Subsidiaries is indebted to Tournament or any of its Subsidiaries.
- (ee) Except for indemnity agreements with its directors and officers (which if not entered prior to the date hereof, will be entered in Tournament's standard form prior to the Effective Time), neither Tournament nor any of its Subsidiaries is a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation except the obligations of its Subsidiaries.
- (ff) The policies of insurance in force at the date hereof naming Tournament as an insured and as disclosed in writing prior to the date hereof, to the knowledge of Tournament, remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated herein.
- (gg) Tournament has provided to Chamaelo copies of all management recommendation letters relating to Tournament or any of its Subsidiaries received from Tournament's current auditor or any previous auditor during the two years prior to the date hereof.
- (hh) To the knowledge of Tournament, Tournament has not withheld from Chamaelo any material information or documents concerning Tournament or any of its Subsidiaries or their respective assets or liabilities during the course of their review of Tournament and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided or to be provided to Chamaelo or Tropic by Tournament pursuant hereto contains or will contain any untrue statement or

omit a material fact which is necessary to make the statements herein or therein not misleading.

5.3 Representations and Warranties of Tropic

Tropic hereby makes the representations and warranties set forth in this Section 5.3 to and in favour of Chamaelo and Tournament and acknowledges that Chamaelo and Tournament are relying upon such representations and warranties in connection with the matters contemplated by this Agreement:

- (a) Each of Tropic and Tropic Networks, Inc. is a corporation duly incorporated or amalgamated and validly subsisting under the laws of its jurisdiction of incorporation, amalgamation or formation, as applicable and has the requisite corporate power and authority to carry on its business as it is now being conducted. Each of Tropic and Tropic Networks, Inc. is duly registered to do business and is in good standing in each jurisdiction in which the character of its properties, owned or leased, or the nature of its activities make such registration necessary, except where the failure to be so registered or in good standing would not have a material adverse effect on the business, operations or financial condition of Tropic and its Subsidiaries taken as a whole.
- (b) Tropic has the requisite corporate power and authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Tropic of the transactions contemplated hereby have been duly authorized by Tropic's board of directors and, subject to obtaining shareholder approval of certain actions, no other corporate proceedings on the part of Tropic are or will be necessary to authorize this Agreement and the transactions contemplated hereby. This Agreement has been duly executed and delivered by Tropic and constitutes a legal, valid and binding obligation of Tropic enforceable against Tropic in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and to general principles of equity.
- (c) Except as disclosed in writing prior to the date hereof, neither the execution and delivery of this Agreement by Tropic, the consummation by Tropic or any of its Subsidiaries of the transactions contemplated hereby nor compliance by Tropic with any of the provisions hereof will: (i) violate, conflict with, or result in breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in a creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Tropic or any of its Subsidiaries under, any of the terms, conditions or provisions of (A) the articles, bylaws or other constating documents of Tropic or any of its Subsidiaries, or (B) any note, bond, mortgage, indenture, loan agreement, deed of trust, agreement, lien, contract or other instrument or obligation to which Tropic or any of its Subsidiaries is a party or to which it, or its properties or assets, may be subject or by which Tropic or any of its Subsidiaries is bound (subject to obtaining the consent of Tropic's bankers); or (ii) subject to compliance with Applicable Laws, violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation applicable to Tropic or any of its Subsidiaries (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults, terminations which, or any consents, approvals or notices which if not given or received, would not have a material adverse effect on the business, operations or financial condition of Tropic and its Subsidiaries taken as a

whole, or on the ability of Tropic or any of its Subsidiaries to consummate the transactions contemplated hereby); or (iii) cause a suspension or revocation of any authorization for the consent, approval or license currently in effect which would have a material adverse effect on the business, operations or financial condition of Tropic and its Subsidiaries taken as a whole.

- (d) Tropic has authorized an unlimited number of Tropic Common Shares, an unlimited number of class A preferred shares (of which 12,600,000 shall be designated as the series A-I preferred shares and of which 12,600,000 shall be designated as the series A-II), an unlimited number of class B preferred shares (of which 26,165,949 shall be designated as the series B-I preferred shares and of which 26,165,949 shall be designated as the series B-II preferred shares), up to 40,416,615 class C preferred shares, up to 80,439,062 class D preferred shares and up to 92,516,618 class D-I preferred shares (collectively, the "**Tropic Preferred Shares**") of which, as the date of this Agreement, Tropic has issued and outstanding 20,989,891 Tropic Common Shares and 900,000 series A-I preferred shares, 11,700,000 series A-II preferred shares, 6,342,170 series B-I preferred shares, 19,476,396 Series B-II preferred shares, 40,416,615 class C preferred shares, 73,205,316 class D preferred shares and 72,629,279 class D-I preferred shares. In addition, as the date of this Agreement, Tropic has issued and outstanding (i) Tropic Options entitling the holders thereof to acquire 29,875,892 Tropic Common Shares, and (ii) Tropic Warrants entitling the holders thereof to acquire 303,880 series B-I preferred shares, 1,239,061 class D preferred shares and 14,625,852 Class D-I preferred shares. Except as aforesaid, there are no outstanding shares of Tropic or options, warrants, rights or conversion or exchange privileges or other securities entitling anyone to acquire any shares of Tropic or any other rights, agreements or commitments of any character whatsoever requiring the issuance, sale or transfer by Tropic of any shares of Tropic (including Tropic Shares) or any securities convertible into, exchangeable or exercisable for, or otherwise evidencing a right to acquire, any shares of Tropic. All outstanding Tropic Common Shares and Tropic Preferred Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor have they been issued in violation of, any pre-emptive rights, and all Tropic Shares issuable upon exercise or conversion of outstanding Tropic Options and Tropic Warrants in accordance with their respective terms, will be duly authorized and validly issued, fully paid and non-assessable and will not be subject to any pre-emptive rights.
- (e) The data and information in respect of Tropic and its assets, liabilities, business and operations provided (or made available) by Tropic or its advisors to Chamaelo or Tournament or their respective advisors was and is accurate and correct in all material respects as at the respective dates thereof and, in respect of any information provided or requested, did not knowingly omit any material data or information necessary to make any data or information provided not misleading as at the respective dates thereof.
- (f) Except as disclosed in writing prior to the date hereof, there are no outstanding or threatened claims, suits, actions or proceedings against Tropic or any of its Subsidiaries which, if determined adversely to Tropic or any of its Subsidiaries, would have a material adverse effect on the business, operations or financial condition of Tropic, or on the ability of Tropic and its Subsidiaries, taken as a whole, or any of its Subsidiaries to consummate the transactions contemplated hereby.
- (g) The Tropic Financial Statements fairly present, in accordance with generally accepted accounting principles in the United States, and the financial statements of Tropic to be

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

- (h) Neither Tropic nor any of its Subsidiaries has received notice of any material violation of or investigation relating to any federal, provincial or local law, regulation or ordinance with respect to its assets, business or operations and Tropic holds all permits, licenses and other authorizations which are required under federal, provincial or local laws relating to its assets, business or operations except where the failure to hold same would not have a material adverse affect on Tropic or its Subsidiaries, taken as a whole. The assets of Tropic and each of its Subsidiaries are operated and maintained by it in compliance with all terms and conditions of such laws, permits, licenses and authorizations in all material respects.
- (i) No securities commission or similar regulatory authority, or stock exchange in Canada or the United States has issued any order which is currently outstanding preventing or suspending trading in any securities of Tropic, no such proceeding is, to the knowledge of Tropic, pending, contemplated or threatened and Tropic is not, to its knowledge, in default of any requirement of any securities laws, rules or policies applicable to Tropic or its securities.
- (j) Except for agreements disclosed in writing prior to the date hereof, Tropic is not a party to any written employment agreements.
- (k) Other than The Commercial Capital Corporation and Prescient Advisory Services Inc., Tropic has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated. Tropic has delivered or made available true and current copies of or advised of the terms of all agreements between Tropic and its financial adviser which could give rise to the payment of any fees to such financial adviser. Tropic may only retain additional financial advisors with the consent of Chamaelo.
- (l) The board of directors of Tropic has unanimously endorsed the Arrangement and approved this Agreement, has unanimously determined that the Arrangement and this Agreement are in the best interests of Tropic and the Tropic Shareholders and has unanimously determined that the Arrangement is fair, from a financial point of view, to Tropic Shareholders and has resolved to unanimously recommend approval of the Arrangement by Tropic Shareholders.
- (m) Each of its senior officers (in their capacity as Shareholders) and directors have advised Tropic that they intend to vote in favour of the Arrangement Resolutions applicable to Tropic and the Asset Sale.
- (n) Tropic is not a party to and, prior to the Effective Date, Tropic will not implement, a shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Tropic Shares or other securities of Tropic or rights,

entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement, except that a shareholder rights plan to be effective following the Effective Date may be approved at each of the Meetings.

- (o) Except as disclosed in writing prior to the date hereof, to the knowledge of management of Tropic, none of the Tropic Shares are the subject of any escrow, voting trust or other similar agreement.
- (p) There is not (or are not):
 - (i) any order or directive from any regulatory authority which relates to environmental matters and which requires any material work, repairs, construction, or capital expenditures;
 - (ii) any demand or notice from any regulatory authority with respect to the material breach of any environmental, health or safety law applicable to Tropic or any of its Subsidiaries or any of their respective business undertakings, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of environmental contaminants; or
 - (iii) any spills, releases, deposits or discharges of hazardous or toxic substances, contaminants or wastes, which have not been rectified, on any of the properties or assets owned or leased by Tropic or its Subsidiaries or in which it has an interest or over which it has control, except for any such spills, releases, deposits or discharges which, in aggregate, would not have a material adverse effect on the business, operations or financial condition of Tropic and its Subsidiaries taken as a whole.
- (q) The only Subsidiary of Tropic is Tropic Networks, Inc. Tropic legally and beneficially owns all of the outstanding shares and other securities or interests of Tropic Networks, Inc. and no person, firm, corporation or other entity holds any securities convertible or exchangeable into securities of such subsidiary or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement for the purchase or issuance of any shares or other securities of such Subsidiary.
- (r) The corporate records and minutes books, books of account and other records of Tropic and Tropic Networks, Inc. (whether of a financial or accounting nature or otherwise) been maintained in accordance with, in all material respects, all applicable statutory requirements and prudent business practice and are complete and accurate in all material respects.
- (s) All Returns have been duly filed on a timely basis and such Returns are true, complete and correct in all material respects, all Taxes shown to be payable on the Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and all investment tax credits shown as refundable on such Returns are properly refundable and no other Taxes are payable by Tropic or any of its Subsidiaries with respect to items or periods covered by such Returns.

- (t) Tropic has paid or provided adequate accruals in its financial statements for the year ended June 30, 2005 for Taxes, including income taxes and related future taxes, in conformity with generally accepted accounting principles applicable in Canada.
- (u) No material deficiencies exist or have been asserted with respect to Taxes. Neither Tropic, any predecessor to Tropic nor any of its Subsidiaries or any predecessor thereto is a party to any action or proceeding for assessment or collection of Taxes, nor has such event been asserted or threatened against Tropic, any predecessor to Tropic or any of its Subsidiaries or any predecessor thereto or any of their respective assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns. The Returns have not been audited by a government or taxing authority, other than an SR&ED audit for the fiscal year ended December 31, 2001, nor is any such audit in process, pending or threatened and Tropic has not received an indication from any taxing authority that an audit, investigation, assessment or reassessment is proposed or underway regardless of its merits.
- (v) All filings made by it under which it has received or is entitled to government incentives have been made in accordance, in all material respects, with all applicable legislation and contain no material misrepresentations of a material fact or omit to state any material fact which could cause any amount previously paid or previously accrued on its accounts to be recovered or disallowed.
- (w) Tropic has withheld as required by law and duly remitted on a timely basis all Taxes, withholdings, deductions, levies or other amounts which it is required to withhold or remit, including remittances with respect to income tax, withholding tax, GST, HST and employee source deductions. All instalments on account of Taxes due and payable with respect to periods ending on or before the Effective Date have been paid by Tropic and Tropic has made adequate provision for Taxes payable by it in respect of any period ending on or before the Effective Date for which Tax Returns have not been filed.
- (x) There are no circumstances that could result in the application of any of Sections 69, 78, 80 to 80.04, 160 or 191.3 of the Tax Act or any equivalent provision under provincial law in relation to Tropic. Tropic has not acquired or had the use of any property from a person with whom it was not dealing at arm's length or disposed of anything to a person with whom it was not dealing at arm's length for proceeds less than the fair market value thereof.
- (y) Subject to subsection 5.3(aa), Tropic shall have, at the Effective Time, available tax pools (the "**Available Tax Pools**") of at least the following:
 - (i) Non-Capital Losses in the amount of \$87,947,794 and expiring on the following dates:
 - (A) \$3,838,237 expiring 2007;
 - (B) \$9,909,071 expiring 2008;
 - (C) \$14,142,582 expiring 2009;
 - (D) \$13,271,740 expiring 2010;
 - (E) \$4,634,757 expiring 2014;
 - (F) \$20,151,407 expiring 2015; and
 - (G) \$22,000,000 expiring 2016;

- (ii) SR&ED in the amount of \$96,500,000;
- (iii) SR&ED ITCs in the amount of \$19,036,490 and expiring on the following dates:
 - (A) \$461,957 expiring in 2010;
 - (B) \$5,873,705 expiring in 2011;
 - (C) \$4,168,780 expiring in 2012;
 - (D) \$2,330,749 expiring in 2013;
 - (E) \$918,218 expiring in 2014;
 - (F) \$3,283,081 expiring in 2015; and
 - (G) \$2,000,000 expiring in 2016;
- (iv) Undepreciated Capital Cost in the amount of \$7,276,560 in the following classes:
 - (A) Class 8, \$2,474,265;
 - (B) Class 10, \$2,433,094;
 - (C) Class 12, \$264,780;
 - (D) Class 13, \$1,270,785;
 - (E) Class 44, \$819,403; and
 - (F) Class 45, \$14,233.
- (z) Tropic will not take any action that would result in an acquisition of control or a change of control, for purposes of the Tax Act or any relevant provincial taxing statute, of Tropic as a consequence of one or more transactions occurring subsequent to the signing of this Agreement and prior to the filing of the Arrangement, provided, however, that this shall not apply to any action taken by Tropic in connection with the Arrangement as contemplated hereby.
- (aa) The Tropic NewCo Conveyance Agreement will result in a reduction in the Available Tax Pools in the following categories and not exceeding the following amounts:
 - (i) Undepreciated Capital Cost in the amount of \$1,700,000; and
 - (ii) SR&ED ITCs in the amount of \$Nil.
- (bb) None of Tropic's capital assets included in its SR&ED expenses for Canadian income tax purposes have been used for commercial production and will not be used for commercial production prior to the Effective Date.
- (cc) Tropic's request for a change of taxation year-end from December 31 to June 30 was prompted solely by business reasons other than obtaining any tax benefit.
- (dd) No director, officer, insider or other non-arm's length party to Tropic or any of its Subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of Tropic or any of its Subsidiaries that will be effective after the Effective Date.

- (ee) Except as disclosed in writing prior to the date hereof, no director, officer, insider or other non-arm's length party of Tropic or any of its Subsidiaries is indebted to Tropic or any of its Subsidiaries.
- (ff) Except for indemnity agreements with its directors and officers (which if not entered prior to the date hereof, will be entered in Tropic's standard form prior to the Effective Time), neither Tropic nor any of its Subsidiaries is a party to or bound by any agreement, guarantee, indemnification, or endorsement or like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any person, firm or corporation except the obligations of its Subsidiaries that will be effective after the Effective Date.
- (gg) The policies of insurance in force at the date hereof naming Tropic as an insured and as disclosed prior to the date hereof, to the knowledge of Tropic, remain in force and effect and shall not be cancelled or otherwise terminated as a result of the transactions contemplated herein.
- (hh) Tropic has made available to Chamaelo copies of all management recommendation letters relating to Tropic or any of its Subsidiaries received from Tropic's current auditor or any previous auditor during the two years prior to the date hereof.
- (ii) To the knowledge of Tropic, Tropic has not withheld from Chamaelo any material information or documents concerning Tropic or any of its Subsidiaries or their respective assets or liabilities during the course of their review of Tropic and its assets. No representation or warranty contained herein and no statement contained in any schedule or other disclosure document provided or to be provided to Chamaelo by Tropic pursuant hereto contains or will contain any untrue statement or a material fact which is necessary in order to make the statements herein or therein not misleading.

5.4 Privacy Issues

- (a) For the purposes of this Section, the following definitions shall apply:
 - (i) **"applicable law"** means, in relation to any person, transaction or event, all applicable provisions of laws, statutes, rules, regulations, official directives and orders of and the terms of all judgements, orders and decrees issued by any authorized authority by which such person is bound or having application to the transaction or event in question, including applicable privacy laws.
 - (ii) **"applicable privacy laws"** means any and all applicable laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including but not limited to the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial law including the *Personal Information Protection Act* (Alberta).
 - (iii) **"authorized authority"** means, in relation to any person, transaction or event, any (a) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (b) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (c) court, arbitrator, commission or body exercising judicial, quasi-judicial,

administrative or similar functions, and (d) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such person, transaction or event.

- (iv) **"Personal Information"** means information about an identifiable individual (other than the person's business title or business contact information when such information was used or disclosed for business communications) provided to a Party by any other Party in accordance with this Agreement and/or as a condition of the Transaction.
- (b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the **"Disclosed Personal Information"**).
- (c) No Party shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement.
- (d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Arrangement.
- (e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and procedures in accordance with applicable law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.
- (f) Each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those employees or advisors of the respective party who have a bona fide need to access to such information in order to complete the Arrangement.
- (g) Each Party shall promptly notify the other Party to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. The Parties shall fully co-operate with one another, with the persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.
- (h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of any Party, the other party shall forthwith cease all use of the Personal Information acquired by the other party in connection with this Agreement and will return to the party or, at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies).

ARTICLE 6 CONDITIONS PRECEDENT

6.1 Mutual Conditions Precedent

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

- (a) Tournament shall have, on or before the Effective Date, sold and conveyed the Tournament ExploreCo Business (including, without restriction, all contractual rights and obligations of Tournament relating to such existing assets) to Tournament ExploreCo pursuant to the Tournament ExploreCo Conveyance Agreement in consideration for the assumption of liabilities relating to the Tournament ExploreCo Business by Tournament ExploreCo and the issuance of Tournament ExploreCo Shares and shall have distributed such Tournament ExploreCo Shares to Tournament Shareholders as a reduction and distribution of stated capital. Tournament shall have provided all documentation in connection therewith, including the Tournament ExploreCo Conveyance Agreement, to Chamaelo and Tropic for review and approval prior to the execution thereof, such approval not to be unreasonably withheld;
- (b) Tropic NewCo and Tropic shall have entered into an agreement (the "**Tropic NewCo Conveyance Agreement**") of purchase and sale, in respect of the sale of all the existing assets (including, without restriction, all contractual rights and obligations of Tropic and those material assets, rights, liabilities and obligations of Tropic (the "**Asset Sale**"), having such terms as are ordinarily found in agreements of this type, to sell the existing business, assets and liabilities of Tropic to Tropic NewCo on an "as-is" basis without representations and warranties with respect to such business and assets, which agreement shall include, without restriction, the assumption by Tropic NewCo of all rights and obligations of Tropic respecting Tropic's existing business, including all contractual rights and all intellectual property and the assumption of all liabilities of Tropic accruing or arising prior to or relating to or in respect of the period prior to the Effective Date, in such form as may be approved by Chamaelo and Tournament acting reasonably, to be effective pursuant to the Plan of Arrangement and upon the transfer of \$9,407,738 in cash (out of the proceeds of the Subscription Receipt Offering or bridge financing) to Tropic NewCo pursuant to the Tropic NewCo Conveyance Agreement. In addition, Tropic NewCo shall have indemnified Tropic (the "**Tropic NewCo Indemnity**") and such indemnity will be incorporated into the Tropic NewCo Conveyance Agreement in the form attached hereto as **Exhibit III**;
- (c) on or prior to December 19, 2005, the Interim Order shall have been granted in form and substance satisfactory to each of Tropic, Chamaelo and Tournament, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Chamaelo and Tournament, acting reasonably, on appeal or otherwise;
- (d) the Arrangement Resolutions shall have been passed by the holders of Tropic Shares, on or prior to January 16, 2006 in accordance with the Interim Order and in form and substance satisfactory to each of Chamaelo and Tournament, acting reasonably;

- (e) the Arrangement Resolutions shall have been passed by the holders of Tournament Securities, on or prior to January 16, 2006 in accordance with the Interim Order and in form and substance satisfactory to each of Chamaelo and Tropic, acting reasonably;
- (f) the Arrangement Resolutions shall have been passed by the holders of Chamaelo Securities, on or prior to January 16, 2006 in accordance with the Interim Order and in form and substance satisfactory to each of Tournament and Tropic, acting reasonably;
- (g) holders of not greater than 5% of the outstanding Tropic Shares shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date;
- (h) holders of not greater than 5% of the outstanding Tournament Securities shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date;
- (i) holders of not greater than 5% of the outstanding Chamaelo Securities shall have exercised rights of dissent in respect of the Arrangement that have not been withdrawn as of the Effective Date;
- (j) on or prior to January 16 2006, the Final Order shall have been granted in form and substance satisfactory to Tropic, Tournament and Chamaelo, acting reasonably;
- (k) the Articles of Arrangement to be filed with the Director and the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Tropic, Tournament and Chamaelo, acting reasonably;
- (l) the Arrangement shall have become effective on or prior to January 16, 2006 or such other date as agreed to by Tropic, Tournament and Chamaelo in writing;
- (m) if applicable, the relevant waiting period in section 123 of the *Competition Act* shall have expired and: (i) an advance ruling certificate ("**ARC**") pursuant to section 102 of the Competition Act shall have been issued by the Commissioner of the Competition Bureau ("**Commissioner**") appointed under the Competition Act; or (ii) a "no action letter" satisfactory to each of Tropic, Tournament and Chamaelo, acting reasonably, indicating that the Commissioner has determined not to make an application for an order under section 92 of the Competition Act shall have been received from the Commissioner, and any terms and conditions attached to any such letter shall be acceptable to each of Tropic, Tournament and Chamaelo, acting reasonably; and in addition, in the event that the ARC or "no action" letter described in (i) or (ii) in the foregoing is issued, there shall be no threatened or actual application by the Commissioner for an order under section 92 or 100 of the Competition Act;
- (n) in addition to the approval required by subsection 6.1(m), all other required regulatory, governmental and third party approvals and consents in respect of the completion of the Arrangement shall have been obtained on terms and conditions, satisfactory to Tropic, Tournament and Chamaelo, each acting reasonably, including, without limitation, conditional approval for listing of the Tropic Voting Common Shares issuable pursuant to the Arrangement on the TSX (by way of substitutional listing) and all applicable statutory and regulatory waiting periods shall have expired or have been terminated and no

unresolved material objection or opposition shall have been filed, initiated or made during any applicable statutory regulatory period;

- (o) the Arrangement, and the consummation thereof, shall have been approved each of by Chamaelo's lenders and Tournament's lenders on a basis acceptable to Chamaelo, Tournament and Tropic, each acting reasonably;
- (p) the TSX shall have granted conditional listing approval to the listing of the Tropic Voting Common Shares on the TSX as a substitutional listing for Chamaelo; and
- (q) there shall be no action taken under any existing applicable law or regulation, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any court, department, commission, board, regulatory body, government or governmental authority or similar agency, domestic or foreign, that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
 - (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein.

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

6.2 Additional Conditions to Obligations of Chamaelo

The obligation of Chamaelo to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) holders of an aggregate of 67% of Tropic Shares and 67% of Tropic Preferred Shares shall have delivered executed Tropic Lock-Up Agreements by no later than the close of business on the date that is two weeks from the date hereof, provided that Chamaelo shall not rely on this condition without the consent of Tournament, not to be unreasonably withheld, and a solicitation agent will be retained if no agreement is reached;
- (b) each of the Tournament Shareholder Agreement and the shareholder agreement among Tropic and the Tropic Shareholders shall have been terminated in accordance with its respective terms;
- (c) Tournament shall have mailed to the Tournament Securityholders the Information Circular and other documentation required in connection with the Tournament Meeting on or before December 19, 2005;
- (d) Tropic shall have mailed to the Tropic Shareholders the Information Circular and other documentation required in connection with the Tropic Meeting on or before December 19, 2005;

- (e) each of the acts, covenants and undertakings of Tournament and Tropic to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Tournament and Tropic;
- (f) Tournament shall have furnished Chamaelo with:
 - (i) certified copies of the resolutions duly passed by the boards of directors of Tournament approving this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) certified copies of the resolutions of Tournament Securityholders, duly passed at the Tournament Meeting, approving the Arrangement Resolutions;
- (g) Tropic shall have furnished Chamaelo with:
 - (i) certified copies of the resolutions duly passed by the boards of directors of Tropic approving this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) certified copies of the resolutions of Tropic Shareholders, duly passed at the Tropic Meeting, approving the Arrangement Resolutions and other resolutions in connection with the Asset Sale;
- (h) except as affected by the transactions contemplated by this Agreement, the representations and warranties of Tournament contained in Section 5.2 and of Tropic contained in Section 5.3 shall be true in all material respects as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties expressly state that they are made as of a certain date or time or as of the date hereof) and Tournament and Tropic shall have complied in all material respects with its covenants in this Agreement and Chamaelo shall have received certificates to that effect dated the Effective Date from the Presidents of each of Tournament and Tropic and another senior officer of each acceptable to Chamaelo, acting reasonably, acting solely on behalf of Tournament or Tropic, as the case may be, and not in their personal capacities, to the best of their information and belief having made reasonable inquiry and Chamaelo will have no knowledge to the contrary;
- (i) any director, officer, insider or other non-arm's length party that is indebted to Tournament and Tropic shall have repaid such indebtedness on or prior to completion of the Arrangement;
- (j) each of the directors, officers and employees of Tropic shall have provided their resignations, together with releases in the form attached hereto as **Exhibit IV** in favour of Tropic, effective as of the Effective Time, and the board of directors shall be reconstituted with Robert Zakresky, Larry Moeller, Donald Cowie and Daryl Gilbert effective as of the Effective Time;
- (k) there shall not have occurred any change after the date hereof or prior to the date hereof which has not been disclosed or previously disclosed prior to the date hereof in writing (or any condition, event or development involving a prospective change) in the business, affairs, operations, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Tropic and which, in

the judgment of Chamaelo, acting reasonably, is materially adverse to Tropic other than: (i) a change directly resulting from an action taken by Tropic to which Chamaelo has consented to in writing; (ii) a change resulting from conditions affecting the applicable industry generally; or (iii) the occurrence, development or coming into effect or existence of any event, action, state, condition, or major financial occurrence of national or international consequence or any law, regulation, action, government regulation, enquiry or other occurrence of any nature whatsoever which materially adversely affects or involves the financial markets in Canada or the United States generally or the financial condition, business, operations, assets, affairs or prospects of Tropic;

- (l) there shall not have been any amendments to the Tax Act, any similar provincial legislation or any court decisions relating to Tax matters that may reasonably be expected to have, in the sole discretion of Chamaelo acting reasonably, a material adverse impact on the tax considerations associated with the Arrangement;
- (m) Tropic NewCo shall provide Tropic with an undertaking, in form and substance reasonably satisfactory to Chamaelo and Tournament and their respective counsel, which shall survive the Arrangement and any amalgamation of entities connected with the Arrangement, to provide any additional information that Tropic needs from Tropic NewCo files to establish regulatory compliance by Tropic in the business conducted by it prior to the Effective Time; and
- (n) all necessary action shall have been taken to have all assets and liabilities of Tropic transferred and assigned to Tropic NewCo.

The conditions in this Section 6.2 are for the exclusive benefit of Chamaelo and may be asserted by Chamaelo regardless of the circumstances or may be waived by Chamaelo in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Chamaelo may have.

6.3 Additional Conditions to Obligations of Tournament

The obligation of Tournament to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) the shareholder agreement among Tropic and the Tropic Shareholders shall have been terminated in accordance with its terms;
- (b) Chamaelo shall have mailed to the Chamaelo Securityholders the Information Circular and other documentation required in connection with the Chamaelo Meeting on or before December 19, 2005;
- (c) Tropic shall have mailed to the Tropic Shareholders the Information Circular and other documentation required in connection with the Tropic Meeting on or before December 19, 2005;
- (d) each of the acts and undertakings of Chamaelo and Tropic to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Chamaelo and Tropic;
- (e) Chamaelo shall have furnished Tournament with:

- (i) certified copies of the resolutions duly passed by the board of directors of Chamaelo approving this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) certified copies of the resolutions of Chamaelo Securityholders, duly passed at the Chamaelo Meeting, approving the Arrangement Resolution;
- (f) Tropic shall have furnished Tournament with:
 - (i) certified copies of the resolutions duly passed by the boards of directors of Tropic approving this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) certified copies of the resolutions of Tropic Shareholders, duly passed at the Tropic Meeting, approving the Arrangement Resolutions and other resolutions in connection with the Asset Sale;
- (g) except as affected by the transactions contemplated by this Agreement, the representations and warranties of Chamaelo contained in Section 5.1 and of Tropic contained in Section 5.3 shall be true in all material respects as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties expressly state that they are made as of a certain date or time or as of the date hereof) and Chamaelo and Tropic shall have complied in all material respects with its covenants in this Agreement and Tournament shall have received certificates to that effect dated the Effective Date from the Presidents of each of Chamaelo and Tropic and another senior officer thereof acceptable to Tournament, acting reasonably, acting solely on behalf of Chamaelo or Tropic and not in their personal capacities, to the best of their information and belief having made reasonable inquiry and Tournament will have no knowledge to the contrary;
- (h) any director, officer, insider or other non-arm's length party that is indebted to Chamaelo or Tropic shall have repaid such indebtedness on or prior to completion of the Arrangement;
- (i) each of the directors, officers and employees of Tropic shall have provided their resignations, together with releases in the form attached hereto as **Exhibit IV** in favour of Tropic, effective as of the Effective Time, and the board of directors shall be reconstituted with Robert Zakresky, Larry Moeller, Donald Cowie and Daryl Gilbert effective as of the Effective Time;
- (j) there shall not have occurred any change after the date hereof or prior to the date hereof which has not been disclosed or previously disclosed prior to the date hereof in writing (or any condition, event or development involving a prospective change) in the business, affairs, operations, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Chamaelo or Tropic and which, in the judgment of Tournament, acting reasonably, is materially adverse to Chamaelo or Tropic other than: (i) a change directly resulting from an action taken by Chamaelo or Tropic to which Tournament has consented to in writing; (ii) a change resulting from conditions affecting the oil and gas industry in western Canada generally including, without limitation, changes in commodity prices or taxes of any kind at any time of Chamaelo; or (iii) the occurrence, development or coming into effect or existence

of any event, action, state, condition, or major financial occurrence of national or international consequence or any law, regulation, action, government regulation, enquiry or other occurrence of any nature whatsoever which materially adversely affects or involves the financial markets in Canada or the United States generally or the financial condition, business, operations, assets, affairs or prospects of Chamaelo or Tropic;

- (k) Tropic NewCo shall provide Tropic with an undertaking, in form and substance reasonably satisfactory to Chamaelo and Tournament and their respective counsel, which shall survive the Arrangement and any amalgamation of entities connected with the Arrangement, to provide any additional information that Chamaelo needs from Tropic NewCo files to establish regulatory compliance by Tropic in the business conducted by it prior to the Effective Time; and
- (l) all necessary action shall have been taken to have all assets and liabilities of Tropic transferred and assigned to Tropic NewCo.

The conditions in this Section 6.3 are for the exclusive benefit of Tournament and may be asserted by Tournament regardless of the circumstances or may be waived by Tournament in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Tournament may have.

6.4 Additional Conditions to Obligations of Tropic

The obligation of Tropic to consummate the transactions contemplated hereby, and in particular the Arrangement, is subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions:

- (a) the Tournament Shareholder Agreement shall have been terminated in accordance with its terms;
- (b) Chamaelo shall have mailed to the Chamaelo Securityholders the Information Circular and other documentation required in connection with the Chamaelo Meeting on or before December 19, 2005;
- (c) Tournament shall have mailed to the Tournament Securityholders the Information Circular and other documentation required in connection with the Tournament Meeting on or before December 19, 2005;
- (d) each of the acts and undertakings of Chamaelo and Tournament to be performed on or before the Effective Date pursuant to the terms of this Agreement shall have been duly performed by Chamaelo and Tournament;
- (e) Chamaelo shall have furnished Tropic with:
 - (i) certified copies of the resolutions duly passed by the board of directors of Chamaelo approving this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) certified copies of the resolutions of Chamaelo Securityholders, duly passed at the Chamaelo Meeting, approving the Arrangement Resolutions;
- (f) Tournament shall have furnished Tropic with:

- (i) certified copies of the resolutions duly passed by the board of directors of Tournament approving this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) certified copies of the resolutions of Tournament Securityholders, duly passed at the Tournament Meeting, approving the Arrangement Resolutions;
- (g) the Arrangement and Asset Sale shall have been approved by the requisite number of Tropic Shareholders at the Tropic Meeting;
- (h) except as affected by the transactions contemplated by this Agreement, the representations and warranties of Chamaelo contained in Section 5.1 and of Tournament contained in Section 5.2 shall be true in all material respects as at the Effective Date with the same effect as though such representations and warranties had been made at and as of such time (except to the extent such representations and warranties expressly state that they are made as of a certain date or time or as of the date hereof) and each of Chamaelo and Tournament shall have complied in all material respects with its covenants in this Agreement and Tropic shall have received certificates to that effect dated the Effective Date from the Presidents of each of Chamaelo and Tournament and another senior officer thereof acceptable to Tropic, acting reasonably, acting solely on behalf of Chamaelo or Tournament and not in their personal capacity, to the best of their information and belief having made reasonable inquiry and Tropic will have no knowledge to the contrary;
- (i) any director, officer, insider or other non-arm's length party that is indebted to Chamaelo or Tournament shall have repaid such indebtedness on or prior to completion of the Arrangement;
- (j) there shall not have occurred any change after the date hereof or prior to the date hereof which has not been disclosed or previously disclosed prior to the date hereof in writing (or any condition, event or development involving a prospective change) in the business, affairs, operations, assets, capitalization, financial condition, prospects, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, of Chamaelo and which, in the judgment of Tropic, acting reasonably, is materially adverse to Chamaelo other than: (i) a change directly resulting from an action taken by Chamaelo to which Tropic has consented to in writing; (ii) a change resulting from conditions affecting the oil and gas industry in western Canada generally including, without limitation, changes in commodity prices or taxes of any kind at any time; or (iii) the occurrence, development or coming into effect or existence of any event, action, state, condition, or major financial occurrence of national or international consequence or any law, regulation, action, government regulation, enquiry or other occurrence of any nature whatsoever which materially adversely affects or involves the financial markets in Canada or the United States generally or the financial condition, business, operations, assets, affairs or prospects of Chamaelo; and
- (k) Tropic shall have provided releases in favour of the former directors and officers of Tropic, in the form attached hereto as **Exhibit IV**, which releases shall take effect as of the Effective Time and shall continue be binding following the Effective Time.

The conditions in this Section 6.4 are for the exclusive benefit of Tropic and may be asserted by Tropic regardless of the circumstances or may be waived by Tropic in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Tropic may have.

6.5 Notice and Effect of Failure to Comply with Conditions

- (a) Each of Chamaelo, Tournament and Tropic shall give prompt notice to the other of the occurrence, or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to, (i) cause any of the representations or warranties of any Party contained herein to be untrue or inaccurate in any material respect, or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any party hereunder; provided, however, that no such notification will affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.
- (b) If any of the conditions precedents set forth in Sections 6.1, 6.2, 6.3 or 6.4 hereof shall not be complied with or waived by the Party or Parties for whose benefit such conditions are provided on or before the date required for the performance thereof, then a Party for whose benefit the condition precedent is provided may, in addition to any other remedies they may have at law or equity, rescind and terminate this Agreement provided that prior to the filing of the Articles of Arrangement for the purpose of giving effect to the Arrangement, the Party intending to rely thereon has delivered a written notice to the other Party, specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable conditions precedent. Notwithstanding the foregoing, any notice in respect of subsection 6.2(a) must be delivered within one Business Day of the date that is two weeks from the date hereof. A Party may deliver more than one notice.

6.6 Satisfaction of Conditions

The conditions set out in this Article 6 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the Parties, Articles of Arrangement are filed under the CBCA and the ABCA to give effect to the Arrangement.

ARTICLE 7

AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

7.1 Tournament Damages

In the event the Arrangement does not become effective on or prior to January 16, 2006 or such other date as agreed to in writing by Tropic, Tournament and Chamaelo, (the "**Tournament Damages Event**"), Chamaelo shall pay to Tournament \$5 million (which has been deposited in trust with Chamaelo's counsel Gowling Lafleur Henderson LLP ("**Gowlings**") pursuant to an escrow agreement made among Gowlings, Tournament and Chamaelo) in immediately available funds to an account designated by Tournament within one business day after such Tournament Damages Event, and after such event but prior to payment of such amount, Gowlings shall be deemed to hold such funds in trust for Tournament. Chamaelo shall only be obligated to make one payment of \$5 million pursuant to this Section 7.1.

7.2 Liquidated Damages

The Parties acknowledges that any payment pursuant to Section 7.1 is, except as herein provided, a payment of liquidated damages which is a genuine pre-estimate of the damages which Tournament will suffer or incur as a result of the event giving rise to such payment and is not a penalty. Each Party

irrevocably waives any right it may have to raise as a defence that any such liquidated damages are excessive or punitive. Nothing herein shall preclude a Party from seeking injunctive relief to restrain any breach or threatened breach of the covenants or agreements set forth in this Agreement or the Confidentiality Agreement or otherwise to obtain specific performance of any of such act, covenants or agreements, without the necessity of posting bond or security in connection therewith. Notwithstanding the foregoing, any payment pursuant to Section 7.1 shall be without prejudice to any other rights or remedies of Tournament (which shall include, without limitation, damages from Chamaelo) in respect of any breach or breaches by Chamaelo of its representations, warranties or covenants made in this Agreement.

7.3 Further Covenants of Tropic

Tropic covenants and agrees that, as of the Effective Date and following the completion of the Arrangement it shall use its reasonable best efforts to maintain (and in any event will not terminate or otherwise cancel or render ineffective, or consent to the same) the directors' and officers' insurance coverage secured by any of the Parties with respect to their present and former directors and officers on a "trailing" (or "run-off") basis, provided that no additional premiums or other costs are payable by Tropic or Tournament after the Effective Date.

ARTICLE 8 AMENDMENT

8.1 Amendment

This Agreement may at any time and from time to time before or after the holding of the Meetings be amended by written agreement of the Parties hereto without, subject to applicable law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

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

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

ARTICLE 9 TERMINATION

9.1 Termination

This Agreement may be terminated at any time prior to the Effective Date:

- (a) by mutual written consent of Chamaelo, Tournament and Tropic;

- (b) as provided in Section 6.5(b); or
- (c) if a Party (a "**Breaching Party**") breaches any of its representations, warranties or covenants made in this Agreement which breach individually or in the aggregate would materially impede the completion of the Arrangement, by a Party other than the Breaching Party, provided that the Party intending to so effect a termination of this Agreement pursuant to this subsection 9.1(c) has delivered a written notice to the Breaching Party with a copy to the other Party, specifying in reasonable detail all breaches of covenants, representations and warranties and such breach or breaches has not been cured within five Business Days (or in any event by the Effective Date) of the receipt of such notice.

In the event of the termination of this Agreement in the circumstances set out above, this Agreement shall forthwith become void and neither Party shall have any liability or further obligation to the other Party hereunder except as provided in Article 7 which shall survive such termination.

ARTICLE 10 NOTICES

10.1 Notices

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

- (a) Tropic, addressed to:

135 Michael Cowpland Drive
Ottawa, Ontario K2M 2E9

Attention: Kevin Rankin, Chief Executive Officer
Facsimile: (613) 270-5349

with a copy to:

LaBarge Weinstein Professional Corporation
55 Legget Drive, Suite 800
Kanata, Ontario K2K 3G4

Attention: Deborah Weinstein
Facsimile: (613) 599-0018

- (b) Chamaelo, addressed to:

700, 639 – 5th Avenue S.W.
Calgary, Alberta T2P 0M9

Attention: Robert Zakresky, President and Chief Executive Officer
Facsimile: (403) 705-3006

with a copy to:

Gowling Lafleur Henderson LLP
1200, 700 – 2nd Street S.W.
Calgary, Alberta T2P 4V5

Attention: Gregory E. Peterson
Facsimile: (403) 263-9193

(c) Tournament, addressed to:

1140, 407 – 2nd Street SW
Calgary, Alberta T2P 2Y3

Attention: M. Brent Ronald, President and Chief Executive Officer
Facsimile: (403) 264-1592

with copies to:

Thackray Burgess LLP
1900, 736 – 6th Avenue SW
Calgary, Alberta T2P 3T7

Attention: Ted Leew
Facsimile: (403) 531-4720

and

Stikeman Elliott LLP
4300, 888 – 3rd Street S.W.
Calgary, Alberta T2P 5C4

Attention: Craig A. Story
Facsimile: (403) 266-9034

or such other address as the Parties may, from time to time, advise the other Parties hereto by notice in writing. The date or time of receipt of any such notice will be deemed to be the date of delivery or the time such facsimile is received, provided that it is delivered or received, as applicable, prior to 4:30 p.m. (local time at the place of receipt) on a Business Day, and otherwise it shall be deemed to be received on the next Business Day at 9:00 a.m.

ARTICLE 11

GENERAL

11.1 Binding Effect

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

11.2 Assignment

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

11.3 Disclosure

Each Party shall receive prior written consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Party as to the wording of such disclosure prior to its being made.

11.4 Costs

Except as contemplated herein (including in Section 7.1), each Party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby. Chamaelo shall bear any filing fees payable for applications made under the Competition Act in respect of the transactions contemplated by the Arrangement.

11.5 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

11.6 Further Assurances

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

11.7 Time of Essence

Time shall be of the essence of this Agreement.

11.8 Governing Law

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

11.9 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

11.10 Counterparts

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

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

TROPIC NETWORKS INC.

Per: "Gordon Wyse"

CHAMAELO EXPLORATION LTD.

Per: "Robert Zakresky"

Per: "Nolan Chicoine"

TOURNAMENT ENERGY LTD.

Per: "Brent Ronald"

Per: "Rick Schultz"

EXHIBIT I
PLAN OF ARRANGEMENT

UNDER SECTION 192 OF THE
CANADA BUSINESS CORPORATIONS ACT

AND UNDER SECTION 193 OF THE
BUSINESS CORPORATIONS ACT (ALBERTA)

ARTICLE 1
INTERPRETATION

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

- (a) **"ABCA"** means the Business Corporations Act, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) **"Arrangement"**, **"herein"**, **"hereof"**, **"hereto"**, **"hereunder"** and similar expressions mean and refer to the arrangement pursuant to section 192 of the CBCA and section 193 of the ABCA set forth in this Plan of Arrangement as supplemented, modified or amended, and not to any particular article, section or other portion hereof;
- (c) **"Arrangement Agreement"** means the agreement as of dated October 24, 2005 among Tropic, Chamaelo and Tournament with respect to the Arrangement and all amendments thereto;
- (d) **"Articles of Arrangement"** means the articles in respect of the Arrangement required under subsection 192(6) of the CBCA to be filed with the Director and subsection 193(10) of the ABCA to be filed with the Registrar after the Final Order has been made to give effect to the Arrangement;
- (e) **"CBCA"** means the Canada Business Corporations Act, R.S.C. 1985, c. C-44 as amended, including the regulations promulgated thereunder;
- (f) **"Certificate"** means the certificate or certificates or other confirmation of filing to be issued by the Director pursuant to subsection 192(7) of the CBCA and the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;
- (g) **"Chamaelo"** means Chamaelo Exploration Ltd., a corporation incorporated pursuant to the ABCA;
- (h) **"Chamaelo Meeting"** means the special meeting of Chamaelo Shareholders, Chamaelo Optionholders and Chamaelo Warrantholders to be held to consider the Arrangement and other matters, and any adjournment thereof;
- (i) **"Chamaelo Non-Voting Common Share"** means a non-voting common share of Chamaelo;
- (j) **"Chamaelo Non-Voting Common Shareholders"** means the holders from time to time of Chamaelo Non-Voting Common Shares;

- (k) **"Chamaelo Non-Voting Warrant"** means a warrant to acquire one Chamaelo Non-Voting Common Share;
- (l) **"Chamaelo Option"** means an option to acquire one Chamaelo Voting Common Share issued pursuant to the Chamaelo stock option plan or as otherwise authorized by the board of directors of Chamaelo;
- (m) **"Chamaelo Optionholders"** means the holders from time to time of Chamaelo Options;
- (n) **"Chamaelo Securityholders"** means Chamaelo Shareholders, Chamaelo Optionholders and Chamaelo Warrantholders;
- (o) **"Chamaelo Shareholders"** means, collectively, the Chamaelo Non-Voting Common Shareholders and the Chamaelo Voting Common Shareholders;
- (p) **"Chamaelo Shares"** means, collectively, the Chamaelo Non-Voting Common Shares and the Chamaelo Voting Common Shares;
- (q) **"Chamaelo Voting Common Share"** means a voting common share of Chamaelo;
- (r) **"Chamaelo Voting Common Shareholders"** means the holders from time to time of Chamaelo Voting Common Shares;
- (s) **"Chamaelo Voting Warrant"** means a warrant to acquire one Chamaelo Voting Common Share;
- (t) **"Chamaelo Warrantholders"** means the holders from time to time of Chamaelo Warrants;
- (u) **"Chamaelo Warrants"** means the Chamaelo Non-Voting Warrants and the Chamaelo Voting Warrants;
- (v) **"Court"** means the Court of Queen's Bench of Alberta;
- (w) **"Depositary"** means Valiant Trust Company;
- (x) **"Director"** means the Director appointed under section 260 of the CBCA;
- (y) **"Dissenting Optionholders"** means Chamaelo Optionholders and Tournament Optionholders who validly exercise the rights of dissent provided to them under the Interim Order and whose dissent rights remain valid immediately before the Effective Time;
- (z) **"Dissenting Securityholders"** means Dissenting Optionholders, Dissenting Shareholders and Dissenting Warrantholders;
- (aa) **"Dissenting Shareholders"** means registered Chamaelo Shareholders, registered Tournament Shareholders and registered Tropic Shareholders who validly exercise the rights of dissent provided to them under the Interim Order and whose dissent rights remain valid immediately before the Effective Time;

- (bb) **"Dissenting Warrantholders"** means Chamaelo Warrantholders and Tournament Warrantholders who validly exercise the rights of dissent provided to them under the Interim Order and whose dissent rights remain valid immediately before the Effective Time;
- (cc) **"Effective Date"** means the date the Arrangement is effective under the CBCA and the ABCA;
- (dd) **"Effective Time"** means 12:01 p.m. (Mountain Standard Time) on the Effective Date;
- (ee) **"Election Deadline"** means 4:30 p.m. (Mountain Standard Time) on November 1, 2005;
- (ff) **"Election Form"** means the election form sent to Tournament Shareholders for making their election to receive cash, Tropic Voting Common Shares, or a combination thereof, in exchange for their Tournament Shares;
- (gg) **"Final Order"** means the final order of the Court approving the Arrangement under subsection 192(4) of the CBCA and subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by a court of competent jurisdiction;
- (hh) **"Information Circular"** means the information circular to be prepared by Chamaelo, Tournament and Tropic and forwarded as part of the proxy solicitation materials to Chamaelo Securityholders, Tournament Securityholders and Tropic Shareholders in respect of the Chamaelo Meeting, the Tournament Meeting and the Tropic Meeting;
- (ii) **"Interim Order"** means the interim order of the Court under subsection 192(4) of the CBCA and subsection 193(4) of the ABCA containing declarations and directions with respect to this Arrangement, as such order may be affirmed, amended or modified by a court of competent jurisdiction;
- (jj) **"Letter of Transmittal"** means the letter of transmittal accompanying the Information Circular sent to Chamaelo Shareholders, Tournament Shareholders and Tropic Shareholders;
- (kk) **"Newco"** means 6467253 Canada Inc. a corporation incorporated under the CBCA;
- (ll) **"Newco Common Share"** means a Common Share of Newco;
- (mm) **"Newco Conveyance Agreement"** means the Agreement of Purchase and Sale dated on or before the Effective date between Tropic and Newco relating to the sale of certain assets by Tropic to Newco in consideration for the assumption of liabilities of Tropic by Newco and the issuance of the Newco Shares to Tropic;
- (nn) **"Newco Shares"** means the shares in Newco issuable to Tropic pursuant to the Newco Conveyance Agreement;
- (oo) **"Non-Resident"** means (i) a person who is not a resident of Canada for the purposes of the Tax Act; or (ii) a partnership that is not a Canadian partnership for the purposes of the Tax Act;
- (pp) **"Option Value"** means, with respect to a Chamaelo Option, the amount, if any, by which the fair market value of a Chamaelo Voting Common Share exceeds the exercise price in

respect of such Chamaelo Option, such value being determined immediately prior to the Effective Time;

- (qq) **"Registrar"** means the Registrar appointed under section 263 of the ABCA;
- (rr) **"Subscription Receipt Offering"** means the brokered private placement by Tropic of Subscription Receipts to be completed prior to the Effective Time;
- (ss) **"Subscription Price"** means the price per Subscription Receipt at which the Subscription Receipts were sold to subscribers pursuant to the Subscription Receipt Offering;
- (tt) **"Subscription Receipts"** means the subscription receipts issued pursuant to the Subscription Receipt Offering, each of which represents the right to receive one Tropic Voting Common Share;
- (uu) **"Tax Act"** means the *Income Tax Act* (Canada), as amended;
- (vv) **"Tournament"** means Tournament Energy Ltd., a corporation incorporated pursuant to the ABCA;
- (ww) **"Tournament Cash Consideration"** means \$6.05 less the quotient of the amount, if any, by which the Tournament Working Capital Deficiency exceeds \$9,350,000 divided by the number of Tournament Shares issued and outstanding immediately before the Effective Time;
- (xx) **"Tournament Exchange Fraction"** means a fraction equal to an amount equal to the Tournament Cash Consideration divided by either (i) \$8, or (ii) with respect to Tournament Shareholders who have so elected in an Election Form delivered in accordance with section 3.2, the Weighted Average Trading Price of Chamaelo Voting Common Shares;
- (yy) **"Tournament Meeting"** means the special meeting of Tournament Shareholders, Tournament Optionholders and Tournament Warrantholders to be held to consider the Arrangement and other matters, and any adjournment thereof;
- (zz) **"Tournament Option"** means an option entitling the holder to acquire a Tournament Share;
- (aaa) **"Tournament Optionholders"** means the holders from time to time of Tournament Options;
- (bbb) **"Tournament Preferred Share"** means the preferred share of Tournament;
- (ccc) **"Tournament Securityholders"** means Tournament Shareholders, Tournament Optionholders and Tournament Warrantholders;
- (ddd) **"Tournament Share"** means a common share of Tournament;
- (eee) **"Tournament Shareholders"** means the holders from time to time of Tournament Shares and the holder of the Tournament Preferred Share;

- (fff) **"Tournament Transaction Costs"** means all costs incurred by Tournament in respect of the completion of the transactions contemplated by the Arrangement Agreement, including employee severance costs, costs of legal, accounting, financial and other advisors, the cost of obtaining a fairness opinion and fees payable to brokers, agents or finders;
- (ggg) **"Tournament Warrant"** means a warrant entitling the holder to acquire a Tournament Share, including a special warrant and a performance warrant;
- (hhh) **"Tournament Warrantholders"** means the holders from time to time of Tournament Warrants;
- (iii) **"Tournament Working Capital Deficiency"** means the amount of the Tournament Transaction Costs plus the amount, determined in accordance with Canadian generally accepted accounting principles as of August 31, 2005, by which Tournament's accounts payable, accrued payables, current income tax liability and debt exceed Tournament's cash, cash equivalents, accounts receivable and prepaid expenses, such amount to be determined by agreement of Chamaelo, Tropic and Tournament two days prior to the Effective Date and if no such agreement is met such amount shall be determined by KPMG LLP prior to the Effective Time;
- (jjj) **"Tropic"** means Topic Networks Inc., a corporation incorporated pursuant to the CBCA;
- (kkk) **"Tropic Common Share"** means a Common Share in Tropic as constituted immediately prior to the Effective Time;
- (lll) **"Tropic Meeting"** means the special meeting of Tropic Shareholders to be held to consider the Arrangement and other matters, and any adjournment thereof;
- (mmm) **"Tropic New Option"** means an option to acquire one Tropic Voting Common Share at an exercise price equal to the difference between (i) the fair market value of a Tropic Voting Common Share determined immediately after the Effective Time, and (ii) the Option Value of the Chamaelo Option for which such Tropic New Option was exchanged pursuant to subsection 3.1(j) and otherwise having the same terms and conditions as such Chamaelo Option;
- (nnn) **"Tropic Non-Voting Common Shares"** means the non-voting common shares of Tropic created pursuant to subsection 3.1(d);
- (ooo) **"Tropic Non-Voting Warrant"** means a warrant to acquire one Tropic Non-Voting Common Share at an exercise price equal to the exercise price of the Chamaelo Non-Voting Warrant for which such Tropic Non-Voting Warrant was exchanged pursuant to subsection 3.1(k) and otherwise having the same terms and conditions as such Chamaelo Non-Voting Warrant;
- (ppp) **"Tropic Preferred Share"** means a Tropic Share other than a Tropic Common Share, Tropic Voting Common Share or a Tropic Non-Voting Common Share;
- (qqq) **"Tropic Share"** means a share of a class of shares in the share capital of Tropic;
- (rrr) **"Tropic Shareholders"** means holders from time to time of Tropic Shares;

- (sss) **"Tropic Voting Common Shares"** means the voting common shares of Tropic created pursuant to subsection 3.1(d);
 - (ttt) **"Tropic Voting Warrant"** means a warrant to acquire one Tropic Voting Common Share at an exercise price equal to the exercise price of the Chamaelo Voting Warrant for which such Tropic Voting Warrant was exchanged pursuant to subsection 3.1(k) and otherwise having the same terms and conditions as such Chamaelo Voting Warrant;
 - (uuu) **"TSX"** means the Toronto Stock Exchange; and
 - (vvv) **"Weighted Average Trading Price"** shall be determined by dividing (i) the aggregate dollar trading value of all Chamaelo Voting Common Shares sold the TSX over the twenty consecutive trading days ending on the trading day next preceding the Effective Date by (ii) the total number of Chamaelo Voting Common Shares sold on such stock exchange during such period.
- 1.2 The division of this Plan of Arrangement into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
 - 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles, sections, subsections and paragraphs are to articles, sections and subsections of this Plan of Arrangement.
 - 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
 - 1.5 The following exhibits to this Plan of Arrangement is incorporated by reference herein and forms part of this Plan of Arrangement

Exhibit A	Distribution of Capital to Tropic Shareholders
Exhibit B	Tropic Articles of Amendment
Exhibit C	Change of Tropic Preferred Shares and Tropic Common Shares into Tropic Voting Common Shares
Exhibit D	Tropic Distribution of Newco Shares

ARTICLE 2

ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, will become effective on, and be binding on and after, the Effective Time in accordance with its terms on: (a) Chamaelo Shareholders; (b) Chamaelo Optionholders; (c) Chamaelo Warrantholders; (d) Chamaelo; (e) Tournament Shareholders; (f) Tournament Optionholders; (g) Tournament Warrantholders; (h) Tournament; (i) Tropic Shareholders; (j) Tropic; (k) Newco; and (l) all other persons as provided in subsection 193(13) of the ABCA.
- 2.3 The Articles of Arrangement shall be filed and the Certificate issued with respect to this

Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective in accordance with its terms and that each of the provisions of article 3 has become effective in the sequence and at the times set out therein.

ARTICLE 3 ARRANGEMENT

- 3.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur, in the following order, without any further act or formality except as otherwise provided herein:
- (a) Chamaelo Shares, Tournament Shares and Tropic Shares, as the case may be, held by Dissenting Shareholders, Chamaelo Options and Tournament Options held by Dissenting Optionholders and Chamaelo Warrants and Tournament Warrants held by Dissenting Warrantholders as of the Effective Time shall be deemed to have been transferred to Tropic and cancelled and shall cease to be issued and outstanding and, as of the Effective Time, such Dissenting Securityholders shall cease to have any rights as Chamaelo Shareholders, Tournament Shareholders, Tropic Shareholders, Chamaelo Optionholders, Tournament Optionholders, Chamaelo Warrantholders and Tournament Warrantholders, as the case may be, other than the right to be paid by Tropic the fair value of their Chamaelo Shares, Tournament Shares, Tropic Shares, Chamaelo Options, Tournament Options, Chamaelo Warrants or Tournament Warrants, as the case may be, and the names of such Dissenting Securityholders shall be removed from the register of holders of Chamaelo Shares, Tournament Shares, Tropic Shares, Chamaelo Options, Tournament Options, Chamaelo Warrants and Tournament Warrants, as applicable;
 - (b) each Tournament Option and Tournament Warrant that was not exercised prior to the Effective Time or transferred to Tropic in accordance with subsection 3.1(a) and the Tournament Preferred Share shall be cancelled without the payment of any consideration therefor;
 - (c) Tropic shall, in the manner described in Exhibit A, reduce the stated capital of the classes of Tropic Shares described in Exhibit A and shall distribute to the holders of Tropic Shares of each such class, as a distribution of such stated capital, promissory notes payable on demand without interest, in the amounts per share as set out in Exhibit A;
 - (d) the articles of Tropic shall be amended to (i) create the Tropic Voting Common Shares and the Tropic Non-Voting Common Shares as authorized classes of shares having the rights, privileges, restrictions and conditions set out in Exhibit B, (ii) change the issued and outstanding Tropic Preferred Shares into Tropic Voting Common Shares in the manner set out in Exhibit C, (iii) change the issued and outstanding Tropic Common Shares into Tropic Voting Common Shares in the manner set out in Exhibit C, (iv) remove the existing classes of Tropic Preferred Shares and the Tropic Common Shares as authorized classes of shares, and (v) change the name of Tropic to "Chamaelo Exploration Inc.";
 - (e) the Newco Conveyance Agreement shall become effective and Newco shall issue the Newco Shares to Tropic;
 - (f) Tropic shall pay the promissory notes created pursuant to subsection 3.1(c) by transferring Newco Shares to Tropic Shareholders in the manner set out in Exhibit D in

full satisfaction of all obligations under such promissory notes and such promissory notes shall be cancelled;

- (g) each issued and outstanding Subscription Receipt shall be, and shall be deemed to be, exchanged for one Tropic Voting Common Share, and with respect to each such Tropic Voting Common Share there shall be added to the stated capital account for the Tropic Voting Common Shares an amount equal to the Subscription Receipt Price;
 - (h) subject to sections 3.3 and 3.4, each issued and outstanding Tournament Share shall be transferred to Tropic, in accordance with the election or deemed election of the holder of such Tournament Share pursuant to section 3.2, in consideration for:
 - (i) a cash payment equal to the Tournament Cash Consideration; or
 - (ii) the Tournament Exchange Fraction of a Tropic Voting Common Share;
 - (i) each issued and outstanding Chamaelo Share shall be transferred to Tropic in consideration for:
 - (i) a Tropic Non-Voting Common Share for each Chamaelo Non-Voting Common Share so transferred, and
 - (ii) a Tropic Voting Common Share for each Chamaelo Voting Common Share so transferred;
 - (j) each issued and outstanding Chamaelo Option shall be exchanged for a Tropic New Option; and
 - (k) each issued and outstanding Chamaelo Warrant shall be exchanged for:
 - (i) in the case of a Chamaelo Non-Voting Warrant, a Tropic Non-Voting Warrant; and
 - (ii) in the case of a Chamaelo Voting Warrant, a Tropic Voting Warrant.
- 3.2 With respect to the election to be made by Tournament Shareholders pursuant to subsection 3.1(h), each such holder may elect to receive Tournament Cash Consideration or the Tournament Exchange Fraction of a Tropic Voting Common Share with respect to each Tournament Share held by such holder by depositing with the Depositary, prior to the Election Deadline, a duly completed Election Form indicating such holder's election. Any such Tournament Shareholder who has not deposited with the Depositary a duly completed Election Form prior to the Election Deadline, or otherwise fails to comply with the requirements of this section 3.2 and the Election Form, shall be deemed to have elected to receive cash consideration only, subject to the limits on such consideration set out in section 3.4.
- 3.3 If the aggregate number of Tropic Voting Common Shares that would, but for this section 3.3, be issued pursuant to subsection 3.1(h), exceeds 9,500,000 Tropic Voting Common Shares, then the number of Tropic Voting Common Shares to be issued to any particular holder of Tournament Shares shall be determined by multiplying the total number of Tropic Voting Common Shares otherwise issuable to such holder by a fraction, the numerator of which is 9,500,000 and the denominator of which is the aggregate number of Tropic Voting Common Shares otherwise issuable to all holders of Tournament Shares. With respect to each Tournament Exchange

Fraction of a Tropic Voting Common Share that such holder validly elected to receive in accordance with section 3.2 but did not receive as a consequence of this section 3.3, such holder shall receive Tournament Cash Consideration pursuant to subsection 3.1(h).

- 3.4 If the aggregate cash consideration that would, but for this section 3.4, be paid pursuant to subsection 3.1(h) is greater than \$158,000,000, then the amount of cash consideration payable to any particular holder of Tournament Shares shall be determined by multiplying the total amount of cash consideration otherwise payable to such holder by a fraction, the numerator of which is \$158,000,000 and the denominator of which is the aggregate amount of cash consideration otherwise payable to all holders of Tournament Shares. With respect to each increment of such cash consideration that such holder validly elected to receive in cash in accordance with section 3.2 but did not receive as a consequence of this section 3.4 that is equal to the amount of the Tournament Cash Consideration such holder shall receive the Tournament Exchange Fraction of one Tropic Voting Common Share pursuant to subsection 3.1(h), with any remaining amount of cash being rounded up or down to the next whole number of Tournament Common Voting Shares.

3.5 Upon:

- (a) the change of Tropic Preferred Shares into Tropic Voting Common Shares pursuant to paragraph 3.1(d)(ii):
 - (i) each such Tropic Preferred Share shall and shall be deemed to be changed as described in paragraph 3.1(d)(ii) without any further action being taken by the holder thereof or Tropic;
 - (ii) each holder of such Tropic Preferred Shares shall cease to be a holder of Tropic Preferred Shares and such holder's name shall be removed from the register of holders of Tropic Preferred Shares;
 - (iii) each holder of such Tropic Preferred Shares shall and shall be deemed to hold as fully paid and non-assessable shares the number of Tropic Voting Common Shares equal to the number of Tropic Voting Common Shares issuable to such holder pursuant to paragraph 3.1(d)(ii), such holder's name shall be added to the register of holders of Tropic Voting Common Shares and the share certificates representing such Tropic Preferred Shares shall represent the number of Tropic Voting Common Shares issuable to such holder pursuant to paragraph 3.1(d)(ii); and
 - (iv) the aggregate amount of the stated capital accounts relating to the classes of Tropic Preferred Shares changed into Tropic Voting Common Shares shall be added to the stated capital account maintained for the Tropic Voting Common Shares;
- (b) the change of Tropic Common Shares into Tropic Voting Common Shares pursuant to paragraph 3.1(d)(iii):
 - (i) each such Tropic Common Share shall and shall be deemed to be changed as described in paragraph 3.1(d)(iii) without any further action being taken by the holder thereof or Tropic;

- (ii) each holder of such Tropic Common Shares shall cease to be a holder of Tropic Common Shares and such holder's name shall be removed from the register of holders of Tropic Common Shares;
 - (iii) each holder of such Tropic Common Shares shall and shall be deemed to hold as fully paid and non-assessable shares the number of Tropic Voting Common Shares equal to the number of Tropic Voting Common Shares issuable to such holder pursuant to paragraph 3.1(d)(iii), such holder's name shall be added to the register of holders of Tropic Voting Common Shares and the share certificates representing such Tropic Common Shares shall represent the number of Tropic Voting Common Shares issuable to such holder pursuant to paragraph 3.1(d)(iii); and
 - (iv) the amount of the stated capital account relating to the Tropic Common Shares changed into Tropic Voting Common Shares shall be added to the stated capital account maintained for the Tropic Voting Common Shares;
- (c) the issuance of Newco Shares to Tropic pursuant to subsection 3.1(e), Newco shall allot and issue to Tropic the number of Newco Shares of each particular class on the basis set forth in the Newco Conveyance Agreement and the name of Tropic shall be added to the register of holders of Newco Shares with respect to such Newco Shares;
- (d) the transfer of Newco Shares to holders of Tropic Shares pursuant to subsection 3.1(f):
 - (i) Tropic shall cease to be a holder of such Newco Shares and the name of Tropic shall be removed from the register of holders of Newco Shares; and
 - (ii) the names of such holders shall be added to the register of holders of Newco Shares with respect to such Newco Shares;
- (e) the issuance of Tropic Voting Common Shares to holders of Subscription Receipts pursuant to subsection 3.1(g), Tropic shall allot and issue to such holders the number of Tropic Voting Common Shares issuable to such holders on the basis set forth in subsection 3.1(g) and the names of such holders shall be added to the register of holders of Tropic Voting Common Shares with respect to such Tropic Voting Common Shares;
- (f) the transfer of Tournament Shares by a holder pursuant to subsection 3.1(h):
 - (i) such holder shall cease to be a holder of Tournament Shares and the name of such holder shall be removed from the register of holders of Tournament Shares;
 - (ii) Tropic shall become the holder of the Tournament Shares so transferred and the name of Tropic shall be added to the register of holders of Tournament Shares with respect to such Tournament Shares; and
 - (iii) Tropic shall allot and issue to such holder any Tropic Voting Common Shares issuable to such holder pursuant to this article 3 as consideration for the transfer of the holder's Tournament Shares, and such holder's name shall be added to the register of holders of Tropic Voting Common Shares with respect to such Tropic Voting Common Shares;

- (g) the transfer of Chamaelo Non-Voting Common Shares by a holder pursuant to paragraph 3.1(i)(i):
 - (i) such holder shall cease to be a holder of Chamaelo Non-Voting Common Shares and the name of such holder shall be removed from the register of holders of Chamaelo Non-Voting Common Shares;
 - (ii) Tropic shall become the holder of the Chamaelo Non-Voting Common Shares so transferred and the name of Tropic shall be added to the register of holders of Chamaelo Non-Voting Common Shares with respect to such Chamaelo Non-Voting Common Shares; and
 - (iii) Tropic shall allot and issue to such holder the number of Tropic Non-Voting Common Shares issuable to such holder on the basis set forth in paragraph 3.1(i)(i) and the name of such holder shall be added to the register of holders of Tropic Non-Voting Common Shares with respect to such Tropic Non-Voting Common Shares;
- (h) the transfer of Chamaelo Voting Common Shares by a holder pursuant to paragraph 3.1(i)(ii):
 - (i) such holder shall cease to be a holder of Chamaelo Voting Common Shares and the name of such holder shall be removed from the register of holders of Chamaelo Voting Common Shares;
 - (ii) Tropic shall become the holder of the Chamaelo Voting Common Shares so transferred and the name of Tropic shall be added to the register of holders of Chamaelo Voting Common Shares with respect to such Chamaelo Voting Common Shares; and
 - (iii) Tropic shall allot and issue to such holder the number of Tropic Voting Common Shares issuable to such holder on the basis set forth in subsection 3.1(i)(ii) and the name of such holder shall be added to the register of holders of Tropic Voting Common Shares with respect to such Tropic Voting Common Shares;
- (i) the issuance of Tropic New Options to Chamaelo Optionholders in exchange for Chamaelo Options pursuant to subsection 3.1(j):
 - (i) such Chamaelo Optionholders shall cease to be holders of the Chamaelo Options so exchanged and the names of such former Chamaelo Optionholders shall be removed from the register of holders of Chamaelo Options as it relates to the Chamaelo Options so exchanged; and
 - (ii) Tropic shall allot and issue to such Chamaelo Optionholders the number of Tropic New Options issuable to such holders on the basis set forth in subsection 3.1(j) and the names of such former Chamaelo Optionholders shall be added to the register of holders of Tropic New Options with respect to such New Options;
- (j) the issuance of Tropic Non-Voting Warrants to Chamaelo Warrantholders in exchange for Chamaelo Non-Voting Warrants pursuant to paragraph 3.1(k)(i):

- (i) such holder shall cease to be a holder of Chamaelo Non-Voting Warrants and the name of such holder shall be removed from the register of holders of Chamaelo Non-Voting Warrants; and
 - (ii) Tropic shall allot and issue to such holders the number of Tropic Non-Voting Warrants issuable to such holders on the basis set forth in paragraph 3.1(k)(i) and the name of such holders shall be added to the register of holders of Tropic Non-Voting Warrants with respect to such Tropic Non-Voting Warrants; and
 - (k) the issuance of Tropic Voting Warrants to Chamaelo Warrantholders in exchange for Chamaelo Voting Warrants pursuant to paragraph 3.1(k)(ii):
 - (i) such holder shall cease to be a holder of Chamaelo Voting Warrants and the name of such holder shall be removed from the register of holders of Chamaelo Voting Warrants; and
 - (ii) Tropic shall allot and issue to such holders the number of Tropic Voting Warrants issuable to such holders on the basis set forth in paragraph 3.1(k)(ii) and the name of such holders shall be added to the register of holders of Tropic Voting Warrants with respect to such Tropic Voting Warrants.
- 3.6 Holders of Tournament Shares, other than any such holders who are exempt from tax under Part I of the Tax Act, who receive Tropic Voting Common Shares or a combination of cash and Tropic Voting Common Shares shall be entitled to make an income tax election pursuant to subsection 85(1) of the Tax Act or, if the holder is a partnership, subsection 85(2) of the Tax Act (and in each case, where applicable, the analogous provisions of provincial income tax law) with respect to the transfer of their Tournament Shares to Tropic by providing two signed copies of the necessary prescribed election forms to the Depositary within 90 days following the Effective Date, duly completed with the details of the number of Tournament Shares transferred and the applicable agreed amounts for the purposes of such elections. Thereafter, subject to the election forms being correct and complete and complying with the provisions of the Tax Act (or any applicable provincial income tax law), the forms will be signed by Tropic (and Tropic shall also provide the necessary information with respect to itself in order to complete the forms) and returned to such holders within 30 days after the receipt thereof by the Depositary for filing with the Canada Revenue Agency (or the applicable provincial taxing authority). Tropic will not be responsible for the proper completion of any election form and, except for Tropic's obligation to return duly completed election forms which are received by the Depositary within 90 days following the Effective Date, within 30 days after the receipt thereof by the Depositary, Tropic will not be responsible for any taxes, interest, penalties or any other costs or damages resulting from the failure by a holder of Tournament Shares to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (or any applicable provincial income tax law). In its sole discretion, Tropic may choose to sign and return an election form received more than 90 days following the Effective Date, but Tropic will have no obligation to do so.

ARTICLE 4

DISSENTING SHAREHOLDERS

- 4.1 Each registered Chamaelo Shareholder, registered Tournament Shareholder, registered Tropic Shareholder, Chamaelo Optionholder, Tournament Optionholder, Chamaelo Warrantholder and Tournament Warrantholder shall have the right to dissent with respect to the Arrangement in

accordance with the Interim Order. A Dissenting Securityholder shall, as of the Effective Time, cease to have any rights as a Chamaelo Shareholder, Tournament Shareholder, Tropic Shareholder, Chamaelo Optionholder, Tournament Optionholder, Chamaelo Warrantholder and Tournament Warrantholder, as the case may be, and shall following the Effective Time only be entitled to be paid by Tropic the fair value of the holder's Chamaelo Shares, Tournament Shares, Tropic Shares, Chamaelo Options, Tournament Options, Chamaelo Warrants and Tournament Warrants, as the case may be, in accordance with subsection 3.1(a). A Dissenting Securityholder who for any reason is not entitled to be paid the fair value of the holder's Chamaelo Shares, Tournament Shares, Tropic Shares, Chamaelo Options, Tournament Options, Chamaelo Warrants and Tournament Warrants shall be treated as if the holder had participated in the Arrangement on the same basis as a non-dissenting holder of Chamaelo Shares, Tournament Shares, Tropic Shares, Chamaelo Options, Tournament Options, Chamaelo Warrants and Tournament Warrants notwithstanding the provisions of section 190 of the CBCA and section 191 of the ABCA. The fair value of the Chamaelo Shares, Tournament Shares, Tropic Shares, Chamaelo Options, Tournament Options, Chamaelo Warrants and Tournament Warrants shall be determined as of the close of business on the last business day before the day on which the Arrangement is approved by the Chamaelo Shareholders, Chamaelo Optionholders and Chamaelo Warrantholders at the Chamaelo Meeting the Tournament Shareholders, Tournament Optionholders and Tournament Warrantholders at the Tournament Meeting and the Tropic Shareholders at the Tropic Meeting but in no event shall Chamaelo, Tournament, or Tropic be required to recognize such Dissenting Securityholder as a shareholder or holder of options or warrants of Chamaelo or Tournament or shares of Tropic after the Effective Time and the name of such holder shall be removed from the applicable register of shareholders, optionholders, or warrantholders, as the case may be, as of the Effective Time. For greater certainty, in addition to any other restrictions in section 190 of the CBCA and section 191 of the ABCA, any person who has voted in favour of the Arrangement shall not be entitled to dissent with respect to the Arrangement.

ARTICLE 5

ENTITLEMENT TO CONSIDERATION

- 5.1 From and after the Effective Time, certificates formerly representing Chamaelo Shares and Tournament Shares acquired by Tropic under the Arrangement and certificates formerly representing Tropic Shares changed under the Arrangement shall represent only the right to receive the consideration to which the holders are entitled under this Plan of Arrangement, or as to those held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to section 4.1, to receive the fair value of the Chamaelo Shares, Tournament Shares or Tropic Shares represented by such certificates.
- 5.2 If a former Tournament Shareholder deposits a duly completed Letter of Transmittal and the certificates representing such former Tournament Shareholder's Tournament Shares with the Depositary within 28 days following the end of the month that includes the Effective Date and certifies in such Letter of Transmittal that he is not a Non-Resident and does not otherwise appear to Tropic to be a Non-Resident, Tropic shall, as soon as practicable following the later of the Effective Date and the date of deposit by such former Tournament Shareholder, either:
 - (a) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder at the address specified in Letter of Transmittal ; or
 - (b) if requested by such holder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such holder,

certificates representing the number of Tropic Voting Common Shares issued to such holder under the Arrangement and a cheque representing the amount of cash consideration payable to such former Tournament Shareholder under the Arrangement.

- 5.3 If a former Tournament Shareholder who has certified in a Letter of Transmittal that he is a Non-Resident or who otherwise appears to Tropic to be a Non-Resident has provided a clearance certificate issued under section 116 of the Tax Act to Tropic within 28 days (or such later date as may be agreed by the Canada Revenue Agency) following the end of the month that includes the Effective Date, Tropic shall remit any amount required to be remitted to the Canada Revenue Agency in accordance with such certificate and, thereafter, as soon as practicable following the date of deposit by such former Tournament Shareholder of a duly completed Letter of Transmittal and the certificates representing such former Tournament Shareholder's Tournament Shares with the Depositary, either:
- (a) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder at the address specified in Letter of Transmittal; or
 - (b) if requested by such holder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such holder,

certificates representing the number of Tropic Voting Common Shares issued to such holder under the Arrangement and deliverable to such holder pursuant to this section 5.3 and a cheque representing the amount of cash consideration payable to such former Tournament Shareholder pursuant to subsection 3.1(h) less any amount payable to the Canada Revenue Agency in accordance with such clearance certificate. If the amount payable to the Canada Revenue Agency hereunder exceeds the amount of cash otherwise payable to such holder under the Arrangement Tropic shall be entitled to sell a sufficient number of the holder's Tropic Voting Common Shares to fund such deficiency to the Canada Revenue Agency and Tropic shall not be liable for any insufficiency or inadequacy in proceeds realized for such Tropic Voting Common Shares.

- 5.4 In the case of a former Tournament Shareholder other than a Tournament Shareholder referred to in section 5.2 or section 5.3, Tropic shall remit an amount equal to 25% of the aggregate consideration payable to such former Tournament Shareholder hereunder to the Canada Revenue Agency and, thereafter, as soon as practicable following the date of deposit by such former Tournament Shareholder of a duly completed Letter of Transmittal and the certificates representing such former Tournament Shareholder's Tournament Shares with the Depositary, either:
- (a) forward or cause to be forwarded by first class mail (postage prepaid) to such former holder at the address specified in the Letter of Transmittal; or
 - (b) if requested by such holder in the Letter of Transmittal, make available or cause to be made available at the Depositary for pickup by such holder,

certificates representing the number of Tropic Voting Common Shares issued to such holder under the Arrangement and deliverable to such holder pursuant to this section 5.4 and a cheque representing the amount of cash consideration payable to such former Tournament Shareholder pursuant to subsection 3.1(h) less any amount payable to the Canada Revenue Agency. If the amount payable to the Canada Revenue Agency hereunder exceeds the amount of cash otherwise payable to such holder under the Arrangement Tropic shall be entitled to sell a sufficient number of the holder's Tropic Voting Common Shares to fund such deficiency to the Canada Revenue

Agency and Tropic shall not be liable for any insufficiency or inadequacy in proceeds realized for such Tropic Voting Common Shares.

- 5.5 Tropic shall, as soon as practicable following the later of the Effective Date and the date of deposit by a former Chamaelo Shareholder of a duly completed Letter of Transmittal, and the certificates representing such former Chamaelo Shareholder's Chamaelo Non-Voting Common Shares or Chamaelo Voting Common Shares with the Depositary, as the case may be, either:

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

certificates representing the number of Tropic Non-Voting Common Shares or Tropic Voting Common Shares, as the case may be, issued to such holder under the Arrangement.

- 5.6 Tropic shall, as soon as practicable following the later of the Effective Date and the date of deposit by a Tropic Shareholder of a duly completed Letter of Transmittal and the certificates representing such Tropic Shareholder's Tropic Shares, either:

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

certificates representing the number of Tropic Voting Common Shares issued to such holder under the Arrangement.

- 5.7 To the extent subsection 3.1(d) would otherwise result in a Tropic Shareholder acquiring a fraction of a Tropic Voting Common Share, the number of Tropic Voting Common Shares issued to such Tropic Shareholder pursuant to subsection 3.1(d) shall be rounded to the nearest whole number of Tropic Voting Common Shares with fractions equal to 0.5 being rounded up.

- 5.8 To the extent article 3 would otherwise result in a former Tournament Shareholder acquiring a fraction of a Tropic Voting Common Share, the number of Tropic Voting Common Shares issued to such Tournament Shareholder pursuant to subsection 3.1(h) shall be rounded to the nearest whole number of Tropic Voting Common Shares with fractions equal to 0.5 being rounded up.

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

- 5.10 All distributions made with respect to any Tropic Non-Voting Common Shares or Tropic Voting Common Shares, as the case may be, allotted and issued pursuant to this Arrangement but for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holders thereof. All monies received by the Depositary shall be invested by it in interest-bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application 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 applicable withholding and other taxes.
- 5.11 Any certificate formerly representing Chamaelo Shares, Tournament Shares or Tropic Shares, as the case may be, that is not deposited with all other documents as required by this Plan of Arrangement on or before the tenth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature to receive the consideration to which a former Chamaelo Shareholder, former Tournament Shareholder or Tropic Shareholder, as the case may be, is entitled under this Plan of Arrangement, and for greater certainty, the right of such former holders or holders to receive certificates representing Tropic Non-Voting Common Shares or Tropic Voting Common Shares shall be deemed to be surrendered to Tropic, together with all dividends, distributions or cash payments thereon held for such holder.
- 5.12 Tropic agrees to cooperate with any Tournament Shareholder who is required to obtain a clearance certificate under section 116 of the Tax Act and who is required to make a payment to the Canada Revenue Agency (or to the Receiver General of Canada) in order to obtain such clearance certificate in initiating a mutually agreeable procedure to permit such Tournament Shareholder to use all or a portion of the cash consideration otherwise payable to such Tournament Shareholder pursuant to the Arrangement to fund such payment and to concurrently with such payment, obtain such clearance certificate in a form satisfactory to the Tournament Shareholder and Tropic, acting reasonably.

ARTICLE 6 AMENDMENTS

- 6.1 Chamaelo, Tournament and Tropic 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 Meeting, approved by the Court, and (c) communicated to Chamaelo Shareholders, Tournament Shareholders, Tropic Shareholders, Chamaelo Optionholders, Tournament Optionholders, Chamaelo Warranholders and Tournament Warranholders, if and as required by the Court.
- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Chamaelo, Tournament or Tropic prior to or at the Chamaelo Meeting, the Tournament Meeting and the Tropic Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Chamaelo Meeting, the Tournament Meeting and the Tropic Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Chamaelo Meeting, the Tournament Meeting or the Tropic Meeting shall be effective only if it is consented to by Chamaelo, Tournament and Tropic.

Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Time unilaterally by Tropic, provided that it concerns a matter which, in the reasonable opinion of Tropic, 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 person bound by this Plan.

Exhibit A**Amount of Reduction in Stated
Capital¹****BY CLASS AND SERIES**

Class D-1 Preferred:	\$34,848,993.00
Class D Preferred:	\$1.00
Class C Preferred:	\$1.00
Class B Preferred, Series B-II Preferred:	\$1.00
Class B Preferred, Series B-I Preferred:	\$1.00
Class A Preferred, Series A-II Preferred:	\$1.00
Class A Preferred, Series A-I Preferred:	\$1.00
Common:	\$1.00

BY SHARE

Class D-1 Preferred:	\$0.4798201700
Class D Preferred:	\$0.0000000137
Class C Preferred:	\$0.0000000247
Class B Preferred, Series B-II Preferred:	\$0.0000000513
Class B Preferred, Series B-I Preferred:	\$0.0000001577
Class A Preferred, Series A-II Preferred:	\$0.0000000855
Class A Preferred, Series A-I Preferred:	\$0.0000011111
Common:	\$0.0000000476

¹ These amounts are subject to adjustment in the event that the value of the assets, including all cash, transferred from Tropic to Tropic Newco as of the Effective Date is different than the value estimated as of the date of the Arrangement Agreement.

Exhibit B

Common Shares

The unlimited number of Common Shares shall have the following rights, privileges, restrictions and conditions attaching thereto:

1. A holder of Common Shares shall be entitled to one vote per Common Share at all meetings of shareholders of the Corporation except meetings at which only holders of a specified class or series, other than the Common Shares, are entitled to vote.
2. A holder of Common Shares shall be entitled to receive dividends as and when declared by the Board of Directors of the Corporation on the Common Shares as a class, subject to the prior satisfaction of all preferential rights to dividends attached to all shares of other classes ranking in priority to the Common Shares in respect of dividends, provided that no dividend may be declared in respect of, or any other benefit conferred upon the holders of, Non-Voting Common Shares unless concurrently therewith the same dividend in respect of, or the same benefit is conferred upon the holders of, Common Shares.
3. A holder of Common Shares shall be entitled, in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, and subject to the prior satisfaction of all preferential rights to return of capital on the liquidation, dissolution or winding-up of the Corporation whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs attached to all shares of other classes ranking in priority to the Common Shares in respect of such return of capital, to share rateably, together with the holders of the Non-Voting Common Shares and of shares of any other class ranking equally to the Common Shares in respect of return of capital, the remaining property of the Corporation on the liquidation, dissolution or winding-up of the Corporation whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, in such assets of the Corporation as are available for distribution.

Non-Voting Common Shares

The unlimited number of Non-Voting Common Shares shall have the following rights, privileges, restrictions and conditions attaching thereto:

1. A holder of Non-Voting Common Shares shall be entitled to receive notice of and to attend any meeting of the shareholders of the Corporation (except meetings at which only holders of a specified class or series of shares, other than the Non-Voting Common Shares, are entitled to vote) provided that, except as required by law, the holders of the Non-Voting Common Shares shall not be entitled as such to vote at any meeting of the shareholders of the Corporation.
2. A holder of the Non-Voting Common Shares shall be entitled to receive all documents and other communications:
 - (a) required to be sent to the holders of Common Shares by applicable law or by any stock exchange on which the Common Shares are listed; and
 - (b) sent by the Corporation to the holders of Common Shares in connection with any meeting of shareholders.

3. A holder of Non-Voting Common Shares shall be entitled to receive dividends as and when declared by the Board of Directors of the Corporation on the Non-Voting Common Shares as a class, subject to prior satisfaction of all preferential rights to dividends attached to shares of other classes ranking in priority to the Non-Voting Common Shares in respect of dividends, provided that no dividend may be declared in respect of, or any other benefit conferred upon the holders of, Common Shares unless concurrently therewith the same dividend in respect of, or the same benefit is conferred upon the holders of, Non-Voting Common Shares.
4. A holder of Non-Voting Common Shares shall be entitled, in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs, and subject to prior satisfaction of all preferential rights to return of capital on the liquidation, dissolution or winding-up of the Corporation whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs attached to all shares of other classes of shares ranking in priority to the Non-Voting Common Shares to share rateably, together with the holders of Common Shares and of shares of any other class ranking equally with the Non-Voting Common Shares in respect of return of capital on the liquidation, dissolution or winding-up of the Corporation whether voluntary or involuntary, or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, in such assets of the Corporation as are available for distribution.
5. For the purposes of these provisions:
 - (a) "business day" means a day on which securities may be traded on the floor of the Toronto Stock Exchange or any other stock exchange on which the Common Shares are then listed;
 - (b) "Offer" means an offer to purchase Common Shares (or an acceptance of an offer to sell Common Shares) which must, by reason of applicable securities legislation or by laws, regulations or policies of a stock exchange on which the Common Shares are listed, be made to each holder of Common Shares whose last address on the records of the Corporation is in a province or territory of Canada to which the relevant requirement applies;
 - (c) "Offer Date" means the date on which an Offer is made;
 - (d) "Redemption Price" means the value of the consideration offered under an Offer which, in the case of non cash consideration shall be determined solely by the Board of Directors of the Corporation, acting reasonably; and
 - (e) "Redemption Period" means the period of time commencing on the seventh business day after the Offer Date and terminating on the last date upon which holders of Common Shares may accept the Offer.
6. Subject to Sections 6, 8 and 9 and applicable law, if an Offer is made, each outstanding Non-Voting Common Share shall be redeemed by the Corporation at the Redemption Price per Non-Voting Common Share at the option of the holder during the Redemption Period. The redemption right provided for in this Section 5 may be exercised by notice in writing given to the Corporation accompanied by the share certificate or certificates representing the Non-Voting Common Shares in respect of which the holder desires to exercise such right of redemption, and

such notice shall be executed by the holder of the Non-Voting Common Shares registered on the books of the Corporation, or by his duly authorized attorney, and shall specify the number of Non-Voting Common Shares which the holder desires to have redeemed. The holder shall pay any governmental or other tax imposed on or in respect of such redemption. Upon receipt by the Corporation of such notice and share certificate or certificates, the Corporation shall issue or cause to be issued a cheque for the aggregate Redemption Price to be paid to such holder (less any tax required to be withheld) in accordance with Sections 6 and 8. If less than all of the Non-Voting Common Shares represented by any share certificate are to be redeemed, the holder shall be entitled to receive a new share certificate representing in the aggregate the number of Non-Voting Common Shares represented by the original share certificate which are not to be redeemed.

7. The redemption right provided for in Section 5 shall not come into effect if:

- (a) one or more shareholders of the Corporation who did not make or act in concert with the person or persons making the Offer and who, in the aggregate, beneficially own, directly or indirectly, or exercise control or direction over, not less than 50% of the outstanding Common Shares, determine within five business days after the Offer Date that he or they will continue to so own or exercise control or direction over, in the aggregate, 50% or more of the outstanding Common Shares;
- (b) contemporaneously with the Offer, an offer is made to the holders of Non-Voting Common Shares upon the same terms and conditions as those contained in the Offer, including the consideration to be paid to the holders of Common Shares and the offer is for the same percentage of Non-Voting Common Shares as the percentage of Common Shares sought to be acquired under the Offer, excluding in each case the number of shares then owned by the offeror; or
- (c) the Offer is not completed in accordance with its terms;

provided that:

- (d) in the case of Section 6(a) above, within six business days after the Offer Date, a certificate signed by or on behalf of the one or more shareholders of the Corporation is delivered to the Secretary of the Corporation confirming that: (A) such shareholders did not make or act in concert with the person or persons making the Offer; (B) such shareholders beneficially own, directly or indirectly, or exercise control or direction over in the aggregate not less than 50% of the outstanding Common Shares; and (C) such shareholders have determined that they will not accept the Offer and provided further that upon any variation of the Offer, including an increase in price, such shareholders of the Corporation shall be deemed not to have accepted the Offer as varied and the certificate delivered by or on behalf of them as described above shall be deemed to continue to apply and no further certificate need be filed for purposes of these provisions unless and until one or more of such shareholders determine to accept the Offer as varied and the result of such acceptance would be to reduce the aggregate holdings of the remaining shareholders who delivered such certificate to less than 50% of the outstanding Common Shares, in which case a certificate to that effect signed by or on behalf of such shareholders who have determined to accept the Offer as varied shall be delivered to the Corporation forthwith after such determination and, in any event, not less than five business days prior to termination of the Conversion Period; and

- (e) as soon as reasonably possible after the receipt of a certificate under Section 6(d), the Corporation shall send to the holders of Non-Voting Common Shares notice of and a brief description of the effect of the determination under Section (6)(a).
8. If the events described in Sections 6(a) or (b) hereof shall not have occurred within five business days after the Offer Date, or if an amended certificate as described in Section 6(d) shall have been delivered, the Corporation shall send as soon as reasonably possible to the holders of Non-Voting Common Shares a notice containing a brief description of the rights of such holders hereunder.
 9. The redemption of all Non-Voting Common Shares delivered to the Corporation for redemption pursuant to Section 5 shall be subject to the provisions of this Section 8 and the provisions of Section 9 and the Corporation shall make all arrangements necessary or desirable to give effect to this Section 8. All Non-Voting Common Shares delivered for redemption pursuant to Section 5 shall be redeemed subject to completion of the Offer but no cheques representing the Redemption Price for the Non-Voting Common Shares so redeemed shall be delivered to the holders of such Non-Voting Common Shares unless and until the Offer is completed in accordance with its terms. Upon completion of the Offer (the "Redemption Date"), the Corporation shall deliver to the holders entitled thereto all moneys owing to the holders of the Non-Voting Common Shares redeemed. If the Offer is not completed, the right provided in Section 5 shall not be effective and the Corporation shall return or issue and deliver to the holders entitled thereto share certificates representing Non-Voting Common Shares delivered to the Corporation pursuant to Section 5.
 10. Neither the Common Shares nor the Non-Voting Common Shares shall be subdivided, consolidated, reclassified or otherwise changed unless, contemporaneously therewith, the shares of the other of such classes are subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner.
 11. The rights, privileges, restrictions and conditions attaching to the Non-Voting Common Shares as a class may be added to, changed or removed but only with approval of the holders of Non-Voting Common Shares given as herein specified.
 12. The rights, privileges, restrictions and conditions attached to the Non-Voting Common Shares as a class provided herein and as may be provided from time to time may be repealed, altered, modified, amended or amplified or otherwise varied only with the sanction of the holders of the Non-Voting Common Shares given in such a manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution passed by the affirmative vote of at least two thirds of the votes cast at a meeting of holders of Non-Voting Common Shares duly called for such purpose and held upon at least 21 days notice at which a quorum is present comprising at least two persons holding or representing by proxy at least 20% of the outstanding Non-Voting Common Shares. If any such quorum is not present within half an hour after the time appointed for the meeting then the meeting shall be adjourned to a date being not less than 15 days later and at such time and place as may be appointed by the chairman and at such meeting a quorum will consist of that number of shareholders present in person or proxy. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those which may from time to time be prescribed in the by laws of the Corporation with respect to meetings of shareholders. On every vote taken at every such meeting or adjourned meeting each holder of a Non-Voting Common Share shall be entitled to one vote in respect of each Non-Voting Common Share held.

13. Any cheque representing payment of the Redemption Price not presented to the Corporation's bankers for payment, or otherwise not claimed within six years after the Redemption Date, shall be irrevocably forfeited to the Corporation.
14. From and after the Redemption Date, the Non-Voting Common Shares redeemed shall cease to be entitled to dividends, and the parties that were the holders thereof shall not be entitled to exercise any of the rights of shareholders in respect of such redeemed shares, unless payment of the Redemption Price shall not be duly made by the Corporation.
15. All Non-Voting Common Shares which are redeemed, in accordance with the rights, privileges, restrictions and conditions attaching to the Non-Voting Common Shares, shall, subject to applicable law, be deemed to be returned to the authorized but unissued capital of the Corporation.

EXHIBIT C

1. Each Tropic Common Share shall be changed into one (1) Tropic Voting Common Share.
2. Each Series A-I Preferred Share shall be changed into 0.110138839 Tropic Voting Common Shares. Any fractional Tropic Voting Common Share held by a Tropic Shareholder as a result of the change of Series A-I Preferred Shares to Tropic Voting Common Shares shall be rounded up to the nearest whole share.
3. Each Series A-II Preferred Share shall be changed into 0.550694195 Tropic Voting Common Shares. Any fractional Tropic Voting Common Share held by a Tropic Shareholder as a result of the change of Series A-II Preferred Shares to Tropic Voting Common Shares shall be rounded up to the nearest whole share.
4. Each Series B-I Preferred Share shall be changed into 0.511044213 Tropic Voting Common Shares. Any fractional Tropic Voting Common Share held by a Tropic Shareholder as a result of the change of Series B-I Preferred Shares to Tropic Voting Common Shares shall be rounded up to the nearest whole share
5. Each Series B-II Preferred Share shall be changed into 2.555221063 Tropic Voting Common Shares. Any fractional Tropic Voting Common Share held by a Tropic Shareholder as a result of the change of Series B-II Preferred Shares to Tropic Voting Common Shares shall be rounded up to the nearest whole share
6. Each Class C Preferred Share shall be changed into one (1) Tropic Voting Common Share
7. Each Class D Preferred Share shall be changed into one (1) Tropic Voting Common Share
8. Each Class D-1 Preferred Share held by each Tropic Shareholder shall be changed into one (1) Tropic Voting Common Share
9. After giving effect to the foregoing, the Tropic Voting Common Shares shall be consolidated into ●² Tropic Voting Common Shares, with any fractional Tropic Voting Common Share held by a shareholder after such consolidation being rounded up to the nearest whole share.

² The number of Tropic Voting Common Shares into which the outstanding Tropic Voting Common Shares will be consolidated shall be equal to \$1,045,304 divided by the lesser of (a) \$7.80 and (b) the weighted average trading price of the shares of Chamaelo Exploration Ltd. on the TSX over the 20 trading days prior to the Effective Date.

EXHIBIT D

The following table sets forth the Newco Shares to be received by each Tropic Shareholder in full satisfaction of all obligations under the promissory notes created pursuant to subsection 3.1(c) to the Plan of Arrangement

Shareholder	Common Shares ³	Class A Preferred Shares of Series A-I ¹	Class A Preferred Shares of Series A-II ¹	Class B Preferred Shares of Series B-I ¹	Class B Preferred Shares of Series B-II ¹	Class C Preferred Shares ¹	Class D Preferred Shares ¹	Class D-1 Preferred Shares ¹
	80,000				107,758	166,376		
[removed for reasons of confidentiality]	30,000		200,000			66,550	40,976	768,220
			6,300,000		6,465,517	16,123,340	8,468,139	8,316,298
					4,310,345	7,709,718	4,390,433	4,311,708
	20,000		200,000			66,550	40,402	
					4,310,345	7,709,718	4,390,433	4,311,708
	300,000				50,000	77,199	47,687	
			5,000,000		1,939,655	4,405,552	2,840,868	991,249
					2,292,776	4,091,612	2,322,517	2,289,354
							50,663,861	
								195,364
								24,914
								220,277
								12,737,781
								3,391,443
								12,737,781
								1,613,110
								4,764,309
								1,762,221
								44,444
								5,000,000
								5,506,941
								3,642,157
		200,000		25,000				
		200,000						

³ All references to classes and series of shares are references to class and series of shares in the capital of Newco.

Shareholder	Common Shares ³	Class A Preferred Shares of Series A-I ¹	Class A Preferred Shares of Series A-II ¹	Class B Preferred Shares of Series B-I ¹	Class B Preferred Shares of Series B-II ¹	Class C Preferred Shares ¹	Class D Preferred Shares ¹	Class D-1 Preferred Shares ¹
		200,000						
		300,000						
				88,163				
				1,204,940				
				384,793				
				12,000				
				25,000				
				1,293,103				
				230,414				
				862,069				
				431,034				
				384,793				
				1,293,103				
				107,758				
	3,404							
	60,537							
	65,774							
	3,500							
	6,940							
	44,281							
	10,000							
	8,739							
	38,547							
	27,000							
	157,956							
	58,463							
	84,374							
	194,638							
	2,500							
	16,860							
	12,700							
	15,000							

Shareholder	Common Shares ³	Class A Preferred Shares of Series A-I ¹	Class A Preferred Shares of Series A-II ¹	Class B Preferred Shares of Series B-I ¹	Class B Preferred Shares of Series B-II ¹	Class C Preferred Shares ¹	Class D Preferred Shares ¹	Class D-1 Preferred Shares ¹
	3,000							
	3,500							
	11,800							
	6,550							
	25,000							
	3,500							
	35,000							
	6,700							
	3,300							
	10,000							
	10,000							
	1,000							
	20,000							
	40,000							
	20,000							
	50,000							
	46,000							
	100,000							
	35,200							
	14,666							
	1,500							
	7,253							
	123,691							
	32,901							
	25,536							
	40,691							
	10,000							
	64,327							
	12,946							
	30,001							
	100,000							
	20,588							
	42,585							

Shareholder	Common Shares ³	Class A Preferred Shares of Series A-I ¹	Class A Preferred Shares of Series A-II ¹	Class B Preferred Shares of Series B-I ¹	Class B Preferred Shares of Series B-II ¹	Class C Preferred Shares ¹	Class D Preferred Shares ¹	Class D-1 Preferred Shares ¹
	62,456							
	7,372							
	332,123							
	7,257							
	83,410							
	30,716							
	3,500							
	12,500							
	79,758							
	103,683							
	109,093							
	102,171							
	18,082							
	50,000							
	100,601							
	17,938							
	10,477							
	351,457							
	64,059							
	130,000							
	62,515							
	3,693							
	15,694							
	15,563							
	80,683							
	37,592							
	22,204							
	8,478							
	11,172							
	5,000							
	63,956							
	249,093							
	7,504							

Shareholder	Common Shares ³	Class A Preferred Shares of Series A-I ¹	Class A Preferred Shares of Series A-II ¹	Class B Preferred Shares of Series B-I ¹	Class B Preferred Shares of Series B-II ¹	Class C Preferred Shares ¹	Class D Preferred Shares ¹	Class D-1 Preferred Shares ¹
	11,387							
	108,683							
	37,230							
	20,952							
	9,887							
	10,418							
	60,000							
	17,958							
	3,404							
	22,047							
	7,173							
	15,037							
	4,754							
	27,592							
	25,355							
	13,179							
	5,500							
	103,547							
	111,547							
	20,537							
	32,319							
	24,858							
	93,547							
	18,000							
	58,547							
	7,352							
	19,436							
	27,729							
	8,119							
	15,937							
	13,498							
	4,879							
	8,598							

Shareholder	Common Shares ³	Class A Preferred Shares of Series A-I ¹	Class A Preferred Shares of Series A-II ¹	Class B Preferred Shares of Series B-I ¹	Class B Preferred Shares of Series B-II ¹	Class C Preferred Shares ¹	Class D Preferred Shares ¹	Class D-1 Preferred Shares ¹
	48,411							
	103,274							
	284,229							
	34,000							
	5,215							
	54,000							
	114,093							
	9,699							
	20,238							
	25,458							
	93,683							
	14,387							
	4,981							
	9,247							
	11,727							
	32,865							
	63,791							
	23,870							
	169,775							
	124,638							
	72,865							
	26,940							
	25,357							
	79,024							
	29,440							
	23,334							
	5,012							
	103,820							
	254,311							
	5,000							
	22,900							
	33,460							
	234,638							

Shareholder	Common Shares ³	Class A Preferred Shares of Series A-I ¹	Class A Preferred Shares of Series A-II ¹	Class B Preferred Shares of Series B-I ¹	Class B Preferred Shares of Series B-II ¹	Class C Preferred Shares ¹	Class D Preferred Shares ¹	Class D-1 Preferred Shares ¹
	10,378							
	40,323							
	10,000							
	350,000							
	127,965							
	83,138							
	88,683							
	17,047							
	9,247							
	31,910							
	94,417							
	13,332							
	37,204							
	2,385							
	5,000							
	9,287							
	84,828							
	8,125							
	20,274							
	58,547							
	14,577							
	12,947							
	9,618							
	30,000							
	98,274							
	30,000							
	2,100,000							
	2,100,000							
	3,000							
	2,100,000							
	5,100,000							
	40,000							
	40,325							

Shareholder	Common Shares ³	Class A Preferred Shares of Series A-I ¹	Class A Preferred Shares of Series A-II ¹	Class B Preferred Shares of Series B-I ¹	Class B Preferred Shares of Series B-II ¹	Class C Preferred Shares ¹	Class D Preferred Shares ¹	Class D-1 Preferred Shares ¹
	103,638							
	12,281							
	53,683							
	48,547							
	4,167							
	29,364							
	80,000							
	79,093							
	41,509							
	8,602							
	5,775							
	113,956							
	11,231							
	8,000							
	7,752							
	1,300							
	9,226							
Total	20,989,891	900,000	11,700,000	6,342,170	19,476,396	40,416,615	73,205,316	72,629,279

EXHIBIT II
TOURNAMENT EXPLORECO CONVEYANCE AGREEMENT

EXHIBIT III
TROPIC NEWCO INDEMNITY

1. Tropic NewCo shall indemnify and save harmless Tropic and any successor to Tropic by amalgamation of Tropic with other entities or otherwise from and against all actual or threatened claims, actions, suits, investigations and proceedings (collectively "Proceedings") and all losses (other than loss of profits), expenses, fees, damages, obligations, payments and liabilities, including without limitation all statutory obligations, all amounts paid to settle any action or to satisfy any judgment or award and all legal fees and disbursements actually incurred (collectively "Liabilities") which now or any time hereafter are suffered or incurred by reason of any event, act or omission in any way connected, directly or indirectly, with:
 - (a) any misrepresentation or breach of warranty made or given by Tropic pursuant to Sections 5.3(s) to (cc) or a breach of the covenant in Section 2.5(c) of the Arrangement Agreement among Tropic, Chamaelo Exploration Ltd. and Tournament Energy Ltd. dated October 24, 2005 (the "Arrangement Agreement");
 - (b) the liabilities and obligations of Tropic accruing in, arising in, relating to or in respect of the period prior to the Effective Time and any liabilities and obligations of Tropic NewCo or the business carried on by Tropic NewCo after such time, including, without limitation, with respect to any mortgage, note, indenture, contract, agreement (written or oral), instrument, lease, option, warrant or other document to which Tropic is or was a party or by which it is or was bound at or prior to such time, or any judgment, decree, order, statute, rule or regulation applicable to Tropic at or prior to such time and any obligation of Tropic to indemnify any of its directors, officers, employees or others with respect to their activities at or prior to such time; and
 - (c) any dissent rights in respect of the Arrangement exercised by Tropic Shareholders.
2. The indemnity for all Proceedings and Liabilities provided for in subsection 1(a) shall be limited to the period of time that Canada Revenue Agency may assess or reassess the tax matters to which such representations and warranties relate and in respect to each reduction of \$1.00 of "Available Tax Pools" as defined in the Arrangement Agreement after the reduction of [the aggregate amounts in Section 5.3(aa) of the Arrangement Agreement the indemnity shall be limited to \$0.05 to a maximum of \$10,453,042.
3. The indemnity for all Proceedings and Liabilities provided for in subsections 1(b) and (c) shall not be limited to any particular time period or amount.
4. Notwithstanding anything else herein, Tropic NewCo shall have no obligation to indemnify Tropic in respect to the approval or completion by Tropic of the Subscription Receipt Offering as defined in the Arrangement Agreement, the continuance of Tropic under the *Business Corporations Act* (Alberta) or the substitutional listing of Tropic's voting common shares on the TSX as contemplated by the Arrangement Agreement.
5. If any Proceeding is brought, instituted or threatened in respect of Tropic which may result in a claim for indemnification under this Agreement, Tropic shall promptly after receiving notice thereof notify Tropic NewCo, in writing, and Tropic NewCo shall be entitled (but not required) to assume conduct of the defence thereof and retain counsel on behalf of Tropic who is reasonably satisfactory to Tropic to represent Tropic in such Proceeding and Tropic NewCo shall pay the fees and disbursements of such counsel and all other expenses of Tropic relating to such

Proceeding as incurred. Failure to so notify Tropic NewCo shall not relieve Tropic NewCo from liability except and only to the extent that the failure materially prejudices Tropic NewCo. If Tropic NewCo assumes conduct of the defence for Tropic, Tropic shall, except when a conflict of interest as described in 5(a) exists and counsel to Tropic advises Tropic that such action would be prejudicial to the interests of Tropic, fully cooperate in the defence including, without limitation, the provision of documents, appropriate officers and employees to give witness statements, attend examinations for discovery, make affidavits, meet with counsel, testify and divulge all information reasonably required to defend or prosecute the Proceedings.

6. In any such Proceeding, Tropic shall have the right to employ separate counsel and to participate in the defence thereof if:

- (a) Tropic has been advised in writing by counsel that there may be a reasonable legal defence available to Tropic that is different from or in addition to those available to Tropic NewCo or that a conflict of interest exists which makes representation by counsel chosen by Tropic NewCo not advisable;
- (b) Tropic NewCo has not assumed the defence of the Proceeding and employed counsel therefor reasonably satisfactory to Tropic within ten (10) days after receiving notice thereof; or
- (c) employment of such other counsel has been authorized by Tropic NewCo;

in which event the fees and disbursements of such counsel (on a solicitor and his client basis) shall be paid by Tropic NewCo.

7. No admission of liability and no settlement of any Proceeding shall be made without the consent of Tropic, such consent not to be unreasonably withheld. No admission of liability shall be made by Tropic without the consent of Tropic NewCo, such consent not to be unreasonably withheld, and Tropic NewCo shall not be liable for any settlement of any Proceeding made without their consent, such consent not to be unreasonably withheld.
8. The amount paid or payable by Tropic NewCo as a result of any Proceedings or Liabilities shall, without limitation, include any legal or other expenses reasonably incurred by Tropic in connection with investigating or defending such liabilities, claims, demands, losses, costs, damages and expenses (or claims, actions, suits or proceedings in respect thereof), whether or not resulting in any action, suit, proceeding or claim.
9. The rights to indemnity provided in the foregoing paragraphs shall be in addition to and not in derogation of any other rights which Tropic may have pursuant to this Agreement, any statute or otherwise at law or in equity. Tropic NewCo waives all rights of contribution that it may have against Tropic relating to any Liability in respect of which Tropic NewCo has agreed to indemnify the Indemnified Parties hereunder.
10. Tropic NewCo expressly agrees that the limitation periods provided by the Limitations Act (Alberta) shall be extended to six years in respect of any and all obligations of Tropic NewCo hereunder.

EXHIBIT IV
FORM OF TROPIC DIRECTOR, OFFICER AND EMPLOYEE RELEASE
RELEASE

1. RELEASE

IN CONSIDERATION of payment made to me by **TROPIC NETWORKS INC.** in the amount of \$1.00, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, subject to Section 8 hereof, I, _____, do for myself and my heirs, executors, administrators and assigns, (hereinafter collectively referred to as "I"), forever release, remise and discharge **TROPIC NETWORKS INC.**, its subsidiaries and affiliates, and all their officers, directors, employees, agents, insurers, successors and assigns (hereinafter collectively referred to as the "**Corporation**"), jointly and severally from any and all action, causes of action, contracts, (whether express or implied), claims and demands for damages, loss or injury, suits, debts, sums of money, indemnity, expenses, interest, costs and claims of any and every kind and nature whatsoever, at law or in equity, which against the Corporation I ever had, now have, or can hereafter have by reasons of or existing out of any causes whatsoever existing up to and inclusive of the date of this Release, including, if I was an employee of the Corporation, but without limiting the generality of the foregoing:

- (a) my employment with the Corporation;
- (b) the termination of my employment with the Corporation;
- (c) any and all claims for damages, salary, wages, termination pay, severance pay, vacation pay, commissions, bonuses, expenses, allowances, incentive payments, stock options, insurance or any other benefits (except pension benefits) arising out of my employment with the Corporation.

2. INDEMNITY FOR TAXES, ETC.

I further agree that, for the aforesaid payment, I will save harmless and indemnify the Corporation from and against all claims, taxes or penalties and demands, which may be made by the Minister of National Revenue requiring the Corporation to pay income tax under the *Income Tax Act (Canada)* in respect of income tax payable by myself in excess of the income tax previously withheld; and in respect of any and all claims, charges, taxes or penalties and demands which may be made on behalf of or related to the Employment Insurance Commission or the Canada Pension Commission under the applicable statutes and regulations, with respect to any amount which may, in the future, be found to be payable by the Corporation in respect of myself.

3. HUMAN RIGHTS

I hereby release the Corporation of any liability for any past acts of discrimination and acknowledge that the execution of the Release precludes the consideration of any complaint to the Alberta Human Rights Commission pursuant to the *Human Rights Code* (Ontario), or any other applicable human rights legislation.

4. EMPLOYMENT STANDARDS

If I was an employee of the Corporation, subject to Section 8 hereof, I acknowledge receipt of all wages, overtime pay, vacation pay, general holiday pay, maternity leave and maternity benefits, and pay in place

of termination of employment that I am entitled to by virtue of the *Employment Standards Act, 2000* (Ontario) or pursuant to any other labour standards legislation and I further confirm that there are no entitlements, overtime pay or wages due and owing to myself by the Corporation.

5. BENEFITS AND INSURANCE CLAIMS

I acknowledge and agree that the payment to me includes full compensation and consideration for loss of employment benefits and that all of my employment benefits have ceased on the date of termination of my employment. I fully accept sole responsibility to replace those benefits that I wish to continue and to exercise conversion privileges where applicable with respect to benefits. In the event that I become disabled, I covenant not to sue the Corporation for insurance or other benefits, or for loss of benefits. I hereby release the Corporation from any further obligations or liabilities arising from my employment benefits.

6. NON-DISCLOSURE

I agree that I will not divulge or disclose, directly or indirectly, the contents of this Release or the terms of settlement relating to the termination of my employment with the Corporation to any person, including but without limiting the generality of the foregoing, to employees or former employees of the Corporation, except my legal and financial advisors on the condition that they maintain the confidentiality thereof, or as required by law.

7. FURTHER CLAIMS

I agree not to make claim or take proceedings against any other person or corporation that might claim contribution or indemnity under the provisions of any statute or otherwise against the Corporation for the matters released hereunder.

8. EXCLUSIONS

Notwithstanding anything contained herein, this Release shall not extend to or affect, or constitute a release of my right to sue, claim against or recover from the Corporation and shall not constitute an agreement to refrain from bringing, taking or maintaining any action against the Corporation in respect of:

- (a) any corporate indemnity existing by statute, contract or pursuant to any of the constating documents of the Corporation provided in my favour in respect of my having acted at any time as a director, officer or both of the Corporation; or
- (b) my entitlement to any insurance maintained for the benefit or protection of the directors and/or officers of the Corporation, including without limitation, directors' and officers' liability insurance.

9. UNDERSTANDING

I hereby declare that I have had the opportunity to seek independent legal advice with respect to the matters addressed in this Release and the terms of settlement which have been agreed to by myself and the Corporation and that I fully understand this Release and the terms of settlement. I have not been influenced by any representations or statements made by or on behalf of the Corporation. I hereby voluntarily accept the said terms for the purpose of making full and final compromise, adjustment and settlement of all claims as aforesaid.

10. COMPLETE AGREEMENT

I understand and agree that this Release contains the entire agreement between the Corporation and me and that the terms of this Release are contractual and not a mere recital.

DATED at the City of _____, in the Province of _____, this ____ day of _____, 200__.

Name of Witness

Address of Witness

Signature of Witness

[NAME OF EMPLOYEE]

FORM OF TROPIC RELEASE

RELEASE

1. RELEASE

IN CONSIDERATION of payment made to Tropic Networks Inc. (the "**Releasor**") by _____ (the "**Releasee**") in the amount of \$1.00, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Releasor, does for its and its successors, administrators and assigns, forever release, remise and discharge the Releasee from any and all action, causes of action, contracts, (whether express or implied), claims and demands for damages, loss or injury, suits, debts, sums of money, indemnity, expenses, interest, costs and claims of any and every kind and nature whatsoever, at law or in equity, which against the Releasee it ever had, now has, or can hereafter have by reasons of or existing out of actions taken by the Releasee as a director of the Releasor, in respect of:

the continuance of the Releasor under ABCA pursuant to the Arrangement Agreement among the Releasor, Chamaelo Exploration Ltd. and Tournament Energy Ltd. dated October 24, 2005 (the "**Arrangement Agreement**");

the substitutional listing of the Releasor's voting common shares on the TSX as contemplated by the Arrangement Agreement; and

the Subscription Receipt Offering (as defined in the Arrangement Agreement).

2. FURTHER CLAIMS

The Releasor agrees not to make claim or take proceedings against any other person or corporation that might claim contribution or indemnity under the provisions of any statute or otherwise against the Releasee in respect of the matters released by the Releasor hereunder.

3. COMPLETE AGREEMENT

We understand and agree that this Release contains the entire agreement between the Releasor and the Releasee and that the terms of this Release are contractual and not a mere recital.

DATED at the City of _____, in the Province of _____, this ____ day of _____, 200__.

TROPIC NETWORKS INC.

Per: _____
Name:
Title:

TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION	1
1.1 Definitions	1
1.2 Interpretation Not Affected by Headings, etc	8
1.3 Number, etc.....	8
1.4 Date for Any Action	8
1.5 Entire Agreement.....	8
1.6 Currency.....	8
1.7 Accounting Matters.....	9
1.8 Disclosure in Writing.....	9
1.9 Meaning of "Date Hereof", etc	9
1.10 Exhibits	9
ARTICLE 2 THE ARRANGEMENT.....	9
2.1 Plan of Arrangement.....	9
2.2 Interim Order	10
2.3 Information Circulars and Meetings	11
2.4 Tournament ExploreCo.....	12
2.5 Tropic NewCo.....	12
2.6 Completion of Transactions.....	12
2.7 Voting	12
2.8 TSX Listing.....	13
2.9 Indemnities.....	13
2.10 Effective Date	14
ARTICLE 3 COVENANTS.....	15
3.1 Covenants of Chamaelo	15
3.2 Covenants of Tournament.....	18
3.3 Covenants of Tropic.....	22
3.4 Mutual Covenants Regarding the Arrangement.....	25
3.5 Mutual Covenants Regarding Non-Solicitation.....	25
3.6 Mutual Standstill Provisions	28
3.7 Access to Information.....	28
ARTICLE 4 PRIVATE PLACEMENTS AND INCENTIVE PLANS	28
4.1 Tropic.....	28
ARTICLE 5 REPRESENTATIONS AND WARRANTIES	29
5.1 Representations and Warranties of Chamaelo	29
5.2 Representations and Warranties of Tournament.....	34
5.3 Representations and Warranties of Tropic.....	40
5.4 Privacy Issues	46
ARTICLE 6 CONDITIONS PRECEDENT	48
6.1 Mutual Conditions Precedent.....	48
6.2 Additional Conditions to Obligations of Chamaelo.....	50

TABLE OF CONTENTS

(continued)

	Page
6.3 Additional Conditions to Obligations of Tournament	52
6.4 Additional Conditions to Obligations of Tropic	54
6.5 Notice and Effect of Failure to Comply with Conditions	56
6.6 Satisfaction of Conditions.....	56
ARTICLE 7 AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS	56
7.1 Tournament Damages	56
7.2 Liquidated Damages	56
7.3 Further Covenants of Tropic.....	57
ARTICLE 8 AMENDMENT	57
8.1 Amendment.....	57
ARTICLE 9 TERMINATION	57
9.1 Termination.....	57
ARTICLE 10 NOTICES	58
10.1 Notices	58
ARTICLE 11 GENERAL	59
11.1 Binding Effect.....	59
11.2 Assignment	59
11.3 Disclosure	60
11.4 Costs	60
11.5 Severability	60
11.6 Further Assurances	60
11.7 Time of Essence.....	60
11.8 Governing Law	60
11.9 Waiver.....	60
11.10 Counterparts.....	61
EXHIBIT I PLAN OF ARRANGEMENT	I-1
EXHIBIT II TOURNAMENT EXPLORECO CONVEYANCE AGREEMENT	II-1
EXHIBIT III TROPIC NEWCO INDEMNITY	1
EXHIBIT IV FORM OF TROPIC DIRECTOR, OFFICER AND EMPLOYEE RELEASE	1