SECOND AMENDING AGREEMENT

THIS AMENDING AGREEMENT is made as of March 31, 2014,

BETWEEN:

> **VERMILION ENERGY INC.**, a corporation existing under the laws of the Province of Alberta (hereinafter referred to as the "**Purchaser**")

AND

> **ELKHORN RESOURCES INC.**, a corporation existing under the laws of the Province of Alberta (hereinafter referred to as "**Elkhorn**")

WHEREAS:

A. Purchaser and Elkhorn have entered into an arrangement agreement dated March 18, 2014, as amended by an amending agreement dated March 21, 2014 (together, the "**Arrangement Agreement**") pursuant to which the Purchaser has agreed to acquire all of the issued and outstanding Common Shares by way of an arrangement under section 193 of the ABCA substantially on the terms and conditions set forth in the Plan of Arrangement;

B. the Parties wish to further amend the Arrangement Agreement to reflect matters relating to the exercise of Options and Performance Warrants for cash at the applicable exercise prices therefor; and

C. the Parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals.

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

ARTICLE I – INTERPRETATION

1.1 Definitions

In this Agreement, capitalised terms referred to herein and not otherwise defined have the same meaning as set forth in the Arrangement Agreement.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into Articles, Sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article", "Section" or "paragraph" followed by a number and/or a letter refer to the specified Article, Section or paragraph of this Agreement.

1.3 Interpretation Not Affected by Party Drafting

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

ARTICLE II – AMENDMENT

2.1 Amendment of Arrangement Agreement

Section 4.2(e) of the Arrangement Agreement is amended by deleting section 4.2(e) in its entirety and replacing such section with the following:

"(e) As of February 28, 2014, the sum of Indebtedness and current liabilities (excluding the current portion of derivative contracts and the current portion of decommissioning liabilities) net of current assets (including share purchase loans but excluding the cash proceeds from any Option and Performance Warrant exercises) will not exceed the amount set forth in the Disclosure Letter."

2.2 Amendment of Plan of Arrangement

(a) Section 1.1 of the Plan of Arrangement is amended by adding a new section 1.1(v) which states the following:

"(v) "**Incentive Share Number**" means 5,732,078 Common Shares;"

(b) Sections 1.1(v) to 1.1(nn) of the Plan of Arrangement are amended by relettering such sections in sequence.

(c) Section 3.3 of the Plan of Arrangement is amended by deleting section 3.3 in its entirety and replacing such section with the following:

"3.3 For greater certainty, with respect to any election pursuant to Section 3.2, a Shareholder may elect to receive a combination of Cash Consideration and Purchaser Share Consideration in exchange for the aggregate number of Common Shares in respect of which such an election is made. The maximum amount of Cash Consideration that may be paid to Shareholders pursuant to Section 3.1(d) shall be equal to $172,337,698 (provided that such amount shall be adjusted upwards by $2.00 for each Common Share issued on the exercise of an Option or a Performance Warrant prior to the Effective Time and that exceeds the Incentive Share Number) (the "**Maximum Cash Consideration**") and the maximum number of Purchaser Shares that, subject to adjustment for rounding pursuant to Section 4.8, may be issued to Shareholders pursuant to Section 3.1(d) shall be 2,701,393 (provided that such amount shall be adjusted upwards by 0.03135 of a Purchaser Share for each Common Share issued on the exercise of an Option or a Performance Warrant prior to the Effective Time and that exceeds the Incentive Share Number) (the "**Maximum Share Consideration**"). In the event:

(a) the aggregate amount of Cash Consideration that, but for this Section 3.3(a), holders of Common Shares elect (or are deemed to elect) to receive exceeds the Maximum Cash Consideration, then the aggregate amount of Cash Consideration to be paid to any holder shall be determined by multiplying the total amount of Cash Consideration requested (or deemed to have been requested) by such holder by a fraction, rounded to six decimal places, the numerator of which is the Maximum Cash Consideration and the denominator of which is the aggregate amount of Cash Consideration requested (or deemed to have been requested) by all holders of Common Shares; and such holder shall be deemed to have elected to receive Purchaser Share Consideration for the remainder of their Common Shares for which, but for this Section

3.3(a), such holder would otherwise have received Cash Consideration; and

(b) the aggregate number of Purchaser Shares that, but for this Section 3.3(b), holders of Common Shares elect (or are deemed to elect) to receive exceeds the Maximum Share Consideration, then the number of Purchaser Shares to be issued to any holder, subject to rounding in accordance with Section 4.8, shall be determined by multiplying the total number of Purchaser Shares requested (or deemed to have been requested) by such holder by a fraction, rounded to six decimal places, the numerator of which is the Maximum Share Consideration and the denominator of which is the aggregate number of Purchaser Shares requested (or deemed to have been requested) by all holders of Common Shares; and such holder shall be deemed to have elected to receive Cash Consideration for the remainder of their Common Shares for which, but for this Section 3.3(b), such holder would otherwise have received Purchaser Shares."

The Plan of Arrangement as so amended is restated as set forth in Schedule "A" hereto.

ARTICLE III – GENERAL

3.1 Confirmation of Amendment

The Arrangement Agreement and the Plan of Arrangement, each as amended by this Agreement, are hereby ratified and confirmed and the Parties acknowledge that, except with respect to the amendments described in Article II hereof, all of the terms and conditions of the Arrangement Agreement and the Plan of Arrangement shall remain in full force and effect unamended.

3.2 Severability

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect, the remaining provisions or parts thereof contained herein will be and will be conclusively deemed to be severable therefrom and the validity, legality or enforceability of such remaining provisions or parts thereof will not in any way be affected or impaired by the severance of the provisions or parts thereof severed. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

3.3 Further Assurances

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

3.4 Applicable Laws and Enforcement

This Agreement will be governed, including as to validity, interpretation and effect, by the laws of the Province of Alberta and the laws of Canada applicable therein, and will be construed and treated in all respects as an Alberta contract. Each of the Parties hereby irrevocably attorns to the non-exclusive jurisdiction of the Courts of the Province of Alberta in respect of all matters arising under and in relation to this Agreement and the Arrangement.

3.5 Counterparts, Execution

This Agreement may be executed in two or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument. The Parties will be entitled to rely upon delivery of an executed facsimile or similar executed electronic copy of this Agreement, and such facsimile or similar executed electronic copy will be legally effective to create a valid and binding agreement between the Parties.

IN WITNESS WHEREOF each of Parties have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

VERMILION ENERGY INC.

Per: *"John Donovan"*
John Donovan
Executive Vice-President, Business Development

Per: *"Mona Jasinski"*
Mona Jasinski
Executive Vice-President, People

ELKHORN RESOURCES INC.

Per: *"Dean E.G. Potter"*
Dean E.G. Potter
President and Chief Executive Officer

Per: ______________________________

SCHEDULE "A"

PLAN OF ARRANGEMENT

PLAN OF ARRANGEMENT
UNDER SECTION 193 OF THE
BUSINESS CORPORATIONS ACT (ALBERTA)

ARTICLE 1
DEFINITIONS AND INTERPRETATION

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

(a) "**ABCA**" means the *Business Corporations Act*, R.S.A. 2000, c. B-9;

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

(c) "**Arrangement Agreement**" means the agreement made as of March 18, 2014 among the Purchaser and Elkhorn, and all amendments thereto;

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

(e) "**Business Day**" means a day on which banks are generally open for the transaction of commercial business in Calgary, Alberta and does not include a Saturday or Sunday or statutory holiday in Alberta;

(f) "**Certificate of Arrangement**" means the proof of filing to be issued by the Registrar pursuant to subsection 193(12) of the ABCA in respect of the Articles of Arrangement;

(g) "**Cash Consideration**" means the consideration in the form of $4.00 in cash per Common Share to be received at the election or deemed election of a Shareholder pursuant to Section 3.2 or Section 3.3;

(h) "**Certificate Limit**" means the certificate limit (as that term is defined in subsection 116(2) of the Tax Act) set forth in a Section 116 Certificate, provided that until and unless the Section 116 Certificate is delivered to the Purchaser prior to the Effective Date, the Certificate Limit in respect of the relevant Non-Resident Shareholder shall be deemed to be zero;

(i) "**Common Shares**" means the common shares in the capital of Elkhorn;

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

(k) "**Depositary**" means Olympia Trust Company as depositary for Common Shares in connection with the Arrangement;

(l) "**Dissent Rights**" means the dissent rights described in Section 5.1 of this Plan of Arrangement;

(m) "**Dissenting Shareholder**" means any registered Shareholder who has duly and validly exercised its Dissent Rights in respect of the registered Shareholder's Common Shares and has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;

(n) "**Effective Date**" means the date the Arrangement becomes effective under the ABCA, being the date shown on the Certificate of Arrangement;

(o) "**Effective Time**" means the time at which the Arrangement becomes effective on the Effective Date pursuant to the ABCA;

(p) "**Election Deadline**" means 5:00 p.m. (Calgary time) on April 25, 2014 or, if the Meeting is adjourned, such time on the Business Day of such adjourned meeting if the Effective Date is to be more than two Business Days following the date of the Meeting or such time on the Business Day immediately prior to the date of such adjourned meeting if the Effective Date is to occur within two Business Days of the date of the Meeting;

(q) "**Elkhorn**" means Elkhorn Resources Inc., a corporation existing under the laws of the Province of Alberta;

(r) "**Encumbrance**" means any mortgage, hypothec, prior claim, lien, pledge, assignment for security, security interest, guarantee, right of third parties or other charge, encumbrance, or any collateral securing the payment obligations of any Person, as well as any other agreement or arrangement with any similar effect whatsoever;

(s) "**Escrow Agent**" means the escrow agent appointed under the Escrow Agreement;

(t) "**Escrow Agreement**" means an escrow agreement, in a form satisfactory to the Purchaser, acting reasonably, to be entered into between the Purchaser, the Escrow Agent and a Non-Resident Shareholder to provide for the escrow of a portion of the Cash Consideration and, if necessary, the Purchaser Share Consideration that such Non-Resident Shareholder is otherwise entitled to receive under this Plan of Arrangement, which portion shall be determined by the Purchaser, acting reasonably, and shall not be less than 25% of the amount by which the aggregate fair market value of the Cash Consideration and the Purchaser Share Consideration otherwise payable to such Non-Resident Shareholder under the Arrangement (as determined on the Effective Date) exceeds the Certificate Limit in any Section 116 Certificate delivered by the Non-Resident Shareholder to the Purchaser prior to the Effective Date;

(u) "**Final Order**" means the final order of the Court approving the Arrangement pursuant to paragraph 193(9)(a) of the ABCA, in a form acceptable to both Elkhorn and the Purchaser, each acting reasonably, as such order may be amended by the Court (with the consent of both Elkhorn and the Purchaser, each acting reasonably) at any time prior to the Effective Time or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or amended (provided that any such amendment is acceptable to both Elkhorn and the Purchaser, each acting reasonably) on appeal;

(v) "**Incentive Share Number**" means 5,732,078 Common Shares;

(w) "**Information Circular**" means the notice of the Meeting and accompanying information circular of Elkhorn, together with all appendices, schedules and exhibits thereto, sent by Elkhorn to the Shareholders in connection with the Meeting, as amended, supplemented or otherwise modified;

(x) "**Interim Order**" means the interim order of the Court in respect of the Arrangement pursuant to subsection 193(4) of the ABCA containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended or modified by the Court;

(y) "**Letter of Transmittal and Election Form**" means the letter of transmittal and election form enclosed with the Information Circular pursuant to which Shareholders are required to deliver certificates representing the Common Shares in connection with the

Arrangement and may elect to receive, on completion of the Arrangement, Cash Consideration or Purchaser Share Consideration (or a combination thereof) in exchange for their Common Shares, subject in each case to proration as set forth in Section 3.3 hereof;

(z) "**Maximum Cash Consideration**" shall have the meaning set forth in Section 3.3;

(aa) "**Maximum Share Consideration**" shall have the meaning set forth in Section 3.3;

(bb) "**Meeting**" means the special meeting of Shareholders, including any adjournment or postponement thereof, held in accordance with the Arrangement Agreement and the Interim Order to consider the Arrangement;

(cc) "**Non-Resident Shareholder**" means a registered or beneficial holder of Common Shares that is: (i) a person who is not a resident of Canada for the purposes of the Tax Act; or (ii) a partnership that is not a Canadian partnership for the purposes of the Tax Act;

(dd) "**Option Plan**" means the Stock Option Plan of Elkhorn dated effective March 22, 2010, as amended;

(ee) "**Options**" means the outstanding options of Elkhorn granted under the Option Plan entitling the holders thereof to acquire Common Shares from treasury;

(ff) "**Performance Warrants**" means the outstanding performance warrants of Elkhorn entitling the holders thereof to acquire Common Shares from treasury;

(gg) "**Person**" includes any individual, firm, partnership, joint venture, venture capital fund, association, trust, trustee, executor, administrator, legal personal representative, estate group, body corporate, corporation, unincorporated association or organization, Governmental Entity, syndicate or other entity, whether or not having legal status;

(hh) "**Plan of Arrangement**", "**hereof**", "**herein**", "**hereunder**" and similar expressions means this Plan of Arrangement, including any appendices hereto, and any amendments, variations or supplements hereto made from time to time in accordance with the terms hereof, the Arrangement Agreement or made at the direction of the Court in the Final Order;

(ii) "**Purchaser**" means Vermilion Energy Inc., a corporation existing under the laws of the Province of Alberta;

(jj) "**Purchaser Share Consideration**" means the consideration in the form of 0.0627 of a Purchaser Share per Common Share to be received at the election or deemed election of a Shareholder pursuant to Section 3.2 or Section 3.3;

(kk) "**Purchaser Shares**" means common shares in the capital of the Purchaser;

(ll) "**Registrar**" means the Registrar of Corporations or the Deputy Registrar of Corporations appointed under Section 263 of the ABCA;

(mm) "**Section 116 Certificate**" means any certificate or certificates issued prior to the Effective Date by the Canada Revenue Agency pursuant to subsection 116(2) of the Tax Act in respect of the disposition of Common Shares by a Non-Resident Shareholder pursuant to the Arrangement;

(nn) "**Shareholders**" means the registered or beneficial holders of Common Shares, as the context requires; and (oo) "**Tax Act**" means the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.).

1.2 The division of this Plan of Arrangement into Articles, Sections, paragraphs and other portions and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation hereof. Unless otherwise indicated, all references to an "Article", "Section" or "paragraph" followed by a number and/or a letter refer to the specified Article, Section or paragraph of this Plan of Arrangement.

1.3 In this Plan of Arrangement, unless the context otherwise requires, words used herein importing the singular include the plural and vice versa. Words importing gender include all genders. The words "include", "includes" and "including" shall be deemed to be followed by the words "without limitation".

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

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

1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations or rules promulgated thereunder from time to time in effect.

ARTICLE 2
EFFECT OF THE ARRANGEMENT

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

2.2 This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, will become effective on, and be binding on and after, the Effective Time on (a) all Shareholders (including those exercising Dissent Rights described in ARTICLE 5); (b) holders of Options; (c) holders of Performance Warrants; (d) the registrar and transfer agent in respect of the Common Shares; (e) the Purchaser; and (f) the Depositary, without further act or formality required on the part of any Person.

2.3 The Articles of Arrangement and the Certificate of Arrangement shall be filed and issued, respectively, with respect to the Arrangement in its entirety. The Certificate of Arrangement shall be conclusive evidence that the Arrangement has become effective.

2.4 No portion of this Plan of Arrangement shall take effect with respect to any party or Person until the Effective Time.

ARTICLE 3
ARRANGEMENT

3.1 The Arrangement

At the Effective Time each of the events set out below shall occur and be deemed to occur in the following sequence, without any further act or formality:

(a) the Common Shares held by Dissenting Shareholders shall be, and shall be deemed to be, transferred to the Purchaser (free and clear of any Encumbrances), and such Dissenting Shareholders shall cease to have any rights as Shareholders, other than the right to be paid by the Purchaser the fair value of their Common Shares in accordance with the Dissent Rights;

(b) all outstanding Options shall be terminated without any payment or compensation therefor, and Elkhorn shall have no further liabilities or obligations to the former holders thereof with respect to such Options;

(c) all outstanding Performance Warrants shall be terminated without any payment or compensation therefor, and Elkhorn shall have no further liabilities or obligations to the former holders thereof with respect to such Performance Warrants; and

(d) each issued and outstanding Common Share (other than Common Shares held by Dissenting Shareholders or by the Purchaser) shall be transferred to, and acquired by, Purchaser (free and clear of any Encumbrances) in accordance with the election, or deemed election, of the holder of such Common Share in accordance with Section 3.2, in exchange for:

(i) Cash Consideration;

(ii) Purchaser Share Consideration; or

(iii) a combination thereof;

subject, in each case, to Section 3.3.

3.2 With respect to the exchange of Common Shares effected pursuant to Section 3.1(d):

(a) Shareholders may elect to receive in respect of each Common Share exchanged, the Purchaser Share Consideration, the Cash Consideration or a combination thereof, subject to Section 3.3;

(b) such elections as provided for in Section 3.2(a) shall be made by (i) depositing with the Depositary, prior to the Election Deadline, a duly completed Letter of Transmittal and Election Form indicating such Shareholder's election, together with any certificates representing such Shareholder's Common Shares and (ii) in the case of a Non-Resident Shareholder, such Non-Resident Shareholder shall deliver to the Depositary prior to the Effective Date a Section 116 Certificate with a Certificate Limit that is equal to or greater than the aggregate fair market value of the Cash Consideration and the Purchaser Share Consideration payable to such Non-Resident Shareholder under this Plan of Arrangement (as determined on the Effective Date) or shall enter into an Escrow Agreement with the Purchaser and the Escrow Agent prior to the Effective Date; and

(c) any Shareholder who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or who otherwise fails to comply with the requirements of Section 3.2(b) and the Letter of Transmittal and Election Form, shall be deemed to have elected to receive Cash Consideration as to 50% of such holder's Common Shares and Purchaser Share Consideration as to 50% of such holder's Common Shares, subject to proration under Section 3.3.

3.3 For greater certainty, with respect to any election pursuant to Section 3.2, a Shareholder may elect to receive a combination of Cash Consideration and Purchaser Share Consideration in exchange for the aggregate number of Common Shares in respect of which such an election is made. The maximum amount of Cash Consideration that may be paid to Shareholders pursuant to Section 3.1(d) shall be equal to $172,337,698 (provided that such amount shall be adjusted upwards by $2.00 for each Common Share issued on the exercise of an Option or a Performance Warrant prior to the Effective Time and that exceeds the Incentive Share Number) (the "**Maximum Cash Consideration**") and the maximum number of Purchaser Shares that, subject to adjustment for rounding pursuant to Section 4.8, may be issued to Shareholders pursuant to Section 3.1(d) shall be 2,701,393 (provided that such amount shall be adjusted upwards by 0.03135 of a Purchaser Share for each Common Share issued on the exercise of an Option or a

Performance Warrant prior to the Effective Time and that exceeds the Incentive Share Number) (the "**Maximum Share Consideration**"). In the event:

(a) the aggregate amount of Cash Consideration that, but for this Section 3.3(a), holders of Common Shares elect (or are deemed to elect) to receive exceeds the Maximum Cash Consideration, then the aggregate amount of Cash Consideration to be paid to any holder shall be determined by multiplying the total amount of Cash Consideration requested (or deemed to have been requested) by such holder by a fraction, rounded to six decimal places, the numerator of which is the Maximum Cash Consideration and the denominator of which is the aggregate amount of Cash Consideration requested (or deemed to have been requested) by all holders of Common Shares; and such holder shall be deemed to have elected to receive Purchaser Share Consideration for the remainder of their Common Shares for which, but for this Section 3.3(a), such holder would otherwise have received Cash Consideration; and

(b) the aggregate number of Purchaser Shares that, but for this Section 3.3(b), holders of Common Shares elect (or are deemed to elect) to receive exceeds the Maximum Share Consideration, then the number of Purchaser Shares to be issued to any holder, subject to rounding in accordance with Section 4.8, shall be determined by multiplying the total number of Purchaser Shares requested (or deemed to have been requested) by such holder by a fraction, rounded to six decimal places, the numerator of which is the Maximum Share Consideration and the denominator of which is the aggregate number of Purchaser Shares requested (or deemed to have been requested) by all holders of Common Shares; and such holder shall be deemed to have elected to receive Cash Consideration for the remainder of their Common Shares for which, but for this Section 3.3(b), such holder would otherwise have received Purchaser Shares.

3.4 As soon as practical after the Effective Time, with respect to each holder of Common Shares (other than Dissenting Shareholders) immediately before the Effective Time, upon the exchange of each Common Share effected pursuant to Section 3.1(d):

(a) such holder shall cease to be a holder of such Common Share and the name of such holder shall be removed from the register of holders of Common Shares; and

(b) the Purchaser shall become the holder of such Common Share and shall be added to the register of holders of Common Shares.

3.5 A former Shareholder who exchanges Common Shares with the Purchaser pursuant to Section 3.1(d) for consideration that includes Purchaser Shares shall be entitled to make an income tax election with the Purchaser, pursuant to subsection 85(1) or 85(2) of the Tax Act, as applicable (and the analogous provisions of provincial income tax law) by providing two signed copies of the necessary election forms to the Purchaser within 90 days following the Effective Date, duly completed with the details of the number of Common Shares transferred and the applicable agreed amounts for the purposes of such elections. Thereafter, subject to the election forms complying with the provisions of the Tax Act (or applicable provincial income tax law), the forms will be signed by the Purchaser and returned to such former Shareholder within 30 days after the receipt thereof by the Purchaser for filing with the Canada Revenue Agency (or the applicable provincial taxing authority). The Purchaser will not be responsible for the proper completion of any election form and, except for the obligation of the Purchaser to so sign and return duly completed election forms which are received by the Purchaser within 90 days of the Effective Date, the Purchaser will not be responsible for any taxes, interest or penalties resulting from the failure by a Shareholder to properly complete or file the election forms in the form and manner and within the time prescribed by the Tax Act (and any applicable provincial legislation). In its sole discretion, the Purchaser may choose to sign and return an election form received by it more than 90 days following the Effective Date but has no obligation to do so.

ARTICLE 4
CERTIFICATES AND PAYMENTS

4.1 Forthwith following the Effective Time, the Purchaser shall, subject to Section 4.2, cause to be paid to the Shareholders the aggregate Cash Consideration payable in respect of the Common Shares pursuant to Section 3.1 of this Plan of Arrangement and cause to be issued to the Shareholders the aggregate number of Purchaser Shares issuable in respect of the Common Shares pursuant to Section 3.1 of this Plan of Arrangement.

4.2 Upon surrender to the Depositary for cancellation of a certificate or certificates which, immediately prior to the Effective Time, represented outstanding Common Shares that were transferred pursuant to Section 3.1(d) hereof, together with a duly completed and executed Letter of Transmittal and Election Form and such additional documents and instruments required by this Plan of Arrangement or as the Depositary may reasonably require, the Shareholders represented by such surrendered certificate(s) shall be entitled to receive, and the Depositary shall deliver to such holder, the aggregate Cash Consideration and a certificate representing the aggregate number of Purchaser Shares which such Shareholder has the right to receive under this Plan of Arrangement for such Common Shares, less any amounts withheld pursuant to Section 4.6 hereof, and any certificate(s) so surrendered shall forthwith be cancelled.

4.3 From and after the Effective Time, each certificate, agreement or other instrument (as applicable) that immediately prior to the Effective Time represented Common Shares shall be deemed to represent only the right to receive the consideration in respect of such Common Shares required under this Plan of Arrangement, less any amounts withheld pursuant to Section 4.6 hereof. Any such certificate, agreement or other instrument (as applicable) formerly representing Common Shares not duly surrendered on or before the day that is three years less one day from the Effective Date shall cease to represent a claim by or interest of any kind or nature against Elkhorn or the Purchaser. On such date, any and all consideration to which such former holder was entitled shall be deemed to have been surrendered to the Purchaser.

4.4 Subject to any applicable law relating to unclaimed personal property, any share certificate formerly representing Common Shares that is not deposited with all other documents as required by this Plan of Arrangement on or before the day that is three years less one day from the Effective Date shall cease to represent a claim or interest of any kind or nature against Purchaser or Elkhorn and the right of a former holder of Common Shares to receive the consideration for such Common Shares pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited for no consideration. On such date, the aggregate Cash Consideration or Purchaser Share Consideration to which the former Shareholder referred to in the preceding sentence was ultimately entitled shall be deemed to have been surrendered to the Purchaser, together with all dividends thereon, and shall be returned to the Purchaser by the Depositary. None of the Purchaser, Elkhorn or the Depositary shall be liable to any Person in respect of any Cash Consideration or Purchaser Share Consideration delivered to a public official pursuant to any applicable law relating to unclaimed personal property.

4.5 In the event any certificate which immediately prior to the Effective Time represented outstanding Shares that were transferred pursuant to Section 3.1(d) of this Plan of Arrangement shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such certificate to be lost, stolen or destroyed, the Depositary will deliver in exchange for such lost, stolen or destroyed certificate, the consideration to which the holder is entitled pursuant to this Plan of Arrangement. When authorizing such delivery in exchange for any lost, stolen or destroyed certificate, the Person to whom such consideration is to be issued and delivered shall, as a condition precedent to the delivery of such consideration, give a bond satisfactory to the Purchaser (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser in a manner satisfactory to the Purchaser, acting reasonably, against any claim that may be made against the Purchaser with respect to the certificate alleged to have been lost, stolen or destroyed.

4.6 The Purchaser, Elkhorn and the Depositary shall be entitled to deduct and withhold from any consideration otherwise payable to any Shareholder under this Plan of Arrangement (including, without limitation, any amounts payable pursuant to Section 5.1 hereof), such amounts as the Purchaser, Elkhorn or the Depositary determines, acting reasonably, are required or reasonably believes to be required to be deducted and withheld from such consideration in accordance with the Tax Act (including, without limitation, pursuant to section 116 of the Tax Act), the United States Internal Revenue Code of 1986 or any provision of any other applicable law. Any such withholding shall first be made from any Cash Consideration otherwise payable to a Shareholder under the Arrangement and second from any Purchaser Shares otherwise deliverable to Shareholder under the Arrangement. Subject to the terms of an applicable Escrow Agreement, the Purchaser and the Depositary are hereby authorized to sell or otherwise dispose of, at such times and at such prices as the Purchaser determines, in its sole discretion, such portion of the consideration otherwise deliverable to such holder as is necessary to provide sufficient funds to the Purchaser or the Depositary, as the case may be, to enable them to comply with such deduction or withholding requirement, and shall notify the holder thereof and remit to such holder any unapplied balance of the net proceeds of such sale or disposition (after deducting applicable sale commissions and any other reasonable expenses relating thereto) in lieu of the consideration so sold or disposed of. To the extent such consideration is so sold or disposed of, such consideration so sold or disposed of shall be treated for all purposes as having been issued to the holder of the property in respect of which such sale or disposition was made, provided that the net proceeds of such sale or disposition, as the case may be, are actually remitted to the appropriate taxing authority. Neither the Purchaser nor the Depositary shall be obligated to seek or obtain a minimum price for any consideration sold or disposed of by it hereunder, nor shall any of them be liable for any loss arising out of any such sale or disposition. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes as having been paid to the Person in respect of which such withholding was made, provided that such deducted and withheld amounts are remitted to the appropriate taxing authority.

4.7 All dividends payable with respect to any Purchaser Shares allotted and issued pursuant to this Arrangement for which a certificate has not been issued shall be paid or delivered to the Depositary to be held by the Depositary in trust for the registered holder thereof. All monies received by the Depositary shall be invested by it in interest-bearing trust accounts upon such terms as the Depositary may reasonably deem appropriate. The Depositary shall pay and deliver to any such registered holder, as soon as reasonably practicable after application therefor is made by the registered holder to the Depositary in such form as the Depositary may reasonably require, such distributions and any interest thereon to which such holder is entitled, net of applicable withholding and other taxes.

4.8 No certificates representing fractional Purchaser Shares shall be issued upon the exchange of the Common Shares for Purchaser Shares. In lieu of any fractional Purchaser Share, each registered Shareholder otherwise entitled to a fractional interest in a Purchaser Share will, subject to the Letter of Transmittal and Election Form, receive the nearest whole number of Purchaser Shares. For greater certainty, subject to the Letter of Transmittal and Election Form, where such fractional interest is greater than or equal to 0.5, the number of Purchaser Shares to be issued will be rounded up to the nearest whole number of Purchaser Shares and where such fractional interest is less than 0.5, the number of Purchaser Shares to be issued will be rounded down to the nearest whole number of Purchaser Shares.

ARTICLE 5
DISSENT RIGHTS

5.1 Registered Shareholders may exercise Dissent Rights with respect to the Common Shares held by such holders in connection with the Arrangement pursuant to the procedure set forth in Section 191 of the ABCA, as modified by the Interim Order, provided that registered Shareholders who exercise such Dissent Rights and who:

(a) are ultimately entitled to be paid fair value for their Common Shares shall be deemed to have transferred the holder's Common Shares to the Purchaser at the Effective Time, notwithstanding the provisions of Section 191 of the ABCA; or

(b) are ultimately not entitled, for any reason, to be paid fair value for their Common Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Common Shares and shall be deemed to have elected to receive for such holder's Common Shares the consideration specified in Section 3.2(c) and shall be entitled to receive only such consideration,

but provided further that in no case shall the Purchaser or Elkhorn or any other Person be required to recognize Shareholders who exercise Dissent Rights as Shareholders after the Effective Time, and the names of such holders of Common Shares shall be deleted from the registers of holders of Common Shares immediately after the Effective Time. In addition to any other restrictions under Section 191 of the ABCA, none of the Shareholders who vote or have instructed a proxyholder to vote their Common Shares in favour of the Arrangement (but only in respect of such Common Shares), shall be entitled to exercise Dissent Rights.

5.2 Notwithstanding:

(a) subsection 191(5) of the ABCA, the written notice setting forth such registered Shareholder's objection to the special resolution in respect of the Arrangement must be received in accordance with the Interim Order by no later than 5:00 p.m., Calgary, time, on the Business Day which is two Business Days immediately preceding the date of the Meeting (as it may be adjourned or postponed from time to time); and

(b) subsection 191(3) of the ABCA, the Purchaser and not Elkhorn shall be required to pay the amount set in Section 191(3) of the ABCA.

ARTICLE 6
AMENDMENT

6.1 Elkhorn and the Purchaser reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that any amendment, modification or supplement must be contained in a written document which is: (i) filed with the Court and, if made following the Meeting, approved by the Court; and (ii) communicated to Shareholders in the manner required by the Court (if so required).

6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Elkhorn and the Purchaser at any time prior to or at the Meeting with or without any other prior notice or communication and, if so proposed and accepted, in the manner contemplated and to the extent required by the Arrangement Agreement, by the Shareholders, shall become part of this Plan of Arrangement for all purposes.

6.3 Any amendment, modification or supplement to this Plan of Arrangement which is approved or directed by the Court following the Meeting shall be effective only: (i) if it is consented to by Elkhorn and the Purchaser (each acting reasonably); and (ii) if required by the Court or applicable law, it is consented to by Shareholders.

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

6.5 Notwithstanding the foregoing, the Purchaser and Elkhorn agree that the Cash Consideration and the Purchaser Share Consideration shall be correspondingly reduced for any dividends declared or paid by Elkhorn after the date the Arrangement Agreement is entered into and on or before the Effective Time and this Plan of Arrangement shall be amended accordingly.