

ARTICLES OF ARRANGEMENT

Business Corporations Act
(Alberta)
Sections 193

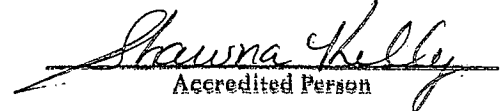
1. Name of Corporation: PALKO ENVIRONMENTAL LTD.	2. Corporate Access Number: 2015622513
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3. In accordance with the Order approving the Arrangement, the Articles of the Corporation are amended as follows:

In accordance with the attached Order of the Court of Queen's Bench of Alberta dated December 8, 2011 approving an arrangement pursuant to section 193 of the *Business Corporations Act* (Alberta), the Plan of Arrangement, a copy of which is attached hereto as Schedule A (which is incorporated into and forms a part hereof), involving Palko Environmental Ltd., the securityholders of Palko Environmental Ltd. and Gibson Energy Inc., is hereby effected.

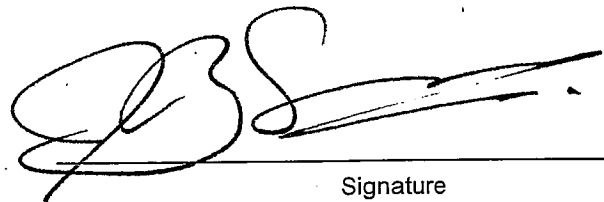
The Articles of Palko Environmental Ltd. are unamended by the Plan of Arrangement.

Transmitted to Alberta Corporate Registry
on December 8, 2011 by
Carscallen LLP, Service Provider


Accredited Person

Jay B. Simmons

Name of Person Authorizing (please print)


Signature

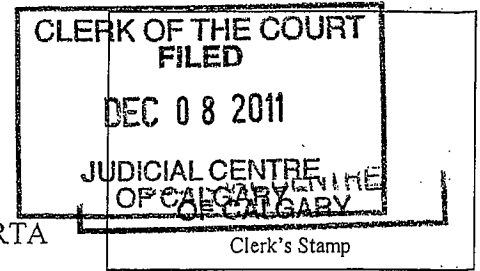
Chairman and Chief Executive Officer

Title (please print)

December 8, 2011

Date

This information is being collected for 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 Co-ordinator for Alberta Registries, Research and Program Support, 3rd Floor, Commerce Place, 10155 - 102 Street, Edmonton, Alberta T5J 4L4, (780) 422-7330.



COURT FILE NUMBER 1101-15059
COURT QUEEN'S BENCH OF ALBERTA
JUDICIAL CENTRE CALGARY
APPLICANT PALKO ENVIRONMENTAL LTD.
RESPONDENT THE EXECUTIVE DIRECTOR, ALBERTA
SECURITIES COMMISSION

IN THE MATTER OF SECTION 193 OF THE *BUSINESS
CORPORATIONS ACT*, R.S.A. 2000, c. B-9, AS
AMENDED

AND IN THE MATTER OF A PROPOSED
ARRANGEMENT INVOLVING PALKO
ENVIRONMENTAL LTD., THE SHAREHOLDERS OF
PALKO ENVIRONMENTAL LTD. and GIBSON
ENERGY INC.

DOCUMENT

FINAL ORDER

ADDRESS FOR SERVICE AND
CONTACT INFORMATION OF
PARTY FILING THIS DOCUMENT

Carscallen LLP
1500, 407 – 2nd Street S.W.
Calgary, Alberta T2P 2Y3
Telephone: (403) 262-3775
Fax No.: (403) 262-2952
Attention: Michael J. Whiting
File No.: 22379.013



DATE ON WHICH ORDER WAS PRONOUNCED: December 8, 2011

NAME OF JUDGE WHO MADE THIS ORDER: *B.E.C. Romaine*

UPON the application of Palko Environmental Ltd. ("**Palko**") for approval of a proposed arrangement (the "**Arrangement**") under section 193 of the *Business Corporations Act*, R.S.A. 2000, c. B-9, as amended (the "**ABCA**");

AND UPON reading the Originating Application and the Affidavits of Jay B. Simmons sworn November 8, 2011 and December 7, 2011 (the "**Affidavits**") and the documents referred to therein;

AND UPON hearing the submissions of counsel for Palko;

AND UPON being advised that the Executive Director of the Alberta Securities Commission (the "**Executive Director**") has been served with notice of this application as required by section 193(8) of the ABCA, and that the Executive Director neither consents to nor opposes this application;

AND UPON being advised that no Notices of Intention to Appear have been filed with respect to this application;

AND UPON it appearing that a special meeting (the "**Meeting**") of holders of common shares ("**Palko Common Shares**") of Palko (the "**Palko Shareholders**") and the holders of options ("**Palko Options**") to purchase Palko Common Shares ("**Palko Optionholders**") was called and conducted in accordance with the Interim Order of this Honourable Court dated November 9, 2011 (the "**Interim Order**"), that the required quorum was present at the Meeting, and that the Palko Shareholders and Palko Optionholders (together the "**Securityholders**") approved the Arrangement in the manner and by the requisite majorities provided for in the Interim Order;

AND UPON it appearing that it is impracticable to effect the transactions contemplated by the Arrangement under any other provision of the ABCA;

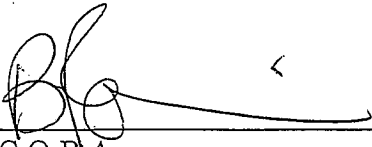
AND UPON being satisfied, based upon the evidence presented, that the terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable to the Securityholders and that the Arrangement ought to be approved by this Honourable Court;

AND UPON BEING ADVISED that the approval of the Arrangement by this Honourable Court will constitute the basis for an exemption from the registration requirements of the *United States Securities Act* of 1933, pursuant to section 3(a)(10) thereof.

IT IS HEREBY ORDERED THAT:

1. The Arrangement proposed by Palko, in the form attached as Exhibit A to this Final Order, is hereby approved by this Court under section 193 of the ABCA and will, upon the filing of the Articles of Arrangement under the ABCA, become effective in accordance with its terms and be binding on all Securityholders and all other persons.
2. The terms and conditions of the Arrangement, and the procedures relating thereto, are fair and reasonable, substantively and procedurally, to the Securityholders and to other affected parties.
3. The Articles of Arrangement in respect of the Arrangement shall be filed pursuant to section 193 of the ABCA on such date as Palko determines, provided that such date is not later than December 16, 2011.
4. Palko may, on notice to such parties as the Court may Order, seek leave to vary the terms of this Order or the Arrangement at any time prior to filing Articles of Arrangement.
5. Service of notice of this application, the notices in respect of the Meeting and of the Interim Order is hereby deemed good and sufficient.

6. Service of this Order shall be made on all such persons who appeared on this application, either by counsel or in person, and upon the Executive Director, but is otherwise dispensed with.



J.C.Q.B.A

EXHIBIT "A"

**SCHEDULE A
PLAN OF ARRANGEMENT UNDER SECTION 193**

OF THE

BUSINESS CORPORATIONS ACT (ALBERTA)

**ARTICLE 1
INTERPRETATION**

1.1 Definitions

In this Plan, unless the context otherwise requires, defined terms shall have the following meanings:

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

"**Arrangement**" means the arrangement under section 193 of the ABCA on the terms and subject to the conditions set out in this Plan;

"**Arrangement Agreement**" means the arrangement agreement dated as of October 17, 2011 between Gibson and Palko to which this Plan is attached as Schedule A;

"**Articles of Arrangement**" means the articles of arrangement in respect of the Arrangement required by the ABCA to be sent to the Registrar after the Final Order is made to give effect to the Arrangement;

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

"**Cash Consideration**" means \$3.05 for each Palko Share;

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

"**Depository**" means Olympia Trust Company;

"**Dissent Rights**" means the right of a registered Palko Securityholder, in accordance with the Interim Order and this Plan, to dissent to the resolution approving the Arrangement;

"**Dissenting Securityholder**" means a registered Palko Securityholder that has, as of the Effective Time, validly exercised and not withdrawn Dissent Rights;

"**Effective Date**" means the date shown on the registration statement issued by the Registrar under the ABCA giving effect to the Arrangement;

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

"**Election Deadline**" means 5:00 p.m. (local time at the place of deposit) on the date that is two Business Days immediately preceding the day of the Meeting;

"**Encumbrance**" means any mortgage, pledge, assignment, charge, lien, security interest, claim, trust, royalty or carried interest, 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;

"**Final Order**" means the final order of the Court 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;

"**Gibson**" means Gibson Energy Inc., a corporation incorporated under the ABCA;

"**Gibson Energy**", means Gibson Energy ULC, a corporation incorporated under the ABCA and a wholly owned subsidiary of Gibson;

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

"**Interim Order**" means the order of the Court pursuant to subsection 193(4) of the ABCA setting out certain declarations and directions in respect of the Arrangement, as such order may be affirmed, amended or modified by any court of competent jurisdiction;

"**Letter of Transmittal and Election Form**" means the Letter of Transmittal and Election Form enclosed with the management proxy circular of Palko pursuant to which Palko Shareholders are required to deliver certificates representing Palko Shares and may elect to receive on completion of the Arrangement Cash Consideration or Share Consideration or a combination thereof;

"**Meeting**" means the meeting of the Palko Securityholders, including any adjournment thereof, that is to be convened as provided by the Interim Order to consider, and if deemed advisable, approve the Arrangement;

"**Palko**" means Palko Environmental Ltd., a corporation incorporated under the ABCA;

"**Palko Optionholders**" means the holders of Palko Options;

"**Palko Options**" means options to purchase Palko Shares;

"**Palko Securityholder**" means a Palko Shareholder or a Palko Optionholder;

"**Palko Shareholders**" means the holders of Palko Shares;

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

"**Plan**" means this plan as amended or supplemented from time to time, and "hereby", "hereof", "herein", "hereunder", "herewith" and similar terms refer to this Plan and not to any particular provision of this Plan;

"**Registrar**" means the Registrar of Corporations appointed pursuant to the ABCA;

"**Share Consideration**" means 0.1717 of a Gibson Share for each Palko Share; and

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.l. (5th Supp), as amended, including the regulations promulgated thereunder.

1.2 Interpretation Not Affected by Headings

The division of this Plan into articles, sections, subsections and paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan.

1.3 Article References

Unless the contrary intention appears, references in this Plan to an article, section, subsection, paragraph, exhibit or schedule by number or letter or both refer to the article, section, subsection, paragraph, exhibit or schedule, respectively, bearing that designation in this Plan.

1.4 Number

In this Plan, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender shall include all genders.

1.5 Date for Any Action

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

1.6 Currency

Unless otherwise stated, all references in this Plan to sums of money are expressed in lawful money of Canada.

ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose of the Plan

The purpose of the Plan is to effect an exchange of all the Palko Shares for Share Consideration, Cash Consideration or a combination of Share Consideration and Cash Consideration, on the basis provided herein, with the result that Palko becomes, directly or indirectly, a wholly owned subsidiary of Gibson and in furtherance of such purpose to effect the surrender or termination of any Palko Options that remain outstanding at the Effective Time.

2.2 Plan Binding

The Plan shall be binding on Palko, Gibson and all legal and beneficial holders of Palko Options and Palko Shares at and after the Effective Time without any further act or formality required on the part of any persons, except as expressly provided herein.

2.3 Filing of the Articles of Arrangement

The Articles of Arrangement shall be filed with the Registrar with the purpose and intent that none of the provisions of this Plan shall become effective unless all of the provisions of this Plan shall have become effective.

2.4 Plan Part of the Arrangement Agreement

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

ARTICLE 3 THE ARRANGEMENT

3.1 The Arrangement

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

- (a) The Palko Shares and/or Palko Options held by Dissenting Securityholders who have exercised Dissent Rights which remain valid immediately prior to the Effective Time shall, as of the Effective Time, be deemed to have been transferred to Palko and cancelled and cease to be outstanding, and as of the Effective Time, such Dissenting Securityholders shall cease to have any rights as securityholders of Palko, other than the right to be paid the fair value of their Palko Shares and/or Palko Options.
- (b) Each Palko Option that is outstanding at the Effective Time shall be:
 - (i) if "in the money", deemed surrendered in exchange for the "in the money" amount per Palko Option (being equal to the difference of \$3.05 less the exercise price of such Palko Option); or
 - (ii) if "out of the money", deemed surrendered for termination for consideration of \$0.01 per Palko Option;

in all cases less all applicable withholdings for taxes, and other employment remittances, if any.

- (c) Any Palko Shareholder (other than Gibson Energy or the Dissenting Shareholders) who has not duly and validly completed and delivered the Letter of Transmittal and Election Form by the Election Deadline shall be deemed to have elected to receive the Cash Consideration for 100% of his or her Palko Shares.
- (d) Each Palko Share (other than Palko Shares held by Gibson Energy and the Dissenting Shareholders) shall be transferred by the holder thereof, without any further act or formality on its part, to Gibson (free and clear of any Encumbrances of whatsoever nature), and each Palko Shareholder (other than Gibson Energy and the Dissenting Shareholders) shall be entitled to receive, in exchange therefor and subject to the provisions of Sections 3.1(b) and Section 4.8 hereof, consideration comprised of, in accordance with the election set forth in a duly completed Letter of Transmittal and Election Form or the deemed election of such Palko Shareholder (as applicable):
 - (i) Share Consideration – comprised of 0.1717 of a Gibson Share for each Palko Share held; or
 - (ii) Cash Consideration - comprised of \$3.05 for each Palko Share held,

provided that, for greater certainty, a Palko Shareholder may elect to receive a combination of Share Consideration and Cash Consideration in respect of the Palko Shares they hold by electing to receive Share Consideration with respect to some of their Palko Shares and electing to receive Cash Consideration with respect to the balance of their Palko Shares.

3.2 Effect of the Arrangement

- (a) With respect to each Palko Shareholder (including Palko Optionholders who acquire Palko Shares through the exercise of Palko Options), other than Gibson Energy and the Dissenting Shareholders, at the Effective Time upon the transfer of each Palko Share from the Palko Shareholders to Gibson pursuant to Section 3.1(c):
 - (i) each holder of a Palko Share shall cease to be a holder of the Palko Shares so transferred and the name of such holder shall be removed from the register of holders of Palko Shares as it relates to the Palko Shares so transferred;
 - (ii) Gibson shall become the holder of the Palko Shares so transferred and shall be added to the register of holders of Palko Shares;
 - (iii) Gibson shall allot and issue to each Palko Shareholder electing Share Consideration the number of Gibson Shares issuable to such holder on the basis set forth in Section 3.1 and the name of such holder shall be added to the register of holders of Gibson Shares; and
- (b) All Palko Options shall be deemed surrendered or terminated pursuant to Section 3.1(b) and the aggregate consideration payable to any Palko Optionholder with respect to such holder's Palko Options shall be rounded down to the nearest cent and Palko shall elect pursuant to subsection 110 (1.1) of the Tax Act with respect to each such option.

ARTICLE 4

OUTSTANDING CERTIFICATES AND PAYMENTS

4.1 Palko Share Certificates

After the Effective Time, each certificate formerly representing Palko Shares shall represent only the right to receive, in the case of certificates held by Dissenting Shareholders, the fair value of the Palko Shares represented by such certificates, and, in the case of all other Palko Shareholders (other than Gibson Energy), the amount of Cash Consideration, Share Consideration or a combination thereof the holder of the Palko Shares represented by the certificate is entitled to in accordance with the terms of the Arrangement upon such holder depositing with the Depositary the certificate and such other documents and instruments as the Depositary may reasonably require.

4.2 Deposit of Consideration by Gibson

At the Effective Time, Gibson shall: (i) issue to Computershare Trust Company of Canada an irrevocable treasury order authorizing Computershare, as the registrar and transfer agent of Gibson, to issue certificates representing the aggregate number of Gibson Shares to which the Palko Shareholders are entitled in accordance with the terms of the Arrangement and deliver such share certificates to the Depositary, and (ii) issue to the Depositary a wire transfer of funds in an amount equal to the aggregate

cash payment to which the Palko Optionholders and Palko Shareholders are entitled in accordance with the terms of the Arrangement.

4.3 Payment of Consideration by Depositary

Promptly upon receipt of the treasury order and funds delivered by Gibson pursuant to Section 4.2, the Depositary shall, in the case of Palko Optionholders who are entitled to a cash payment (other than Palko Optionholders who have exercised Dissent Rights), cause individual cheques to be forwarded to those holders, and in the case of Palko Shareholders entitled to Cash Consideration in accordance with the terms of the Arrangement, cause individual cheques and, in the case of Palko Shareholders entitled to Share Consideration in accordance with the terms of the Arrangement, the Depositary shall cause certificates representing Gibson Shares, to be forwarded to those persons who have deposited the certificates for such Palko Shares and such documents and instruments required by the Depositary pursuant to Section 4.1. Such cheques and certificates shall be forwarded by first class mail, postage pre-paid, to the person and at the address specified in the relevant Letter of Transmittal and Election Form or, if no address has been specified therein, at the address specified for the particular holder in the register of holders of Palko Shares or holders of Palko Options, as applicable. Cheques and certificates mailed pursuant hereto will be deemed to have been delivered at the time of delivery thereof to the post office.

4.4 Lost Palko Share Certificates

If a certificate representing Palko Shares has been lost, apparently destroyed or wrongfully taken, the holder of such Palko Shares shall be entitled to obtain a replacement share certificate representing such Palko Shares upon contacting the registrar and transfer agent of the Palko Shares and satisfying such reasonable requirements as may be imposed by Palko and the transfer agent in this regard.

4.5 Registration of Gibson Shares

The Depositary shall cause the registration of the Gibson Shares in the name of each Palko Shareholder entitled thereto or as otherwise instructed in the Letter of Transmittal and Election Form deposited by such Palko Shareholder and shall deliver such Gibson Shares in accordance with Section 4.3.

4.6 No Interest after the Effective Time

After the Effective Time, the Palko Shareholders shall not be entitled to any interest, dividend, premium or other payment on or with respect to Palko Shares other than the Cash Consideration, Share Consideration or combination thereof which they are entitled to receive pursuant to this Plan.

4.7 Treatment of Fractional Shares

No fractional Gibson Shares will be issued. In the event that a Palko Shareholder would otherwise be entitled to a fractional Gibson Share hereunder, the number of Gibson Shares issued to such Palko Shareholder shall be rounded up to the next greater whole number of Gibson Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Gibson Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Palko Shares registered in the name of or beneficially held by such Palko Shareholder or their nominee shall be aggregated.

4.8 Failure to Deposit Palko Share Certificate

Any certificate formerly representing Palko Shares that is not deposited with all other documents required hereunder before the third anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder of such Palko Shares to receive Cash Consideration and/or Share Consideration shall be deemed to be surrendered to Gibson together with all dividends, distributions and any interest thereon held for such holder.

4.9 Dividends

All dividends made in respect of Gibson Shares to which a former Palko Shareholder is entitled in accordance with the terms of the Arrangement, but for which a certificate representing the Palko Shares has not been delivered to such Palko Shareholder in accordance with this Article 4, shall be paid or delivered to the Depositary to be held in trust for such Palko Shareholder for delivery to the Palko Shareholder, net of all withholding and other taxes, upon delivery of the certificate in accordance with this Article 4 or surrendered to Gibson pursuant to Section 4.8 hereof, as the case may be.

Palko, Gibson and the Depositary shall be entitled to deduct and withhold from any dividend or consideration otherwise payable to any Palko Optionholder or Palko Shareholder, such amounts as Palko, Gibson and the Depositary are required to deduct and withhold with respect to such payment under the *Income Tax Act* (Canada) or any provision of federal, provincial, territorial, state, local or foreign tax law. To the extent that amounts are so withheld, such withheld amounts shall be treated, for all purposes hereof, as having been paid to Palko Optionholder or Palko Shareholder, in respect to which such deduction and withholding was made, provided that such 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 the holder exceeds the cash portion of the consideration otherwise payable to the holder, Palko, Gibson or the Depositary are hereby authorized to sell or otherwise dispose of such other portion of the consideration as is necessary to provide sufficient funds to Palko, Gibson or the Depositary, as the case may be, to enable it to comply with all deduction or withholding requirements and Palko, Gibson and the Depositary shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

ARTICLE 5 **DISSENT RIGHTS**

5.1 Dissent Rights

Each holder of Palko Options that are outstanding at the Effective Time and each registered holder of Palko Shares shall have the right to dissent with respect to the Arrangement in accordance with the Interim Order. A Dissenting Securityholder shall, at the Effective Time, cease to have any rights as a holder of Palko Options or Palko Shares and shall only be entitled to be paid the fair value of the holder's Palko Options or Palko Shares. A Dissenting Securityholder shall be deemed to have transferred the holder's Palko Options or Palko Shares to Palko for cancellation at the Effective Time, notwithstanding the provisions of section 191 of the ABCA. A Dissenting Securityholder who, for any reason, is not entitled to be paid the fair value of the holder's Palko Options or Palko Shares, shall be treated as if the holder had participated in the Arrangement on the same basis as, a non-dissenting Palko Optionholder or a non-dissenting holder of Palko Shares electing Cash Consideration, as applicable, notwithstanding the provisions of section 191 of the ABCA. The fair value of the Palko Options or Palko Shares, as the case may be, shall be determined as of the close of business on the last business day before the date of the Meeting. In no event shall Palko be required to recognize any Dissenting Securityholder as an optionholder or shareholder of Palko after the Effective Time and the names of such holders shall be

removed from the applicable Palko register of shareholders or optionholders as at the Effective Time. For greater certainty, in addition to any other restrictions in section 191 of the ABCA, no person who has voted in favour of the Arrangement shall be entitled to dissent with respect to the Arrangement.

ARTICLE 6
AMENDMENTS

6.1 Amendment Prior to the Effective Date

Palko and Gibson may amend, modify and/or supplement this Plan at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be: (i) set out in writing, (ii) approved by the other party, (iii) filed with the Court and, if made following the Meeting, approved by the Court, and (iv) communicated to Palko Securityholders, if and as required by the Court.

6.2 Amendment at the Meeting

Any amendment of, modification of or supplement to this Plan may be proposed by Gibson or Palko at any time prior to or at the Meeting (provided that the other party shall have consented thereto) with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan for all purposes.

6.3 Consent of Gibson and Palko

Any amendment, modification or supplement to this Plan that is approved by the Court following the Meeting shall be effective only if it is consented to by each of Gibson and Palko.

Update Plan of Arrangement - No Amendment - Proof of Filing

Alberta Amendment Date: 2011/12/08

Service Request Number: 17258923

Corporate Access Number: 2015622513

Legal Entity Name: PALKO ENVIRONMENTAL LTD.

Legal Entity Status: Active

Annual returns are outstanding for the 2011 file year(s).

Attachment

Attachment Type	Microfilm Bar Code	Date Recorded
Other Rules or Provisions	ELECTRONIC	2010/10/01
Share Structure	ELECTRONIC	2010/10/01
Statutory Declaration	10000104100126675	2010/10/01
Articles/Plan of Arrangement/Court Order	10000504100126720	2011/12/08

Registration Authorized By: JAY B. SIMMONS
CHAIRMAN