CORPORATE ACCESS NUMBER: 209523455

Alberta

BUSINESS CORPORATIONS ACT

CERTIFICATE

OF

AMENDMENT AND REGISTRATION

OF RESTATED ARTICLES

PENNINE PETROLEUM CORPORATION
AMENDED ITS ARTICLES ON 2006/11/24.

CORPORATE ACCESS NUMBER: 209523455

Alberta

BUSINESS CORPORATIONS ACT

CERTIFICATE

OF

AMENDMENT AND REGISTRATION

OF RESTATED ARTICLES

PENNINE PETROLEUM CORPORATION
AMENDED ITS ARTICLES ON 2005/11/28.

REGISTRAR OF CORPORATIONS

CORPORATE ACCESS NUMBER: 209523455

Alberta

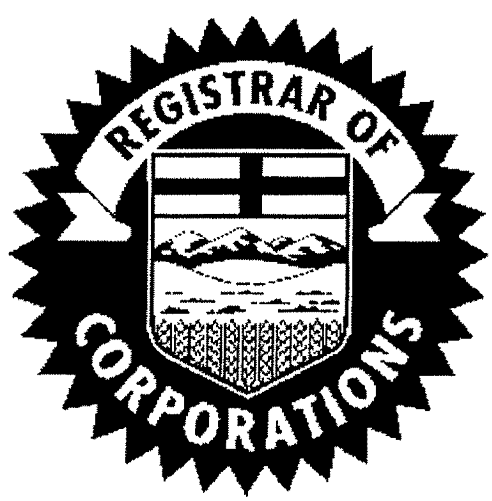
BUSINESS CORPORATIONS ACT

CERTIFICATE

OF

INCORPORATION

PRENDEGAST PETROLEUM LTD.
WAS INCORPORATED IN ALBERTA ON 2001/09/18.



Name/Structure Change Alberta Corporation - Registration Statement

Service Request Number:	7996686
Corporate Access Number:	209523455
Legal Entity Name:	PENNINE PETROLEUM CORPORATION
French Equivalent Name:	
Legal Entity Status:	Active
Alberta Corporation Type:	Named Alberta Corporation
New Legal Entity Name:	PENNINE PETROLEUM CORPORATION
New French Equivalent Name:	
Nuans Number:	84586988
Nuans Date:	2005/09/23
French Nuans Number:	
French Nuans Date:	
Share Structure:	SEE SCHEDULE "1" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION
Share Transfers Restrictions:	SEE SCHEDULE "2" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION
Number of Directors:	
Min Number Of Directors:	1
Max Number Of Directors:	15
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	SEE SCHEDULE "3" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION
BCA Section/Subsection:	173(1)(E)
Professional Endorsement Provided:	
Future Dating Required:	

Annual returns are outstanding for the 2005 file year(s).

Annual Return

File Year	Date Filed
2004	2005/11/25
2003	2004/06/14

2002	2003/05/30

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	2001/09/18
Restrictions on Share Transfers	ELECTRONIC	2001/09/18
Other Rules or Provisions	ELECTRONIC	2001/09/18
Share Structure	ELECTRONIC	2005/11/28

Registration Authorized By: PETER C. BROWN
PRESIDENT

SCHEDULE "A" TO THE ARTICLES OF AMENDMENT OF
PENNINE PETROLEUM CORPORATION

4. Pursuant to section 173(1)(f) of the Act, the number of issued and outstanding Class "A" Common Shares of the Corporation be changed by splitting the issued and outstanding 5,157,183 shares of the Corporation on the basis that every one (1) Class "A" Common Share outstanding before the share split shall be split into four (4) Class "A" Common Shares after the share split;

5. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(e) of the Business Corporations Act by redesignating the Class "A" Common Shares as Common Shares, whether issued or unissued.

6. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(h) of the Act by canceling the Class "B" Common Shares, there being no such shares issued or outstanding.

7. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(h) of the Act by canceling the Class "C" non cummulative redeemable preferred shares, there being no such shares issued or outstanding.

8. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(h) of the Act by canceling the Class "D" non cummulative redeemable preferred shares, there being no such shares issued or outstanding.

9. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(d) of the Act to create a new class of Preferred Shares, issuable in series, as more specifically described in paragraph 2 of Schedule "A" hereto.

10. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(e) of the Act, changing the rights, privileges, restrictions and conditions attaching to the Common Shares of the Corporation as set forth in Schedule "A" hereto, and by substituting Schedule "A" hereto for Schedule "1" to the Articles of Incorporation of the Corporation.

11. Item number 2 of the Articles of the above named corporation is amended by deleting Schedule "1" to the Articles of Incorporation of the Corporation and substituting Schedule "A" hereto therefor.

12. Item number 7 of the Articles of the Corporation is amended in accordance with Section 173(1)(m) of the Act, removing the other provisions, substituting the word "none" in item 7 and by deleting Schedule "3" to the Articles of Incorporation of the Corporation.

SCHEDULE 1 TO THE ARTICLES OF AMENDMENT OF
PENNINE PETROLEUM CORPORATION
SHARE CAPITAL

1. CLASS OF COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value (the "Common Shares"), the holders of which are entitled:

(a) to receive notice of and to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares (other than the Common Shares) are entitled to vote;

(b) to receive any dividend declared by the Corporation on this class of shares; PROVIDED HOWEVER the Corporation shall be entitled to declare dividends on the Preferred Shares without being obliged to declare any dividends on the Common Shares of the Corporation;

(c) subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares of the Corporation, to receive the remaining property of the Corporation upon dissolution; and

(d) to the rights, privileges and restrictions normally attached to common shares.

2. CLASS OF PREFERRED SHARES

The Corporation is authorized to issue an unlimited number of Preferred Shares, without nominal or par value (the "Preferred Shares"), which shall be subject to the following rights, privileges, restrictions and conditions:

(a) Right to Issue in One or More Series

The Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may before the issue thereof be determined by the directors who may determine, from time to time before the issue thereof, the designation, rights, privileges, restrictions and conditions attaching to each such series, the whole subject to the following provisions and to the issue of Articles of Amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the shares of each series.

(b) Ranking of Preferred Shares

The Preferred Shares shall be entitled to a preference over the Common Shares and over any other shares of the Corporation ranking junior to the Preferred Shares with respect to the priority of payment of dividends which, in the case of cumulative dividends, shall cover all prior completed periods in respect of which such dividends are accrued and unpaid plus such further amounts, if any, in respect of dividends as may be specified in the provisions attaching to any particular series and, in the case of non-cumulative dividends, shall cover all such dividends declared and unpaid, and with respect to the distribution of assets, including premiums, if any, as have been provided in respect of any series in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs and may also be given such other preferences over the Common Shares and over any other shares of the Corporation ranking junior to the Preferred Shares. After payment to the holders of the Preferred Shares of the amounts payable to them, they shall not be entitled to share in any further distributions of the property or assets of the Corporation.

The holders of any series of Preferred Shares shall not be entitled to any further or other dividends than those expressly provided for in the rights, privileges, restrictions and

conditions attached to the Preferred Shares of such series.
(c) Voting Rights
Except as required by law or as hereinafter specifically provided or as provided with
respect to any series of the Preferred Shares then outstanding, the holders of the Preferred
Shares shall not be entitled as such to receive notice of or to attend any meeting of the
shareholders of the Corporation or to vote at any such meeting.
(d) Amendment with Approval of Holders of Preferred Shares
The right, privileges, restrictions and conditions attaching to the Preferred Shares as a
class may be changed at any time and from time to time with such approvals as may be
required by law and with the approval of the holders of the Preferred Shares as a class,
such approval shall be given in the manner provided in paragraph A.3.5 hereof
(e) Approval of Holders of Preferred Shares
Any consent or approval given by the holders of the Preferred Shares as a class or series,
as the case may be (the "Meeting Shares"), shall be deemed to have been sufficiently
given if passed at a meeting of holders of the Meeting Shares as a class, duly called and
held upon not less than twenty-one (21) days notice at which the holders of outstanding
Meeting Shares to which are attached not less than 25% of the votes attached to all
outstanding Meeting Shares are present (the "quorum") or are represented by proxy and
carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such
meeting.
If at any such meeting a quorum is not present or represented by proxy within one-half
(1/2) hour after the time appointed for such meeting, then the meeting (if called by the
Corporation) shall be adjourned to such date not less than twenty-one (21) days thereafter
and to such time and place as may be designated by the chairperson, and not less than ten
(10) days' written notice shall be given of such adjourned meeting. At such adjourned
meeting the holders of the Meeting Shares present or represented by proxy may transact
the business for which the meeting was originally convened and a resolution passed
thereat by an affirmative vote of not less than two-thirds (2/3) of the votes cast at such
meeting shall constitute the consent or approval of the holders of the Meeting Shares. On
every ballot taken at every such meeting every holder of Meeting Shares shall be entitled
to one (1) vote for each One Dollar ($1.00) aggregate stated issue price of Meeting
Shares held by such holder. Subject to the foregoing, the formalities to be observed in
respect of the giving or waiving of notice of any such meeting and the conduct thereof
shall be those from time to time prescribed in the by-laws of the Corporation with respect
to meetings of shareholders.
If the variation of the rights, privileges, restrictions and conditions hereinbefore contained
affects the rights of holders of Preferred Shares of any series in a manner different from

other holders of Preferred Shares, then such variation shall, in addition to being approved by the holders of the Preferred Shares as a class, be approved by the holders of the Preferred Shares of such series so affected, which approval shall be given by resolution in the same manner as hereinbefore provided.

If the variation of the rights, privileges, restrictions and conditions hereinbefore contained only affects the rights of holders of Preferred Shares of any series, then such variation shall only be approved by the holders of the Preferred Shares of such series so affected, which approval shall be given by resolution in the same manner as hereinbefore provided.

Any consent or approval given by the holders of the Preferred Shares as a class, or series, as the case may be, shall be deemed to have been sufficiently given if a resolution is signed by all of the holders of the Preferred Shares as a class, or the holders of the Preferred Shares or any particular series, as the case may be, in one or more counterparts.

Articles of Amendment

Business Corporations Act
Section 29 or 177

1. Name of Corporation	2 Corporate Access Number
PENNINE PETROLEUM CORPORATION	209523455

3. THE ARTICLES OF THE CORPORATION, AS AMENDED, ARE AMENDED AS FOLLOWS:

Pursuant to section 173(m) of the *Business Corporations Act* (Alberta), Item 3 of the Articles of the Corporation is amended by removing the restrictions on the transfer of shares, substituting the word "none" in Item 3 and by deleting Schedule "2" to the Articles of Incorporation.

Authorized Signature

R Greg Powers
Name of Person Authorizing

November 24, 2006
Date

Solicitor
Title of Person Authorizing

This information is being collected for the purposes of corporate registry records in accordance with the *Business Corporations Act* (Alberta). Questions about the collection of this information can be directed to the Freedom of Information and Protection of Privacy Coordinator for Alberta Registries, Box 3140, Edmonton, Alberta T5J 2G7, (780) 427-7013.

FILED
NOV 24 2006
FASKEN MARTINEAU DuMOULIN LLP
CALGARY OFFICE

Articles of Amendment

Business Corporations Act
Section 29 or 177

1. Name of Corporation	2. Corporate Access Number
PENNINE PETROLEUM CORPORATION	209523455

3. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(e) of the Business Corporations Act by redesignating the Class "A" Common Shares as Common Shares, whether issued or unissued.

See Schedule "A"

FILED BY THE LICENSING COMPANY (CALGARY) INC.

TLC

	Peter C. Brown	November 25, 2005
Authorized Signature (applicable for societies only)	Name of Person Authorizing (*please print*)	Date

D/L 119484-012	Director, President and CEO
Identification (not applicable for societies	Title (*please print*)

This information is being collected for the purposes of corporate registry records in accordance with the Business Corporations Act. Questions about the collection of this information can be directed to the Freedom of Information and Protection of Privacy Coordinator for Alberta Registries, Box 3140, Edmonton, Alberta T5J 2G7, (780) 427-7013.

REG 3054 (Rev. 2003/05)

SCHEDULE "A" TO THE ARTICLES OF AMENDMENT OF PENNINE PETROLEUM CORPORATION

4. Pursuant to section 173(1)(f) of the Act, the number of issued and outstanding Class "A" Common Shares of the Corporation be changed by splitting the issued and outstanding 5,157,183 shares of the Corporation on the basis that every one (1) Class "A" Common Share outstanding before the share split shall be split into four (4) Class "A" Common Shares after the share split;

5. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(e) of the Business Corporations Act by redesignating the Class "A" Common Shares as Common Shares, whether issued or unissued.

6. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(h) of the Act by canceling the Class "B" Common Shares, there being no such shares issued or outstanding.

7. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(h) of the Act by canceling the Class "C" non cummulative redeemable preferred shares, there being no such shares issued or outstanding.

8. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(h) of the Act by canceling the Class "D" non cummulative redeemable preferred shares, there being no such shares issued or outstanding.

9. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(d) of the Act to create a new class of Preferred Shares, issuable in series, as more specifically described in paragraph 2 of Schedule "A" hereto.

10. Item number 2 of the Articles of the above named corporation is amended in accordance with Section 173(1)(e) of the Act, changing the rights, privileges, restrictions and conditions attaching to the Common Shares of the Corporation as set forth in Schedule "A" hereto, and by substituting Schedule "A" hereto for Schedule "1" to the Articles of Incorporation of the Corporation.

11. Item number 2 of the Articles of the above named corporation is amended by deleting Schedule "1" to the Articles of Incorporation of the Corporation and substituting Schedule "A" hereto therefor.

12. Item number 7 of the Articles of the Corporation is amended in accordance with Section 173(1)(m) of the Act, removing the other provisions, substituting the word "none" in item 7 and by deleting Schedule "3" to the Articles of Incorporation of the Corporation.

SCHEDULE 1 TO THE ARTICLES OF AMENDMENT OF PENNINE PETROLEUM CORPORATION

SHARE CAPITAL

1. CLASS OF COMMON SHARES

The Corporation is authorized to issue an unlimited number of Common Shares, without nominal or par value (the "Common Shares"), the holders of which are entitled:

(a) to receive notice of and to attend and vote at all meetings of shareholders, except meetings at which only holders of a specified class of shares (other than the Common Shares) are entitled to vote;

(b) to receive any dividend declared by the Corporation on this class of shares; PROVIDED HOWEVER the Corporation shall be entitled to declare dividends on the Preferred Shares without being obliged to declare any dividends on the Common Shares of the Corporation;

(c) subject to the rights, privileges, restrictions and conditions attaching to the Preferred Shares of the Corporation, to receive the remaining property of the Corporation upon dissolution; and

(d) to the rights, privileges and restrictions normally attached to common shares.

2. CLASS OF PREFERRED SHARES

The Corporation is authorized to issue an unlimited number of Preferred Shares, without nominal or par value (the "Preferred Shares"), which shall be subject to the following rights, privileges, restrictions and conditions:

(a) Right to Issue in One or More Series

The Preferred Shares may at any time and from time to time be issued in one or more series, each series to consist of such number of shares as may before the issue thereof be determined by the directors who may determine, from time to time before the issue thereof, the designation, rights, privileges, restrictions and conditions attaching to each such series, the whole subject to the following provisions and to the issue of Articles of Amendment setting forth the designation, rights, privileges, restrictions and conditions attaching to the shares of each series.

(b) Ranking of Preferred Shares

The Preferred Shares shall be entitled to a preference over the Common Shares and over any other shares of the Corporation ranking junior to the Preferred Shares with respect to the priority of payment of dividends which, in the case of cumulative dividends, shall cover all prior completed periods in respect of which such dividends are accrued and unpaid plus such further amounts, if any, in respect of dividends as may be specified in the provisions attaching to any particular series and, in the case of non-cumulative dividends, shall cover all such dividends declared and unpaid, and with respect to the distribution of assets, including premiums, if any, as have been provided in respect of any series in the event of liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs and may also be given such other preferences over the Common Shares and over any other shares of the Corporation ranking junior to the Preferred Shares. After payment to the holders of the Preferred Shares of the amounts payable to them, they shall not be entitled to share in any further distributions of the property or assets of the Corporation.

The holders of any series of Preferred Shares shall not be entitled to any further or other dividends than those expressly provided for in the rights, privileges, restrictions and conditions attached to the Preferred Shares of such series.

(c) **Voting Rights**

Except as required by law or as hereinafter specifically provided or as provided with respect to any series of the Preferred Shares then outstanding, the holders of the Preferred Shares shall not be entitled as such to receive notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

(d) **Amendment with Approval of Holders of Preferred Shares**

The right, privileges, restrictions and conditions attaching to the Preferred Shares as a class may be changed at any time and from time to time with such approvals as may be required by law and with the approval of the holders of the Preferred Shares as a class, such approval shall be given in the manner provided in paragraph A.3.5 hereof

(e) **Approval of Holders of Preferred Shares**

Any consent or approval given by the holders of the Preferred Shares as a class or series, as the case may be (the "Meeting Shares"), shall be deemed to have been sufficiently given if passed at a meeting of holders of the Meeting Shares as a class, duly called and held upon not less than twenty-one (21) days notice at which the holders of outstanding Meeting Shares to which are attached not less than 25% of the votes attached to all outstanding Meeting Shares are present (the "quorum") or are represented by proxy and carried by the affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting.

If at any such meeting a quorum is not present or represented by proxy within one-half (1/2) hour after the time appointed for such meeting, then the meeting (if called by the Corporation) shall be adjourned to such date not less than twenty-one (21) days thereafter and to such time and place as may be designated by the chairperson, and not less than ten (10) days' written notice shall be given of such adjourned meeting. At such adjourned meeting the holders of the Meeting Shares present or represented by proxy may transact the business for which the meeting was originally convened and a resolution passed thereat by an affirmative vote of not less than two-thirds (2/3) of the votes cast at such meeting shall constitute the consent or approval of the holders of the Meeting Shares. On every ballot taken at every such meeting every holder of Meeting Shares shall be entitled to one (1) vote for each One Dollar ($1.00) aggregate stated issue price of Meeting Shares held by such holder. Subject to the foregoing, the formalities to be observed in respect of the giving or waiving of notice of any such meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Corporation with respect to meetings of shareholders.

If the variation of the rights, privileges, restrictions and conditions hereinbefore contained affects the rights of holders of Preferred Shares of any series in a manner different from other holders of Preferred Shares, then such variation shall, in addition to being approved by the holders of the Preferred Shares as a class, be approved by the holders of the Preferred Shares of such series so affected, which approval shall be given by resolution in the same manner as hereinbefore provided.

If the variation of the rights, privileges, restrictions and conditions hereinbefore contained only affects the rights of holders of Preferred Shares of any series, then such variation shall only be approved by the holders of the Preferred Shares of such series so affected, which approval shall be given by resolution in the same manner as hereinbefore provided.

Any consent or approval given by the holders of the Preferred Shares as a class, or series, as the case may be, shall be deemed to have been sufficiently given if a resolution is signed by all of the holders of the Preferred Shares as a class, or the holders of the Preferred Shares or any particular series, as the case may be, in one or more counterparts.

BUSINESS CORPORATIONS ACT
FORM 1

ALBERTA

CONSUMER AND CORPORATE AFFAIRS

ARTICLES OF INCORPORATION

1. **NAME OF CORPORATION:**

   PRENDEGAST PETROLEUM LTD.

2. **THE CLASSES AND ANY MAXIMUM NUMBER OF SHARES THAT THE CORPORATION IS AUTHORIZED TO ISSUE:**

   SEE SCHEDULE "1" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION

3. **RESTRICTIONS ON SHARE TRANSFERS (IF ANY):**

   SEE SCHEDULE "2" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION

4. **NUMBER, OR MINIMUM AND MAXIMUM NUMBER, OF DIRECTORS THAT THE CORPORATION MAY HAVE:**

   A MINIMUM OF ONE (1) AND A MAXIMUM OF FIFTEEN (15)

5. **IF THE CORPORATION IS RESTRICTED FROM CARRYING ON A CERTAIN BUSINESS, OR RESTRICTED TO CARRYING ON A CERTAIN BUSINESS, SPECIFY THE RESTRICTION(S):**

   NONE

6. **OTHER RULES OR PROVISIONS (IF ANY):**

   SEE SCHEDULE "3" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION

---

7. **DATE:**

   September 18, 2001

NAME	**ADDRESS**	**SIGNATURE**
Peter Brown	7827 Springbank Way S.W. Calgary, AB T3H 4J7	

SCHEDULE "1" ATTACHED TO AND FORMING PART OF THE
ARTICLES OF INCORPORATION OF
PRENDEGAST PETROLEUM LTD.

The capital of the Corporation is divided into the classes set forth below having the respective rights and being subject to the respective restrictions, preferences, conditions and limitations hereinafter set forth.

The said classes of the Corporation's authorized capital are:

(a) an unlimited amount of Class "A" common shares ("Class "A" Common Shares") without nominal or par value which may be issued and allotted by the directors of the Corporation from time to time for such consideration as may be fixed from time to time by such directors and otherwise having the designation, rights, restrictions, conditions and limitations as are hereinafter provided;

(b) an unlimited amount of Class "B" common shares ("Class "B" Common Shares") without nominal or par value which may be issued and allotted by the directors of the Corporation from time to time for such consideration as may be fixed from time to time by such directors and otherwise having the designation, rights, restrictions, conditions and limitations as are hereinafter provided;

(c) an unlimited amount of Class "C" non cumulative redeemable preferred shares ("Class "C" Preferred Shares") without nominal or par value and otherwise having the designation, rights, restrictions, conditions and limitations as hereinafter provided;

(d) an unlimited amount of Class "D" non cumulative redeemable preferred shares ("Class "D" Preferred Shares") without nominal or par value and otherwise having the designation, rights, restrictions, conditions and limitations as are hereinafter provided.

The rights, restrictions, conditions and limitations attached or related to the aforesaid classes of the Corporation's authorized capital are as follows:

I. <u>CLASS "A" AND CLASS "B" COMMON SHARES</u>

1.01 <u>DIVIDENDS</u>

(i) At the discretion of the directors of the Corporation but subject always to the rights of the holders of preferred shares and the provisions hereof, dividends may be paid either on the Class "A" common shares (to the complete exclusion of Class "B" common shares) or on the Class "B" common shares (to the complete exclusion of Class "A" common shares) or in part on each such class.

(ii) No dividends shall at any time be declared on issued and outstanding Class "A" Common Shares or Class "B" Common Shares if the result of the payment of the dividend once declared would be to impair the ability of the Corporation immediately thereafter to redeem all the issued and outstanding Class "C" Preferred Shares and Class "D" Preferred Shares at their redemption price (as hereinafter defined).

1.02 **RETURN OF CAPITAL**

Subject to the rights of the holders of Class "C" Preferred Shares and the Class "D" Preferred Shares, in the event of a liquidation, dissolution, or winding up of the Corporation, either voluntarily or involuntarily, or other distribution of assets or property of the Corporation amongst its shareholders for the purpose of winding up its affairs, the holders of Class "A" Common Shares and Class "B" Common Shares will be entitled to participate equally in the distribution of the assets of the Corporation.

1.03 **VOTING RIGHTS**

The registered holder of each Class "A" Common Share shall be entitled to receive notice of and attend all meetings of shareholders of the Corporation and shall, in respect of each such shares so held by him, be entitled to vote at any such meeting or to consent to a resolution in writing to be signed by all or any of the shareholders of the Corporation.

The registered holder of each Class "B" Common Share shall **NOT** be entitled to receive notice of and attend all meetings of shareholders of the Corporation and shall not, in respect of each such shares so held by him, be entitled to vote at any such meeting or to consent to a resolution in writing to be signed by all or any of the shareholders of the Corporation.

II. **CLASS "C" PREFERRED SHARES**

2.01 **SPECIAL PURPOSE**

Pursuant to the *Business Corporations Act* the Class "C" Preferred Shares are hereby created for the purpose of being issued in exchange for either:

(i) property other than a Promissory Note or a promise to pay; or

(ii) issued shares of the Corporation of a different class.

2.02 **STATED CAPITAL ACCOUNT**

In accordance with the provisions of subsection 26(3) of the *Business Corporations Act*, on the issuance of Class "C" Preferred Shares in exchange for property or shares of another class, the directors of the Corporation may add to the stated capital account maintained for the Class "C" Preferred Shares the whole or any part of the amount of the consideration received by the Corporation in the exchange.

2.03 **REDEMPTION AMOUNT**

The price or consideration payable entirely in lawful money of Canada at which the Class "C" Preferred Shares shall be redeemed (the "Class 'C' Redemption Amount"), shall be the amount of consideration received therefore as determined by the directors of the Corporation at the time of issuance of the Class "C" Preferred Shares and adjusted by the directors at any time or times so as to ensure that the Class "C" Redemption Amount of such Class "C" Preferred Shares issued as partial or total consideration for the purchase by the Corporation of any assets or the conversion or exchange of any shares (the "Class 'C' Purchased Assets") shall equal the difference between the fair market value of the Class "C" Purchased Assets as at the date of purchase, conversion, or exchange by the Corporation and the aggregate value of non share consideration, if any, issued by the Corporation as partial or total consideration for the Class "C" Purchased Assets. For greater certainty, such fair market value shall be determined by the directors of the Corporation upon such expert advice as they deem necessary. Should, however, any competent taxing authority at any time issue or propose to issue any assessment or assessments that impose or would impose any liability for tax on the basis that the fair market value of the Class "C" Purchased Assets is other than the amount approved by the directors and if the directors or a competent Court or tribunal agree with such revaluation and all appeal rights have been exhausted or all times for appeal have expired without appeals having been taken or should the directors of the Corporation otherwise determine that the fair market value of the Class "C" Purchased Assets is other than the amount previously approved by the directors, then the Class "C" Redemption Amount of the Class "C" Preferred Shares shall be adjusted *nunc pro tunc* pursuant to the provisions of this paragraph to reflect the agreed upon fair market value and all necessary adjustments, payments and repayments as may be required shall forthwith be made between the proper parties.

2.04 **VOTING RIGHTS**

Subject to the *Business Corporations Act* the holders of the Class "C" Preferred Shares shall, as such, be entitled to receive notice of or to attend or vote at any meeting or meetings of the shareholders of the Corporation.

2.05 **DIVIDEND RIGHTS**

When and if declared by the directors of the Corporation in their discretion, the holders of Class "C" Preferred Shares in any calendar year shall be entitled to receive out of the net profits or surplus of the Corporation properly applicable to the payment of dividends, a non cumulative dividend at the rate of 8% per annum or such other rate as the directors may from time to time determine (not exceeding 15% per annum) on the Class "C" Redemption Amount thereof; provided that dividends may be paid on Class "A" Shares or on the Class "B" Shares without annual dividends having been declared on the Class "C" Preferred Shares; and further provided always that no dividends shall at any time be declared on issued and outstanding Class "C" Preferred Shares if the result of the payment of the dividend once declared would be to impair the ability of the Corporation immediately thereafter to redeem all of the issued and outstanding Class "C" Preferred Shares and Class "D" Preferred Shares.

2.06 **RETURN OF CAPITAL**

Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to its shareholders for the purpose of winding up its affairs, the holders of the Class "C" Preferred Shares shall be entitled to receive for each such share, in priority of the holders of Class "A" Shares and the Class "B" Shares, the Class "C" Redemption Amount per share together with all declared but unpaid dividends thereon (herein referred to as the "Class 'C` Redemption Price"). After the payment to the holders of the Class "C" Preferred Shares of the Class "C" Redemption Price for each such share as aforesaid, the holders of the Class "C" Preferred Shares shall have no right or claim to any of the remaining assets of the Corporation.

2.07 **PARITY RELATIONSHIP**

If upon distribution of the remaining assets of the Corporation upon any liquidation, dissolution or winding up, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to shareholders of the Corporation for the purpose of winding up its affairs, the assets of the Corporation shall be insufficient to permit payment in full to the holders of Class "C" Preferred Shares and Class "D" Preferred Shares, the remaining assets of the Corporation shall be distributed to the holders of Class "C" Preferred Shares and Class "D" Preferred Shares rateably in proportion to the amounts distributable to them as provided in Sections 2.06 and 3.06.

2.08 **REDEMPTION**

The Corporation may, upon giving notice as hereinafter provided in Section 2.10, redeem or purchase the whole or any part of the Class "C" Preferred Shares held by one or more shareholders on payment of the Class "C" Redemption Price for each share to be redeemed or purchased.

2.09 **RETRACTION PRIVILEGE**

Upon written notice of any holder of Class "C" Preferred shares which notice shall contain the information required by Section 2.10 and which shall be signed by the holder or his duly authorized attorney (in which case evidence of such authorization satisfactory to the corporation shall accompany the notice) the corporation shall, within ten days (or such other period of time as may be set at the time of issuance of the said Class "C" Preferred Shares) following the receipt of such notice at the registered office of the corporation redeem or purchase all or such portion of the outstanding Class "C" Preferred Shares included in such notice, for the sum equal to the aggregate Class "C" Redemption Price in the manner provided in Section 2.10.

2.10 **MANNER OF REDEMPTION OR PURCHASE**

(i) The redemption or purchase of Class "C" Preferred Shares shall be made in the following manner:

(a) the Corporation shall, at least 30 days (or such other period of time as may be set at the time of issuance of the said Preferred Shares) before the date specified for redemption or purchase or such lessor period of time as may be unanimously agreed upon by the holders of all Class "C" Preferred Shares then being redeemed or purchased, mail to each person, who at the date of mailing, is the registered holder of the Class "C" Preferred Shares to be redeemed or purchased, a notice in writing of the intention of the Corporation to redeem or purchase such Class "C" Preferred Shares. Such notice shall be mailed to each such shareholder at his address as it appears on the books of the Corporation, or in the event the address of any such shareholder not so appearing, the last known address of such shareholder, provided, however, that an accidental failure or omission to give such notice to one or more of such shareholders shall not affect the validity of such redemption or purchase as to the other holders.

(b) such notice shall set out the Class "C" Redemption Price, whether the shares are being redeemed pursuant to Section 34 of the *Business Corporations Act*, or whether the shares are being purchased pursuant to Section 32 of the *Business Corporations Act*, and the date on which redemption or purchase is to take place, and, if only part of the shares held by the person to whom it is addressed are to be redeemed or purchased, the number thereof so to be redeemed or purchased.

(c) on or after the date so specified for redemption or purchase, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class "C" Preferred Shares to be redeemed or purchased, the Class "C" Redemption Price thereof on presentation and surrender at the head office of the Corporation, or any other place designated in such notice, of the certificate for the Class "C" Preferred Shares called for redemption or purchase and the certificates for such shares shall thereupon be cancelled and the shares represented thereby be deemed to be redeemed or purchased. If only part of the shares represented by any certificate are redeemed or purchased, a new certificate for the balance shall be issued at the expense of the Corporation.

(d) From and after the date specified in any such notice, the Class "C" Preferred Shares called for redemption or purchase shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of their rights of shareholders in respect thereof; unless payment of the Class "C" Redemption Price shall not be made upon the presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

(e) The Corporation shall have the right at anytime after mailing of the notice of its intention to redeem or purchase any Class "C" Preferred Shares to deposit to a special account in any chartered bank or any trust company in

Canada named in such notice, the Class "C" Redemption Price of the shares so called for redemption or purchase, or the Class "C" Redemption Price of such number of said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption or purchase. The deposit shall be made in such a manner that it will be paid without interest to or to the order of the respective holders of such Class "C" Preferred Shares called for redemption or purchase upon presentation and surrender to such bank or trust company of the share certificate or certificates representing the same, and upon such deposit being made or upon the date specified for the redemption or purchase in such notice, whichever is the later, the Class "C" Preferred Shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed or repurchased and the rights of the holder thereof after such deposit or such redemption or purchase date, as the case may be, shall be limited to receiving without interest their proportionate share of the total Class "C" Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively, and any interest allowed on any such deposit shall belong to the Corporation.

(ii) If only part of the outstanding Class "C" Preferred Shares are to be redeemed or purchased at the option of the Corporation at any one time, the directors may, subject to any contrary rights or restrictions set at the time of issuance of any Class "C" Preferred Shares, in their absolute discretion determine the Class "C" Preferred Shares so to be redeemed or purchased and such redemption or purchase need not be pro rata to the holding of any member or on any other fixed basis.

III. <u>CLASS "D" PREFERRED SHARES</u>

3.01 <u>SPECIAL PURPOSE</u>

Pursuant to the *Business Corporations Act* the Class "D" Preferred Shares may be issued for cash or Promissory Note or a promise to pay, or any combination of the above, as the Directors shall determine acting in good faith.

3.02 <u>STATED CAPITAL ACCOUNT</u>

In accordance with the provisions of the *Business Corporations Act*, the directors of the Corporation may add to the stated capital account the whole or any amount of any consideration it receives for the issuance of the Class "D" Preferred Shares.

3.03 <u>REDEMPTION AMOUNT</u>

The price or consideration payable entirely in lawful money of Canada at which the Class "D" Preferred Shares shall be redeemed (the "Class 'D' Redemption Amount") shall be the amount of consideration received therefor as determined by the directors of the Corporation at the time of issuance of the Class "D" Preferred Shares.

3.04 **VOTING RIGHTS**

Subject to the *Business Corporations Act* the holders of the Class "D" Preferred Shares shall not, as such, be entitled to receive notice of or to attend or vote at any meeting or meetings of the shareholders of the Corporation.

3.05 **DIVIDEND RIGHTS**

When and if declared by the directors of the Corporation in their discretion, the holders of Class "D" Preferred Shares in any calendar year shall be entitled to receive out of the net profits or surplus of the Corporation properly applicable to the payment of dividends, a non-cumulative dividend at the rate of 8% per annum or such other rate as the directors may from time to time determine (not exceeding 15% per annum) on the Class "D" Redemption Amount thereof; provided that dividends may be paid on Class "A" Shares or the Class "B" Shares without annual dividends having been declared on the Class "D" Preferred Shares; and further provided always that no dividends shall at any time be declared on issued and outstanding Class "D" Preferred Shares if the result of the payment of the dividend once declared would be to impair the ability of the Corporation immediately thereafter to redeem all of the issued and outstanding Class "C" Preferred Shares and Class "D" Preferred Shares.

3.06 **RETURN OF CAPITAL**

Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to its shareholders for the purpose of winding up its affairs, the holders of the Class "D" Preferred Shares shall be entitled to receive for each such share, in priority of the holders of Class "A" Shares and the Class "B" Shares, the Class "D" Redemption Amount per share together with all declared but unpaid dividends thereon (herein referred to as the "Class 'D' Redemption Price"). After the payment tot he holders of the Class "D" Preferred Shares of the Class "D" Redemption Price for each such share as aforesaid, the holders of the Class "D" Preferred Shares shall have no right or claim to any of the remaining assets of the Corporation.

3.07 **PARITY RELATIONSHIP**

If upon distribution of the remaining assets of the Corporation upon any liquidation, dissolution or winding up, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to shareholders of the Corporation for the purpose of winding up its affairs, the assets of the Corporation shall be insufficient to permit payment in full to the holders of Class "D" Preferred Shares and Class "C" Preferred Shares, the remaining assets of the Corporation shall be distributed to the holders of Class "D" Preferred Shares and Class "C" Preferred shares rateably in proportion to the amounts distributable to them as provided in Sections 2.06 and 3.06.

3.08 **REDEMPTION**

The Corporation may, upon giving notice as hereinafter provided in Section 3.10 redeem or purchase the whole or any part of the Class "D" Preferred Shares held by one or more shareholders on payment for each share to be redeemed or purchased of the Class "D" Redemption Price.

3.09 **RETRACTION PRIVILEGE**

Upon written notice of any holder of Class "D" Preferred Shares which notice shall contain the information required by Section 3.10 and which shall be signed by the holder of his duly authorized attorney (in which case evidence shall accompany the notice) the Corporation shall, within ten days (or such other period of time as may be set at the time of issuance of the said Class "D" Preferred Shares) following the receipt of such notice at the registered office of the Corporation redeem or purchase all or such portion of the outstanding Class "D" Preferred Shares included in such notice, for the sum equal to the aggregate Class "D" Redemption Price in the manner provided in Section 3.10.

3.10 **MANNER OF REDEMPTION OR PURCHASE**

(i) The redemption or purchase of Class "D" Preferred Shares shall be made in the following manner:

(a) the Corporation shall, at least 30 days (or such other period of time as may be set at the time of issuance of the said Preferred Shares) before the date specified for redemption or purchase or such lesser period of time as may be unanimously agreed upon by the holders of all Class "D" Preferred Shares then being redeemed or purchased, mail to each person, who at the date of mailing, is the registered holder of the Class "D" Preferred Shares to be redeemed or purchased, a notice in writing of the intention of the Corporation to redeem or purchase such Class "D" Preferred Shares. Such notice shall be mailed to each such shareholder at his address as it appears on the books of the Corporation, or in the event the address of any such shareholder not so appearing, then the last known address of such shareholder, provided, however, that an accidental failure or omission to give such notice to one or more of such shareholders shall not affect the validity of such redemption or purchase as to the other holders.

(b) such notice shall set out the Class "D" Redemption Price, whether the shares are being redeemed pursuant to Section 34 of the *Business Corporations Act*, or whether the shares are being purchased pursuant to Section 32 of the *Business Corporations Act*, and the date on which redemption or purchase is to take place, and, if only part of the shares held by the person to whom it is addressed are to be redeemed or purchased, the number thereof so to be redeemed or purchased.

(c) on or after the date so specified for redemption or purchase, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class "D" Preferred Shares to be redeemed or purchased, the Class "D" Redemption Price thereof on presentation and surrender at the head office of the Corporation, or any other place designated in such notice, of the certificates for the Class "D" Preferred Shares called for redemption or purchase and the certificates for such shares shall thereupon be cancelled and the shares represented thereby be deemed to be redeemed or purchased. If only part of the shares represented by any certificate are redeemed or purchased, a new certificate for the balance shall be issued at the expense of the Corporation.

(d) from and after the date specified in any such notice, the Class "D" Preferred Shares called for redemption or purchase shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of their rights of shareholders in respect thereof; unless payment of the Class "D" Redemption Price shall not be made upon the presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

(e) the Corporation shall have the right at anytime after mailing of the notice of its intention to redeem or purchase any Class "D" Preferred Shares to deposit to a special account in any chartered bank or any trust company in Canada named in such notice, the Class "D" Redemption Price of the shares so called for redemption or purchase, or the Class "D" Redemption Price of such number of said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption or purchase. The deposit shall be made in such a manner that it will be paid without interest to or to the order of the representative holders of such Class "D" Preferred Shares called for redemption or purchase upon presentation and surrender to such bank or trust company of the share certificate or certificates representing the same, and upon such deposit being made or upon the date specified for the redemption or purchase in such notice, whichever is the later, the Class "D" Preferred Shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed or repurchased and the rights of the holder thereof after deposit or such redemption or purchase date, as the case may be, shall be limited to receiving without interest their proportionate share of the total Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively, and any interest allowed on any such deposit shall belong to the Corporation.

(ii) If only part of the outstanding Class "D" Preferred Shares are to be redeemed or purchased at the option of the Corporation at any one time, the directors may, subject to any contrary rights or restrictions set at the time of issuance of any Class "D" Preferred Shares, in their absolute discretion determine the Class "D"

Preferred Shares so to be redeemed or purchased and such redemption or purchase need not be pro-rata to the holding of any member or on any other fixed basis.

The capital of the Corporation may be increased, divided, converted, consolidated and dealt with from time to time and any shares of the original capital when dealt with in accordance with the law then prevailing or new capital may be issued having attached thereto any preferred, special, qualified or deferred rights, privileges, conditions or restrictions including any preference or priority in payment of dividends or the distribution of assets, voting or otherwise over any other shares, whether common or preferred, and whether issued or not, and the regulations of the Corporation may be varied as far as necessary to give effect thereto.

SCHEDULE "2" ATTACHED TO AND FORMING PART OF
THE ARTICLES OF INCORPORATION OF
PRENDEGAST PETROLEUM LTD.

1. No Shares of the capital of the Corporation shall be transferred without the sanction of a majority of the Directors of the Corporation.

SCHEDULE "3" ATTACHED TO AND FORMING PART OF
THE ARTICLES OF INCORPORATION OF
PRENDEGAST PETROLEUM LTD.

OTHER PROVISIONS

1. The Corporation may purchase any of its issued shares.

2. The Board of Directors may, from time to time without authorization of the shareholders, in such amounts and on such terms as it deems expedient:

   (a) borrow money on the credit of the Corporation;

   (b) issue, reissue, sell or pledge debt obligations including bonds, debentures, notes or other similar obligations, (secured or unsecured) of the Corporation;

   (c) subject to Section 42 of the Business Corporations Act or any successor provision, give a guarantee on behalf of the Corporation to secure performance of any obligation of any person;

   (d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the currently owned or subsequently acquired real or personal, moveable or immoveable, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed or other debt or liability of the Corporation.

3. The Board of Directors may, from time to time, delegate to such one or more of the directors and officers of the Corporation as may be designated by the Board all or any of the powers conferred on the Board above to such extent and in such manner as the Board shall determine at the time of each such delegation.

4. The number of shareholders of the Corporation, exclusive of:

   (a) persons who are in its employment or that of an affiliate, and;

   (b) persons, who having been formerly in its employment or that of an affiliate were, while in that employment, shareholders of he Corporation and have continued to be shareholders of the Corporation after termination of that employment;

is limited to not more than fifty (50) persons, two or more persons who are joint registered owners of one or more shares being counted as one shareholder.

5. Any invitation to the public to subscribe for any securities of the Corporation is hereby prohibited.

6. The Corporation has a lien on the shares of a shareholder or his legal representative for a debt of that shareholder to the Corporation.

Incorporate Alberta Corporation - Registration Statement

Service Request Number:	3278751
Alberta Corporation Type:	Named Alberta Corporation
Legal Entity Name:	PRENDEGAST PETROLEUM LTD.
French Equivalent Name:	
Nuans Number:	71673281
Nuans Date:	2001/09/13
French Nuans Number:	
French Nuans Date:	

REGISTERED ADDRESS

Street:	7827 SPRINGBANK WAY SW
Legal Description:	
City:	CALGARY
Province:	ALBERTA
Postal Code:	T3H 4J7

RECORDS ADDRESS

Street:	7827 SPRINGBANK WAY SW
Legal Description:	
City:	CALGARY
Province:	ALBERTA
Postal Code:	T3H 4J7

ADDRESS FOR SERVICE BY MAIL

Post Office Box:	
City:	
Province:	
Postal Code:	
Internet Mail ID:	

Share Structure:	SEE SCHEDULE "1" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION
Share Transfers Restrictions:	SEE SCHEDULE "2" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION
Number Of Directors:	

Min Number Of Directors:	1
Max Number Of Directors:	15
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	SEE SCHEDULE "3" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION
Professional Endorsement Provided:	
Future Dating Required:	
Registration Date:	2001/09/18

Director

Last Name:	BROWN
First Name:	PETER
Middle Name:	
Street / Box Number:	7827 SPRINGBANK WAY SW
City:	CALGARY
Province:	ALBERTA
Postal Code:	T3H 4J7
Country:	
Appointment Date:	2001/09/18
Resident Canadian:	Y
Status:	Active

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Share Structure	ELECTRONIC	2001/09/18
Restrictions on Share Transfers	ELECTRONIC	2001/09/18
Other Rules or Provisions	ELECTRONIC	2001/09/18

Registration Authorized By: ANGELA C/O WILSON LAYCRAFT
SOLICITOR

Articles of Incorporation
For
PRENDEGAST PETROLEUM LTD.

Share Structure:	SEE SCHEDULE "1" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION
Share Transfers Restrictions:	SEE SCHEDULE "2" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION
Number of Directors:	
Min Number of Directors:	1
Max Number of Directors:	15
Business Restricted To:	NONE
Business Restricted From:	NONE
Other Provisions:	SEE SCHEDULE "3" ATTACHED TO AND FORMING PART OF THIS ARTICLES OF INCORPORATION

Registration Authorized By: ANGELA C/O WILSON LAYCRAFT
SOLICITOR

SCHEDULE "1" ATTACHED TO AND FORMING PART OF THE
ARTICLES OF INCORPORATION OF
"Prendegast Petroleum Ltd."

The capital of the Corporation is divided into the classes set forth below having the respective rights and being subject to the respective restrictions, preferences, conditions and limitations hereinafter set forth.

The said classes of the Corporation's authorized capital are:

(a) an unlimited amount of Class "A" common shares ("Class "A" Common Shares") without nominal or par value which may be issued and allotted by the directors of the Corporation from time to time for such consideration as may be fixed from time to time by such directors and otherwise having the designation, rights, restrictions, conditions and limitations as are hereinafter provided;

(b) an unlimited amount of Class "B" common shares ("Class "B" Common Shares") without nominal or par value which may be issued and allotted by the directors of the Corporation from time to time for such consideration as may be fixed from time to time by such directors and otherwise having the designation, rights, restrictions, conditions and limitations as are hereinafter provided;

(c) an unlimited amount of Class "C" non cumulative redeemable preferred shares ("Class "C" Preferred Shares") without nominal or par value and otherwise having the designation, rights, restrictions, conditions and limitations as hereinafter provided;

(d) an unlimited amount of Class "D" non cumulative redeemable preferred shares ("Class "D" Preferred Shares") without nominal or par value and otherwise having the designation, rights, restrictions, conditions and limitations as are hereinafter provided.

The rights, restrictions, conditions and limitations attached or related to the aforesaid classes of the Corporation's authorized capital are as follows:

I. CLASS "A" AND CLASS "B" COMMON SHARES

1.01 DIVIDENDS

(i) At the discretion of the directors of the Corporation but subject always to the rights of the holders of preferred shares and the provisions hereof, dividends may be paid either on the Class "A" common shares (to the complete exclusion of Class "B" common shares) or on the Class "B" common shares (to the complete exclusion of Class "A" common shares) or in part on each such class.

(ii) No dividends shall at any time be declared on issued and outstanding Class "A" Common Shares or Class "B" Common Shares if the result of the payment of the dividend once declared would be to impair the ability of the Corporation immediately thereafter to redeem all the issued and outstanding Class "C" Preferred Shares and Class "D" Preferred Shares at their redemption price (as hereinafter defined).

1.02 RETURN OF CAPITAL

Subject to the rights of the holders of Class "C" Preferred Shares and the Class "D" Preferred Shares, in the event of a liquidation, dissolution, or winding up of the Corporation, either voluntarily or involuntarily, or other distribution of assets or property of the Corporation amongst its shareholders for the purpose of winding up its affairs, the holders of Class "A" Common Shares and Class "B" Common Shares will be entitled to participate equally in the distribution of the assets of the Corporation.

1.03 VOTING RIGHTS

The registered holder of each Class "A" Common Share shall be entitled to receive notice of and attend all meetings of shareholders of the Corporation and shall, in respect of each such shares so held by him, be entitled to vote at any such meeting or to consent to a resolution in writing to be signed by all or any of the shareholders of the Corporation.

The registered holder of each Class "B" Common Share shall NOT be entitled to receive notice of and attend all meetings of shareholders of the Corporation and shall not, in respect of each such shares so held by him, be entitled to vote at any such meeting or to consent to a resolution in writing to be signed by all or any of the shareholders of the Corporation.

II. CLASS "C" PREFERRED SHARES

2.01 SPECIAL PURPOSE

Pursuant to the Business Corporations Act the Class "C" Preferred Shares are hereby created for the purpose of being issued in exchange for either:

(i) property other than a Promissory Note or a promise to pay; or

(ii) issued shares of the Corporation of a different class.

2.02 STATED CAPITAL ACCOUNT

In accordance with the provisions of subsection 26(3) of the Business Corporations Act, on the issuance of Class "C" Preferred Shares in exchange for property or shares of another class, the directors of the Corporation may add to the stated capital account maintained for the Class "C" Preferred Shares the whole or any part of the amount of the consideration received by the Corporation in the exchange.

2.03 REDEMPTION AMOUNT

The price or consideration payable entirely in lawful money of Canada at which the Class "C" Preferred Shares shall be redeemed (the "Class 'C' Redemption Amount"), shall be the amount of consideration received therefore as determined by the directors of the Corporation at the time of issuance of the Class "C" Preferred Shares and adjusted by the directors at any time or times so as to ensure that the Class "C" Redemption Amount of such Class "C" Preferred Shares issued as partial or total consideration for the purchase by the Corporation of any assets or the conversion or exchange of any shares (the "Class 'C' Purchased Assets") shall equal the difference between the fair market value of the Class "C" Purchased Assets as at the date of purchase, conversion, or exchange by the Corporation and the aggregate value of non share consideration, if any, issued by the Corporation as partial or total consideration for the Class "C" Purchased Assets. For greater certainty, such fair market value shall be determined by the directors of the Corporation upon such expert advice as they deem necessary. Should, however, any competent taxing authority at any time issue or propose to issue any assessment or assessments that impose or would impose any liability for tax on the basis that the fair market value of the Class "C" Purchased Assets is other than the amount approved by the directors and if the directors or a competent Court or tribunal agree with such revaluation and all appeal rights have been exhausted or all times for appeal have expired without appeals having been taken or should the directors of the Corporation otherwise determine that the fair market value of the Class "C" Purchased Assets is other than the amount previously approved by the directors, then the Class "C" Redemption Amount of the Class "C" Preferred Shares shall be adjusted nunc pro tunc pursuant to the provisions of this paragraph to reflect the agreed upon fair market value and all necessary adjustments, payments and repayments as may be required shall forthwith be made between the proper parties.

2.04 VOTING RIGHTS

Subject to the Business Corporations Act the holders of the Class "C" Preferred Shares shall, as such, by entitled to receive notice of or to attend or vote at any meeting or meetings of the shareholders of the Corporation.

2.05 DIVIDEND RIGHTS

When and if declared by the directors of the Corporation in their discretion, the holders of Class "C" Preferred Shares in any calendar year shall be entitled to receive out of the net profits or surplus of the Corporation properly applicable to the payment of dividends, a non cumulative dividend at the rate of 8% per annum or such other rate as the directors may from time to time determine (not exceeding 15% per annum) on the Class "C" Redemption Amount thereof; provided that dividends may be paid on

Class "A" Shares or on the Class "B" Shares without annual dividends having been declared on the Class "C" Preferred Shares; and further provided always that no dividends shall at any time be declared on issued and outstanding Class "C" Preferred Shares if the result of the payment of the dividend once declared would be to impair the ability of the Corporation immediately thereafter to redeem all of the issued and outstanding Class "C" Preferred Shares and Class "D" Preferred Shares.

2.06 RETURN OF CAPITAL

Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to its shareholders for the purpose of winding up its affairs, the holders of the Class "C" Preferred Shares shall be entitled to receive for each such share, in priority of the holders of Class "A" Shares and the Class "B" Shares, the Class "C" Redemption Amount per share together with all declared but unpaid dividends thereon (herein referred to as the "Class 'C` Redemption Price"). After the payment to the holders of the Class "C" Preferred Shares of the Class "C" Redemption Price for each such share as aforesaid, the holders of the Class "C" Preferred Shares shall have no right or claim to any of the remaining assets of the Corporation.

2.07 PARITY RELATIONSHIP

If upon distribution of the remaining assets of the Corporation upon any liquidation, dissolution or winding up, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to shareholders of the Corporation for the purpose of winding up its affairs, the assets of the Corporation shall be insufficient to permit payment in full to the holders of Class "C" Preferred Shares and Class "D" Preferred Shares, the remaining assets of the Corporation shall be distributed to the holders of Class "C" Preferred Shares and Class "D" Preferred Shares rateably in proportion to the amounts distributable to them as provided in Sections 2.06 and 3.06.

2.08 REDEMPTION

The Corporation may, upon giving notice as hereinafter provided in Section 2.10, redeem or purchase the whole or any part of the Class "C" Preferred Shares held by one or more shareholders on payment of the Class "C" Redemption Price for each share to be redeemed or purchased.

2.09 RETRACTION PRIVILEGE

Upon written notice of any holder of Class "C" Preferred shares which notice shall contain the information required by Section 2.10 and which shall be signed by the holder or his duly authorized attorney (in which case evidence of such authorization satisfactory to the corporation shall accompany the notice) the corporation shall, within ten days (or such other period of time as may be set at the time of issuance of the said Class "C" Preferred Shares) following the receipt of such notice at the registered office of the corporation redeem or purchase all or such portion of the outstanding Class "C" Preferred Shares included in such notice, for the sum equal to the aggregate Class "C"

Redemption Price in the manner provided in Section 2.10.

2.10 MANNER OF REDEMPTION OR PURCHASE

(i) The redemption or purchase of Class "C" Preferred Shares shall be made in the following manner:

(a) the Corporation shall, at least 30 days (or such other period of time as may be set at the time of issuance of the said Preferred Shares) before the date specified for redemption or purchase or such lessor period of time as may be unanimously agreed upon by the holders of all Class "C" Preferred Shares then being redeemed or purchased, mail to each person, who at the date of mailing, is the registered holder of the Class "C" Preferred Shares to be redeemed or purchased, a notice in writing of the intention of the Corporation to redeem or purchase such Class "C" Preferred Shares. Such notice shall be mailed to each such shareholder at his address as it appears on the books of the Corporation, or in the event the address of any such shareholder not so appearing, the last known address of such shareholder, provided, however, that an accidental failure or omission to give such notice to one or more of such shareholders shall not affect the validity of such redemption or purchase as to the other holders.

(b) such notice shall set out the Class "C" Redemption Price, whether the shares are being redeemed pursuant to Section 34 of the Business Corporations Act, or whether the shares are being purchased pursuant to Section 32 of the Business Corporations Act, and the date on which redemption or purchase is to take place, and, if only part of the shares held by the person to whom it is addressed are to be redeemed or purchased, the number thereof so to be redeemed or purchased.

(c) on or after the date so specified for redemption or purchase, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class "C" Preferred Shares to be redeemed or purchased, the Class "C" Redemption Price thereof on presentation and surrender at the head office of the Corporation, or any other place designated in such notice, of the certificate for the Class "C" Preferred Shares called for redemption or purchase and the certificates for such shares shall thereupon be cancelled and the shares represented thereby be deemed to be redeemed or purchased. If only part of the shares represented by any certificate are redeemed or purchased, a new certificate for the balance shall be issued at the expense of the Corporation.

(d) From and after the date specified in any such notice, the Class "C" Preferred Shares called for redemption or purchase shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of their rights of shareholders in respect thereof; unless payment of the Class "C" Redemption Price shall not be made upon the presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

(e) The Corporation shall have the right at anytime after mailing of the notice of its intention to redeem or purchase any Class "C" Preferred Shares to deposit to a special account in any chartered bank or any trust company in Canada named in such notice, the Class "C" Redemption Price of the shares so called for redemption or purchase, or the Class "C" Redemption Price of such number of said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption or purchase. The deposit shall be made in such a manner that it will be paid without interest to or to the order of the respective holders of such Class "C" Preferred Shares called for redemption or purchase upon presentation and surrender to such bank or trust company of the share certificate or certificates representing the same, and upon such deposit being made or upon the date specified for the redemption or purchase in such notice, whichever is the later, the Class "C" Preferred Shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed or repurchased and the rights of the holder thereof after such deposit or such redemption or purchase date, as the case may be, shall be limited to receiving without interest their proportionate share of the total Class "C" Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively, and any interest allowed on any such deposit shall belong to the Corporation.

(ii) If only part of the outstanding Class "C" Preferred Shares are to be redeemed or purchased at the option of the Corporation at any one time, the directors may, subject to any contrary rights or restrictions set at the time of issuance of any Class "C" Preferred Shares, in their absolute discretion determine the Class "C" Preferred Shares so to be redeemed or purchased and such redemption or purchase need not be pro rata to the holding of any member or on any other fixed basis.

III. CLASS "D" PREFERRED SHARES

3.01 SPECIAL PURPOSE

Pursuant to the Business Corporations Act the Class "D" Preferred Shares may be issued for cash or Promissory Note or a promise to pay, or any combination of the above, as the Directors shall determine acting in good faith.

3.02 STATED CAPITAL ACCOUNT

In accordance with the provisions of the Business Corporations Act, the directors of the Corporation may add to the stated capital account the whole or any amount of any consideration it receives for the issuance of the Class "D" Preferred Shares.

3.03 REDEMPTION AMOUNT

The price or consideration payable entirely in lawful money of Canada at which the Class "D" Preferred Shares shall be redeemed (the "Class 'D' Redemption Amount") shall be the amount of consideration received therefor as determined by the directors of the Corporation at the time of issuance of the Class "D" Preferred Shares.

3.04 VOTING RIGHTS

Subject to the Business Corporations Act the holders of the Class "D" Preferred Shares shall not, as such, be entitled to receive notice of or to attend or vote at any meeting or meetings of the shareholders of the Corporation.

3.05 DIVIDEND RIGHTS

When and if declared by the directors of the Corporation in their discretion, the holders of Class "D" Preferred Shares in any calendar year shall be entitled to receive out of the net profits or surplus of the Corporation properly applicable to the payment of dividends, a non-cumulative dividend at the rate of 8% per annum or such other rate as the directors may from time to time determine (not exceeding 15% per annum) on the Class "D" Redemption Amount thereof; provided that dividends may be paid on Class "A" Shares or the Class "B" Shares without annual dividends having been declared on the Class "D" Preferred

Shares; and further provided always that no dividends shall at any time be declared on issued and outstanding Class "D" Preferred Shares if the result of the payment of the dividend once declared would be to impair the ability of the Corporation immediately thereafter to redeem all of the issued and outstanding Class "C" Preferred Shares and Class "D" Preferred Shares.

3.06 RETURN OF CAPITAL

Upon the liquidation, dissolution or winding up of the Corporation, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to its shareholders for the purpose of winding up its affairs, the holders of the Class "D" Preferred Shares shall be entitled to receive for each such share, in priority of the holders of Class "A" Shares and the Class "B" Shares, the Class "D" Redemption Amount per share together with all declared but unpaid dividends thereon (herein referred to as the "Class 'D' Redemption Price"). After the payment tot he holders of the Class "D" Preferred Shares of the Class "D" Redemption Price for each such share as aforesaid, the holders of the Class "D" Preferred Shares shall have no right or claim to any of the remaining assets of the Corporation.

3.07 PARITY RELATIONSHIP

If upon distribution of the remaining assets of the Corporation upon any liquidation, dissolution or winding up, whether voluntary or otherwise, or other distribution of the assets of the Corporation or repayment of capital to shareholders of the Corporation for the purpose of winding up its affairs, the assets of the Corporation shall be insufficient to permit payment in full to the holders of Class "D" Preferred Shares and Class "C" Preferred Shares, the remaining assets of the Corporation shall be distributed to the holders of Class "D" Preferred Shares and Class "C" Preferred shares rateably in proportion to the amounts distributable to them as provided in Sections 2.06 and 3.06.

3.08 REDEMPTION

The Corporation may, upon giving notice as hereinafter provided in Section 3.10 redeem or purchase the

whole or any part of the Class "D" Preferred Shares held by one or more shareholders on payment for each share to be redeemed or purchased of the Class "D" Redemption Price.

3.09 RETRACTION PRIVILEGE

Upon written notice of any holder of Class "D" Preferred Shares which notice shall contain the information required by Section 3.10 and which shall be signed by the holder of his duly authorized attorney (in which case evidence shall accompany the notice) the Corporation shall, within ten days (or such other period of time as may be set at the time of issuance of the said Class "D" Preferred Shares) following the receipt of such notice at the registered office of the Corporation redeem or purchase all or such portion of the outstanding Class "D" Preferred Shares included in such notice, for the sum equal to the aggregate Class "D" Redemption Price in the manner provided in Section 3.10.

3.10 MANNER OF REDEMPTION OR PURCHASE

(i) The redemption or purchase of Class "D" Preferred Shares shall be made in the following manner:

(a) the Corporation shall, at least 30 days (or such other period of time as may be set at the time of issuance of the said Preferred Shares) before the date specified for redemption or purchase or such lesser period of time as may be unanimously agreed upon by the holders of all Class "D" Preferred Shares then being redeemed or purchased, mail to each person, who at the date of mailing, is the registered holder of the Class "D" Preferred Shares to be redeemed or purchased, a notice in writing of the intention of the Corporation to redeem or purchase such Class "D" Preferred Shares. Such notice shall be mailed to each such shareholder at his address as it appears on the books of the Corporation, or in the event the address of any such shareholder not so appearing, then the last known address of such shareholder, provided, however, that an accidental failure or omission to give such notice to one or more of such shareholders shall not affect the validity of such redemption or purchase as to the other holders.

(b) such notice shall set out the Class "D" Redemption Price, whether the shares are being redeemed pursuant to Section 34 of the Business Corporations Act, or whether the shares are being purchased pursuant to Section 32 of the Business Corporations Act, and the date on which redemption or purchase is to take place, and, if only part of the shares held by the person to whom it is addressed are to be redeemed or purchased, the number thereof so to be redeemed or purchased.

(c) on or after the date so specified for redemption or purchase, the Corporation shall pay or cause to be paid to or to the order of the registered holders of the Class "D" Preferred Shares to be redeemed or purchased, the Class "D" Redemption Price thereof on presentation and surrender at the head office of the Corporation, or any other place designated in such notice, of the certificates for the Class "D" Preferred Shares called for redemption or purchase and the certificates for such shares shall thereupon be cancelled and the shares represented thereby be deemed to be redeemed or purchased. If only part of the shares represented by any certificate are redeemed or purchased, a new certificate for the balance shall be issued at the expense of the Corporation.

(d) from and after the date specified in any such notice, the Class "D" Preferred Shares called for redemption or purchase shall cease to be entitled to dividends, and the holders thereof shall not be entitled to exercise any of their rights of shareholders in respect thereof; unless payment of the Class "D" Redemption Price shall not be made upon the presentation of certificates in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected.

(e) the Corporation shall have the right at anytime after mailing of the notice of its intention to redeem or purchase any Class "D" Preferred Shares to deposit to a special account in any chartered bank or any trust company in Canada named in such notice, the Class "D" Redemption Price of the shares so called for redemption or purchase, or the Class "D" Redemption Price of such number of said shares represented by certificates which have not at the date of such deposit been surrendered by the holders thereof in connection with such redemption or purchase. The deposit shall be made in such a manner that it will be paid without interest to or to the order of the representative holders of such Class "D" Preferred Shares called for redemption or purchase upon presentation and surrender to such bank or trust company of the share certificate or certificates representing the same, and upon such deposit being made or upon the date specified for the redemption or purchase in such notice, whichever is the later, the Class "D" Preferred Shares in respect whereof such deposit shall have been made shall be and be deemed to be redeemed or repurchased and the rights of the holder thereof after deposit or such redemption or purchase date, as the case may be, shall be limited to receiving without interest their proportionate share of the total Redemption Price so deposited against presentation and surrender of the said certificates held by them respectively, and any interest allowed on any such deposit shall belong to the Corporation.

(ii) If only part of the outstanding Class "D" Preferred Shares are to be redeemed or purchased at the option of the Corporation at any one time, the directors may, subject to any contrary rights or restrictions set at the time of issuance of any Class "D" Preferred Shares, in their absolute discretion determine the Class "D" Preferred Shares so to be redeemed or purchased and such redemption or purchase need not be pro-rata to the holding of any member or on any other fixed basis.

The capital of the Corporation may be increased, divided, converted, consolidated and dealt with from time to time and any shares of the original capital when dealt with in accordance with the law then prevailing or new capital may be issued having attached thereto any preferred, special, qualified or deferred rights, privileges, conditions or restrictions including any preference or priority in payment of dividends or the distribution of assets, voting or otherwise over any other shares, whether common or preferred, and whether issued or not, and the regulations of the Corporation may be varied as far as necessary to give effect thereto.

SCHEDULE "2" ATTACHED TO AND FORMING PART

OF

THE ARTICLES OF INCORPORATION OF
"Prendegast Petroleum Ltd."

1. No Shares of the capital of the Corporation shall be transferred without the sanction of a majority of the Directors of the Corporation.

SCHEDULE "3" ATTACHED TO AND FORMING PART OF THE ARTICLES OF INCORPORATION OF "Prendegast Petroleum Ltd."

OTHER PROVISIONS

The Corporation may purchase any of its issued shares.

The Board of Directors may, from time to time without authorization of the shareholders, in such amounts and on such terms as it deems expedient:

(a) borrow money on the credit of the Corporation;

(b) issue, reissue, sell or pledge debt obligations including bonds, debentures, notes or other similar obligations, (secured or unsecured) of the Corporation;

(c) subject to Section 42 of the Business Corporations Act or any successor provision, give a guarantee on behalf of the Corporation to secure performance of any obligation of any person;

(d) charge, mortgage, hypothecate, pledge or otherwise create a security interest in all or any of the currently owned or subsequently acquired real or personal, moveable or immoveable, property of the Corporation, including book debts, rights, powers, franchises and undertakings, to secure any debt obligations or any money borrowed or other debt or liability of the Corporation.

The Board of Directors may, from time to time, delegate to such one or more of the directors and officers of the Corporation as may be designated by the Board all or any of the powers conferred on the Board above to such extent and in such manner as the Board shall determine at the time of each such delegation.

The number of shareholders of the Corporation, exclusive of:

(a) persons who are in its employment and are shareholders of the Corporation; and persons who, having been formerly in the employment of the Corporation, were, while in that employment, shareholders of the Corporation and have continued to be shareholders of the Corporation after termination of that employment;

The Corporation is limited to not more than 50 persons, 2 or more persons who are the joint registered owners of one or more shares being counted as one shareholder.

Any invitation to the public to subscribe for any securities of the Corporation is hereby prohibited.