

ARRANGEMENT AGREEMENT

THIS AGREEMENT is made as of the 31st day of July, 2013

BETWEEN:

MONTANA EXPLORATION CORP., a corporation existing under the laws of the Province of Alberta ("**Montana**")

- and -

WALDRON ENERGY CORPORATION, a corporation existing under the laws of the Province of Alberta ("**Waldron**")

BACKGROUND:

- (i) Montana wishes to acquire all of the issued and outstanding common shares in the capital of Waldron in exchange for either cash or common shares of Montana, or a combination thereof, at the election of shareholders of Waldron;
- (ii) the Parties (as defined herein) intend to carry out the transaction contemplated by Recital (i) above by way of an arrangement under Section 193 of the *Business Corporations Act* (Alberta), substantially on the terms and subject to the conditions set out in the Plan of Arrangement (as defined herein);
- (iii) all of the directors and officers of Waldron and the directors, officers and controlling shareholders of Montana have entered into support agreements to support the transactions described herein; and
- (iv) the Parties have entered into this Arrangement Agreement to provide for the matters referred to in the foregoing Recitals and for other matters relating to such arrangement;

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

ARTICLE 1 INTERPRETATION

1.1 Definitions

Whenever used in this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined words and terms have the indicated meanings and grammatical variations of such words and terms have corresponding meanings:

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Acquisition Proposal**" means,
 - (i) with respect to Waldron, any inquiry or the making of any proposal or offer to Waldron or any of the Waldron Shareholders or other securityholders of Waldron (including any

take-over bid initiated by advertisement or circular) by any person, or group of persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104 – *Takeover Bids and Issuer Bids*), other than Montana or any person acting jointly or in concert with Montana, whether or not such proposal or offer is subject to due diligence or other conditions and whether such proposal or offer is made orally or in writing, which constitutes, or may reasonably be expected to lead to (in either case, whether in one transaction or a series of transactions):

- (A) the acquisition from Waldron or any of the Waldron Shareholders of securities of Waldron (other than on the exercise or conversion of currently outstanding Waldron Options or Waldron Warrants) that, when taken together with any securities of Waldron held by the proposed acquiror and assuming the conversion of any convertible securities, would constitute beneficial ownership of more than 20% of the outstanding voting securities of Waldron or rights or interests therein;
 - (B) any acquisition of all or a material portion of the assets of Waldron where such assets represent more than 20% of the fair market value of the consolidated assets of Waldron or contribute more than 20% of the consolidated revenues of Waldron (or other arrangement having the same economic effect as a purchase or sale of assets);
 - (C) an amalgamation, arrangement, merger, business combination, consolidation or similar transaction involving Waldron or any of its subsidiaries;
 - (D) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution or similar transaction involving Waldron; or
 - (E) any other transaction, the consummation of which would reasonably be expected to impede, interfere with or delay the transactions contemplated by this Agreement or the Arrangement, or prevent the completion of the Arrangement, or which would reasonably be expected to materially reduce the benefits to Montana of the Arrangement; and
- (ii) with respect to Montana, means any inquiry or the making of any proposal or offer to Montana or any of the Montana Shareholders or other securityholders of Montana (including any take-over bid initiated by advertisement or circular) by any person, or group of persons "acting jointly or in concert" (within the meaning of Multilateral Instrument 62-104 – *Takeover Bids and Issuer Bids*), whether or not such proposal or offer is subject to due diligence or other conditions and whether such proposal or offer is made orally or in writing, which constitutes, or may reasonably be expected to lead to (in either case, whether in one transaction or a series of transactions):
- (A)(I) the acquisition from Montana or any of the Montana Shareholders of securities of Montana (other than on the exercise or conversion of currently outstanding options, warrants or other convertible securities of Montana) that, when taken together with any securities of Montana held by the proposed acquiror and assuming the conversion of any convertible securities, would constitute beneficial ownership of more than 20% of the outstanding voting securities of Montana or rights or interests therein;

- (II) any acquisition of all or a material portion of the assets of Montana where such assets represent more than 20% of the fair market value of the consolidated assets of Montana or contribute more than 20% of the consolidated revenues of Montana (or other arrangement having the same economic effect as a purchase or sale of assets);
 - (III) an amalgamation, arrangement, merger, business combination, consolidation or similar transaction involving Montana or any of its subsidiaries; or
 - (IV) any take-over bid, issuer bid, exchange offer, recapitalization, liquidation, dissolution or similar transaction involving Montana; and
- (B) where the consummation of such transaction would reasonably be expected to impede, interfere with or delay the transactions contemplated by this Agreement or the Arrangement, or prevent the completion of the Arrangement, or which would reasonably be expected to materially reduce the benefits to Waldron of the Arrangement;
- (c) "**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to this Arrangement Agreement (including the schedules hereto) as supplemented, modified or amended, and not to any particular article, section, schedule or other portion hereof;
 - (d) "**Applicable Canadian Securities Laws**", in any context that refers to one or more persons, means, collectively, and as the context may require, the securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, notices, blanket orders and policies published and/or promulgated thereunder, as such may be amended from time to time prior to the Effective Date, that apply to such person or persons or his/her/its/their business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or his/her/its/their business, undertaking, property or securities, together with the rules of the TSXV and TSX that apply to such person or persons;
 - (e) "**Applicable Laws**" means, in any context that refers to one or more persons, the Laws that apply to such person or persons or his/her/its/their business, undertaking, property or securities and emanate from a person having jurisdiction over the person or persons or his/hers/its/their business, undertaking, property or securities;
 - (f) "**Arrangement**" means the arrangement, pursuant to Section 193 of the ABCA, on the terms set out in the Plan of Arrangement, as supplemented, modified or amended in accordance with the Plan of Arrangement or made at the direction of the Court pursuant to the Final Order;
 - (g) "**Arrangement Financing**" means an equity financing of Montana in an aggregate amount of not less than \$20 million, at a price of \$0.25 per Montana Share, to be completed by Montana prior to the Effective Time pursuant to the terms and conditions of the Equity Subscriptions, provided that Montana may arrange alternate equity or debt financing for aggregate gross proceeds of not less than \$20 million to be available prior to the Effective Time and that, with respect to an alternate equity financing, the financing shall be conducted at a price of not less than \$0.25 per Montana Share;
 - (h) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, to give effect to the Arrangement;

- (i) "**ATB**" means ATB Financial;
- (j) "**ATB Credit Facility**" means the credit facility between ATB and Montana proposed by the ATB Term Sheet;
- (k) "**ATB Term Sheet**" means the letter from ATB dated July 29, 2013;
- (l) "**Business Day**" means, with respect to any action to be taken, any day, other than a Saturday, Sunday or a statutory holiday in the place where such action is to be taken;
- (m) "**Canadian GAAP**" or "**GAAP**" means accounting principles generally accepted in Canada applicable to public companies including those set out in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time for the relevant entity applied on a consistent basis;
- (n) "**Certificate**" means the certificate or other proof of filing issued by the Registrar pursuant to subsection 193(11) of the ABCA giving effect to the Arrangement;
- (o) "**Circular**" means the joint management information circular of Montana and Waldron to be sent by Montana to the Montana Shareholders and by Waldron to the Waldron Securityholders in connection with the Meetings;
- (p) "**Confidentiality Agreement**" means the confidentiality agreement between Waldron and Montana dated as of May 8, 2013;
- (q) "**Court**" means the Court of Queen's Bench of Alberta;
- (r) "**Depository**" means such Canadian trust company as may be appointed by Montana for the purpose of receiving deposits of certificates formerly representing Waldron Shares and paying the consideration contemplated in **Section 2.1**;
- (s) "**Dissent Rights**" has the meaning ascribed thereto in the Plan of Arrangement;
- (t) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA, as contemplated in **Section 2.4**;
- (u) "**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date;
- (v) "**Encumbrance**" means any mortgage, pledge, assignment, charge, lien, security interest, claim, trust, royalty, gross overriding royalty or carried, participation, net profits or other third party interest and any agreement, option, right of first refusal, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
- (w) "**Environmental Laws**" means, with respect to any person or its business, activities, property, assets or undertaking, all federal, provincial, territorial, state, municipal, local or foreign laws relating to environmental or health and safety matters of the jurisdictions applicable to such person or its business, activities, property, assets or undertaking, including, without limitation, legislation governing the use and storage of Hazardous Substances;
- (x) "**Equity Subscriptions**" means the binding subscription agreements between each of Blue Sky Exploration Limited and ANG Partners, Ltd. and Montana, dated as of July 30, 2013;

- (y) "**Fairness Opinion**" means the written opinion of National Bank Financial Inc. that the consideration to be received by Waldron Shareholders in connection with the Arrangement is fair, from a financial point of view, to the Waldron Shareholders;
- (z) "**Final Order**" means the order of the Court (in respect of Waldron) approving the Arrangement pursuant to subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (aa) "**GLJ**" means GLJ Petroleum Consultants Ltd. independent oil and natural gas reservoir engineers of Calgary, Alberta;
- (bb) "**Governmental Authority**" means any domestic or foreign federal, provincial, state or local governmental, regulatory or administrative authority, department, court, agency, commission, board or tribunal or official, including any political subdivision thereof;
- (cc) "**Hazardous Substances**" means any waste or other substance that is prohibited, listed, defined, designated or classified as dangerous, hazardous, radioactive, explosive or toxic or a pollutant or a contaminant under or pursuant to any applicable Environmental Laws, and specifically including petroleum and all derivatives thereof and synthetic substitutes therefor;
- (dd) "**Interim Order**" means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the Waldron Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (ee) "**Laws**" means all laws (including, for greater certainty, common law), all statutes, regulations, by-laws, statutory rules, orders, ordinances, protocols, codes, guidelines, notices and directions enacted by a Governmental Authority (including all Applicable Canadian Securities Laws), the rules of the TSX and TSXV, and the terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority or self-regulatory authority;
- (ff) "**Macquarie**" means Macquarie Capital Markets Canada Ltd.;
- (gg) "**Mailing Date**" means the date on which the Circular is mailed to the Waldron Securityholders in connection with the Waldron Meeting and to the Montana Shareholders in connection with the Montana Meeting;
- (hh) "**material adverse change**" with respect to either Montana (on a consolidated basis) or Waldron, means any change (or any condition, event or development involving a prospective change) that is or would reasonably be expected to be material and adverse to the business, operations, results of operations, assets, title to assets, properties, prospects, capitalization, or condition (financial or otherwise), whether contractual or otherwise, of such Party, and, if applicable, its subsidiaries, taken as a whole, other than a change:
 - (i) that relates to or arises out of a matter that has, prior to the date hereof, been publicly disclosed or disclosed to the other Party in writing;
 - (ii) that relates to or arises out of conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole and not specifically relating to the applicable Party, including changes in Laws (including tax Laws) and royalties;

- (iii) that relates to or arises out of general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States of America or elsewhere;
- (iv) that relates to or arises out of any change in the market price of crude oil, natural gas or related hydrocarbons on a current or forward basis;
- (v) that relates to any failure by the Party to meet any internal or published financial or other projections or forecasts, including projections and forecasts provided to the other Party in connection with its due diligence inquiries or the negotiation of this Agreement (provided that this clause (v) will not prevent a determination that any change giving rise to such a failure to meet projections or forecasts has resulted in a material adverse change to the extent such change is not otherwise excluded from this definition);
- (vi) that arises out of any action taken by a Party or a subsidiary of the Party, if any, that is consented to by the other Party in accordance with the terms of this Agreement;
- (vii) that relates to or arises out of any change in GAAP, or changes in accounting requirements (including international financial reporting standards) applicable to the oil and natural gas industry;
- (viii) that relates to or arises out of any action taken by the Party or a subsidiary of the Party, if any, where such action is required pursuant to this Agreement (excluding any obligation to act in the ordinary course of business, but including any steps taken to obtain any regulatory or third party approval required in connection with the Arrangement);
- (ix) that relates to or arises out of any change or proposed change in Laws not specifically directed at such Party or its subsidiaries, if any, or in the interpretation or administration of such Laws by any Governmental Authority;
- (x) that relates to or arises out of any exercise of Dissent Rights in connection with the Arrangement; or
- (xi) that relates to or arises out of the public announcement of this Agreement or the transactions contemplated hereby;

provided, however, that: (A) while a change in the market price or trading volume of a Party's equity securities will not itself constitute a material adverse change the underlying cause of such change may be considered in determining whether a material adverse change has occurred; and (B) references in this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a material adverse change has occurred;

- (ii) "**material adverse effect**", with respect to either Montana (on a consolidated basis) or Waldron, means any effect that is or would reasonably be expected to be material and adverse to the business, operations, results of operations, assets, title to assets, properties, prospects, capitalization, or condition (financial or otherwise), whether contractual or otherwise of such Party, and, if applicable, its subsidiaries, taken as a whole, other than an effect:
 - (i) that relates to or arises out of a matter that has, prior to the date hereof, been publicly disclosed or disclosed to the other Party in writing;

- (ii) that relates to or arises out of conditions affecting the oil and natural gas exploration, exploitation, development and production industry as a whole and not specifically relating to the applicable Party, including changes in Laws (including tax Laws) and royalties;
- (iii) that relates to or arises out of general economic, financial, currency exchange, securities or commodity market conditions in Canada, the United States of America or elsewhere;
- (iv) that relates to or arises out of any change in the market price of crude oil, natural gas or related hydrocarbons on a current or forward basis;
- (v) that relates to any failure by the Party to meet any internal or published financial or other projections or forecasts, including projections and forecasts provided to the other Party in connection with its due diligence inquiries or the negotiation of this Agreement (provided that this clause (v) will not prevent a determination that any event or development giving rise to such a failure to meet projections or forecasts has had a material adverse effect to the extent such event or development is not otherwise excluded from this definition);
- (vi) that relates to or arises out of any action taken by a Party or a subsidiary of the Party, if any, that is consented to by the other Party in accordance with the terms of this Agreement;
- (vii) that relates to or arises out of any change in GAAP, or changes in accounting requirements (including international financial reporting standards) applicable to the oil and natural gas industry;
- (viii) that relates to or arises out of any action taken by the Party or a subsidiary of the Party, if any, where such action is required pursuant to this Agreement (excluding any obligation to act in the ordinary course of business, but including any steps taken to obtain any regulatory or third party approval required in connection with the Arrangement);
- (ix) that relates to or arises out of any change or proposed change in Laws not specifically directed at such Party or its subsidiaries, if any, or in the interpretation or administration of such Laws by any Governmental Authority;
- (x) that relates to or arises out of any exercise of Dissent Rights in connection with the Arrangement; or
- (xi) that relates to or arises out of the public announcement of this Agreement or the transactions contemplated hereby;

provided, however, that: (A) while a change in the market price or trading volume of a Party's equity securities will not itself be considered to have a material adverse effect the underlying cause of such change may be considered in determining whether an event, development or circumstance has a material adverse effect; and (B) references in this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether an event, development or circumstance has a material adverse effect;

- (jj) "**material change**" has the meaning ascribed thereto in the *Securities Act* (Alberta);

- (kk) "**Meetings**" means, together, the Montana Meeting and the Waldron Meeting;
- (ll) "**misrepresentation**" has the meaning ascribed thereto in the *Securities Act* (Alberta);
- (mm) "**Montana Disclosure Letter**" means a letter of Montana addressed to Waldron dated the date of this Agreement, providing disclosure of certain information;
- (nn) "**Montana Financial Statements**" means the audited consolidated annual financial statements of Montana as at and for the years ended December 31, 2012 and 2011, together with the notes thereto and the auditor's report thereon, and the unaudited consolidated interim financial statements of Montana as at and for three month period ended March 31, 2013, together with the notes thereto; provided that if Montana has filed its interim unaudited comparative financial statements for the three and six months ended June 30, 2013 and 2012 on the SEDAR website at www.sedar.com, "**Montana Financial Statements**" shall mean the audited consolidated annual financial statements of Montana as at and for the years ended December 31, 2012 and 2011, together with the notes thereto and the auditor's report thereon, and the unaudited consolidated interim financial statements of Montana as at and for the three and six months ended June 30, 2013 and 2012, together with the notes thereto;
- (oo) "**Montana Information**" means the information describing Montana and its business, operations and affairs and the matters to be considered at the Montana Meeting, as required to be included in the Circular (including information incorporated into the Circular by reference) under Applicable Canadian Securities Laws and specifically provided by Montana to Waldron;
- (pp) "**Montana Meeting**" means the annual general and special meeting of Montana Shareholders, which is to be called to permit the Montana Shareholders to consider the Montana Resolutions and related matters, the election of directors of Montana and the appointment of an auditor of Montana and any adjournment(s) thereof;
- (qq) "**Montana Public Record**" means all information filed by Montana since January 1, 2011 with any securities commission or similar regulatory authority in compliance, or intended compliance, with Applicable Canadian Securities Laws, which is available for public viewing on the SEDAR website at www.sedar.com under Montana's profile;
- (rr) "**Montana Reserves Report**" means the independent engineering evaluation dated April 30, 2013, of Montana's oil, natural gas liquids and natural gas reserves prepared by GLJ effective December 31, 2012;
- (ss) "**Montana Resolutions**" means collectively: (i) the ordinary resolution of Montana Shareholders approving the issuance of Montana Shares pursuant to the Arrangement Financing; and (ii) the ordinary resolution of Montana Shareholders approving the Arrangement;
- (tt) "**Montana Shareholders**" means the holders from time to time of Montana Shares;
- (uu) "**Montana Shares**" means common shares of Montana as constituted on the date hereof;
- (vv) "**Montana Subsidiaries**" has the meaning set out in **subsection 4.1(j)**;
- (ww) "**Montana Support Agreements**" means the soft lock-up agreements between Waldron and the Montana Supporting Shareholders, in their capacities as holders of Montana Shares, pursuant to which the Montana Supporting Shareholders agree, among other things, to vote the Montana

Shares owned, beneficially or legally, or controlled or subsequently acquired by them in favour of the Montana Resolutions at the Montana Meeting and to otherwise support the Arrangement;

- (xx) "**Montana Supporting Shareholders**" means each of the directors (or the entity controlled by the director that holds Montana Shares), officers and controlling shareholders of Montana;
- (yy) "**Montana Transaction Costs**" means all costs and expenses incurred by Montana in connection with the Arrangement, including all legal, accounting, audit, financial advisory, printing, and other administrative or professional fees, costs and expenses of third parties incurred by Montana, and for greater certainty, those costs incurred in respect of Montana's engagement of Macquarie and Cornerstone Capital Ltd., in connection with this Arrangement and all amounts payable by Montana in respect of the Arrangement;
- (zz) "**Parties**" means Montana and Waldron; and "**Party**" means either of them;
- (aaa) "**Plan of Arrangement**" means the plan of arrangement under the ABCA described in **Section 2.1** hereof, which plan of arrangement shall be substantially in the form set out in Schedule A to this Agreement, as such plan of arrangement may be amended or supplemented from time to time in accordance with **Article 7** hereof;
- (bbb) "**Registrar**" means the Registrar of Corporations for the Province of Alberta appointed under Section 263 of the ABCA;
- (ccc) "**Release**" means any sudden, intermittent or gradual release, spill, leak, pumping, addition, pouring, emission, emptying, discharge, migration, injection, escape, leaching, disposal, dumping, deposit, spraying, burial, abandonment, incineration, seepage, placement or introduction of a Hazardous Substance, whether accidental or intentional, into the natural environment;
- (ddd) "**Returns**" means 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;
- (eee) "**Rioco**" means Rioco Partners, Ltd.;
- (fff) "**Rioco Loans**" has the meaning set out in **subsection 4.1(ff)**;
- (ggg) "**subsidiary**" means, with respect to a specified entity, any:
 - (i) body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are, at the time, owned directly or indirectly by such specified entity or indirectly by or for the benefit of such specified entity;
 - (ii) entity which is not a body corporate, of which more than 50% of the voting or equity interests of such entity (including, for a partnership other than a limited partnership, the voting or equity interests in such partnership) are owned, directly or indirectly, by such specified entity or indirectly by or for the benefit of such specified entity and in the case of a partnership (including a limited partnership), of which such specified entity, or a subsidiary of such specified entity, is a general partner; and

- (iii) any issuer that would be considered a subsidiary of the specified entity in accordance with the *Securities Act* (Alberta);
- (hhh) "**Superior Proposal**" has the meaning set out in **subsection 3.4(b)(vi)(A)**;
- (iii) "**Tax Act**" means the *Income Tax Act* (Canada) R.S.C. 1985, c. 1 (5th Supp.) as amended, including the regulations promulgated thereunder;
- (jjj) "**Tax**" or "**Taxes**" means all taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, together with all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof, including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, large corporation, capital gain, alternative minimum, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, all employment insurance, health insurance and Canada and other Governmental Authority pension plan and workers compensation premiums or contributions including any interest, fines or penalties for failure to withhold, collect or remit any tax and any liability for such taxes imposed by law with respect to any other person arising pursuant to any tax sharing, indemnification or other agreements or any liability for taxes of any predecessor or transferor entity and whether disputed or not;
- (kkk) "**TSX**" means the Toronto Stock Exchange;
- (lll) "**TSXV**" means the TSX Venture Exchange;
- (mmm) "**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended;
- (nnn) "**Waldron Convertible Securities**" means, collectively, the Waldron Options and the Waldron Warrants;
- (ooo) "**Waldron Convertible Securityholders**" means the holders of Waldron Convertible Securities;
- (ppp) "**Waldron Debt**" means total indebtedness, including bank debt, working capital deficiency of Waldron (but before giving effect to any cash payments, if any, made on the surrender of any "in the money" Waldron Options) and Waldron Transaction Costs (to the extent not included in the foregoing) and for purposes of this **subsection 1.1(ppp)**, the working capital deficiency excludes the current portion of Waldron's financial instrument asset/liability, current portion of Waldron's future income tax asset/liability, and Waldron's flow-through share premium;
- (qqq) "**Waldron Disclosure Letter**" means a letter of Waldron addressed to Montana dated the date of this Agreement, providing disclosure of certain information;
- (rrr) "**Waldron Financial Statements**" means the annual audited financial statements of Waldron as at and for the years ended December 31, 2012 and December 31, 2011, together with the notes thereto and the auditor's report thereon and the unaudited interim financial statements of Waldron for the three month period ended March 31, 2013, together with the notes thereto; provided that if Waldron has filed its interim unaudited comparative financial statements for the three and six months ended June 30, 2013 and 2012 on the SEDAR website at www.sedar.com, "**Waldron Financial Statements**" shall mean the audited annual financial statements of Montana as at and

for the years ended December 31, 2012 and 2011, together with the notes thereto and the auditor's report thereon, and the unaudited interim financial statements of Waldron as at and for the three and six months ended June 30, 2013 and 2012, together with the notes thereto;

- (sss) **"Waldron Information"** means the information describing Waldron and its business, operations and affairs and the matters to be considered at the Waldron Meeting, as required to be included in the Circular (including information incorporated into the Circular by reference) under Applicable Canadian Securities Laws;
- (ttt) **"Waldron Meeting"** means the special meeting of Waldron Securityholders which is to be called to permit the Waldron Securityholders to consider the Waldron Resolution and related matters, and any adjournment(s) or postponement(s) thereof;
- (uuu) **"Waldron Options"** means the outstanding share options of Waldron, whether or not vested, entitling the holders thereof to acquire Waldron Shares;
- (vvv) **"Waldron Public Record"** means all information filed by Waldron since January 1, 2011 with any securities commission or similar regulatory authority in compliance, or intended compliance, with Applicable Canadian Securities Laws, which is available for public viewing on the SEDAR website at www.sedar.com under Waldron's profile;
- (www) **"Waldron Reserves Report"** means the independent engineering evaluation dated March 7, 2013, of Waldron's oil and natural gas reserves prepared by GLJ effective December 31, 2012;
- (xxx) **"Waldron Resolution"** means the special resolution in respect of the Arrangement to be considered by the Waldron Securityholders at the Waldron Meeting;
- (yyy) **"Waldron Securityholders"** means Waldron Shareholders and Waldron Convertible Securityholders;
- (zzz) **"Waldron Shareholders"** means the holders from time to time of Waldron Shares;
- (aaaa) **"Waldron Shares"** means common shares of Waldron, as constituted on the date hereof;
- (bbbb) **"Waldron Support Agreements"** means the soft lock-up agreements between Montana and the Waldron Supporting Shareholders, in their capacities as holders of Waldron Shares, Waldron Options and Waldron Warrants, pursuant to which the Waldron Supporting Shareholders agree, among other things, to vote the Waldron Shares owned, beneficially or legally, or controlled or subsequently acquired by them in favour of the Waldron Resolution at the Waldron Meeting and to otherwise support the Arrangement;
- (cccc) **"Waldron Supporting Shareholders"** means each of the directors and officers of Waldron;
- (dddd) **"Waldron Transaction Costs"** means all costs and expenses incurred by Waldron in connection with the Arrangement, including all legal; accounting; audit; financial advisory; printing; director and officer run-off insurance; special committee fees payable in connection with Waldron's strategic review process, and other administrative or professional fees, costs and expenses of third parties incurred by Waldron, and for greater certainty, including those costs incurred in respect of Waldron's engagement of National Bank Financial Inc. in connection with Waldron's strategic review process and all amounts payable by Waldron in respect of the Arrangement on account of

retention, change of control, termination and severance payments to its officers, directors, employees or consultants; and

(eeee) "**Waldron Warrants**" means the 7,182,560 outstanding share purchase warrants entitling the holders thereof to purchase up to 7,182,560 Waldron Shares.

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 shall 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 schedules hereto) and not to any particular article, section, schedule 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, companies and corporations and vice versa.

1.4 Date for Any Action

If any date on which any action is required to be taken hereunder by either of the Parties is not a Business Day, such action shall be taken on the next succeeding day that is a Business Day.

1.5 Entire Agreement

This Agreement, the Waldron Disclosure Letter, the Montana Disclosure Letter, and the Confidentiality Agreement, 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. For greater certainty, the Montana Support Agreements and the Waldron Support Agreements are separate agreements between the parties thereto and are unaffected by this **Section 1.5**.

1.6 Currency

All sums of money 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 ascribed thereto under Canadian GAAP at the applicable date and all determinations of an accounting nature that are required to be made shall be made in a manner consistent with Canadian GAAP.

1.8 Disclosure in Writing

Reference to disclosure in writing herein shall, in the case of Montana, include disclosure to Montana or its representatives, and in the case of Waldron, include disclosure to Waldron or its representatives.

1.9 References to Legislation

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

1.10 Knowledge

Where any representation or warranty contained in this Agreement is expressly qualified by reference to the knowledge of a Party, it refers to the actual knowledge of the senior officers of such Party, and the knowledge that such senior officers would reasonably be expected to have after making all reasonable inquiries but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge.

1.11 No Strict Construction

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

ARTICLE 2 THE ARRANGEMENT AND MEETINGS

2.1 Plan of Arrangement

- (a) The Parties agree to carry out the Arrangement in accordance with the terms of the Plan of Arrangement, pursuant to which (among other things) Waldron Shareholders (other than those who have validly exercised Dissent Rights), including current holders of Waldron Convertible Securities who receive Waldron Shares upon the exercise or surrender of such Waldron Convertible Securities prior to the Effective Time, shall receive, at their election, for each Waldron Share held either: (i) 1.8 Montana Shares; or (ii) \$0.45 in cash, subject to the cap on the cash consideration in accordance with the Plan of Arrangement, and all outstanding Waldron Options and Waldron Warrants shall be cancelled. For greater certainty, a Waldron Shareholder may elect to receive a combination of Montana Shares and cash in exchange for his/her/its Waldron Shares.
- (b) Montana and Waldron shall each use their best efforts to permit Waldron to apply to the Court, in a manner reasonably acceptable to Montana, for the Interim Order by no later than August 28, 2013 and thereafter will diligently seek the Interim Order and, upon receipt thereof, Waldron will promptly carry out the terms of the Interim Order to the extent applicable to it. The Interim Order will provide, among other things:
 - (i) for the calling and holding of the Waldron Meeting, including the record date for determining the persons to whom notice of the Waldron Meeting is to be provided and for the manner in which such notice is to be provided;
 - (ii) that each Waldron Securityholder shall be entitled to vote with respect to the Waldron Resolution, with each Waldron Shareholder and Waldron Convertible Securityholder being entitled to one vote for each Waldron Share held, one vote for each Waldron Option held and one vote for each Waldron Warrant held;

- (iii) that, subject to approval of the Court, the requisite majority for the approval of the Waldron Resolution shall be:
 - (A) two-thirds of the votes cast by the Waldron Shareholders present in person or by proxy at the Waldron Meeting;
 - (B) two-thirds of the votes cast by the Waldron Securityholders present in person or by proxy at the Waldron Meeting, voting together as a single class; and
 - (C) if applicable, a majority of the votes cast by the Waldron Shareholders present in person or by proxy at the Waldron Meeting, after excluding the votes cast by those persons whose votes must be excluded in accordance with Multilateral Instrument 61-101 — *Protection of Minority Securityholders in Special Transactions*;
- (iv) that in all other respects, the terms, restrictions and conditions of Waldron' articles and by-laws, including quorum requirements and all other matters relating to meetings of the Waldron Shareholders, shall apply in respect of the Waldron Meeting;
- (v) for the grant of Dissent Rights to registered Waldron Shareholders as provided for in the Plan of Arrangement;
- (vi) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and
- (vii) that the Waldron Meeting may be adjourned or postponed from time to time by Waldron with the consent of Waldron without the need for additional approval of the Court.
- (c) Provided all necessary approvals for the Waldron Resolution are obtained from the Waldron Securityholders, Waldron shall, as soon as reasonably practicable following the Waldron Meeting, submit the Arrangement to the Court and apply for the Final Order.
- (d) As soon as reasonably practicable, but in any event no later than two (2) Business Days following the issuance of the Final Order, and subject to satisfaction or waiver of the conditions set out in **Article 5**, Waldron shall 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 Registrar pursuant to subsection 193(10) of the ABCA, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred effective as of the Effective Date in the order set out in the Plan of Arrangement without further act or formality.

2.2 Circular and Waldron Meeting

- (a) As soon as commercially reasonably practicable after the execution and delivery of this Agreement, Montana and Waldron shall convene the Meetings and with the assistance of the other Party, shall prepare the Circular together with any other documents required under the ABCA or Applicable Laws with respect to the Arrangement and use best efforts to cause the same to be sent and filed as required under the ABCA and Applicable Laws by no later than September 6, 2013 so that the Meetings may be held by no later than September 30, 2013;
- (b) Waldron shall cause the Circular to include: (i) the unanimous determination of the board of directors of Waldron that the Arrangement is fair, from a financial point of view, to the Waldron

Shareholders and is in the best interests of Waldron; and (ii) the unanimous recommendation of the board of directors of Waldron that the Waldron Securityholders vote in favour of the Waldron Resolution at the Waldron Meeting;

- (c) Montana shall cause the Circular to include: (i) the unanimous determination of the board of directors of Montana that the Arrangement is in the best interests of Montana; and (ii) the unanimous recommendation of the board of directors of Montana that the Montana Shareholders vote in favour of the Montana Resolutions at the Montana Meeting.
- (d) The Circular shall be in form and content satisfactory to Waldron and Montana, each acting reasonably, and shall comply with Applicable Laws. Each Party shall ensure that the information provided by it for inclusion in the Circular does not, at the time of the mailing of the Circular, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or that is necessary to make the statements contained therein not misleading in light of the circumstances under which they are made.

2.3 General

Each of Waldron and Montana shall permit the other Party and its counsel to review and comment upon drafts of all material to be filed by it with the Court, if any, or provided by it to Waldron Securityholders or Montana Shareholders, as the case may be, in connection with the Arrangement and any supplement or amendment thereto. Waldron shall provide counsel to Montana, on a timely basis, with copies of any notice of appearance and evidence served on Waldron or its counsel in respect of the application for the Interim Order and the application for the Final Order or any appeal therefrom, and of any notice (written or oral) received by Waldron indicating an intention to oppose the granting of the Interim Order or the Final Order or to appeal the Interim Order or the Final Order.

2.4 Effective Date

The Arrangement shall become effective at the Effective Time on the Effective Date. The Certificate shall be conclusive evidence that the Arrangement has become effective as of the Effective Time.

2.5 Treatment of Waldron Convertible Securities

- (a) The Waldron Disclosure Letter sets out the particulars of Waldron Options and Waldron Warrants outstanding as at the date hereof, including: (i) the names of holders of Waldron Options and Waldron Warrants and the number of Waldron Options and Waldron Warrants held by them; (ii) the date of grant; (iii) the date of expiry; and (iv) the exercise price of each Waldron Option and Waldron Warrant.
- (b) The Parties acknowledge and agree that the vesting of the outstanding unvested Waldron Options will, subject to the receipt of all necessary regulatory approvals, be accelerated by Waldron and that all such Waldron Options will become exercisable prior to the Effective Date, and that Waldron and the board of directors of Waldron may take all such actions as are necessary or desirable to effect the foregoing.
- (c) In accordance with the Plan of Arrangement, all outstanding Waldron Options and Waldron Warrants will be cancelled for no consideration.

2.6 Officers and Employees

- (a) As at the Effective Time, no officers, employees or consultants of Waldron shall be entitled to retention, change of control, termination or severance payments (or both), except as set forth in the Waldron Disclosure Letter.
- (b) Montana reserves the right, at its sole discretion, to offer continued employment following the Effective Time to any employee of Waldron, excluding officers, on terms and conditions substantially similar to the terms under which such persons are currently employed. On or before the date that is 10 Business Days prior to the Effective Date, Montana will provide Waldron with a written list of employees that Montana wishes to retain.
- (c) At the Effective Time, Montana shall cause Waldron to pay the retention bonuses set forth in the Waldron Disclosure Letter.
- (d) Each employee and officer of Waldron who is not retained by Montana or Waldron following the Arrangement shall be entitled to be paid at the Effective Time (on the condition such terminated officer has executed a full and final release in a form satisfactory to Montana, acting reasonably) the applicable employee obligations and payments set forth in the Waldron Disclosure Letter.

2.7 Indemnities, Directors' and Officers' Insurance and Waldron Agreements and Undertakings

- (a) Montana agrees that, after the Effective Time, Waldron and any successor to Waldron will not take any action to terminate or materially adversely affect, and will fulfill its obligations pursuant to, indemnities provided or available to or in favour of past and present officers and directors of Waldron pursuant to the provisions of the articles, by-laws or other constating documents of Waldron, applicable corporate legislation and any written indemnity agreements (and each of them), which have been entered into between Waldron and its past or current officers or directors effective on or prior to the date hereof.
- (b) Prior to the Effective Time, Waldron shall be entitled to purchase run off directors' and officers' liability insurance for the benefit of its officers and directors, covering claims made prior to or within six years from the Effective Time, which has a scope and coverage no less advantageous in scope and coverage to that provided pursuant to Waldron's current directors' and officers' insurance policy and Montana agrees to not take or permit any action to be taken by or on behalf of Waldron to terminate or adversely affect such directors' and officers' insurance, [**Text Redacted**].

2.8 U.S. Securities Laws

The Arrangement shall be structured and executed such that, assuming the Court considers the fairness of the terms and conditions of the Arrangement and grants the Final Order, the issuance of the Montana Shares issuable to Waldron Shareholders under the Arrangement will not require registration under the U.S. Securities Act, in reliance upon Section 3(a)(10) thereof. Each Party agrees to act in good faith, consistent with the intent of the Parties and the intended treatment of the Arrangement as set out in this **Section 2.8**.

2.9 Income Tax Election

- (a) The exchange of Waldron Shares for Montana Shares will be structured as a tax deferred share-for-share exchange pursuant to subsection 85.1(1) of the Tax Act. In addition, as an alternative, a Waldron Shareholder shall be entitled to make an income tax election, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law) with respect to the exchange of Waldron Shares for Montana Shares under the Arrangement by providing two signed copies of the necessary election forms to Montana within 90 days following the Effective Date, duly completed with the details of the applicable agreed amounts for the purposes of such election together with a self-addressed stamped envelope. Thereafter, the forms will be signed by Montana and returned to such former holders of Waldron Shares within 30 days after the receipt thereof by Montana for filing with the Canada Revenue Agency (and the applicable provincial taxing authority). Montana will not be responsible for the proper completion of any election form and, except for the obligation of Montana to so sign and return duly completed election forms which are received by Montana within 90 days of the Effective Date, Montana will not be responsible for any Taxes, interest or penalties resulting from the failure by a former Waldron Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (and any applicable provincial legislation). In its sole discretion, Montana may choose to sign and return an election form received by it more than 90 days following the Effective Date, but Montana will have no obligation to do so. The Arrangement will be structured to allow those Waldron Shareholders who (i) receive a combination of Montana Shares and cash in consideration for their Waldron Shares, and (ii) indicate that they will file a tax election pursuant to subsection 85(1) or 85(2) of the Tax Act, to have such exchange be treated as a single transaction whereby all of their Waldron Shares are exchanged as a single transaction for the Montana Shares and cash so received.
- (b) Waldron, Montana and the Depositary shall be entitled to deduct or withhold from any consideration payable to any Waldron Shareholder, such amounts as Waldron, Montana or the Depositary is required to deduct or withhold with respect to such payment under the Tax Act or any provision of federal, provincial, territorial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated, for all purposes hereof, as having been paid to the Waldron Shareholders in respect of whom such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate taxing authority. To the extent that the amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the consideration otherwise payable to the holder, any of Waldron, Montana or the Depositary is hereby authorized to sell or otherwise dispose of such other portion of the consideration as is necessary to provide sufficient funds to Waldron, Montana or the Depositary, as the case may be, to enable it to comply with all deduction or withholding requirements applicable to it, and Waldron, Montana and the Depositary shall notify the holder thereof and remit to the holder thereof any unapplied balance of the net proceeds of such sale.

2.10 Arrangement Financing

Prior to the Effective Time, Montana shall complete the Arrangement Financing. The Arrangement Financing shall be completed in accordance with Applicable Laws.

ARTICLE 3 COVENANTS

3.1 Covenants of Montana

From the date hereof until the earlier of the Effective Time or the termination of this Agreement in accordance with **Article 8**, except with the prior written consent of Waldron (such consent not to be unreasonably withheld or delayed), and as otherwise expressly permitted or specifically contemplated by this Agreement or as otherwise required by Applicable Laws:

- (a) Montana and each Montana Subsidiary shall conduct its business only in the usual and ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any oil or natural gas property, Montana and each Montana Subsidiary 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 it shall use commercially reasonable efforts to maintain and preserve its business, assets and advantageous business relationships;
- (b) Montana shall not (and shall cause each Montana Subsidiary not to), directly or indirectly, do or permit any of the following to occur: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or make any other payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue, grant, sell or pledge or agree to issue, grant, sell or pledge any securities of Montana or such Montana Subsidiary, including securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Montana Shares or shares of a Montana Subsidiary (except as may be required in connection with the securities of Montana set forth in **Section 4.1(g)** or as otherwise permitted pursuant to the terms thereof and as permitted in accordance with the terms of this Agreement, including the issuance of securities pursuant to the Arrangement Financing and provided that Montana may issue Montana Shares and warrants to acquire Montana Shares in accordance with the rules of the TSXV for proceeds not to exceed \$2 million); (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities (except as may be required in connection with the securities of Montana set forth in **Section 4.1(g)** or as otherwise permitted pursuant to the terms thereof and as permitted in accordance with the terms of this Agreement, including the issuance of securities pursuant to the Arrangement Financing); (v) split, combine or reclassify any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of Montana; (vii) pursue, complete or agree to complete any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to the business, capital or affairs of Montana (on a consolidated basis); (viii) reduce the stated capital of any of its outstanding shares; (ix) pay, discharge or satisfy any material claims, liabilities or obligations, other than in the ordinary course consistent with past practice; (x) surrender, release or abandon the whole or any part of its assets (excluding oil and natural gas leases that expire in the ordinary course); (xi) take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement, which might, directly or indirectly, interfere with or affect, in any material way, the consummation of the Arrangement; or (xii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (c) Montana will promptly provide to Waldron, for review by Montana and its counsel, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any news release or material change report and the annual information form of Montana for the year ended December 31, 2012, subject to Montana's obligations under Applicable Canadian

Securities Laws to make continuous disclosure and timely disclosure of material information, and Waldron agrees to keep such information confidential until it is filed as part of the Montana Public Record;

- (d) Montana shall use reasonable commercial efforts to cause the current insurance (or re-insurance) policies of Montana or any Montana Subsidiary not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date;
- (e) Montana shall not (and shall cause each Montana Subsidiary not to) take any action, refrain from taking any action or permit any action to be taken that would render, or may reasonably be expected to render, any representation or warranty made by Montana in this Agreement untrue in any materially adverse respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (f) Montana shall promptly notify Waldron in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Montana threatened, financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change affecting any representation or warranty provided by Montana in this Agreement where such change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Montana shall in good faith discuss with Waldron any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Montana threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Waldron pursuant to this **subsection 3.1(f)**;
- (g) Montana shall use its reasonable commercial efforts to obtain the written consent of its bankers, creditors, lessors and any other third parties to the extent required to permit the consummation of the Arrangement (including the consummation of the Arrangement Financing) or as otherwise contemplated hereby and shall provide a copy of each such consent to Waldron on or prior to the Effective Date, provided that nothing in this **subsection 3.1(g)** shall require Waldron to make any payments to obtain any of the consents referred to above in this **subsection 3.1(g)**;
- (h) Montana shall, jointly with Waldron, cause the Circular to be prepared in a timely and expeditious manner and shall assist Waldron in the preparation of all Court documents related to the Interim Order and Final Order, and provide to Waldron, in a timely and expeditious manner, the Montana Information for inclusion in the Circular and any amendments or supplements thereto, in each case complying in all material respects with all Applicable Canadian Securities Laws as of the date of the Circular;
- (i) Montana will use reasonable commercial efforts to continue to maintain its status as a "reporting issuer" (or similarly designated entity) not in default under the securities legislation in force in all provinces of Canada where it is a reporting issuer at the date of this Agreement;
- (j) Montana will use reasonable commercial efforts to maintain the listing of the Montana Shares on the TSXV;

- (k) Montana will use reasonable commercial efforts, in conjunction with Waldron, to secure all consents of third parties that are required to permit the inclusion of any reference to their names in the Circular, including by reason of their name being included in a document incorporated by reference in the Circular, or otherwise, and will provide copies of such consents to Waldron as soon as reasonably practicable;
- (l) on the Effective Date, Montana shall provide the Depositary under the Plan of Arrangement, an irrevocable direction authorizing and directing the Depositary to deliver the cash consideration and Montana Shares issuable pursuant to the Arrangement to holders of the Waldron Shares in accordance with the Plan of Arrangement, together with sufficient funds to permit the Depositary to pay the cash consideration payable by it under the Plan of Arrangement;
- (m) Montana shall apply to the TSXV for conditional approval of the listing of the Montana Shares issuable pursuant to the Arrangement on the TSXV and shall use all reasonable commercial efforts to obtain such conditional approval prior to the mailing of the Circular;
- (n) Montana shall (and shall cause each Montana Subsidiary to) use reasonable commercial efforts to preserve intact its business organization, assets, properties and goodwill and maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it;
- (o) Montana shall use its reasonable commercial efforts to satisfy, or cause the satisfaction of, the conditions set out in **Sections 5.1** and 5.3 as soon as reasonably practicable following execution of this Agreement to the extent that the satisfaction of the same is within the control of Montana;
- (p) Montana shall make all filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and applicable U.S. securities laws, that are required to be made on the part of Montana or, following the Effective Time, Waldron, in connection with the transactions contemplated herein and shall take all reasonable commercial action that may be necessary to be in compliance, in all material respects, with such Applicable Laws;
- (q) Montana will cause to be taken all necessary corporate action to allot and reserve for issuance the Montana Shares to be issued in exchange for Waldron Shares in connection with the Arrangement;
- (r) Montana shall indemnify and save harmless Waldron and the directors, officers and agents of Waldron from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits) to which Waldron or any director, officer or agent of Waldron may be subject or which Waldron, or any director, officer or agent of Waldron, may suffer or incur, 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 in the Montana Information;
 - (ii) any order made or any inquiry, investigation or proceeding initiated by any securities commission or other competent authority based upon any untrue statement or omission, or alleged untrue statement or omission, of a material fact or any misrepresentation or any alleged misrepresentation in the Montana Information; or
 - (iii) Montana not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that Montana will 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 caused by, any untrue statement or omission, or alleged untrue statement or omission, of a material fact or any misrepresentation or any alleged misrepresentation in the Circular that is based solely on the Waldron Information included in the Circular, the negligence of Waldron or the non-compliance by Waldron with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement;

- (s) except for proxies and other non-substantive communications with the holders of Montana securities, Montana will furnish promptly to Waldron, or Waldron's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Montana from holders of Montana securities or regulatory agencies in connection with: (i) the Arrangement; (ii) the Montana Meeting; (iii) any filings under Applicable Laws in connection with the transactions contemplated by this Agreement; and (iv) any dealings with stock exchanges or regulatory agencies in connection with the transactions contemplated by this Agreement;
- (t) Montana shall cause the Circular to be prepared in compliance, in all material respects, with Applicable Canadian Securities Laws and to provide the Montana Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters scheduled to be considered at the Montana Meeting, and shall include, without limitation: (i) the Waldron Information in the form provided by Waldron (subject to compliance with Applicable Canadian Securities Laws); and (ii) the unanimous determination of the members of the board of directors of Montana that the Arrangement is in the best interests of Montana and the unanimous recommendation of the members of the board of directors of Montana that the Montana Shareholders vote in favour of the Montana Resolutions at the Montana Meeting;
- (u) Montana shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange the ATB Credit Facility on substantially the terms and conditions described in the ATB Term Sheet, including using its commercially reasonable efforts to (i) satisfy on a timely basis prior to the Effective Date all conditions applicable to Montana obtaining the ATB Credit Facility that are within its control, (ii) at or prior to the date which is ten Business Days after the date of this Agreement, pay to ATB the commitment fee set forth in the ATB Term Sheet and provide written confirmation of such payment to Waldron; (iii) at or prior to the Effective Date, enter into definitive agreements with respect to the ATB Credit Facility on the terms and conditions contemplated by the ATB Term Sheet or on other terms acceptable to Montana, in its sole discretion, that would not adversely impact the ability or likelihood of Montana to consummate the transactions contemplated hereby, and (iv) until definitive agreements with respect to the ATB Credit Facility are entered into with ATB, maintain in effect the ATB Term Sheet;
- (v) Montana shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange the Arrangement Financing; and
- (w) Montana shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement, including without limitation the Arrangement Financing.

3.2 Covenants of Waldron

From the date hereof until the earlier of the completion of the Arrangement or the termination of this Agreement in accordance with **Article 8**, except with the prior written consent of Montana (such consent

not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement or as otherwise required by Applicable Laws:

- (a) Waldron shall conduct its business in the usual and ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any oil or natural gas 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 it shall use commercially reasonable efforts to maintain and preserve its business, assets and advantageous business relationships;
- (b) Waldron shall not, directly or indirectly, do or permit any of the following to occur: (i) amend its constating documents; (ii) declare, set aside or pay any dividend or other distribution or make any other payment (whether in cash, shares or property) in respect of its outstanding shares; (iii) issue (other than on exercise or surrender of the currently outstanding Waldron Options or the exercise of the currently outstanding Waldron Warrants (or both) in each case in accordance with **Section 2.5**), grant, sell or pledge or agree to issue, grant, sell or pledge any securities of Waldron, including securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, Waldron Shares; (iv) redeem, purchase or otherwise acquire any of its outstanding shares or other securities (except as may be required in connection with the cancellation or surrender of any Waldron Options or Waldron Warrants or as otherwise permitted pursuant to the terms thereof and as permitted in accordance with the terms of this Agreement); (v) split, combine or reclassify any of its securities; (vi) adopt a plan of liquidation or resolutions providing for the liquidation, dissolution, merger, consolidation or reorganization of Waldron; (vii) pursue, complete or agree to complete any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to the business, capital or affairs of Waldron; (viii) reduce the stated capital of any of its outstanding shares; (ix) pay, discharge or satisfy any material claims, liabilities or obligations, other than in the ordinary course of business consistent with past practice; (x) surrender, release or abandon the whole or any part of its assets (excluding oil and natural gas leases that expire in the ordinary course); (xi) terminate any employees, except as contemplated by this Agreement; (xii) take any action, refrain from taking any action or permit any action to be taken or not taken that is inconsistent with this Agreement, which might, directly or indirectly, interfere with or affect, in any material way, the consummation of the Arrangement; or (xiii) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (c) Waldron shall not, directly or indirectly, except for expenditures considered necessary by Waldron, acting reasonably, to preserve or protect the health or safety of individuals or to preserve or protect of property or the environment: (i) sell, pledge, dispose of or encumber any assets having a value in excess of \$25,000, except production in the ordinary course of business; (ii) expend or commit to expend any amount with respect to any capital expenditure in an amount in excess of \$50,000, except for amounts referred to in the Waldron Disclosure Letter; (iii) expend or commit to expend any amount in excess of \$50,000 with respect to operating expenses, other than operating expenses incurred in the ordinary course of business; (iv) acquire or agree to acquire (by merger, amalgamation, consolidation or acquisition of shares or assets) any corporation, partnership, trust or other business organization or division thereof that is not a subsidiary or affiliate of Waldron as of the date hereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer; (v) acquire any asset having an acquisition cost in excess of \$50,000; (vi) incur or commit to incur any indebtedness for borrowed money in excess of \$50,000, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than in respect

of fees payable to legal, financial and other advisors in respect of the transactions contemplated by this Agreement or otherwise in the ordinary course of business; (vii) authorize, recommend or propose any release or relinquishment of any material contract right; (viii) waive, release, grant or transfer any material rights of value or modify or change in any material respect any existing material license, lease, contract, production sharing agreement, government land concession or other material document; (ix) enter into or terminate any hedges, swaps or other financial instruments or like transactions; (x) enter into commitments of a capital expenditure nature, including Crown lease purchases and freehold lease acquisitions, involving an expenditure in excess of \$50,000; (xi) enter into any non-arm's length transactions including with any officers, directors, employees or consultants of Waldron or transfer any property or assets of Waldron to any directors, officers, employees or consultants; (xii) reimburse or approve or authorize the reimbursement of any expenses (other than those incurred in the ordinary course of business consistent with past practices) of any officer, employee or consultant of Waldron; (xiii) pay, discharge or satisfy any material claims, liabilities or obligations other than as reflected or reserved against in the Waldron Financial Statements or otherwise in the ordinary course of business; (xiv) enter into any agreements for the sale of production having a term of more than 30 days; (xv) enter into any consulting or contract operating agreement that cannot be terminated on 30 days or less notice without penalty; or (xvi) authorize or propose any of the foregoing, or enter into or modify any contract, agreement, commitment or arrangement to do any of the foregoing;

- (d) Waldron shall not make any payment to any employee, officer, director or consultant outside of their ordinary and usual compensation for services provided, other than as contemplated by **Section 2.6** or **subsection 3.2(g)**;
- (e) Waldron will promptly provide to Montana, for review by Montana and its counsel, prior to filing or issuance of the same, any proposed public disclosure document, including without limitation, any news release or material change report, subject to Waldron's obligations under Applicable Canadian Securities Laws to make continuous disclosure and timely disclosure of material information, and Montana agrees to keep such information confidential until it is filed as part of the Waldron Public Record;
- (f) except as described in the Waldron Disclosure Letter, Waldron shall not adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock option plan, fund or arrangement for the benefit of employees, except as is necessary to comply with Applicable Laws or the existing provisions of any such plans, programs, arrangements or agreements;
- (g) except as described in the Waldron Disclosure Letter, Waldron shall not: (i) grant any officer, director, employee or consultant an increase in compensation in any form; (ii) grant any general salary increase; (iii) take any action with respect to the amendment of any severance, retention, change of control or termination pay policies or arrangements for any directors, officers or employees, except as contemplated herein; (iv) adopt or amend (other than to permit accelerated vesting of currently outstanding Waldron Options as contemplated by this Agreement) any stock option plan or the terms of any outstanding options or rights thereunder; nor (v) advance any loan to any officer, director, employee, consultant or any other party not at arm's length;
- (h) Waldron shall use reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal

to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all premiums in respect of such insurance policies that become due prior to the Effective Date and Waldron shall consult with Montana with respect to all such matters prior to taking any action in respect thereof;

- (i) Waldron shall not take any action that would render, or may reasonably be expected to render, any representation or warranty made by Waldron in this Agreement untrue in any materially adverse respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;
- (j) Waldron shall promptly notify Montana in writing of any material change (actual, anticipated, contemplated or, to the knowledge of Waldron threatened, whether financial or otherwise) in its business, operations, affairs, assets, capitalization, financial condition, licenses, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change affecting any representation or warranty provided by Waldron in this Agreement where such change is or may be of such a nature to render any representation or warranty misleading or untrue in any material respect and Waldron shall in good faith discuss with Montana any change in circumstances (actual, anticipated, contemplated, or to the knowledge of Waldron threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to Montana pursuant to this **subsection 3.2(j)**;
- (k) Waldron shall use its reasonable commercial efforts to obtain the written consent of its bankers, creditors, lessors and any other third parties to the extent required to permit the consummation of the Arrangement or as otherwise contemplated hereby and shall provide a copy of each such consent to Montana on or prior to the Effective Date, provided that nothing in this **subsection 3.2(k)** shall require Waldron to make any payments to obtain any of the consents referred to above in this in this **subsection 3.2(k)**;
- (l) Waldron will use reasonable commercial efforts to continue to maintain its status as a "reporting issuer" (or similarly designated entity) not in default under the securities legislation in force in all provinces of Canada where it is a reporting issuer at the date of this Agreement;
- (m) Waldron will use reasonable commercial efforts to maintain the listing of the Waldron Shares on the TSX;
- (n) Waldron will use reasonable commercial efforts, in conjunction with Montana, to secure all consents of third parties that are required to permit the inclusion of any reference to their names in the Circular, including by reason of their name being included in a document incorporated by reference in the Circular, or otherwise, and will provide copies of such consents to Montana as soon as reasonably practicable;
- (o) Waldron shall cause the Circular to be prepared in compliance, in all material respects, with Applicable Canadian Securities Laws and to provide the Waldron Securityholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters scheduled to be considered at the Waldron Meeting, and shall include, without limitation: (i) the Montana Information in the form provided by Montana (subject to compliance with Applicable Canadian Securities Laws); (ii) the unanimous determination of the members of the board of directors of Waldron that the Arrangement is fair, from a financial point of view, to the Waldron Shareholders and is in the best interests of Waldron and the unanimous recommendation of the members of the board of directors of Waldron that the Waldron Securityholders vote in favour of the Waldron Resolution at the Waldron Meeting; and (iii) the Fairness Opinion;

- (p) Waldron shall, jointly with Montana, cause the Circular to be prepared in a timely and expeditious manner and shall prepare all Court documents related to the Interim Order and Final Order, in each case complying in all material respects with all Applicable Canadian Securities Laws as of the date of the Circular;
- (q) Waldron shall indemnify and save harmless Montana and the directors, officers and agents of Montana from and against any and all liabilities, claims, demands, losses, costs, damages and expenses (excluding any loss of profits) to which Montana or any director, officer or agent of Montana may be subject or which Montana, or any director, officer or agent of Montana, may suffer or incur, 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 by Waldron in the Circular or in the Waldron Public Record;
 - (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 in the Circular or the Waldron Public Record; or
 - (iii) Waldron not complying with any requirement of Applicable Laws in connection with the transactions contemplated in this Agreement,

except that Waldron 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 caused by, any untrue statement or omission, or alleged untrue statement or omission, of a material fact or any misrepresentation or any alleged misrepresentation in the Circular that is based solely on the Montana Information included in the Circular, the negligence of Montana or the non-compliance by Montana with any requirement of Applicable Laws in connection with the transactions contemplated by this Agreement;

- (r) except for proxies and non-substantive communications with the holders of Waldron securities, Waldron shall furnish promptly to Montana, or Montana's counsel, a copy of each notice, report, schedule or other document delivered, filed or received by Waldron from holders of Waldron securities or regulatory agencies in connection with: (i) the Arrangement; (ii) the Waldron Meeting; (iii) any filings under Applicable Laws in connection with the transactions contemplated by this Agreement; and (iv) any dealings with stock exchanges or regulatory agencies in connection with the transactions contemplated by this Agreement;
- (s) Waldron shall use reasonable commercial efforts to cause the resignation of its directors and officers effective immediately following the Effective Time in a manner that would allow Montana to reconstitute the board of directors and the officers of Waldron without holding a shareholder meeting;
- (t) Waldron shall use reasonable commercial efforts to secure releases, in form and substance satisfactory to Montana, acting reasonably, in favour of Waldron from each director and officer of Waldron, subject to the execution and delivery by Waldron of releases in favor of the officers and directors of Waldron in form and substance satisfactory to Waldron and Montana, acting reasonably;

- (u) Waldron shall provide notice to Montana of the Waldron Meeting and use reasonable commercial efforts to allow Montana representatives to attend the Waldron Meeting;
- (v) Waldron shall solicit proxies to be voted at the Waldron Meeting in favour of matters to be considered at the Waldron Meeting, including the Waldron Resolution;
- (w) Waldron shall conduct the Waldron Meeting in accordance with the by-laws of Waldron and any instrument governing the Waldron Meeting (including without limitation, the Interim Order), as applicable, and otherwise in accordance with Applicable Laws;
- (x) Waldron shall not adjourn or postpone the Meeting without first obtaining the written consent of Montana to such adjournment or postponement;
- (y) Waldron shall use reasonable commercial efforts to preserve intact its business organization, assets, properties and goodwill and maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with it;
- (z) Waldron shall make all filings and applications under Applicable Laws, including Applicable Canadian Securities Laws and applicable U.S. securities laws that are required to be made by it in connection with the Arrangement and shall take all reasonable commercial action necessary to be in compliance, in all material respects, with such Applicable Laws;
- (aa) in the event that Dissent Rights are conferred upon any of the Waldron Shareholders, Waldron shall promptly advise Montana of the number of Waldron Shareholders for which Waldron receives notices of dissent or written objections to the Arrangement and provide Montana with copies of such notices and written objections on an as received basis;
- (bb) Waldron shall withhold from each payment to be made to all persons all amounts that are required to be so withheld by any Applicable Laws and Waldron shall remit such withheld amounts to the proper Governmental Authority within the times prescribed by such Applicable Laws;
- (cc) Waldron shall: (i) duly and on a timely basis file all Returns required to be filed by it on or after the date hereof (including, without limitation, all applicable Returns for its most recent financial year end) and all such Returns will be true, complete and correct in all material respects; (ii) timely pay all Taxes which are due and payable unless validly contested; (iii) not make or rescind any material express or deemed election relating to Taxes, or file any amended Returns; (iv) not make a request for a Tax ruling or enter into a closing agreement with any Governmental Authority; (v) not settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; (vi) not change in any material respect any of its methods of reporting income, deductions or accounting for Tax purposes from those employed in the preparation of its Return for a taxation year ending in 2012 and prior to the date hereof; and (vii) properly reserve (and reflect such reserves in its books and records and financial statements) in accordance with past practice and in the ordinary course of business, for all Taxes accruing in respect of Waldron which are not due or payable prior to the Effective Date;
- (dd) Waldron will not, directly or indirectly reduce the amount or amend the characterization of any of its individual categories of tax attributes, including, without limitation, any of its resource pools or non-capital loss carryforwards;

- (ee) Waldron shall not make any Tax filings outside the ordinary course of business, including making, amending or rescinding any Return, election or designation, without the consent of Montana, such consent not to be unreasonably withheld;
- (ff) Waldron shall use its reasonable commercial efforts to satisfy or cause the satisfaction of the conditions set out in **Sections 5.1** and **5.2** as soon as reasonably practicable following execution of this Agreement to the extent that the satisfaction of the same is within the control of Waldron;
- (gg) Waldron shall take all commercially reasonable actions to give effect to the transactions contemplated by this Agreement; and
- (hh) Waldron shall cooperate with Montana in structuring the Arrangement in a tax efficient manner, including, without limitation, by completing to the satisfaction of Montana, acting reasonably, a possible internal corporate reorganization of Waldron and its subsidiaries and affiliates involving the dissolution of subsidiary corporations and/or the transfer of certain assets to one or more partnerships and/or subsidiary corporations.

3.3 Mutual Covenants Regarding the Arrangement

From the date hereof until the earlier of the completion of the Arrangement and the termination of this Agreement in accordance with **Article 8**, each Party shall:

- (a) use its reasonable commercial efforts to complete the Arrangement on or before September 30, 2013;
- (b) 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 commercial efforts to:
 - (i) obtain all waivers, consents and approvals from other parties to loan agreements, leases and other contracts to which it is a party that may be necessary or desirable to permit the completion of the Arrangement (including with respect to Montana, the Arrangement Financing) on the terms contemplated hereby;
 - (ii) obtain all necessary consents, assignments, waivers and amendments to, or terminations of, any instruments or other documents to which it is a party, or by which it is bound, that may be necessary to permit it to carry out the transactions contemplated by this Agreement (including with respect to Montana, the Arrangement Financing) and to take such other steps and actions as may be necessary or appropriate to fulfill its obligations hereunder; and
 - (iii) notwithstanding any other provision herein, in no event will Montana be required hereunder or otherwise to agree to any hold separate, divestiture or other order, decree or restriction on the businesses of Montana or any other business, the conduct thereof or future transactions; and
- (c) use its reasonable commercial efforts to cooperate with the other Party in connection with the performance by the other Party of its obligations under this Agreement including, without limitation, continuing to provide reasonable access to information and to maintain ongoing

communications as between representatives of Montana and Waldron, subject in all cases to the Confidentiality Agreement.

3.4 Covenants Regarding Non-Solicitation

- (a) Each of Montana and Waldron shall immediately cease and cause to be terminated all existing discussions or negotiations (including, without limitation, through any of its officers, directors, employees, advisors, representatives and agents (in this **Section 3.4**, "**Representatives**")), if any, with any third parties initiated before the date of this Agreement with respect to any Acquisition Proposal. As and from the date hereof until termination of this Agreement pursuant to **Article 8**, except as provided in this **Section 3.4**, each of Montana and Waldron shall discontinue providing access to any of its confidential information and not allow or establish further access to any of its confidential information, or any data room, virtual or otherwise and shall (pursuant to and in accordance with each applicable confidentiality agreement and upon written request of the other Party) promptly request the return or destruction of all information provided to any third parties that have entered into a confidentiality agreement with Montana or Waldron relating to an Acquisition Proposal in accordance with the terms of such confidentiality agreement, and shall use reasonable commercial efforts to cause such requests to be honoured.
- (b) Each of Montana and Waldron shall not, directly or indirectly, do, or authorize or permit any of its Representatives to do, any of the following:
- (i) solicit, assist or knowingly facilitate, initiate or encourage or take any action to solicit or knowingly facilitate, initiate, entertain or encourage any Acquisition Proposal, or engage in any communication regarding the making of any proposal or offer that constitutes or may constitute or may reasonably be expected to lead to an Acquisition Proposal, including, without limitation, by way of furnishing information;
 - (ii) withdraw or modify, or propose to withdraw or modify, in any manner adverse to Montana or Waldron, the approval of the Arrangement by the board of directors of Montana or Waldron, as the case may be, or the recommendation of the board of directors of Montana that the Montana Shareholders vote in favour of the Montana Resolutions at the Montana Meeting or the recommendation of the board of directors of Waldron that the Waldron Securityholders vote in favour of the Waldron Resolution at the Waldron Meeting;
 - (iii) enter into or participate in any negotiations or any discussions regarding an Acquisition Proposal, or furnish or provide access to any information with respect to its securities, business, properties, operations or conditions (financial or otherwise) in connection with or in furtherance of an Acquisition Proposal, or otherwise cooperate in any way with, or assist or knowingly participate in, facilitate or encourage, any effort or attempt of any other person to do or seek to do any of the foregoing;
 - (iv) release, waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to release, waive or otherwise forbear in respect of, any rights or other benefits under any confidentiality agreements, including, without limitation, any "standstill provisions" thereunder; or
 - (v) accept, recommend, approve, agree to, endorse or propose publicly to accept, recommend, approve, agree to or endorse any Acquisition Proposal;

provided, however, that notwithstanding any other provision hereof, each of Montana and Waldron and its respective Representatives may:

- (vi) 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 Representatives) 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 the disclosure thereof, along with the information provided thereunder to Montana or Waldron, as the case be, as set forth in this **Section 3.4**), may furnish to such third party information concerning Montana or Waldron, as the case may be, and its business, affairs, properties and assets, in each case if, and only to the extent that:
 - (A) the third party has first made an unsolicited written *bona fide* Acquisition Proposal which the board of directors of Montana or Waldron, as the case may be, determines in good faith: (1) did not result from a breach of this Agreement or any other agreement between the third party making such Acquisition Proposal and Montana or Waldron, as the case may be; (2) complies with all Applicable Laws; (3) that funds or other consideration necessary for the consummation of such Acquisition Proposal are available or, in each case as demonstrated to the board of directors of Montana or Waldron, as the case may be, acting in good faith, that adequate financing arrangements will be in place to ensure that the third party will have the funds necessary for the consummation of the Acquisition Proposal, if any; (4) after consultation with its financial advisors and outside legal counsel, that the consummation of such Acquisition Proposal can be completed without undue delay, taking into account all financial, legal, regulatory and other aspects of such Acquisition Proposal and the third party making such proposal; (5) that the Acquisition Proposal is not subject to any due diligence (except for confirmatory due diligence) or access condition; (6) after consultation with its financial advisor, that the Acquisition Proposal would or would be reasonably likely to, if consummated in accordance with its terms (but not assuming away any risks of non-completion), result in a transaction financially superior for the Montana Shareholders or the Waldron Securityholders, as the case may be, than the transaction contemplated by this Agreement in its current form; and (7) after receiving the advice of outside legal counsel, as reflected in minutes of the board of directors, that the taking of such action is necessary for the board of directors in the 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 negotiations or initiating any discussions with such third party, Montana or Waldron, as the case may be, provides prompt notice to Waldron or Montana, as the case may be, to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such person or entity and provides to Montana or Waldron, as the case may be, the information required to be provided under **subsection 3.4(c)**; and
- (vii) withdraw any approval or recommendation contemplated by **subsection 3.4(b)(ii)** and 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, (A) the board of directors of Montana or Waldron, as the case may be, shall have concluded in good faith, after considering all proposals to adjust the terms and conditions of this Agreement and the Arrangement as contemplated by **subsection 3.4(d)** and after receiving the advice of outside legal counsel, as reflected in minutes of the board of directors, that the taking of such action is necessary for the board of directors in the discharge of its fiduciary duties under Applicable Laws, (B) Montana or Waldron, as the case may be, complies with its obligations set out in **subsection 3.4(d)**, and (C) Montana or Waldron, as the case may be, terminates this Agreement in accordance with **subsection 8.1(f)** or **8.1(g)**, as applicable, and concurrently therewith pays the amount required by **Section 6.1** or **6.2**, as applicable.

- (c) Each of Montana or Waldron, as the case may be, shall promptly (and in any event within 24 hours of receipt by Montana or Waldron, as the case may be) notify Waldron or Montana, as the case may be (at first orally and then in writing) of any Acquisition Proposal (or any amendment thereto) or any request for non-public information relating to Montana or Waldron, as the case may be, and the assets of Montana or Waldron, as applicable, or any amendments to the foregoing received by Montana or Waldron, as the case may be. Such notice shall include a copy of the Acquisition Proposal (and any amendment thereto) received by Montana or Waldron and a description of the material terms and conditions of, and the identity of the person making any inquiry, proposal, offer or request (to the extent then known by Montana or Waldron, as the case may be). Montana or Waldron shall also provide such further and other details of the Acquisition Proposal or any amendment thereto as Waldron or Montana may reasonably request (to the extent then known by Montana or Waldron). Montana or Waldron, as the case may be, shall keep Waldron or Montana fully informed of the status, including any change to material terms, of any Acquisition Proposal or any amendment thereto, shall respond promptly to all reasonable inquiries by Waldron or Montana with respect thereto, and shall provide to Waldron or Montana copies of all material correspondence and other written material sent to or provided to Montana or Waldron by any person in connection with such inquiry, proposal, offer or request or sent or provided by Montana or Waldron to any person in connection with such inquiry, proposal, offer or request.
- (d) Following receipt of a Superior Proposal, each of Montana or Waldron, as the case may be, shall give Waldron or Montana, orally and in writing, at least 72 hours 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 confirm that the board of directors has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Superior Proposal and shall provide a true and complete copy thereof and any amendments thereto. During the 72 hour period commencing on the delivery of such notice, Montana or Waldron, as the case may be, agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions (which, for greater certainty, shall not prevent the party making the Superior Proposal from making any Acquisition Proposal to Montana's or Waldron's board of directors that is not solicited, initiated, encouraged or knowingly facilitated by Montana or Waldron) and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such 72 hour period, Montana or Waldron shall, and shall cause its financial and legal advisors to, negotiate in good faith with Waldron or Montana, as the case may be, and its financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable Montana or Waldron, as the case may be, to proceed with the Arrangement, as amended, rather than the Superior Proposal. In the event Waldron or Montana, as the case may be, confirms in writing its commitment to amend this Agreement on a basis such that the Montana or Waldron board of directors, as the case may

be, determines that the proposed transaction is no longer a Superior Proposal and so advises the board of directors of Montana or Waldron, as the case may be, prior to the expiry of such 72 hour period, the board of directors of Montana or Waldron shall not accept, recommend, approve or enter into any agreement to implement such Superior Proposal and shall not release the party making the Superior Proposal from any standstill provisions (which, for greater certainty, shall not prevent the party making the Superior Proposal from making any Acquisition Proposal to Montana's or Waldron's board of directors that is not solicited, initiated, encouraged or knowingly facilitated by Montana or Waldron) and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. Notwithstanding the foregoing, nothing contained in this Agreement shall prohibit Montana or Waldron, as the case may be, from negotiating or making any changes to this Agreement in the event that Montana or Waldron is in receipt of a Superior Proposal. Each of Montana and Waldron acknowledges that each successive material modification of any Superior Proposal shall constitute a new Superior Proposal for purposes of the requirement under this **subsection 3.4(d)** to initiate a new 72 hour notice period.

In the event that Montana or Waldron, as the case may be, provides the notice contemplated by this **subsection 3.4(d)** on a date which is less than 72 hours prior to the Meetings, the Party receiving such notice shall be entitled to require the other Party to adjourn or postpone its Meeting to a date which is not more than 10 Business Days after the date of such notice.

- (e) The board of directors of each of Montana and Waldron, as the case may be, shall reaffirm its recommendation of the Arrangement by news release promptly, and in any event within three (3) Business Days of being requested to do so by Waldron or Montana, in the event that (i) any Acquisition Proposal that is publicly announced is determined not to be a Superior Proposal; or (ii) the Parties have entered into an amended agreement pursuant to **subsection 3.4(d)** that results in any Acquisition Proposal not being a Superior Proposal.
- (f) Each of Montana and Waldron agrees that all information that may be provided to it by Waldron or Montana with respect to any Superior Proposal pursuant to this **Section 3.4** shall be treated as if it were "Confidential Information" as that term is defined in the Confidentiality Agreement and such information shall not be disclosed or used except in accordance with the Confidentiality Agreement or in order to enforce its rights under this Agreement in legal proceedings.
- (g) Each Party shall ensure that its Representatives are aware of the provisions of this **Section 3.4**. Montana shall be responsible for any breach of this **Section 3.4** by its Representatives and Waldron shall be responsible for any breach of this **Section 3.4** by its Representatives.

3.5 Access to Information

- (a) From and after the date hereof until the earlier of the Effective Time and the termination of this Agreement, Waldron shall, subject to compliance with Applicable Laws and the Confidentiality Agreement and upon reasonable notice, provide Montana and its representatives access, during normal business hours and at such other time or times as Montana may reasonably request, to its premises (including field offices and sites), books, contracts, Returns, records, computer systems, properties, employees and management personnel and shall furnish promptly to Montana all information concerning its business, properties and personnel as Montana may reasonably request in order to permit Montana to be in a position to expeditiously and efficiently integrate the business and operations of Waldron with those of Montana immediately upon but not prior to the Effective Date. From and after the date hereof until the earlier of the Effective Time and the termination of this Agreement, Waldron agrees to keep Montana apprised in a timely manner of every circumstance, action, occurrence or event occurring or arising after the date hereof that

would reasonably be considered relevant and material to a prudent operator of the business and operations of Waldron. From and after the date hereof until the Effective Time or the termination of this Agreement, Waldron shall confer with Montana prior to taking action (other than in emergency situations) with respect to any material operational matters involving its business and Waldron shall update Montana as to all material matters following any weekly operations meetings held by Waldron.

- (b) Without limiting the generality of any of the other provisions of this Agreement, Waldron shall make available to Montana all land, legal, title documents and related files, geologic maps, well files and well logs, books, papers, financial information and pertinent documents or agreements that Montana may reasonably request in furtherance of **subsection 3.5(a)**.
- (c) In addition, in furtherance of **subsection 3.5(a)**, Waldron agrees to:
 - (i) furnish the legal and professional representatives and agents of Montana with such access to Waldron's books, records and documents as Montana may reasonably request, provided that Waldron is satisfied, acting reasonably, that the confidentiality of the subject matter of the disclosure can be maintained as contemplated by the Confidentiality Agreement; and
 - (ii) endeavour to include in the information furnished to Montana, or obtained by Montana in the course of the aforesaid investigations, all information that would reasonably be considered to be relevant for the purposes of Montana's investigation and not knowingly withhold any information that would make anything contained in the information delivered erroneous or misleading.
- (d) The Parties acknowledge and agree that all information provided by Waldron to Montana (or any of its representatives) pursuant to this **Section 3.5** shall be considered to be "Confidential Information" for purposes of the Confidentiality Agreement and shall be subject to the Confidentiality Agreement.
- (e) Nothing in this **Article 3** shall require Waldron to disclose information that it is prohibited from disclosing pursuant to a written confidentiality agreement or confidentiality provision of an agreement with a third party.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Montana

Montana hereby makes the representations and warranties set out in this **Section 4.1** to, and in favour of, Waldron and acknowledges that Waldron is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Montana is a corporation duly incorporated and validly subsisting under the ABCA and has the requisite power and capacity to carry on its business as it is now being conducted.
- (b) Each Montana Subsidiary is duly formed and validly subsisting under the law of the jurisdiction of its formation and has the requisite power and capacity to carry on its business as it is now being conducted.

- (c) Montana and each Montana Subsidiary 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 reasonably be expected to have a material adverse effect on Montana.
- (d) Montana has the requisite corporate power and capacity to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the consummation by Montana of the transactions contemplated by this Agreement have been duly authorized by the board of directors of Montana and, subject to the approval of the TSXV, lenders of Montana under the Rioco Loans and the grant of the Interim Order and the Final Order by the Court, no other proceedings on the part of Montana are or shall be necessary to consummate the transactions contemplated by this Agreement. This Agreement has been duly executed and delivered by Montana and constitutes a legal, valid and binding obligation of Montana enforceable against it 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.
- (e) Neither the execution and delivery of this Agreement by Montana, the consummation by Montana of the transactions contemplated by this Agreement (including the Arrangement Financing) nor compliance by Montana or any Montana Subsidiary 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 Encumbrance upon any of the properties or assets of Montana or any Montana Subsidiary under, any of the terms, conditions or provisions of (x) the articles, bylaws or other constating documents of Montana or any Montana Subsidiary, or (y) any note, bond, mortgage, indenture, loan agreement, deed of trust, lien, contract or other instrument or obligation to which Montana or any Montana Subsidiary is a party or to which it, or its properties or assets, may be subject or by which Montana or any Montana Subsidiary is bound (subject to, if required, obtaining the consent of Montana's lenders under the Rioco Loans); or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada or the United States applicable to Montana or any Montana Subsidiary (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults or terminations that, or any consents, approvals or notices which if not given or received, would not reasonably be expected to have any material adverse effect on Montana or materially impede the ability of Montana to consummate the transactions contemplated by this Agreement, including the Arrangement Financing); or (iii) cause a suspension or revocation of any consent, approval or license currently in effect that would reasonably be expected to have a material adverse effect on Montana.
- (f) Other than in connection with or in compliance with Applicable Laws, including the requirements of the TSX or the TSXV that are required to be fulfilled on or before the Effective Time:
 - (i) there is no legal impediment to Montana's consummation of the transactions contemplated by this Agreement; and
 - (ii) no filing or registration with, or authorization, consent or approval of, any Governmental Authority is required to be made or obtained by Montana in connection with the consummation of the Arrangement, except for such filings or registrations that, if not made, and such authorizations, consents or approvals, that, if not received, would not

materially impede the ability of Montana to consummate the transactions contemplated by this Agreement.

- (g) The authorized capital of Montana consists of an unlimited number of Montana Shares and an unlimited number of preferred shares. As at the date hereof, 86,696,286 Montana Shares and no preferred shares are issued and outstanding.
- (h) No person holds any securities convertible or exchangeable into securities of Montana or any Montana Subsidiary or has any agreement, warrant, option, right or privilege (whether preemptive or contractual) being or capable of becoming an agreement, warrant, option, right or privilege (whether or not on condition(s)) for the purchase or other acquisition of any unissued securities of Montana or any Montana Subsidiary except in respect of :
 - (i) 1,305,000 Montana Shares issuable pursuant to outstanding Montana Options;
 - (ii) 17,500,000 warrants to purchase Montana Shares in connection with a private placement with Wolseley Ventures Limited ("**Wolseley**");
 - (iii) 1,050,000 warrants to purchase Montana Shares which were issued to Cornerstone Capital Partners L.P. ("**Cornerstone**") in connection with the private placement to Wolseley;
 - (iv) 32,662,894 warrants to purchase Montana Shares which were issued upon conversion preferred shares in the capital of Montana,
 - (v) 4,000,000 warrants to purchase Montana Shares which were issued to Rioco in connection with extending the term of one of the Rioco Loans;
 - (vi) 625,000 warrants to purchase Montana Shares issued to ANG Partners, Ltd. in connection with providing a backstop in a rights offering;
 - (vii) the option to purchase Montana Shares in connection with the agreement entered into between Montana and Wolseley wherein 18,157,895 Montana Shares may be issued in consideration of up to \$6,900,000 in assets and cash (in this subsection 4.1(h), the "**Purchase Option**"); and
 - (viii) Montana Shares issuable to certain brokers in connection with the Purchase Option, the Arrangement Financing and other financings and transactions, not to exceed the number of Montana Shares set forth in the Montana Disclosure Letter.
- (i) Montana has a sufficient number of authorized Montana Shares and has a sufficient amount of available funds to fulfill its obligations under the Plan of Arrangement, and all Montana Shares issued pursuant to the Arrangement will be validly issued as fully paid and non-assessable common shares of Montana.
- (j) Montana has no subsidiaries other than ANG Holding Corp., ANG Holding (USA) Corp., Montana Land & Exploration, Inc., AltaCanada Energy Partnership and Alberta Selecta Corporation (collectively, the "**Montana Subsidiaries**"). Montana does not beneficially hold any securities or other interests, or securities convertible or exchangeable into securities or other interests, of any other person.

- (k) Montana is a reporting issuer under securities legislation in force in each of the provinces of British Columbia, Alberta, Ontario and Quebec and is not currently in default, in any material respect, of any requirement of the Applicable Canadian Securities Laws of such jurisdictions and Montana is not included on any list of defaulting reporting issuers maintained by any securities commission or similar regulatory authority in any such jurisdiction. No later than the Mailing Date, Montana is eligible under National Instrument 44-101 – *Short Form Prospectus Distributions* to use a short form prospectus and to incorporate documents by reference pursuant to National Instrument 51-102 – *Continuous Disclosure Obligations*.
- (l) The Montana Shares are listed on the TSXV, and Montana is in compliance, in all material respects, with the policies and requirements of the TSXV.
- (m) The information and statements set out in the Montana Public Record from January 1, 2011 (except with respect to forecasts, projections and other forward-looking information, in respect of which no representation or warranty is provided under this **subsection 4.1(m)**) were true, correct, and complete and did not contain any misrepresentation as of the respective dates of such information or statements.
- (n) Since December 31, 2012, except as disclosed in the Montana Public Record to the date hereof:
- (i) there has not been any material adverse change in the assets, liabilities or financial condition of Montana from the position set out in the Montana Financial Statements,
 - (ii) there has not been any material adverse change in the business, capital, operations or results of the operations of Montana; and
 - (iii) there have been no material facts, transactions, events or occurrences which, to the knowledge of Montana, could reasonably be expected to result in a material adverse change in respect of Montana.
- (o) Since December 31, 2012, except as disclosed in the Montana Public Record to the date hereof:
- (i) Montana has conducted its business only in the ordinary and normal course, consistent with past practice; and
 - (ii) no liability or obligation of any nature or kind whatsoever (whether absolute, accrued, contingent or otherwise) material to Montana (on a consolidated basis) has been incurred other than in the ordinary and normal course of business, consistent with past practice.
- (p) Montana made available to GLJ, prior to the issuance of the Montana Reserves Report, for the purpose of preparing the Montana Reserves Report, all information requested by GLJ, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in commodity prices and royalties, the effect of actual production of oil, natural gas and other petroleum substances on reserves estimates and as otherwise disclosed to Waldron. Montana has no knowledge of any adverse material change in any production, cost, reserves or other relevant information provided to GLJ since the dates that such information was so provided. Montana believes that the Montana Reserves Report reasonably estimated the quantity and net present values of future net revenues, on an aggregate basis, of the oil and natural gas reserves attributed to the crude oil, natural gas liquids and natural gas properties evaluated in the Montana Reserves Report as at December 31, 2012, based upon

information available at the time the Montana Reserves Report was prepared and the pricing and other assumptions set out therein.

- (q) There is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry by any Governmental Authority, or any claim, action, suit, demand, arbitration, charge, indictment, hearing or other similar civil, quasi-criminal or criminal, administrative or investigative material matter or proceeding for purposes of this **subsection 4.1(q)** and **subsection 4.2(o)** (collectively, "**proceedings**") against or involving Montana or any Montana Subsidiary or in respect of its business, properties or assets (whether in progress or, to the knowledge of Montana, threatened), that if adversely determined, would reasonably be expected to have a material adverse effect on Montana or to materially impede the completion of the transactions contemplated by this Agreement and, to the knowledge of Montana, no event has occurred that might reasonably be expected to give rise to any proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority or arbitrator outstanding against Montana or any Montana subsidiary that has had or would reasonably be expected to have a material adverse effect on Montana or to materially impede the completion of the transactions contemplated by this Agreement.
- (r) The Montana Financial Statements fairly present, in accordance with Canadian GAAP at the applicable date, the financial position and condition of Montana (on a consolidated basis) at the dates thereof and the results of the operations of Montana for the periods then ended and reflect in accordance with Canadian GAAP at the applicable date, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Montana (on a consolidated basis) as at the dates thereof.
- (s) Montana has not received notice of any material violation of, or investigation relating to, any federal, provincial or local Law with respect to the assets, business or operations of Montana or any Montana Subsidiary, and Montana and each Montana Subsidiary holds and is in compliance with all permits, licenses and other authorizations that are required under Applicable Laws relating to its assets, business or operations, except where the failure to comply with the foregoing would not reasonably be expected to have a material adverse effect on Montana. The assets of Montana and each Montana Subsidiary are, and have been, operated and maintained by it in compliance, in all material respects, with Applicable Laws, permits, licenses and authorizations.
- (t) Montana and each Montana Subsidiary has complied, and is in compliance with, all Laws applicable to the operation of its business, except where non-compliance would not reasonably be expected to have a material adverse effect on Montana or materially impede the ability of Montana to consummate the Arrangement.
- (u) No securities commission or similar regulatory authority, or stock exchange in Canada or elsewhere, has issued any order that is currently outstanding preventing or suspending trading in any securities of Montana and no such proceeding is, to the knowledge of Montana, pending, contemplated or threatened.
- (v) Other than Macquarie and Cornerstone Capital Ltd., Montana 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.

- (w) Montana is not a party to any shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Montana Shares or other securities of Montana or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement.
- (x) Except to the extent that any violation or other matter referred to below in this subsection would not reasonably be expected to have a material adverse effect on Montana:
 - (i) neither Montana nor any Montana Subsidiary is in violation of any Environmental Laws;
 - (ii) Montana and each Montana Subsidiary has, at all times, operated its business and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances without violation of Environmental Laws;
 - (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Montana or any Montana Subsidiary that have not been remedied;
 - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Montana or any Montana Subsidiary;
 - (v) neither Montana nor any Montana Subsidiary has failed to report to the proper Governmental Authority the occurrence of any event that was required to be reported under any Environmental Law; and
 - (vi) Montana and each Montana Subsidiary holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under legislation in each jurisdiction in which it conducts its business, neither Montana nor any Montana Subsidiary has received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about to be reviewed, made subject to any limitation or conditions, revoked, withdrawn or terminated.
- (y) The corporate records and minute books, books of account and other records of Montana and each Montana Subsidiary (whether of a financial or accounting nature or otherwise) have been maintained, in all material respects, in accordance with all applicable statutory requirements and prudent business practices and are complete and up-to-date in all material respects as at the date hereof, except that minutes of certain recent meetings of the board of directors of Montana have not been prepared to the date hereof.
- (z) All Returns required to be filed by Montana or a Montana Subsidiary prior to the Effective Date have been duly filed on a timely basis, are true, complete and correct in all material respects, all Taxes shown to be payable on such Returns or on subsequent assessments and reassessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by Montana or a Montana Subsidiary with respect to items or periods covered by such Returns.

- (aa) Montana and the Montana Subsidiaries have not acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances that would subject it to a liability under section 160 of the Tax Act or under any equivalent provisions of any applicable legislation.
- (bb) Montana has paid or provided adequate accruals in the Montana Financial Statements for Taxes, including income taxes and related future taxes, in accordance with Canadian GAAP at the applicable date.
- (cc) No material deficiencies exist or have been asserted in respect of Montana or a Montana Subsidiary with respect to Taxes. Neither Montana nor a Montana Subsidiary is a party to any action or proceeding for assessment, reassessment or collection of Taxes, nor, to the knowledge of Montana, has such event been asserted or threatened against Montana, a Montana Subsidiary or any of their assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns. Except as disclosed by Montana to Waldron in writing prior to the date hereof, the Returns have never been audited by a Governmental Authority, nor is any such audit, assessment, reassessment, claim, action, suit, investigation or proceeding in process or, to the knowledge of Montana, pending or threatened, which resulted in or could result in a claim for Taxes owing by Montana or a Montana Subsidiary, except where such audit, assessment, reassessment, claim, action, suit, investigation or proceeding would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Montana. Montana and each Montana Subsidiary has withheld all Taxes required to be withheld by Applicable Laws and has paid or remitted on a timely basis, the full amount of any Taxes which have been withheld to the applicable Governmental Authority.
- (dd) No director, officer or insider of, or other non-arm's length party to, Montana (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 that is based on production from, or in respect, of any properties of Montana or any Montana Subsidiary.
- (ee) No director, officer or insider of, or other non-arm's length party to, Montana is indebted to Montana or any Montana Subsidiary.
- (ff) Other than a loan to Rioco in the principal amount of \$1.0 million plus accrued interest that is currently outstanding but which Montana has extended to November 1, 2014 (the "**\$1.0 million Loan**"), a loan to Rioco in the principal amount of \$400,000 plus accrued interest (together with the \$1.0 million Loan, the "**Rioco Loans**") and notes with an aggregate principal amount of \$780,801.01 that are subordinated to the Rioco Loans, Montana has no long term indebtedness or bank indebtedness. Montana is not in default of any material provisions of the Rioco Loans or such notes.
- (gg) The Montana Information will be, as of the Mailing Date and as of the Effective Date, true, complete and accurate in all material respects and shall not contain any misrepresentation and shall contain all information in respect of Montana required by Applicable Canadian Securities Laws to be included in the Circular.
- (hh) Except for indemnity agreements with its directors and officers and as contemplated by the by-laws of Montana and Applicable Laws, standard indemnity agreements in respect of financial services (including credit facilities) and underwriting and agency agreements and indemnities provided in the ordinary course to industry partners and service providers, neither Montana nor

any Montana Subsidiary 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.

- (ii) Neither Montana nor the board of directors of Montana has agreed or consented to the release of any director or officer of Montana from any fiduciary duty owed by such person to Montana or the holders of Montana Shares, including without limitation, as would allow any such person to pursue any corporate opportunities that would otherwise be the property of Montana.
- (jj) All operations conducted by Montana or any Montana Subsidiary and to the knowledge of Montana, any and all operations conducted by third parties, on or in respect of the assets and properties of Montana (on a consolidated basis), have been conducted, in all material respects, in compliance with good oilfield practices.
- (kk) Although it does not warrant title, Montana has no reason to believe that Montana or any of the Montana Subsidiaries does not have title to, or an irrevocable right to produce and sell, its petroleum, natural gas and related hydrocarbons (for the purposes of this subsection, the foregoing are referred to as the "**Montana Interests**") and Montana represents and warrants that, to the knowledge of Montana, the Montana Interests are free and clear of adverse claims created by, through or under Montana, except related to debt financing or those arising in the ordinary course of business, and, to the knowledge of Montana, Montana or the Montana Subsidiaries hold the Montana Interests under valid and subsisting leases, licenses, permits, concessions, concession agreements, contracts, subleases, reservations or other agreements, except where the failure to so hold the Montana Interests would not reasonably be expected to have a material adverse effect upon Montana.
- (ll) Montana is not aware of any defects, failures or impairments in its title to its oil and natural gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on: (i) the quantity and pre-tax present worth values of the oil, natural gas or natural gas liquids reserves of Montana (on a consolidated basis) shown in the Montana Reserves Report; (ii) the current production of Montana (on a consolidated basis) ; or (iii) the current cash flow of Montana (on a consolidated basis).
- (mm) Neither Montana nor any Montana Subsidiary has received notice of any default under any of the leases or other title and operating documents, or any other agreement or instrument, pertaining to its oil and natural gas assets or properties or to which it is a party or bound, except to the extent that such defaults would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Montana.
- (nn) To the knowledge of Montana:
 - (i) Montana and each Montana Subsidiary is in good standing under all, and is not in default under any; and
 - (ii) there is no existing condition, circumstance or other matter that constitutes or which, with the passage of time or the giving of notice, would constitute a default under any,

leases and other title and operating documents, joint venture agreements, or any other agreements or instruments, pertaining to its oil and natural gas assets or properties to which it is a party or by or to which it or such assets or properties are bound or subject and, to the knowledge of Montana,

all such leases, title and operating documents, joint venture agreements and other agreements and instruments are in good standing and in full force and effect and none of the counterparties to such leases, title and operating documents, joint venture agreements or other agreements and instruments is in default thereunder except to the extent that such defaults would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Montana.

- (oo) None of the oil and natural gas assets or properties of Montana or any Montana Subsidiary is subject to reduction by reference to payout of, or production penalty on, any well or otherwise or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under Montana, except to the extent that all such reductions or changes to an interest would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Montana.
- (pp) None of the wells in which Montana or any Montana Subsidiary holds an interest has been produced in excess of applicable production allowables imposed under any Applicable Laws by any Governmental Authority and Montana does not have any knowledge of any pending change in production allowables imposed under any Applicable Laws by any Governmental Authority that may be applicable to any of the wells in which it holds an interest, other than changes of general application in the jurisdiction in which such wells are located and in each case except to the extent that such non-compliance or changes would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Montana.
- (qq) Montana has not received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority and, to Montana's knowledge, none of the wells in which it holds an interest is subject to any such penalty or restriction except to the extent that any such penalty or restriction would not reasonably be expected to have a material adverse effect on Montana.
- (rr) All wells located on any lands in which Montana or any Montana Subsidiary has an interest, or lands with which such lands have been pooled or unitized, which have been abandoned, have been abandoned in accordance, in all material respects, with Applicable Laws regarding the abandonment of wells.
- (ss) Neither Montana nor any Montana Subsidiary has entered into any material joint venture with a third party other than as set forth in the Montana Disclosure Letter.
- (tt) Except for Encumbrances associated with Montana's debt financing, Montana and the Montana Subsidiaries have: (i) not alienated or encumbered its oil and natural gas assets or any part or portion thereof; (ii) not committed and is not aware of there having been committed any act or omission whereby such assets or any part or portion thereof may be cancelled or determined, and such assets are now free and clear of all liens, royalties (including gross overriding royalties), conversion rights and other claims of third parties, created by, through or under Montana or of which Montana has knowledge.
- (uu) There are no outstanding authorizations for expenditure pertaining to any of the oil and natural gas assets of Montana or any Montana Subsidiary or any other commitments, approvals or authorizations pursuant to which an expenditure may be required to be made in respect of such assets after the date of the most recent Montana Financial Statements in excess of \$50,000 in the aggregate.

- (vv) All ad valorem, property, production, severance and similar Taxes and assessments based on or measured by the ownership of property or the production of hydrocarbon substances, or the receipt of proceeds therefrom, payable in respect of the oil and natural gas assets and properties of Montana (on a consolidated basis) prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid Taxes or assessments that could result in a lien or charge on the oil and natural gas assets and properties of Montana (on a consolidated basis), except for unpaid Taxes or assessments or liens or charges that do not and would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Montana.
- (ww) Except as set out in the Montana Financial Statements or other continuous disclosure materials filed by Montana under Applicable Canadian Securities Law, Montana is not a party to or subject to any hedges, swaps or other financial instruments or like transactions.
- (xx) Policies of insurance are in force as of the date hereof naming Montana as an insured that adequately cover all risks that are customarily insured against by oil and natural gas producers in western Canada and the United States. All such policies will remain in force and effect and will not be cancelled or otherwise terminated as a result of the transactions contemplated by this Agreement.
- (yy) Montana has not withheld from Waldron any material information or documents concerning Montana or any Montana Subsidiary or their assets or liabilities requested by Waldron during the course of Waldron's review of Montana and its assets (on a consolidated basis).
- (zz) There are no agreements material to the conduct of Montana's affairs or business, except for those agreements entered into in the ordinary course of business or publicly disclosed by Montana, and all such material agreements are valid and subsisting and Montana or any Montana Subsidiary is not in material default under any such agreements.
- (aaa) Montana has delivered to Waldron a true copy of the ATB Term Sheet. Montana has no knowledge of any fact or occurrence that has or would reasonably be expected to make any of the assumptions or statements set forth in the ATB Term Sheet inaccurate.
- (bbb) Montana has delivered to Waldron true copies of the Equity Subscriptions, pursuant to which the subscribers thereto have committed, subject to the terms and conditions set forth therein, to purchase from Montana, on the terms and conditions set forth in the Equity Subscriptions, Montana Shares for aggregate cash consideration of not less than \$20 million. The Equity Subscriptions are in full force and effect and are legal, valid and binding obligations of Montana and, to the knowledge of Montana, the other parties thereto. Montana has no knowledge of any fact or occurrence that has or would reasonably be expected to (i) make any of the assumptions or statements set forth in either of the Equity Subscriptions inaccurate, (ii) cause either of the Equity Subscriptions to be ineffective; (iii) lead it to believe that the subscribers do not or will not have immediately available funds sufficient to satisfy their obligations under the Equity Subscriptions in full; or (iv) preclude in any material respect the satisfaction of the conditions set forth in either of the Equity Subscriptions. There are no conditions precedent to issuing the Montana Shares pursuant to the Equity Subscriptions, except as expressly provided in the Equity Subscriptions, and except for the Montana Resolutions, the approval of the TSXV and compliance with the investment agreement between Montana and Wolseley dated January 30, 2013. The funds contemplated to be received pursuant to the Equity Subscriptions are sufficient to provide Montana with, at the Effective Time, sufficient funds to pay all cash consideration that may be payable to Waldron Shareholders under the Arrangement and to make all other payments required

to be made or caused to be made by Montana pursuant to the Arrangement at or prior to the Effective Time.

4.2 Representations and Warranties of Waldron

Waldron hereby makes the representations and warranties set out in this **Section 4.2** to and in favour of Montana and acknowledges that Montana is relying upon such representations and warranties in connection with the matters contemplated by this Agreement.

- (a) Waldron is a corporation duly amalgamated and validly subsisting under the ABCA and has the requisite power and capacity to carry on its business as it is now being conducted.
- (b) Waldron 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 reasonably be expected to have a material adverse effect on Waldron.
- (c) Waldron has the requisite corporate power and capacity to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement and the performance by Waldron of its obligations under this Agreement have been duly authorized by the board of directors of Waldron and, subject to obtaining the approval of Waldron Securityholders as described herein, the approval of the TSX, approval of lenders of Waldron, and the grant of the Interim Order and the Final Order by the Court, no other proceedings on the part of Waldron are or will be necessary to permit completion of the Arrangement. This Agreement has been duly executed and delivered by Waldron and constitutes a legal, valid and binding obligation of Waldron enforceable against Waldron 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.
- (d) Neither the execution and delivery of this Agreement by Waldron, the consummation by Waldron of the transactions contemplated by this Agreement nor compliance by Waldron with any of the provisions hereof will: (i) violate, conflict with, or result in the breach of any provision of, require any consent, approval or notice under, or constitute a default (or an event which, with notice or lapse of time or both, would constitute a default) or result in a right of termination or acceleration under, or result in the creation of any Encumbrance on any of the properties or assets of Waldron under, any of the terms, conditions or provisions of (x) the articles, bylaws or other constating documents of Waldron, or (y) any note, bond, mortgage, indenture, deed of trust, loan agreement, lien, contract or other instrument or obligation to which Waldron is a party or to which Waldron, or its properties or assets, may be subject or by which Waldron is bound (subject to obtaining the consent of Waldron's lenders); or (ii) violate any judgment, ruling, order, writ, injunction, determination, award, decree, statute, ordinance, rule or regulation in Canada applicable to Waldron (except, in the case of each of clauses (i) and (ii) above, for such violations, conflicts, breaches, defaults or terminations that, or any consents, approvals or notices which if not given or received, would not reasonably be expected to have a material adverse effect on Waldron or materially impede the ability of Waldron to consummate the transactions contemplated by this Agreement); or (iii) cause a suspension or revocation of any consent, approval or license currently in effect that would reasonably be expected to have a material adverse effect on Waldron.
- (e) Other than in connection with or in compliance with Applicable Laws, the approval of the Waldron Securityholders as described herein and receipt of approval of lenders to Waldron or the

requirements of the TSX and the TSXV that are required to be fulfilled on or before the Effective Time:

- (i) there is no legal impediment to Waldron's consummation of the transactions contemplated by this Agreement; and
 - (ii) no filing or registration with, or authorization, consent or approval of, any Governmental Authority is required to be made or obtained by Waldron in connection with the consummation of the Arrangement, except for such filings or registrations that, if not made, and such authorizations, consents or approvals, that, if not received, would not materially impede consummation of the Arrangement.
- (f) The authorized capital of Waldron consists of an unlimited number of Waldron Shares and an unlimited number of preferred shares. As at the date hereof, 40,034,611 Waldron Shares and no preferred shares are issued and outstanding.
- (g) Except as set forth in the Waldron Disclosure Letter, no person holds any securities convertible or exchangeable into securities of Waldron or has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, warrant, option, right or privilege (whether or not on condition(s)) for the purchase or other acquisition of any unissued securities of Waldron.
- (h) Waldron has no subsidiaries other than 1530429 Alberta Ltd. Waldron does not beneficially hold any securities or other interests, or securities convertible or exchangeable into securities or other interests, of any other person;
- (i) Waldron is a reporting issuer under securities legislation in force in each of the provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and is not currently in default in any material respect, of any requirement of the Applicable Canadian Securities Laws of such jurisdictions and Waldron is not included on any list of defaulting reporting issuers maintained by any securities commission or similar regulatory authority in any such jurisdiction.
- (j) The Waldron Shares are listed on the TSX, and Waldron is in compliance, in all material respects, with the policies and requirements of the TSX.
- (k) The information and statements set out in the Waldron Public Record from January 1, 2011 (except with respect to forecasts, projections and other forward-looking information, in respect of which no representation or warranty is provided under this **subsection 4.2(k)**) were true, correct, and complete and did not contain any misrepresentation, as of the respective dates of such information or statements.
- (l) Since March 31, 2013, except as disclosed in the Waldron Public Record to the date hereof:
- (i) there has not been any material adverse change in the business, capital, operations or results of the operations of Waldron, from the position set out in the Waldron Financial Statements;
 - (ii) there has not been any material adverse change in the business, capital, operations or results of the operations of Waldron; and

- (iii) there have been no material facts, transactions, events or occurrences which, to the knowledge of Waldron, could reasonably be expected to result in a material adverse change in respect of Waldron.
- (m) Since March 31, 2013, except as disclosed in the Waldron Public Record to the date hereof:
 - (i) Waldron has conducted its business only in the ordinary and normal course, consistent with past practice; and
 - (ii) no liability or obligation of any nature or kind whatsoever (whether absolute, accrued, contingent or otherwise) material to Waldron has been incurred other than in the ordinary and normal course of business, consistent with past practice.
- (n) Waldron made available to GLJ, prior to the issuance of the Waldron Reserves Report, for the purpose of preparing the Waldron Reserves Report, all information requested by GLJ, which information did not contain any misrepresentation at the time such information was provided. Except with respect to changes in commodity prices and royalties, the effect of actual production of oil, natural gas and other petroleum substances on reserves estimates and as otherwise disclosed to Montana. Waldron has no knowledge of any adverse material change in any production, cost, reserves or other relevant information provided to GLJ since the dates that such information was so provided. Except as set out in the Waldron Disclosure Letter, Waldron believes that the Waldron Reserves Report reasonably estimated the quantity and pre-tax present worth values, on an aggregate basis, of the oil and natural gas reserves attributed to the crude oil, natural gas liquids and natural gas properties evaluated in the Waldron Reserves Report as at December 31, 2012, based upon information available at the time the Waldron Reserves Report was prepared and the pricing and other assumptions set out therein.
- (o) There is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal or criminal), arbitration or other dispute settlement procedure, investigation or inquiry by any Governmental Authority, or any proceedings (as defined in **subsection 4.1(q)**), against or involving Waldron, or in respect of the businesses, properties or assets of Waldron, (whether in progress or, to the knowledge of Waldron, threatened), that if adversely determined, would reasonably be expected to have a material adverse effect on Waldron or to materially impede the completion of the transactions contemplated by this Agreement and, to the knowledge of Waldron, no event has occurred that might reasonably be expected to give rise to any such proceeding. There is no judgment, writ, decree, injunction, rule, award or order of any Governmental Authority or arbitrator outstanding against Waldron, that has had or would reasonably be expected to have a material adverse effect on Waldron or to materially impede the completion of the transactions contemplated by this Agreement.
- (p) The Waldron Financial Statements fairly present, in accordance with Canadian GAAP at the applicable date, the financial position and condition of Waldron on at the dates thereof and the results of the operations of Waldron for the periods then ended and reflect in accordance with Canadian GAAP at the applicable date, all material assets, liabilities or obligations (absolute, accrued, contingent or otherwise) of Waldron as at the dates thereof.
- (q) Waldron has not received notice of any material violation of, or investigation relating to, any federal, provincial or local Law with respect to its assets, business or operations, and Waldron holds and is in compliance with all permits, licenses and other authorizations that are required under Applicable Laws relating to the assets, business or operations of such entity, except where the failure to comply with the foregoing would not reasonably be expected to have a material

adverse effect on Waldron. The assets of Waldron are and have been operated and maintained by it in compliance, in all material respects, with Applicable Laws, permits, licenses and authorizations.

- (r) Waldron has complied, and is in compliance with, all Laws applicable to the operation of its business, except where non-compliance would not reasonably be expected to have a material adverse effect with respect to Waldron or materially impede the ability of Waldron perform its obligations under this Agreement.
- (s) No securities commission or similar regulatory authority, or stock exchange in Canada or elsewhere, has issued any order that is currently outstanding preventing or suspending trading in any securities of Waldron, and no such proceeding is, to the knowledge of Waldron, pending, contemplated or threatened.
- (t) Other than severance, termination, retention and change of control payments to officers and employees payable upon completion of the Arrangement, as set forth in the Waldron Disclosure Letter or as otherwise contemplated in this Agreement, there are no payments owing or that will become owing in connection with the Arrangement to directors, officers, employees and consultants of Waldron under any contract settlements, bonus plans, retention arrangements, change of control agreements or severance obligations (whether resulting from termination or alteration of duties).
- (u) In the Waldron Disclosure Letter, Waldron has provided Montana with an up-to-date list setting out information respecting each employee, director, independent contractor, consultant and agent of Waldron who currently provides administrative, operational, maintenance or management services to Waldron pursuant to an agreement that may not be terminated on less than three months notice (or pay in lieu thereof), whether actively at work or not. Except as set out in the Waldron Disclosure Letter, no such person has any agreement as to length of notice or severance payment required to terminate his/her employment, other than such as results by Applicable Laws from the employment of an employee without an agreement as to notice or severance.
- (v) Waldron's business has been and is being operated in compliance, in all material respects, with Applicable Laws relating to employment, including employment standards, occupational health and safety, human rights, labour relations, workers compensation, pay equity and employment equity and Waldron has not received notice of any outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workers' compensation legislation and Waldron has not been reassessed in any material respect under such legislation.
- (w) All amounts due or accrued for all salary, wages, bonuses, commissions, vacation pay, and other employee benefits in respect of any employee, director, independent contractor, consultant and agent of Waldron that are attributable to the period before the Effective Date will be paid at or prior to the Effective Time in the ordinary course of business and consistent with past practice and are or shall be accurately reflected in the books and records of Waldron.
- (x) Except as set out in the Waldron Disclosure Letter, no employee of Waldron is on long term disability leave or extended absence or is receiving benefits pursuant to the *Workers' Compensation Act* (Alberta) or similar legislation in the other jurisdictions in which Waldron carries on business, if any.
- (y) Except as set out in the Waldron Disclosure Letter, Waldron has no plans providing benefits to its employees, officers, directors or consultants.

- (z) Other than the engagement of National Bank Financial Inc. pursuant to an agreement between Waldron and National Bank Financial Inc., Waldron has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay or have Montana 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.
- (aa) The board of directors of Waldron has unanimously approved the execution and delivery of this Agreement, has unanimously determined that the Arrangement is fair, from a financial point of view to the Waldron Shareholders, and is in the best interests of Waldron and has resolved, unanimously, to recommend approval of the Arrangement by the Waldron Securityholders at the Waldron Meeting.
- (bb) Waldron is not a party to any shareholder rights plan or any other form of plan, agreement, contract or instrument that will trigger any rights to acquire Waldron Shares or other securities of Waldron or rights, entitlements or privileges in favour of any person upon the entering into of this Agreement or the Arrangement.
- (cc) To the knowledge of Waldron, none of the Waldron Shares, Waldron Options or Waldron Warrants is subject to any escrow, voting trust or other similar agreement except for the Waldron Support Agreements executed in connection with the Arrangement.
- (dd) Except to the extent that any violation or other matter referred to below in this **subsection 4.2(dd)** would not reasonably be expected to have a material adverse effect on Waldron:
 - (i) Waldron is not in violation of any Environmental Laws;
 - (ii) Waldron has, at all times, operated its business and has received, handled, used, stored, treated, shipped and disposed of all Hazardous Substances without violation of Environmental Laws;
 - (iii) there have been no spills, releases, deposits or discharges of Hazardous Substances into the earth, air or into any body of water or any municipal or other sewer or drain water systems by Waldron that have not been remedied to the satisfaction of applicable Governmental Authorities;
 - (iv) no orders, directions or notices have been issued and remain outstanding pursuant to any Environmental Laws relating to the business or assets of Waldron;
 - (v) Waldron has not failed to report to the proper Governmental Authority the occurrence of any event that was required to be reported under any Environmental Law; and
 - (vi) Waldron holds all licenses, permits and approvals required under any Environmental Laws in connection with the operation of its business and the ownership and use of its assets, all such licenses, permits and approvals are in full force and effect, and except for notifications and conditions of general application to assets of reclamation obligations under legislation in the jurisdictions in which it conducts its business, Waldron has not received any notification pursuant to any Environmental Laws that any work, repairs, constructions or capital expenditures are required to be made by it as a condition of continued compliance with any Environmental Laws, or any license, permit or approval issued pursuant thereto, or that any license, permit or approval referred to above is about

to be reviewed, made subject to any limitation or conditions, revoked, withdrawn or terminated.

- (ee) The corporate records and minute books, books of account and other records of Waldron (whether of a financial or accounting nature or otherwise) have been maintained in accordance with, in all material respects, applicable statutory requirements and prudent business practices and are complete and up-to-date in all material respects as at the date hereof except that minutes of certain recent meetings of the board of directors of Waldron with respect to the transactions contemplated herein have not been provided to Montana as of the date hereof.
- (ff) All Returns required to be filed by Waldron, prior to the Effective Date have been duly filed on a timely basis, are true, complete and correct in all material respects, all Taxes shown to be payable on such Returns or on subsequent assessments or reassessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable by Waldron with respect to items or periods covered by such Returns.
- (gg) Waldron has not requested or entered into any agreement or other arrangement or executed any waiver providing for any extension of time: (i) to file any Return covering any Taxes for which it may be liable; (ii) to file any elections, designations or similar filings relating to Taxes for which it is or may be liable; (iii) pursuant to which Waldron is required to pay or remit any Taxes or amounts on account of Taxes; or (iv) pursuant to which any Governmental Authority may assess, reassess or collect Taxes for which Waldron is or may be liable.
- (hh) Waldron is not a party to any tax sharing agreement, tax indemnification agreement or other agreement or arrangement relating to Taxes with any person. Waldron has no material liability for the Taxes of any other person under any Applicable Law, as a transferee or successor, by contract or otherwise.
- (ii) Waldron has not claimed or will claim in any Return for any taxation year ending on or before the Effective Date any reserve (including, without limitation, any reserve under paragraph 20(1)(n) or subparagraph 40(1)(a)(iii) of the Tax Act or any analogous provision under the legislation of any province or other jurisdiction) of any amount that could be included in the income of Waldron for any period ending after the Effective Date.
- (jj) Waldron has not entered into any “synthetic disposition arrangements” or “derivative forward agreements” as described in proposed amendments to the Tax Act released pursuant to the federal budget on March 21, 2013;
- (kk) The Waldron Financial Statements set forth a summary of the resource tax pools of Waldron estimated as at December 31, 2012, and such summary is true and correct in all material respects.
- (ll) Waldron has not acquired property from a non-arm's length person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances that would subject it to a liability under section 160 of the Tax Act or under any equivalent provisions of any applicable legislation.
- (mm) Waldron has paid, or Waldron has provided adequate accruals in the Waldron Financial Statements for, Taxes, including income taxes and related future taxes, in accordance with Canadian GAAP at the applicable date.

- (nn) No material deficiencies exist or have been asserted in respect of Waldron with respect to Taxes other than as set out in the Waldron Disclosure Letter. Waldron is not a party to any action or proceeding for assessment, reassessment or collection of Taxes, nor has such event been asserted or threatened against Waldron or any of its assets. No waiver or extension of any statute of limitations is in effect with respect to Taxes or Returns. Returns filed by or on behalf of Waldron prior to the date hereof have never been audited by a Governmental Authority, nor is any such audit, assessment, reassessment, claim, action, suit, investigation or proceeding in process or, to the knowledge of Waldron, pending or threatened, which resulted in or could result in a claim for Taxes owing by Waldron, except where such audit, assessment, reassessment, claim, action, suit, investigation or proceeding would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Waldron. Waldron has withheld all Taxes required to be withheld by Applicable Laws and has paid or remitted on a timely basis, the full amount of any Taxes which have been withheld to the applicable Governmental Authority.
- (oo) Other than outstanding Canadian exploration expense flow-through expenditure commitments in an amount no greater than \$2,700,000 to be incurred prior to December 31, 2013, as of the date of this Agreement, Waldron has no requirements to incur or renounce to others any Canadian exploration expense or Canadian development expense, each as defined under the Tax Act, pursuant to any flow-through share agreement.
- (pp) Waldron is a "taxable Canadian corporation" as defined in subsection 89(1) of the Tax Act.
- (qq) Waldron is not a "non-resident" of Canada within the meaning of the Tax Act.
- (rr) No director, officer or insider of, or other non-arm's length party to, Waldron (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 that is based on production from, or in respect, of any properties of Waldron.
- (ss) No director, officer or insider of, or other non-arm's length party to, Waldron is indebted to Waldron.
- (tt) Other than pursuant to its credit facilities with National Bank of Canada, Waldron has no long term indebtedness or bank indebtedness. Waldron is not in default of any material provisions of such credit facilities.
- (uu) The board of directors of Waldron has received the Fairness Opinion.
- (vv) The Waldron Transaction Costs are set forth in the Waldron Disclosure Letter and are segregated as to: (i) legal; (ii) accounting and audit; (iii) financial advisory; (iv) printing; (v) director and officer run-off insurance; (vi) special committee fees; (vii) retention, change of control, termination and severance payments to Waldron's officers, directors, employees or consultants; and (viii) other administrative or professional fees, costs and expenses of third parties incurred by Waldron;
- (ww) All information in the Circular (other than in respect of the Montana Information, in respect of which Waldron makes no representation or warranty) shall, as of the Mailing Date and as of the Effective Date, be true, complete and accurate in all material respects and shall not contain any misrepresentation.

- (xx) Except as disclosed in the Waldron Disclosure Letter, all agreements entered into by Waldron since March 31, 2013 with persons other than Montana regarding the confidentiality of information provided to such persons or reviewed by such persons with respect to the sale of Waldron or a substantial portion of its assets or any other similar business combination or transaction with any other party are in substantially the form of the Confidentiality Agreement and Waldron has not, as at the date hereof, waived the standstill or other provisions of any such agreements.
- (yy) Except for indemnity agreements with its directors and officers and as contemplated by the by-laws of Waldron and Applicable Laws, standard indemnity agreements in respect of financial services (including credit facilities) and underwriting and agency agreements and indemnities provided in the ordinary course to industry partners and service providers, Waldron, 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.
- (zz) Neither Waldron nor the board of directors of Waldron has agreed or consented to the release of any director or officer of Waldron from any fiduciary duty owed by such person to Waldron or the Waldron Shareholders, including without limitation, as would allow any such person to pursue any corporate opportunities that would otherwise be the property of Waldron.
- (aaa) All operations conducted by Waldron and, to the knowledge of Waldron, any and all operations conducted by third parties on or in respect of the assets and properties of Waldron, have been conducted, in all material respects, in compliance with good oilfield practices.
- (bbb) Although it does not warrant title, except as set out in the Waldron Disclosure Letter, Waldron has no reason to believe that Waldron does not have title to, or the irrevocable right to produce and sell, its petroleum, natural gas and related hydrocarbons (for the purposes of this subsection, the foregoing are referred to as the "**Waldron Interests**"), and Waldron represents and warrants that: (i) Waldron has not received any written notices, and to its knowledge the lessee to whom notices are required to be sent has not received any notices, that any of the leases related to the Waldron Interests are subject to any accrued drilling or off-set obligations that have not been satisfied or permanently waived; (ii) to its knowledge, none of the Waldron Interests is subject to reduction or conversion to an interest of any other size or nature by reference to payout of any well or otherwise pursuant to any right or interest created by, through or under Waldron, except related to bank financing or those arising in the ordinary course of business; and (iii) following the Effective Time, Montana shall be entitled to hold and enjoy the Waldron Interests without any lawful interruption by any person claiming, by, through or under Waldron; except where the failure of such representations and warranties to be true and correct would not reasonably be expected to have a material adverse effect on Waldron.
- (ccc) Waldron is not aware of any defects, failures or impairments in the title of Waldron to any of its oil and natural gas properties, whether or not an action, suit, proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a material adverse effect on: (i) the quantity and pre-tax present worth values of the oil, natural gas and natural gas liquids reserves of Waldron shown in the Waldron Reserves Report; (ii) the current production of Waldron; or (iii) the current cash flow of Waldron.
- (ddd) Waldron has not received notice of any default under any of the leases or other title and operating documents, or any other agreement or instrument, pertaining to its oil and natural gas assets or properties or to which it is a party or bound, except to the extent that such defaults would not,

individually or in the aggregate, reasonably be expected to have a material adverse effect on Waldron.

- (eee) To the knowledge of Waldron:
 - (i) Waldron is in good standing under all, and is not in default under any; and
 - (ii) there is no existing condition, circumstance or other matter that constitutes or which, with the passage of time or the giving of notice, would constitute a default under any, leases and other title and operating documents, joint venture agreements, or any other agreements or instruments, pertaining to its oil and natural gas assets or properties to which it is a party or by or to which it or such assets or properties are bound or subject and, to the knowledge of Waldron, all such leases, title and operating documents, joint venture agreements and other agreements and instruments are in good standing and in full force and effect and, to the knowledge of Waldron, none of the counterparties to such leases, title and operating documents, joint venture agreements and other agreements or instruments is in default thereunder except to the extent that such defaults would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Waldron.
- (fff) Except as set out in the Waldron Disclosure Letter, none of the oil and natural gas assets or properties of Waldron is subject to reduction by reference to payout of, or production penalty on, any well or otherwise or to change to an interest of any other size or nature by virtue of or through any right or interest granted by, through or under Waldron, except to the extent that all such reductions or changes to an interest would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Waldron.
- (ggg) None of the wells in which Waldron holds an interest has been produced in excess of applicable production allowables imposed under any Applicable Laws by any Governmental Authority and Waldron does not have any knowledge of any pending change in production allowables imposed under any Applicable Laws by any Governmental Authority that may be applicable to any of the wells in which it holds an interest, other than changes of general application in the jurisdiction in which such wells are located and in each case except to the extent that such non-compliance or changes would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Waldron.
- (hhh) Waldron has not received notice of any production penalty or similar production restriction of any nature imposed or to be imposed by any Governmental Authority and, to Waldron's knowledge, none of the wells in which it holds an interest is subject to any such penalty or restriction except to the extent that any such penalty or restriction would not reasonably be expected to have a material adverse effect on Waldron.
- (iii) To the knowledge of Waldron, all wells located on any lands in which Waldron has an interest, or lands with which such lands have been pooled or unitized, which have been abandoned, have been abandoned in accordance, in all material respects, with Applicable Laws regarding the abandonment of wells.
- (jjj) Except for Encumbrances associated with Waldron's bank financing, Waldron has: (i) not alienated or encumbered its oil and natural gas assets or any part or portion thereof; (ii) not committed and is not aware of there having been committed any act or omission whereby such assets or any part or portion thereof may be cancelled or determined, and such assets are now free

and clear of all liens, royalties (including gross overriding royalties), conversion rights and other claims of third parties, created by, through or under Waldron or of which Waldron has knowledge.

- (kkk) Waldron has not entered into any material joint venture with a third party other than as set forth in the Waldron Disclosure Letter.
- (lll) there are no outstanding authorizations for expenditure pertaining to any of the oil and natural gas assets of Waldron or any other commitments, approvals or authorizations pursuant to which an expenditure may be required to be made in respect of such assets after the date of the most recent Waldron Financial Statements in excess of \$500,000 in the aggregate.
- (mmm) To the knowledge of Waldron, all ad valorem, property, production, severance and similar Taxes and assessments, which are based on or measured by the ownership of property or the production of hydrocarbon substances, or the receipt of proceeds therefrom, payable in respect of the oil and natural gas assets of Waldron, prior to the date hereof have been properly and fully paid and discharged, and there are no unpaid Taxes or assessments that could result in a lien or charge on its oil and natural gas assets, except where the failure to pay such Taxes or assessments or the imposition of such liens or charges would not, individually or in the aggregate, reasonably be expected to have a material adverse effect on Waldron.
- (nnn) Except as set out in the Waldron Financial Statements or other continuous disclosure materials filed by Waldron under Applicable Canadian Securities Law, or except as set out in the Waldron Disclosure Letter, Waldron is not a party to or subject to any hedges, swaps or other financial instruments or like transactions.
- (ooo) Policies of insurance are in force as of the date hereof naming Waldron as an insured, which policies cover the risks customarily insured against by junior oil and natural gas producers in western Canada. All such policies will remain in force and effect and shall not be cancelled or otherwise terminated as a result of the Arrangement.
- (ppp) Waldron has not withheld from Montana any material information or documents concerning Waldron or their assets or liabilities requested by Montana during the course of Montana's review of Waldron and their assets.
- (qqq) There are no agreements material to the conduct of Waldron's affairs or business, except for those agreements entered into in the ordinary course of business or disclosed in the Waldron Public Record or to Montana, and, assuming due authorization by the other parties thereto, all such material agreements are valid and subsisting and Waldron is not in default of any of its material obligations under any such agreement.

4.3 Privacy Issues

- (a) For the purposes of this **Section 4.3, "Transferred Information"** means the personal information (namely, information about an identifiable individual other than their business contact information when used or disclosed for the purpose of contacting such individual in that individual's capacity as a representative of an organization and for no other purpose) to be disclosed or conveyed to one Party or any of its representatives or agents (for purposes of this **Section 4.3, "Recipient"**) by or on behalf of the other Party (for purposes of this **Section 4.3, "Disclosing Party"**) as a result of or in conjunction with the transactions contemplated herein,

and includes all such personal information disclosed to the Recipient prior to the execution of this Agreement.

- (b) Each Disclosing Party covenants and agrees to, upon request, use reasonable efforts to advise the Recipient of the purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates and the additional purposes where the Disclosing Party has notified the individual of such additional purpose, and where required by law, obtained the consent of such individual to such use or disclosure.
- (c) In addition to its other obligations hereunder, Recipient covenants and agrees to:
 - (i) prior to the completion of the transactions contemplated herein, collect, use and disclose the Transferred Information solely for the purpose of reviewing and completing the transactions contemplated herein, including for the purpose of determining to complete such transactions;
 - (ii) after the completion of the transactions contemplated herein,
 - (A) collect, use and disclose the Transferred Information only for those purposes for which the Transferred Information was initially collected from or in respect of the individual to which such Transferred Information relates or for the completion of the transactions contemplated herein, unless (a) the Disclosing Party or Recipient has first notified such individual of such additional purpose, and where required by law, obtained the consent of such individual to such additional purpose, or (b) such use or disclosure is permitted or authorized by Law, without notice to, or consent from, such individual; and
 - (B) where required by Law, promptly notify the individuals to whom the Transferred Information relates that the transactions contemplated herein have taken place and that the Transferred Information has been disclosed to Recipient;
 - (iii) return or destroy the Transferred Information, at the option of the Disclosing Party, should the transactions contemplated herein not be completed; and
 - (iv) notwithstanding any other provision herein, where the disclosure or transfer of Transferred Information to Recipient requires the consent of, or the provision of notice to, the individual to which such Transferred Information relates, to not require or accept the disclosure or transfer of such Transferred Information until the Disclosing Party has first notified such individual of such disclosure or transfer and the purpose for same, and where required by Law, obtained the individual's consent to same and to only collect, use and disclose such information to the extent necessary to complete the transactions contemplated herein and as authorized or permitted by Law.

ARTICLE 5

CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the Parties to consummate the transactions contemplated by this Agreement, and in particular the completion of the Arrangement, are subject to the satisfaction, on or before the Effective Time, or such other time specified, of the following conditions, each of which may only be

waived by the mutual written consent of both Parties without prejudice to each Party's right to rely on any other of such conditions:

- (a) on or prior to September 13, 2013 the Interim Order shall have been granted in form and substance satisfactory to each of Montana and Waldron, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Montana or Waldron, acting reasonably, on appeal or otherwise;
- (b) the Waldron Resolution, in the form and substance reasonably satisfactory to each of Waldron and Montana, shall have been approved by the Waldron Securityholders in accordance with the Interim Order;
- (c) the Montana Resolutions, in the form and substance reasonably satisfactory to each of Waldron and Montana, shall have been approved by the Montana Shareholders in accordance with Applicable Laws and the policies of the TSXV;
- (d) the Mailing Date shall have occurred on or before September 20, 2013;
- (e) on or prior to October 30, 2013, the Final Order shall have been granted in form and substance satisfactory to each of Montana and Waldron, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to Montana or Waldron, acting reasonably, on appeal or otherwise;
- (f) the Effective Date shall have occurred on or before November 1, 2013;
- (g) the Articles of Arrangement to be filed with the Registrar in accordance with the Arrangement shall be in form and substance satisfactory to each of Montana and Waldron, acting reasonably;
- (h) the TSXV shall have conditionally approved the issuance and the listing and posting for trading on the TSXV of the Montana Shares to be issued pursuant to the Arrangement and the Arrangement Financing;
- (i) as of the Effective Time, the ATB Credit Facility shall be in full force and effect and available to be drawn by Montana;
- (j) prior to the Effective Time, the Arrangement Financing shall have closed, and the proceeds therefrom shall have been deposited with the Depositary in sufficient amounts to permit the Depositary to pay the cash consideration payable by it under the Plan of Arrangement as provided pursuant to **subsection 3.1(I)** hereof.
- (k) all required regulatory and governmental approvals and consents necessary for the completion of the Arrangement shall have been obtained on terms and conditions satisfactory to each of Waldron and Montana, acting reasonably; and
- (l) no action shall have been taken under any existing Applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued after the date hereof by any Governmental Authority, that:
 - (i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated by this Agreement; or

- (ii) results in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated by this Agreement.

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

5.2 Additional Conditions to Obligations of Montana

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

- (a) all covenants of Waldron under this Agreement to be performed on or before the Effective Time shall have been duly performed by Waldron in all material respects, and Montana shall have received a certificate of Waldron addressed to Montana and dated the Effective Date, signed on behalf of Waldron by two senior executive officers of Waldron reasonably acceptable to Montana (on Waldron's behalf and without personal liability), confirming the same as of the Effective Date;
- (b) the representations and warranties of Waldron set forth in **Section 4.2** of this Agreement shall be true and correct, without regard to any materiality, material adverse change or material adverse effect qualifications contained in them, as of the date hereof and as of the Effective Time (as though made on and as of the Effective Time), except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date, and except where the failure or failures of such representations and warranties to be so true and correct would not reasonably be expected to have a material adverse effect on Waldron or to materially impede the completion of the Arrangement, and Montana shall have received a certificate of Waldron, addressed to Montana and dated the Effective Date, signed on behalf of Waldron by two senior executive officers of Waldron reasonably acceptable to Montana (on Waldron's behalf and without personal liability), confirming: (i) the same as of the Effective Date; and (ii) that all the conditions set out in Sections 5.1 and 5.3 of this Agreement have been satisfied by Waldron or waived by Montana, and Montana shall have no actual knowledge to the contrary;
- (c) Waldron shall have furnished Montana with:
 - (i) certified copies of the resolutions duly passed by the board of directors of Waldron approving the execution and delivery of this Agreement and the performance by Waldron of its obligations under this Agreement and the consummation of the transactions contemplated by this Agreement; and
 - (ii) certified copies of the Waldron Resolution;
- (d) Immediately prior to the Effective Time, the Waldron Debt shall not exceed \$36,500,000;
- (e) Waldron's average production for the month ended June 2013 shall not have been less than [**Text Redacted**];
- (f) no material adverse change in respect of Waldron shall have occurred on or after the date hereof and prior to the Effective Time;

- (g) no action, suit, proceeding, objection or opposition shall have been commenced or threatened against Waldron before or by any domestic or foreign court, tribunal or Governmental Authority or any private person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Montana, acting reasonably, in either case, has had or, if the Arrangement was consummated, would result in a material adverse change or have a material adverse effect in respect of Waldron or would materially impede the ability of the Parties to complete the Arrangement;
- (h) on the Effective Date, each of the directors and officers of Waldron shall have provided their resignations and such directors and officers and any other persons entitled to a payment from Waldron as contemplated in **Section 2.6** of this Agreement shall have delivered mutual releases in favour of Waldron and Montana, in form and substance satisfactory to Montana and such persons, acting reasonably;
- (i) all of the directors and officers of Waldron shall have entered into Waldron Support Agreements with Montana prior to or concurrent with the signing of this Agreement, substantially in the form agreed to by Montana and Waldron;
- (j) if Dissent Rights are granted to the Waldron Shareholders by the Court in connection with the Arrangement, holders of not more than 5% of the issued and outstanding Waldron Shares shall have exercised such rights of dissent; and
- (k) the obligations of Waldron under all employment or consulting services agreements, severance or retention obligations, plans or policies, termination or bonus payments or any other payments related to any Waldron incentive plan (but excluding payments provided for in **Section 2.5**, if any), arising out of or in connection with the Arrangement shall not exceed the amount set forth in the Waldron Disclosure Letter in the aggregate.

The conditions in this **Section 5.2** are for the exclusive benefit of Montana and may be asserted by Montana regardless of the circumstances or may be waived by Montana in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Montana may have.

5.3 Additional Conditions to Obligations of Waldron

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

- (a) all covenants of Montana under this Agreement to be performed on or before the Effective Time shall have been duly performed by Montana in all material respects, and Waldron shall have received a certificate of Montana addressed to Waldron and dated the Effective Date, signed on behalf of Montana by two senior executive officers of Montana reasonably acceptable to Waldron (on Montana's behalf and without personal liability), confirming the same as of the Effective Date;
- (b) the representations and warranties of Montana set forth in **Section 4.1** of this Agreement shall be true and correct, without regard to any materiality, material adverse change or material adverse effect qualifications contained in them, as of the date hereof and as of the Effective Time (as though made on and as of the Effective Time), except for representations and warranties made as of a specified date, the accuracy of which shall be determined as of that specified date, and except

where the failure or failures of such representations and warranties to be so true and correct would not reasonably be expected to have a material adverse effect on Montana or to materially impede the completion of the Arrangement, and Waldron shall have received a certificate of Montana, addressed to Waldron and dated the Effective Date, signed on behalf of Montana by two senior executive officers of Montana reasonably acceptable to Waldron (on Montana's behalf and without personal liability), confirming: (i) the same as of the Effective Date; and (ii) that all the conditions set out in Sections 5.1 and 5.2 of this Agreement have been satisfied by Montana or waived by Waldron, and Waldron shall have no actual knowledge to the contrary;

- (c) Montana shall have furnished Waldron with:
 - (i) certified copies of the resolutions duly passed by the board of directors of Montana approving the execution and delivery of this Agreement and the performance by Montana of its obligations under this Agreement and the consummation of the transactions contemplated by this Agreement; and
 - (ii) certified copies of the Montana Resolutions;
- (d) on the Effective Date, Waldron shall be satisfied, acting reasonably, that the Montana Shares issued to Waldron Shareholders pursuant to the Arrangement, (i) shall not be subject to any hold period, restricted period or seasoning period under Applicable Canadian Securities Laws that shall not have been satisfied on the Effective Date, and (ii) shall have been conditionally accepted for listing on the TSXV, subject only to the filing of documentation that cannot be filed prior to the Effective Date;
- (e) all of the directors, officers and controlling shareholders (holding 10% or more of the issued and outstanding Montana Shares) of Montana shall have entered into Montana Support Agreements with Waldron, prior to or concurrent with the signing of this Agreement, substantially in the form agreed to by Montana and Waldron;
- (f) no material adverse change respecting Montana shall have occurred on or after the date hereof and prior to the Effective Time;
- (g) no action, suit, proceeding, objection or opposition shall have been commenced or threatened against Montana before or by any domestic or foreign court, tribunal or Governmental Authority or any private person in Canada or elsewhere, whether or not having the force of law, and no law, regulation, policy, judgment, decision, order, ruling or directive (whether or not having the force of law) shall have been enacted, promulgated, amended or applied, which in the sole judgment of Waldron, acting reasonably, in either case, has had or, if the Arrangement was consummated, would result in a material adverse change or have a material adverse effect in respect of Montana or would materially impede the ability of the Parties to complete the Arrangement; and
- (h) Montana shall have deposited or caused to be deposited in escrow with the Depositary, the cash consideration payable and Montana Shares to be issued pursuant to the Arrangement.

The conditions in this **Section 5.3** are for the exclusive benefit of Waldron and may be asserted by Waldron regardless of the circumstances or may be waived by Waldron in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Waldron may have.

5.4 Notice and Effect of Failure to Comply with Covenants or Conditions

- (a) Each Party 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 that would, or would be likely to, (i) cause any of the representations or warranties of such 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 or condition to be complied with or satisfied by any Party hereunder; provided, however, that no such notification shall affect the representations or warranties of the Parties or the conditions to the obligations of the Parties hereunder.
- (b) If any of the conditions precedent set out in any of **Sections 5.1, 5.2 or 5.3** is not satisfied or waived by the Party for whose benefit such condition is provided on or before the date required for the satisfaction thereof, then the Party for whose benefit the condition precedent is provided may, in addition to any other remedies it may have at law or equity, terminate this Agreement as provided for in **Section 8.1(c)**, provided that, prior to the filing of the Articles of 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 that the Party delivering such notice is asserting as the basis for the non-fulfillment of the applicable condition or conditions precedent and shall provide in such notice that the other Party shall be entitled to cure any breach of a covenant or representation and warranty or other matters within five Business Days after receipt of such notice (except that no cure period shall be provided for a breach that, by its nature, cannot be cured and, in no event, shall any cure period extend beyond November 1, 2013). More than one such notice may be delivered by a Party.

5.5 Satisfaction of Conditions

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

ARTICLE 6 AGREEMENT AS TO DAMAGES AND OTHER ARRANGEMENTS

6.1 Montana Damages

If at any time after the execution and delivery of this Agreement and prior to its termination (and provided that there is no breach or non-performance by Montana of a material provision of this Agreement):

- (a) the board of directors of Waldron (i) fails to make any of the recommendations or determinations referred to in **subsection 3.2(o)**; (ii) withdraws, modifies or changes any of the recommendations or determinations referred to in **subsection 3.2(o)** in a manner adverse to Montana; (iii) fails to publicly reaffirm any of its recommendations or determinations referred to in **subsection 3.2(o)** in accordance with **subsection 3.4(e)** or within three (3) Business Days of any written request to do so by Montana (or, in the event that the Waldron Meeting to approve the Waldron Resolution is scheduled to occur within such three (3) Business Day period, prior to the scheduled date of such meeting); (iv) recommends that the Waldron Shareholders deposit their shares under, vote in favour of, or otherwise accept an Acquisition Proposal; or (v) resolves to do any of the foregoing;
- (b) a bona fide Acquisition Proposal (or bona fide intention to make an Acquisition Proposal) is publicly announced, proposed, offered or made to Waldron or any of the Waldron Shareholders prior to the date of the Waldron Meeting and (i) remains outstanding at the time of the Waldron

Meeting, (ii) the Waldron Securityholders do not approve the Waldron Resolution or the Waldron Resolution is not submitted for their approval at the Waldron Meeting, and (iii) such Acquisition Proposal, as originally proposed or amended (or any other Acquisition Proposal that is announced, proposed, offered or made to Waldron or the Waldron Shareholders prior to the expiry of the first Acquisition Proposal) is completed within 6 months of the date the first referenced Acquisition Proposal is announced, proposed, offered or made (provided that, for the purposes of this subparagraph only, all references in the definition of "**Acquisition Proposal**" to "20%" shall be read as, and deemed to be, references to "50%");

- (c) the board of directors of Waldron (or any committee thereof) accepts, recommends, approves, agrees to, endorses or enters into, or proposes publicly to accept, recommend, approve, agree to, endorse or enter into an agreement to implement a Superior Proposal; or
- (d) the board of directors of Waldron fails to publically reaffirm any of its recommendations or determinations referred to in **subsection 3.2(o)** in the manner and within the time period set out in **subsection 3.4(e)**;

(each of the above, if not timely cured, being (upon expiration of the applicable cure period) hereinafter referred to as an "**Montana Damages Event**"), then in the event of the termination of this Agreement pursuant to **subsection 8.1(d)** or **8.1(f)**, and provided that no event of a nature contemplated by **Section 6.2** has occurred prior to the occurrence of such Montana Damages Event, Waldron shall pay to Montana \$1,200,000 (the "**Montana Termination Fee**") as liquidated damages, in immediately available funds, to an account designated by Montana, within one Business Day after the occurrence of the first Montana Damages Event, and after the occurrence of such Montana Damages Event, but prior to payment of such amount, Waldron shall be deemed to hold any amount owing to Montana under this **Section 6.1** in trust for Montana. Waldron shall only be obligated to pay one Montana Termination Fee pursuant to this **Section 6.1**.

6.2 Waldron Damages

If, at any time after the execution and delivery of this Agreement and prior to its termination (and provided that there is no breach or non-performance by Waldron of a material provision of this Agreement):

- (a) the board of directors of Montana (i) fails to make any of the recommendations or determinations referred to in **subsection 3.1(t)**; (ii) withdraws, modifies or changes any of the recommendations or determinations referred to in **subsection 3.1(t)** in a manner adverse to Waldron; (iii) fails to publicly reaffirm any of its recommendations or determinations referred to in **subsection 3.1(t)** in accordance with subsection 3.4(e) or within three (3) Business Days of any written request to do so by Waldron (or, in the event that the Montana Meeting to approve the Montana Resolutions is scheduled to occur within such three (3) Business Day period, prior to the scheduled date of such meeting; (iv) recommends that the Montana Shareholders deposit their shares under, vote in favour of, or otherwise accept an Acquisition Proposal; or (v) resolves to do any of the foregoing;
- (b) a bona fide Acquisition Proposal (or bona fide intention to make an Acquisition Proposal) is publicly announced, proposed, offered or made to Montana or any of the Montana Shareholders prior to the date of the Montana Meeting and (i) remains outstanding at the time of the Montana Meeting, (ii) the Montana Shareholders do not approve the Montana Resolutions or the Montana Resolutions are not submitted for their approval at the Montana Meeting, and (iii) such Acquisition Proposal, as originally proposed or amended (or any other Acquisition Proposal that is announced, proposed, offered or made to Montana or the Montana Shareholders prior to the

expiry of the first Acquisition Proposal) is completed within 6 months of the date the first referenced Acquisition Proposal is announced, proposed, offered or made (provided that, for the purposes of this subparagraph only, all references in the definition of "**Acquisition Proposal**" to "20%" shall be read as, and deemed to be, references to "50%");

- (c) the board of directors of Montana (or any committee thereof) accepts, recommends, approves, agrees to, endorses or enters into, or proposes publicly to accept, recommend, approve, agree to, endorse or enter into an agreement to implement a Superior Proposal; or
- (d) the board of directors of Montana fails to publically reaffirm any of its recommendations or determinations referred to in **subsection 3.1(t)** in the manner and within the time period set out in **subsection 3.4(e)**;

(each of the above, if not timely cured, being (upon expiration of the applicable cure period) hereinafter referred to as a "**Waldron Damages Event**"), then in the event of the termination of this Agreement pursuant to **subsection 8.1(e) or 8.1(g)** and provided that no event of a nature contemplated by **Section 6.1** has occurred prior to the occurrence of such Waldron Damages Event, Montana shall pay to Waldron \$1,200,000 (the "**Waldron Termination Fee**") as liquidated damages, in immediately available funds, to an account designated by Waldron, within one Business Day after the occurrence of the first Waldron Damages Event, and after the occurrence of such Waldron Damages Event, but prior to payment of such amount, Montana shall be deemed to hold any amount owing to Waldron under this **Section 6.2** in trust for Waldron. Montana shall only be obligated to pay one Waldron Termination Fee pursuant to this **Section 6.2**.

6.3 Liquidated Damages and Specific Performance

Each of Montana and Waldron acknowledges that the payment of any amount set out in **Section 6.1** or **Section 6.2** is a payment of liquidated damages and represents a genuine pre-estimate of the damages that Montana or Waldron (as applicable) will suffer or incur as a result of the event giving rise to such damages and the resultant termination of this Agreement and is not a penalty. Each of Montana and Waldron irrevocably waives any right it may have to raise as a defence that any such liquidated damages payable by it are excessive or punitive. For greater certainty, Montana and Waldron agree that receipt of an amount pursuant to **Section 6.1** or **Section 6.2** is the sole monetary remedy of Montana or Waldron (as applicable) hereunder. Nothing in this **Article 6** shall preclude Montana or Waldron from seeking and obtaining injunctive relief to restrain any breach or threatened breach of the covenants of the other Party set out in this Agreement or in the Confidentiality Agreement or specific performance of any of such covenants of the other Party, without the necessity of posting bond or security in connection therewith.

ARTICLE 7 AMENDMENT

7.1 Amendment

This Agreement (excluding the Plan of Arrangement unless prior to the date of the Interim Order) may, at any time and from time to time before or after the holding of the Waldron Meeting, be amended by written agreement of the Parties without, subject to Applicable Laws, further notice to, or authorization from, their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of Montana or Waldron hereunder;

- (b) waive any inaccuracies in, 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 contained herein and waive or modify performance of any of the obligations of Montana or Waldron hereunder; or
- (d) waive satisfaction of, or modify, any of the conditions precedent set out herein;

provided that no such amendment reduces or adversely affects the consideration to be received by the Waldron Shareholders without approval by the Waldron Shareholders given in the same manner as required for the approval of the Arrangement.

ARTICLE 8 TERMINATION

8.1 Termination

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

- (a) by mutual written consent of Montana and Waldron;
- (b) by either Montana or Waldron if: (i) the Waldron Securityholders fail to approve the Waldron Resolution by the requisite vote at the Waldron Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; (ii) the Montana Shareholders fail to approve the Montana Resolutions by the requisite vote at the Montana Meeting; or (iii) approval of the Final Order from the Court is not obtained on or prior to October 30, 2013;
- (c) by either Party as provided in **subsection 5.4(b)**, provided that the failure to satisfy the particular condition precedent being relied upon as a basis for termination of this Agreement did not occur as a result of a breach by the Party seeking to rely on the condition precedent of any of its covenants or obligations under the Agreement;
- (d) by Montana upon the occurrence of a Montana Damages Event, as provided in **Section 6.1**;
- (e) by Waldron upon the occurrence of a Waldron Damages Event, as provided in **Section 6.2**;
- (f) by Waldron upon the occurrence of a Montana Damages Event, as set out in **Section 6.1(c)** provided that Waldron has paid to Montana the amount specified in **Section 6.1** and has complied with its obligations set out in **subsection 3.4(d)**;
- (g) by Montana upon the occurrence of a Waldron Damages Event, as set out in **Section 6.2(b)** provided that Montana has paid to Waldron the amount specified in **Section 6.2** and has complied with its obligations set out in **subsection 3.4(d)**;
- (h) by Montana, if a material adverse change in respect of Waldron shall have occurred after the date of this Agreement; or
- (i) by Waldron, if a material adverse change in respect of Montana shall have occurred after the date of this Agreement.

In the event of the termination of this Agreement in the circumstances set out in this **Section 8.1**, this Agreement shall forthwith become void and be of no further force or effect and no Party shall have any

liability or further obligation to the other hereunder except with respect to the obligations set out in **Article 9** and **Article 10** which shall survive such termination. For greater certainty, the termination of this Agreement pursuant to this **Article 8** shall not affect the rights or obligations of any Party under the Confidentiality Agreement and the Confidentiality Agreement shall remain in full force and effect, subject to any further agreement of the Parties.

Unless otherwise provided herein, the exercise by either Party of any right of termination hereunder shall be without prejudice to any other remedy available to such Party at law or in equity.

ARTICLE 9 NOTICES

9.1 Notices

Any notice that is required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be delivered personally (including by courier) or sent by facsimile to the Party to whom it is addressed, as follows:

- (a) if to Montana, addressed to it at:

Montana Exploration Corp.
Suite 2300, 144 4th Ave SW
Calgary, Alberta T2P 3N4

Attention: **[Text Redacted]**
Facsimile: **[Text Redacted]**

with a copy to:

Bennett Jones LLP
4500, 855 – 2nd Street S.W.
Calgary, Alberta T2P 4K7

Attention: **[Text Redacted]**
Facsimile: **[Text Redacted]**

- (b) if to Waldron, addressed to it at:

Waldron Energy Corporation
Suite 2410-520 3 Ave SW
Calgary, AB T2P 0R3

Attention: **[Text Redacted]**

with a copy to:

Gowling Lafleur Henderson LLP
1400, 700 – 2nd Street S.W.
Calgary, Alberta T2P 4V5

Attention: **[Text Redacted]**

Facsimile: [Text Redacted]

or to such other address as a Party may, from time to time, advise to the other Party by notice in writing. The date or time of receipt of any such notice shall be deemed to be the date of delivery or the time such facsimile is received.

ARTICLE 10 GENERAL

10.1 Assignment and Enurement

This Agreement shall be binding upon and enure to the benefit of the Parties and their respective successors and assigns; provided that this Agreement may not be assigned by either Party without the prior written consent of the other Party.

10.2 Disclosure

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Party prior to issuing or permitting any of its directors, officers, employees or agents to issue, any news release or other written statement with respect to this Agreement or the Arrangement, provided that the prior consent of Montana shall not be required prior to mailing of the Circular in accordance with the terms of this Agreement. Notwithstanding the foregoing, if either Party is required by Applicable Laws, or the rules of any stock exchange on which any of its securities may be listed, to make any disclosure relating to this Agreement or the transactions contemplated by this Agreement, such disclosure may be made, but that Party shall use reasonable commercial efforts to consult with the other Party as to the nature and wording of such disclosure prior to it being made.

10.3 Costs

Except as expressly set out herein, each Party covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated by this Agreement. In the event that this Agreement is terminated pursuant to **subsection 8.1(c)** as a result of the failure to satisfy either of the conditions precedent with respect to the ATB Credit Facility or Arrangement Financing, as set forth in **subsection 5.1(i)** and **subsection 5.1(j)** respectively, Montana shall reimburse Waldron for its costs and expenses in connection with the transaction contemplated by this Agreement in the amount of \$250,000. Such amounts shall be paid to Waldron in immediately available funds within two Business Days of the date of such termination.

10.4 Severability

If any one or more of the provisions (or any part thereof) of this Agreement is determined to be invalid, illegal or unenforceable in any respect in any jurisdiction, such provision or provisions (or part or parts thereof) shall be, and shall be conclusively deemed to be, as to such jurisdiction, severable from the balance of this Agreement and:

- (a) the validity, legality or enforceability of the remaining provisions of this Agreement will not in any way be affected or impaired by the severance of the provisions (or parts thereof) so severed; and

- (b) the invalidity, illegality or unenforceability of any provision (or part thereof) of 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.

10.5 Further Assurances

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

10.6 Fiduciary Obligations

It is acknowledged that the Waldron Supporting Shareholders and the Montana Supporting Shareholders have entered into the Waldron Support Agreements and the Montana Support Agreements in their capacities as shareholders and that doing so will not derogate, in any way, from the discharge of their duties as directors or officers (or both) of Waldron or Montana, as the case may be. It is further acknowledged that nothing contained herein or in the Waldron Support Agreements and the Montana Support Agreements shall prevent any director or officer of Waldron or Montana from discharging his legal or fiduciary obligations as a director or officer of Waldron or Montana, as the case may be, subject to compliance with **Section 3.4**.

10.7 Time of Essence

Time shall be of the essence of this Agreement.

10.8 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Alberta and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of Alberta in respect of all disputes arising under or in relation to this Agreement.

10.9 Waiver

No waiver by a Party shall be effective unless it is set out in a written instrument signed by such Party and any waiver shall affect only the matter, and the occurrence thereof, specifically identified in the applicable written instrument and shall not extend to any other matter or occurrence.

10.10 Third Party Beneficiaries

The provisions of **Section 2.7** and **subsection 3.1(r)** are: (i) intended for the benefit of all present and former directors and officers of Waldron, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (for purposes of this **Section 10.10**, collectively, the "**Third Party Beneficiaries**") and Montana shall hold the rights and benefits of **Section 2.7** and **subsection 3.1(r)** in trust for and on behalf of the Third Party Beneficiaries and Montana hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries, and (ii) in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

10.11 Counterparts

This Agreement may be executed in counterparts and by facsimile or portable document format (PDF), each of which shall be deemed an original, and all of which together constitute one and the same instrument.

[The remainder of this page has intentionally been left blank]

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

MONTANA EXPLORATION CORP.

By: "*Signed*" _____

By: "*Signed*" _____

WALDRON ENERGY CORPORATION

By: "*Signed*" _____

SCHEDULE A
PLAN OF ARRANGEMENT
UNDER THE PROVISIONS OF SECTION 193
OF THE *BUSINESS CORPORATIONS ACT* (ALBERTA)

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context clearly inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of those terms shall have corresponding meanings:

- (a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended, including the regulations promulgated thereunder;
- (b) "**Arrangement**" means the arrangement, pursuant to Section 193 of the ABCA, on the terms set out in this Plan of Arrangement, as supplemented, modified or amended in accordance with this Plan of Arrangement or made at the direction of the Court pursuant to the Final Order;
- (c) "**Arrangement Agreement**" means the agreement made as of July 31, 2013 between Montana and Waldron, including the schedules thereto, as the same may be amended, supplemented, restated or otherwise modified from time to time in accordance with its terms;
- (d) "**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required under subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, to give effect to the Arrangement;
- (e) "**Business Day**" means, with respect to any action to be taken, any day, other than a Saturday, Sunday or a statutory holiday in the place where such action is to be taken;
- (f) "**Cash Consideration**" means, in respect of a Waldron Share transferred to Montana pursuant to Section 3.1(b)(i), an amount in cash equal to \$0.45, subject to proration in accordance with Section 3.3;
- (g) "**Certificate**" means the certificate or other proof of filing issued by the Registrar pursuant to Subsection 193(11) of the ABCA giving effect to the Arrangement;
- (h) "**Circular**" means the joint management information circular of Montana and Waldron to be sent by Montana to the Montana Shareholders in connection with the annual general and special meeting of Montana and by Waldron to the Waldron Securityholders in connection with the Waldron Meeting;
- (i) "**Court**" means the Court of Queen's Bench of Alberta;
- (j) "**Depository**" means •; [NTD: to be completed by Montana in accordance with Arrangement Agreement]

- (k) "**Dissent Rights**" means the rights of dissent granted in favour of registered Waldron Shareholders in respect of the Waldron Resolution in accordance with Section 191 of the ABCA as modified by the Interim Order;
- (l) "**Dissenting Shareholder**" means a registered holder of Waldron Shares who has duly and validly exercised the Dissent Rights in respect of the Waldron Resolution in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
- (m) "**Dissenting Shares**" means the Waldron Shares held by Dissenting Shareholders in respect of which such Dissenting Shareholders have given Notice of Dissent;
- (n) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA;
- (o) "**Effective Time**" means 12:01 a.m. (Calgary time) on the Effective Date;
- (p) "**Election Deadline**" means 4:30 p.m. (Calgary time) on the Business Day immediately preceding the date of the Waldron Meeting;
- (q) "**Final Order**" means the order of the Court (in respect of Waldron) approving the Arrangement pursuant to Subsection 193(9) of the ABCA, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (r) "**Governmental Authority**" means any domestic or foreign federal, provincial, state or local governmental, regulatory or administrative authority, department, court, agency, commission, board or tribunal or official, including any political subdivision thereof;
- (s) "**holder**" means, when used with reference to any securities of Waldron, the holder of such securities shown from time to time in the central securities register maintained by or on behalf of Waldron in respect of such securities;
- (t) "**Interim Order**" means the interim order of the Court concerning the Arrangement under Subsection 193(4) of the ABCA, containing declarations and directions with respect to the Arrangement and the holding of the Waldron Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (u) "**Letter of Transmittal and Election Form**" means the letter of transmittal and election form accompanying the Circular sent to Waldron Shareholders for making their election to receive the Cash Consideration, the Share Consideration or a combination thereof in exchange for their Waldron Shares;
- (v) "**Liens**" means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, option, right of first offer or first refusal or other charge or encumbrance of any kind and adverse claim;
- (w) "**Maximum Cash Consideration**" means,
 - (i) if the Waldron Debt is less than or equal to \$35.5 million, the Cash Amount; or
 - (ii) if the Waldron Debt is greater than \$35.5 million and less than \$36.5 million, an amount equal to the Cash Amount less the Excess Debt; or

- (iii) if the Waldron Debt is equal to or greater than \$36.5 million, an amount equal to the Cash Amount less the Adjusted Excess Debt,

where:

"Cash Amount" means \$18,071,825;

"Excess Debt" means the difference between the Waldron Debt and \$35.5 million; and

"Adjusted Excess Debt" means the product of two (2) and the Excess Debt;

- (x) "**Montana**" means Montana Exploration Corp., a corporation incorporated under the laws of Alberta;
- (y) "**Montana Shares**" means common shares of Montana as constituted on the date hereof;
- (z) "**Notice of Dissent**" means a notice of dissent duly and validly given by a registered holder of Waldron Shares exercising Dissent Rights as contemplated in the Interim Order and as described in Article 4;
- (aa) "**Person**" includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, Governmental Authority or any other entity, whether or not having legal status;
- (bb) "**Plan of Arrangement**" means this plan of arrangement under the ABCA, as such plan of arrangement may be amended or supplemented from time to time;
- (cc) "**Registrar**" means the Registrar of Corporations for the Province of Alberta appointed under Section 263 of the ABCA;
- (dd) "**Share Consideration**" means, in respect of a Waldron Share transferred to Montana pursuant to Section 3.1(b)(i), 1.8 Montana Shares;
- (ee) "**Tax Act**" means the *Income Tax Act* (Canada) R.S.C. 1985, c. 1 (5th Supp.) as amended, including the regulations promulgated thereunder;
- (ff) "**Waldron**" means Waldron Energy Corporation, a corporation incorporated under the laws of Alberta;
- (gg) "**Waldron Debt**" means total indebtedness, including bank debt, working capital deficiency of Waldron (but before giving effect to any cash payments, if any, made on the surrender of any "in the money" Waldron Options) and Waldron Transaction Costs (to the extent not included in the foregoing) and for purposes of this calculation, the working capital deficiency excludes the current portion of Waldron's financial instrument asset/liability, current portion of Waldron's future income tax asset/liability, and Waldron's flow-through share premium;

- (hh) **"Waldron Meeting"** means the special meeting of Waldron Securityholders, which is to be called to permit the Waldron Securityholders to consider the Waldron Resolution and related matters, and any adjournment(s) thereof;
- (ii) **"Waldron Options"** means the outstanding share options of Waldron, whether or not vested, entitling the holders thereof to acquire Waldron Shares;
- (jj) **"Waldron Resolution"** means the special resolution in respect of the Arrangement to be considered by the Waldron Securityholders at the Waldron Meeting;
- (kk) **"Waldron Securityholders"** means the Waldron Shareholders and holders of Waldron Options and Waldron Warrants;
- (ll) **"Waldron Shareholders"** means the holders from time to time of Waldron Shares;
- (mm) **"Waldron Shares"** means common shares of Waldron, as constituted on the date hereof;
- (nn) **"Waldron Stock Option Plan"** means the stock option plan of Waldron;
- (oo) **"Waldron Transaction Costs"** means all costs and expenses incurred by Waldron in connection with the Arrangement, including all legal; accounting; audit; financial advisory; printing; director and officer run-off insurance; special committee fees payable in connection with Waldron's strategic review process; and other administrative or professional fees, costs and expenses of third parties incurred by Waldron, and for greater certainty, including those costs incurred in respect of Waldron's engagement of National Bank Financial Inc. in connection with Waldron's strategic review process and all amounts payable by Waldron in respect of the Arrangement on account of retention, change of control, termination and severance payments to its officers, directors, employees or consultants; and
- (pp) **"Waldron Warrants"** means the 7,182,560 outstanding share purchase warrants entitling the holders thereof to purchase up to 7,182,560 Waldron Shares.

Any capitalized terms used but not defined herein shall have the meaning ascribed to such terms in the Arrangement Agreement. In addition, words and phrases used herein and defined in the ABCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the ABCA unless the context otherwise clearly requires.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Plan of Arrangement into Articles, Sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement. The terms "hereof", "hereunder" and similar expressions refer to this Plan of Arrangement and not to any particular Article, Section or other portion hereof. Unless something in the subject matter or context is inconsistent therewith, references herein to Articles and Section are to Articles and Sections of this Plan of Arrangement.

1.3 Number and Gender

In this Plan of Arrangement, unless the context otherwise clearly requires, words used herein importing the singular include the plural and vice versa and words imparting any gender shall include all genders.

1.4 **Date of Any Action**

If any date on which any action is required to be taken hereunder by a Party is not a Business Day, such action will be required to be taken on the next day which is a Business Day.

1.5 **Governing Law**

This Plan of Arrangement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

1.6 **Time**

Time shall be of the essence in every matter or action contemplated hereunder. All times expressed herein or in the Letter of Transmittal and Election Form are Calgary time unless otherwise stipulated herein or therein.

1.7 **Currency**

Unless otherwise stated, all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada and "\$" refers to Canadian dollars.

ARTICLE 2 **EFFECT OF THE ARRANGEMENT**

2.1 **Arrangement Agreement**

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

2.2 **Binding Effect**

This Plan of Arrangement, upon the filing of the Articles of Arrangement and other documents as required by the ABCA with the Registrar and the issuance of the Certificate, will become effective at the Effective Time and shall be binding upon Montana, Waldron, the Waldron Securityholders, the Depository and all other Persons as and from the Effective Time, without any further act or formality required on the part of any Person except as expressly provided herein.

2.3 **Arrangement in its Entirety**

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

ARTICLE 3 **ARRANGEMENT**

3.1 **The Arrangement**

At the Effective Time, each of the events set out below shall occur and be deemed to occur in the following sequence, in each case without any further authorization, act or formality of or by Waldron, Montana or any other Person except as otherwise provided herein.

- (a)
 - (i) each Dissenting Share held by a Dissenting Shareholder who is ultimately determined to be entitled to be paid the fair value of the Dissenting Shares in respect of which such Dissenting Shareholder has exercised Dissent Rights will be and be deemed to be transferred by the holder thereof to Montana (free and clear of any Liens) and such Dissenting Shareholder will cease to be the holder thereof or to have any rights as a holder in respect of such Dissenting Share other than the right to be paid the fair value of such Dissenting Share determined and payable in accordance with Article 4 and each Dissenting Shareholder's name shall be removed as the holders of such Waldron Shares from the register of Waldron Shareholders maintained by or on behalf of Waldron; and
 - (ii) at the same time as the step in Section 3.1(a)(i) occurs, legal and beneficial title to each such Dissenting Share will vest in Montana and Montana will be and be deemed to be the transferee and legal and beneficial owner of such Dissenting Share (free and clear of any Liens) and will be entered in the register of Waldron Shareholders as the sole holder thereof;
- (b)
 - (i) each Waldron Share outstanding immediately prior to the Effective Time (other than Dissenting Shares referred to in Section 3.1(a) above), will be and be deemed to be transferred by the holder thereof to Montana (free and clear of any Liens) in exchange for (x) the Cash Consideration, (y) the Share Consideration or (z) a combination of the Cash Consideration and the Share Consideration (in each case as elected or deemed to be elected pursuant to Section 3.2 and subject, in the case of the Cash Consideration, to proration in accordance with Section 3.3 and in the case of the Share Consideration, to rounding in accordance with Section 5.2); and
 - (ii) at the same time as the step in Section 3.1(b)(i) occurs, the holder of each Waldron Share transferred to Montana pursuant to Section 3.1(b)(i) will cease to be the holder thereof, or to have any rights as a holder thereof other than the right to receive the Cash Consideration and/or Share Consideration payable in respect thereof pursuant to Section 3.1(b)(i), and legal and beneficial title to each such Waldron Share will vest in Montana and Montana will be and be deemed to be the transferee and legal and beneficial owner of such Waldron Shares (free and clear of any Liens) and will be entered in the register of Waldron Shareholders as the sole holder thereof;
- (c)
 - (i) notwithstanding the terms of the Waldron Stock Option Plan and any award agreement pursuant to which the Waldron Options were granted, each Waldron Option granted and outstanding immediately prior to the Effective Time, whether or not vested, will be and be deemed to be transferred by the holder thereof to Waldron (free and clear of any Liens);
 - (ii) with respect to each Waldron Option, the holder thereof will cease to be the holder thereof or to have any rights as a holder in respect of such Waldron Option or under the Waldron Stock Option Plan and the name of the holder thereof will be removed from the applicable securities register of Waldron with respect to such Waldron Option; and
 - (iii) the Waldron Options will be cancelled and the Waldron Stock Option Plan will be terminated; and

- (d)
 - (i) notwithstanding the terms of any agreements pursuant to which the Waldron Warrants were issued, each Waldron Warrant granted and outstanding immediately prior to the Effective Time, whether or not vested, will be deemed to be transferred by the holder thereof to Waldron (free and clear of any Liens);
 - (ii) with respect to each Waldron Warrant, the holder thereof will cease to be the holder thereof or to have any rights as a holder in respect of such Waldron Warrant and the name of the holder thereof will be removed from the applicable securities register of Waldron with respect to such Waldron Warrant; and
 - (iii) the Waldron Warrants will be cancelled.

3.2 Election Mechanics

Subject to Section 3.3, with respect to the transfer of Waldron Shares to Montana pursuant to Section 3.1(b)(i):

- (a) each Waldron Shareholder may elect to receive, in respect of each Waldron Share held by such Waldron Shareholder, either (i) the Cash Consideration, (ii) the Share Consideration, or (iii) a combination of the Cash Consideration and the Share Consideration;
- (b) in order to make the election referred to in Section 3.2(a), a Waldron Shareholder must deposit with the Depositary, by no later than the Election Deadline, a duly completed Letter of Transmittal and Election Form indicating such Waldron Shareholder's election, which election shall be irrevocable and may not be withdrawn, together with the certificate(s) representing the Waldron Shares held by such Waldron Shareholder; and
- (c) any Waldron Shareholder who has not, prior to the Election Deadline, deposited with the Depositary a duly completed Letter of Transmittal and Election Form indicating such Waldron Shareholder's election, together with the certificate(s) representing the Waldron Shares held by such Waldron Shareholder, or otherwise fails to fully comply with the requirements of Section 3.2(b) in respect of any Waldron Shares (including Waldron Shareholders who duly exercise Dissent Rights but are ultimately not entitled, for any reason, to be paid fair value for the Waldron Shares in respect of which they have exercised Dissent Rights) shall be deemed to have elected to receive the Share Consideration as to all Waldron Shares held by such Waldron Shareholder.

3.3 Proration of Cash Consideration

If holders of Waldron Shares elect to receive the Cash Consideration that in the aggregate exceeds the Maximum Cash Consideration, then each holder of Waldron Shares that has elected to receive the Cash Consideration for all or any portion of their Waldron Shares will receive the Cash Consideration in an amount equal to the result obtained when the aggregate Cash Consideration requested by such holder is multiplied by a fraction the numerator of which is the Maximum Cash Consideration and the denominator of which is the aggregate Cash Consideration requested by all holders of Waldron Shares, and each such holder shall be deemed to have elected to receive the Cash Consideration for a corresponding number of Waldron Shares and shall be deemed to have elected to receive the Share Consideration for the remainder of their Waldron Shares for which, but for this Section 3.3, such holder would otherwise have received the Cash Consideration.

ARTICLE 4
DISSENT RIGHTS

4.1 Rights of Dissent

Pursuant to the Interim Order, each registered Waldron Shareholder may exercise rights of dissent ("**Dissent Rights**") pursuant to and in the manner set forth in the ABCA, as modified by this Article 4 and the Interim Order; provided, however, that written objection to the Waldron Resolution, in the manner contemplated by the ABCA, must be sent to and received by Waldron by no later than 4:00 p.m. (Calgary time) on the second Business Day immediately prior to the Waldron Meeting. Waldron Shareholders who duly exercise such rights of dissent and who:

- (a) are ultimately determined to be entitled to be paid by Montana fair value for the Waldron Shares in respect of which they have exercised Dissent Rights will be deemed to have irrevocably transferred such Waldron Shares to Montana pursuant to Section 3.1(a)(i) in consideration of such fair value; or
- (b) are ultimately not entitled, for any reason, to be paid by Montana fair value for the Waldron Shares in respect of which they have exercised Dissent Rights will be deemed to have participated in the Arrangement on the same basis as a Waldron Shareholder who has not exercised Dissent Rights, as at and from the time specified in Section 3.1(b) and be entitled to receive only the consideration set forth in Section 3.1(b)(i);

but in no case will Waldron or Montana or any other Person be required to recognize such holders as holders of Waldron Shares after the completion of the steps set forth in Section 3.1(a) or 3.1(b), as the case may be, and each Dissenting Shareholder will cease to be entitled to the rights of a Waldron Shareholder in respect of the Waldron Shares in relation to which such Dissenting Shareholder has exercised Dissent Rights and the central securities register of Waldron will be amended to reflect that such former holder is no longer the holder of such Waldron Shares as and from the Effective Time. For greater certainty, and in addition to any other restriction under the ABCA, a Waldron Shareholder who has voted, or instructed a proxyholder to vote, in favour of the Waldron Resolution shall not be entitled to exercise Dissent Rights with respect to the Arrangement.

ARTICLE 5
CERTIFICATES AND PAYMENTS

5.1 Payments of Consideration

- (a) At or before the Effective Time, Montana will deposit or cause to be deposited with the Depository for the benefit of the Waldron Shareholders:
 - (i) cash in an aggregate amount sufficient to satisfy the payment obligations contemplated by Section 3.1(b)(i) and Section 3.2 (calculated without reference to whether any Waldron Shareholder has exercised Dissent Rights);
 - (ii) one or more certificates representing the aggregate number of Montana Shares required to be delivered by Montana to the Waldron Shareholders pursuant to Section 3.1(b)(i) and Section 3.2(c) (calculated without reference to whether any Waldron Shareholder has exercised Dissent Rights); and

- (iii) cash in an aggregate amount sufficient to satisfy Waldron's anticipated payment obligations contemplated by Section 3.1(a)(i).
- (b) No former holder of Waldron Shares shall be entitled to receive any consideration with respect to such Waldron Shares, unless and until the holder of such Waldron Shares shall surrender to the Depositary a certificate that, immediately prior to the Effective Time, represented outstanding Waldron Shares that were transferred to Montana under Section 3.1(b)(i), together with a duly completed Letter of Transmittal and Election Form and such additional documents and instruments as the Depositary may reasonably require. As soon as practicable following the later of the Effective Date and the surrender by a Waldron Shareholder (other than a Dissenting Shareholder) to the Depositary of a certificate that immediately prior to the Effective Time represented outstanding Waldron Shares that were transferred to Montana under Section 3.1(b)(i), together with a duly completed Letter of Transmittal and Election Form and such additional documents and instruments as the Depositary may reasonably require the former holder of such Waldron Shares will be entitled to receive in exchange therefor (i) a cheque for the Cash Consideration, if any, such holder is entitled to receive pursuant to Section 3.1(b)(i); and (ii) a certificate representing that number of Montana Shares, if any, such holder is entitled to receive pursuant to Section 3.1(b)(i) less, in the case of both clauses (i) and (ii) of this Section 5.1(b), any amounts withheld pursuant to Section 5.5, and any certificate so surrendered will forthwith be cancelled.
- (c) Subject to Section 5.4, until surrendered as contemplated by this Section 5.1, each certificate which immediately prior to the Effective Time represented Waldron Shares that were transferred to Montana under section 3.1(b)(i) will be thereafter deemed to represent only the right to receive (i) a cheque for the Cash Consideration, if any, the holder of such Waldron Shares is entitled to receive pursuant to Section 3.1(b)(i); and (ii) a certificate representing that number of Montana Shares, if any, such holder is entitled to receive pursuant to Section 3.1(b)(i) less, in the case of both clauses (i) and (ii), of this Section 5.1(c), any amounts withheld pursuant to Section 5.5.
- (d) Montana will cause the Depositary, as soon as a former holder of Waldron Shares becomes entitled to receive Cash Consideration and/or Share Consideration in accordance with Section 5.1(b), to:
- (i) forward or cause to be forwarded by first class mail (postage paid) to such former holder at the address specified in the Letter of Transmittal and Election Form; or
 - (ii) if requested by such former holder in the Letter of Transmittal and Election Form, make available at the offices of the Depositary specified in the Letter of Transmittal and Election Form for pick-up by such former holder; or
 - (iii) if the Letter of Transmittal and Election Form neither specifies an address as described in Section 5.1(d)(i) nor contains a request as described in Section 5.1(d)(ii), forward or cause to be forwarded by first class mail (postage paid) to such former holder at the address of such former holder as shown on the applicable securities register maintained by or on behalf of Waldron immediately prior to the Effective Time;

a cheque representing the Cash Consideration, if any, payable to such former holder in accordance with the provisions hereof and/or one or more certificates representing the

Share Consideration which such former holder of Waldron Shares is entitled to receive in accordance with the provisions hereof, in each case less any amounts withheld pursuant to Section 5.5.

- (e) No former holder of Waldron Shares shall be entitled to receive any consideration with respect to such Waldron Shares other than the Cash Consideration or Share Consideration that such former holder of Waldron Shares is entitled to receive pursuant to this Section 5.1 and, for greater certainty, no such former holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith.

5.2 Fractional Shares

No fractional Montana Shares will be issued in connection with the Arrangement. In the event that a former Waldron Shareholder would otherwise be entitled to a fractional Montana Share hereunder, the number of Montana Shares issued to such Waldron Shareholder shall be rounded up to the next whole number of Montana Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next whole number of Montana Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Waldron Shares registered in the name of or beneficially held by such Waldron Shareholder or his/her/its nominee shall be aggregated.

5.3 Loss of Certificates

In the event any certificate which immediately prior to the Effective Time represented one or more outstanding Waldron Shares that were acquired by Montana pursuant to Section 3.1(b)(i) has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the former holder of such Waldron Shares, the Depository will, in exchange for the affidavit in respect of such lost, stolen or destroyed certificate, deliver to such former holder of Waldron Shares the Cash Consideration and/or Share Consideration such former holder is entitled to receive in respect of such Waldron Shares pursuant to Section 3.1(b)(i) less any amounts withheld pursuant to Section 5.5. When authorizing such payment in relation to any lost, stolen or destroyed certificate, the former holder of such Waldron Shares will, as a condition precedent to the delivery thereof, give a bond satisfactory to Montana and the Depository or otherwise indemnify Waldron, Montana and the Depository against any claim that may be made against any of them with respect to the certificate alleged to have been lost, stolen or destroyed.

5.4 Extinction of Rights

- (a) Any certificate which immediately prior to the Effective Time represented one or more outstanding Waldron Shares that were acquired by Montana pursuant to Section 3.1(b)(i) which is not deposited with the Depository in accordance with the provisions of Section 5.1 on or before the third anniversary of the Effective Date less one day shall, on such day, cease to represent a claim or interest of any kind or nature whatsoever, whether as a securityholder or otherwise and whether against Waldron, Montana, the Depository or any other Person. On such date, the Cash Consideration and/or Share Consideration (including any interest, dividends, premium, distribution or other payment in connection therewith held in trust for such former holder) such former holder of Waldron Shares would otherwise have been entitled to receive, shall be deemed to have been surrendered for no consideration to Montana. Neither Waldron nor Montana will be liable to any Person in respect of any cash or securities (including any cash or securities previously held by the Depository in trust for any such former holder) which is forfeited to Montana

or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law.

- (b) Any payment made by way of cheque by Waldron, or by the Depositary, on behalf of Waldron or Montana pursuant to the Arrangement and/or any certificates representing Montana Shares issued by the Depositary on behalf of Montana, pursuant to this Plan of Arrangement that have not been deposited with or have been returned to the Depositary or that otherwise remain unclaimed, in each case, on or before the third anniversary of the Effective Date less one day shall, on such day, cease to represent a claim or interest of any kind or nature whatsoever, whether as a securityholder or otherwise and whether against Waldron, Montana, the Depositary or any other Person. On such date, the Cash Consideration and/or Share Consideration such former holder of Waldron Shares would otherwise have been entitled to receive, shall be deemed to have been surrendered for no consideration to Montana. Neither Waldron nor Montana will be liable to any Person in respect of any cash or securities (including any cash or securities previously held by the Depositary in trust for any such former holder) which is forfeited to Montana or delivered to any public official pursuant to any applicable abandoned property, escheat or similar law.

5.5 Withholding Rights

Waldron, Montana and the Depositary will be entitled to deduct, withhold and remit from any consideration otherwise payable to any Waldron Shareholder under this Plan of Arrangement (including any payment to Dissenting Shareholders) such amounts as Waldron, Montana or the Depositary is required to deduct, withhold and remit with respect to such payment under the Tax Act, the U.S. Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder, or any provision of any provincial, state, local or foreign tax law as counsel may advise is required to be so deducted and withheld by Waldron, Montana or the Depositary, as the case may be. For the purposes hereof, all such withheld amounts shall be treated as having been paid to the Person in respect of which such deduction and withholding was made on account of the obligation to make payment to such Person hereunder, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority by or on behalf of Waldron, Montana or the Depositary, as the case may be.

5.6 Allocation of Consideration and Tax Elections

Each Waldron Shareholder who has made (or who has deemed to have made) an election to dispose of Waldron Shares for the Share Consideration and the Cash Consideration pursuant to Sections 3.1(b)(i) and 3.2 shall be deemed for the purposes of applying the Tax Act to have exchanged each Waldron Share in the following proportions:

- (a) to the extent that a Waldron Share is disposed of by such Waldron Shareholder for the Cash Consideration under Section 3.1(b)(i), such Waldron Share shall be deemed to have been disposed of by such Waldron Shareholder to Montana solely for consideration consisting of a cash payment of \$0.45;
- (b) to the extent that a Waldron Share is disposed of by such Shareholder for 1.8 Montana Shares under Section 3.1(b)(i), such Waldron Share shall be deemed to have been disposed of by such Waldron Shareholder to Montana solely for consideration consisting of 1.8 Montana Shares; and

- (c) to the extent that a Waldron Share is disposed of by such Waldron Shareholder in circumstances where the Letter of Transmittal and Election Form indicates that an election under section 85 of the Tax Act will be filed, the Waldron Shareholder shall be deemed for the purposes of applying the Tax Act to have disposed of all of the Waldron Shares for aggregate proceeds of disposition consisting of such cash and Montana Shares.

A Waldron Shareholder who receives Montana Shares under the Arrangement shall be entitled to make an income tax election, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law) by providing two signed copies of the necessary election forms to Montana within 90 days following the Effective Date, duly completed with the details of the applicable agreed amounts for the purposes of such election. Thereafter, the forms will be signed by Montana and returned to such former holders of Waldron Shares within 30 days after the receipt thereof by Montana for filing with the Canada Revenue Agency (and the applicable provincial taxing authority). Montana will not be responsible for the proper completion of any election form and, except for the obligation of Montana to so sign and return duly completed election forms which are received by Montana within 90 days of the Effective Date, Montana will not be responsible for any taxes, interest or penalties resulting from the failure by a former Waldron Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (and any applicable provincial legislation). In its sole discretion, Montana may choose to sign and return an election form received by it more than 90 days following the Effective Date, but Montana will have no obligation to do so.

5.7 Transfer Free and Clear

Any transfer or exchange of securities pursuant to this Plan of Arrangement shall be free and clear of any Liens.

ARTICLE 6 **AMENDMENTS**

6.1 Amendments to Plan of Arrangement

- (a) Waldron and Montana reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that any amendment, modification or supplement must be (i) set out in writing, (ii) filed with the Court and, if made following the Waldron Meeting, approved by the Court and (iii) communicated to the Waldron Shareholders if and as required by the Court.
- (b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Waldron and Montana at any time prior to or at the Waldron Meeting with or without any other prior notice or communication and, if so proposed and accepted, in the manner contemplated and to the extent required by the Arrangement Agreement, by the Persons voting at the Waldron Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- (c) Any amendment, modification or supplement to this Plan of Arrangement that is approved or directed by the Court following the Waldron Meeting shall be effective only if such amendment, modification or supplement (i) is consented to by each of Waldron

and Montana (each acting reasonably) and (ii) if required by the Court or applicable law, is consented to by Waldron Shareholders voting in the manner directed by the Court.

- (d) This Plan of Arrangement may be amended, modified or supplemented following the Effective Time unilaterally by Montana, provided that it concerns a matter that, in the reasonable opinion of Montana, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the economic interest of any Waldron Shareholder.

ARTICLE 7
FURTHER ASSURANCES

Notwithstanding that the transactions and events set out herein will occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of Waldron and Montana will make, do and execute, or cause to be made, done and executed, any such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.