

ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 25th day of September, 2025.

BETWEEN:

SERRA ENERGY METALS CORP., a company existing under the
Business Corporations Act (British Columbia)

(“**Serra Energy**”)

AND:

1548043 B.C. LTD., a company existing under the *Business
Corporations Act* (British Columbia)

(“**SpinCo**”)

WHEREAS:

- (A) Serra Energy is the registered and beneficial owner of all of the issued and outstanding SpinCo Shares;
- (B) Serra Energy and SpinCo wish to proceed with a corporate restructuring by way of a statutory arrangement under the BCBCA, pursuant to which Serra Energy and SpinCo will participate in a series of transactions whereby, among other things, Serra Energy will distribute the SpinCo Shares in accordance with the terms and conditions of this Agreement;
- (C) Serra Energy proposes to convene a meeting of the Serra Energy Shareholders to consider the Arrangement pursuant to Part 9, Division 5 of the BCBCA, on the terms and conditions set forth in the Plan of Arrangement attached as Exhibit I hereto; and
- (D) Each of the parties to this Agreement has agreed to participate in and support the Arrangement.

NOW THEREFORE, in consideration of the premises and the respective covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

ARTICLE 1 DEFINITIONS, INTERPRETATION AND EXHIBIT

1.1. Definitions. In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) “**Agreement**” means this arrangement agreement, including the exhibits attached hereto as the same may be supplemented or amended from time to time;

- (b) “**Arrangement**” means the arrangement pursuant to the Arrangement Provisions as contemplated by the provisions of this Agreement and the Plan of Arrangement;
- (c) “**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;
- (d) “**Arrangement Resolutions**” means the special resolutions of the Serra Energy Shareholders to approve the Arrangement, as required by the Interim Order and the BCBCA;
- (e) “**BCBCA**” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
- (f) “**Board of Directors**” means the current and existing board of directors of Serra Energy;
- (g) “**Business Day**” means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
- (h) “**Constating Documents**” means, in respect of Serra Energy and SpinCo, the Articles and related Notice of Articles under the BCBCA;
- (i) “**Court**” means the Supreme Court of British Columbia;
- (j) “**CSE**” means the Canadian Securities Exchange;
- (k) “**Dissent Procedures**” means the rules pertaining to the exercise of Dissent Rights as set forth in Division 2 of Part 8 of the BCBCA and Article 5 of the Plan of Arrangement;
- (l) “**Dissent Rights**” means the right of a registered Serra Energy Shareholder to dissent from the Arrangement Resolutions in accordance with the provisions of the BCBCA, as modified by the Interim Order, and to be paid the fair value of the Serra Energy Shares in respect of which the holder dissents;
- (m) “**Dissenting Shareholder**” means a registered holder of Serra Energy Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
- (n) “**Effective Date**” shall be the date of the closing of the Arrangement;
- (o) “**Effective Time**” means 12:01 a.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as agreed to in writing by Serra Energy and SpinCo;
- (p) “**Final Order**” means the final order of the Court approving the Arrangement;
- (q) “**Information Circular**” means the management information circular of Serra Energy, including all schedules thereto, to be sent to the Serra Energy Shareholders

in connection with the Serra Energy Meeting, together with any amendments or supplements thereto;

- (r) **“Interim Order”** means the interim order of the Court providing advice and directions in connection with the Serra Energy Meeting and the Arrangement;
- (s) **“New Serra Energy Shares”** means the new class of common shares without par value which Serra Energy will create and issue as described in Section 3.1(b)(ii) of the Plan of Arrangement and for which the Serra Energy Class A Shares are, in part, to be exchanged under the Plan of Arrangement and which, immediately after completion of the transactions comprising the Plan of Arrangement, will be identical in every relevant respect to the Serra Energy Shares;
- (t) **“party”** means either Serra Energy or SpinCo and **“parties”** means, collectively, Serra Energy and SpinCo;
- (u) **“Person”** means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, a trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;
- (v) **“Plan of Arrangement”** means the plan of arrangement attached to this Agreement as Exhibit I, as the same may be amended from time to time;
- (w) **“Registrar”** means the Registrar of Companies under the BCBCA;
- (x) **“Serra Energy Class A Shares”** means the renamed and redesignated Serra Energy Shares, as further described in the Plan of Arrangement;
- (y) **“Serra Energy Meeting”** means the annual general and special meeting of the Serra Energy Shareholders and any adjournments thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (z) **“Serra Energy Shareholder”** means a holder of Serra Energy Shares;
- (aa) **“Serra Energy Shares”** means the common shares without par value which Serra Energy is authorized to issue as the same are constituted on the date hereof;
- (bb) **“SpinCo Shares”** means the common shares without par value which SpinCo is authorized to issue as the same are constituted on the date hereof;
- (cc) **“Tax Act”** means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended; and
- (dd) **“U.S. Securities Act”** means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.2. Currency. All amounts of money which are referred to in this Agreement are expressed in lawful money of Canada unless otherwise specified.

1.3. Interpretation Not Affected by Headings. The division of this Agreement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Agreement. The terms “this Agreement”, “hereof”, “herein”, “hereunder” and similar expressions refer to this Agreement and the exhibits hereto as a whole and not to any particular Article, Section, subsection, paragraph or subparagraph hereof and include any agreement or instrument supplementary or ancillary hereto.

1.4. Number and Gender. In this Agreement, unless the context otherwise requires, words importing the singular shall include the plural and vice versa and words importing the use of either gender shall include both genders and neuter and words importing persons shall include firms and corporations.

1.5. Date for any Action. In the event that any date on which any action is required to be taken hereunder by Serra Energy or SpinCo is not a Business Day in the place where the 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. Meaning. Words and phrases used herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.7. Exhibits. Attached hereto and deemed to be incorporated into and form part of this Agreement as Exhibit I is the Plan of Arrangement.

ARTICLE 2 ARRANGEMENT

2.1. Arrangement. The parties agree to effect the Arrangement pursuant to the Arrangement Provisions on the terms and subject to the conditions contained in this Agreement and the Plan of Arrangement.

2.2. Effective Date of Arrangement. The Arrangement shall become effective on the Effective Date as set out in the Plan of Arrangement.

2.3. Commitment to Effect. Subject to termination of this Agreement pursuant to Article 6 hereof, the parties shall each use all reasonable efforts and do all things reasonably required to cause the Plan of Arrangement to become effective by no later than November 28, 2025, or by such other date as Serra Energy and SpinCo may determine, and in conjunction therewith to cause the conditions described in Section 5.1 to be complied with prior to the Effective Date. Without limiting the generality of the foregoing, the parties shall proceed forthwith to apply for the Interim Order and Serra Energy shall call the Serra Energy Meeting and mail the Information Circular to the Serra Energy Shareholders.

2.4. Filing of Final Order. Subject to the rights of termination contained in Article 6 hereof, upon the Serra Energy Shareholders approving the Arrangement Resolutions in accordance

with the provisions of the Interim Order and the BCBCA, Serra Energy obtaining the Final Order and the other conditions contained in Article 5 hereof being complied with or waived, Serra Energy on its behalf and on behalf of SpinCo shall file with the Registrar:

- (a) the records and information required by the Registrar pursuant to the Arrangement Provisions; and
- (b) a copy of the Final Order.

2.5. U.S. Securities Law Matters. The parties agree that the Arrangement will be carried out with the intention that, assuming the Final Order is granted by the Court, the New Serra Energy Shares and the SpinCo Shares delivered upon completion of the Arrangement to Serra Energy Shareholders will be issued by Serra Energy and SpinCo in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) thereof and pursuant to exemptions from applicable securities laws of any states of the United States. In order to ensure the availability of the exemption under Section 3(a)(10) of the U.S. Securities Act and to facilitate Serra Energy's and SpinCo's compliance with other U.S. securities laws, the parties agree that the Arrangement will be carried out on the following basis:

- (a) the Arrangement will be subject to the approval of the Court and the Court will hold a hearing approving the fairness of the terms and conditions of the Arrangement;
- (b) prior to the issuance of the Interim Order, the Court will be advised as to the intention of the parties to rely on the exemption provided by Section 3(a)(10) of the U.S. Securities Act with respect to the issuance of the New Serra Energy Shares and the SpinCo Shares pursuant to the Arrangement based on the Court's approval of the Arrangement;
- (c) prior to the issuance of the Interim Order, Serra Energy will file with the Court a copy of the proposed text of the Information Circular together with any other documents required by applicable law in connection with the Serra Energy Meeting;
- (d) the Court will be requested to satisfy itself as to the substantive and procedural fairness of the terms and conditions of the Arrangement to the Serra Energy Shareholders subject to the Arrangement;
- (e) Serra Energy will ensure that each Serra Energy Shareholder entitled to receive New Serra Energy Shares and SpinCo Shares on completion of the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with sufficient information necessary for them to exercise that right;
- (f) the Serra Energy Shareholders entitled to receive New Serra Energy Shares and SpinCo Shares on completion of the Arrangement will be advised in the Information Circular that the New Serra Energy Shares and SpinCo Shares issued in the Arrangement have not been and will not be registered under the U.S. Securities Act and will be issued in reliance on the exemption under Section

3(a)(10) of the U.S. Securities Act and pursuant to exemptions under applicable securities laws of any state of the United States;

- (g) the Final Order approving the Arrangement that is obtained from the Court will expressly state that the terms and conditions of the Arrangement is approved by the Court as being fair, substantively and procedurally, and reasonable to the Serra Energy Shareholders;
- (h) the Interim Order approving the Serra Energy Meeting will specify that each Serra Energy Shareholder will have the right to appear before the Court at the hearing of the Court to give approval of the Arrangement so long as the Serra Energy Shareholder enters an appearance within a reasonable time and in accordance with the requirements of Section 3(a)(10) under the U.S. Securities Act; and
- (i) Serra Energy shall request that the Final Order shall include a statement substantially to the following effect:

“This Order will serve as a basis of a claim to an exemption, pursuant to Section 3(a)(10) of the United States Securities Act of 1933, as amended, from the registration requirements otherwise imposed by that Act, regarding the issuance of New Serra Energy Shares and SpinCo Shares pursuant to the Plan of Arrangement.”

ARTICLE 3 REPRESENTATIONS AND WARRANTIES

3.1. Representations and Warranties. Each of the parties hereby represents and warrants to the other party that:

- (a) it is a company duly incorporated and validly subsisting under the laws of its jurisdiction of incorporation, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) it has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and to consummate the transactions contemplated herein and this Agreement has been duly executed and delivered by it;
- (c) neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of (i) any provision of its Constating Documents or other governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it, or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) no dissolution, winding up, bankruptcy, liquidation or similar proceedings has been commenced or are pending or proposed in respect of it.

ARTICLE 4 COVENANTS

4.1. Covenants. Each of the parties covenants with the other that it will do and perform all such acts and things, and execute and deliver all such agreements, assurances, notices and other documents and instruments, as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

4.2. Interim Order and Final Order. The parties acknowledge that Serra Energy will apply to and obtain from the Court, pursuant to the Arrangement Provisions, the Interim Order providing for, among other things, the calling and holding of the Serra Energy Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement Resolutions. The parties each covenant and agree that if the approval of the Arrangement by the Serra Energy Shareholders as set out in Section 5.1(b) hereof is obtained, Serra Energy will thereafter (subject to the exercise of any discretionary authority granted to the Board of Directors) take the necessary actions to submit the Arrangement to the Court for approval and apply for the Final Order and, subject to compliance with any of the other conditions provided for in Article 5 hereof and to the rights of termination contained in Article 6 hereof, file the materials described in Section 2.4 with the Registrar.

ARTICLE 5 CONDITIONS

5.1. Conditions Precedent. The respective obligations of the parties to complete the transactions contemplated by this Agreement shall be subject to the satisfaction of the following conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Serra Energy;
- (b) the Arrangement Resolutions, with or without amendment, shall have been approved and adopted at the Serra Energy Meeting in accordance with the Arrangement Provisions, the Constating Documents of Serra Energy, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Final Order shall have been obtained in form and substance satisfactory to each of Serra Energy and SpinCo;
- (d) the CSE shall have conditionally approved the Arrangement, including the listing of the Serra Energy Class A Shares in substitution for the Serra Energy Shares, the delisting of the Serra Energy Class A Shares and, in substitution therefor, the listing of the New Serra Energy Shares issuable under the Arrangement, as of the Effective Date, subject to compliance with the requirements of the CSE;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the Persons, authorities or bodies having

jurisdiction in the circumstances each in form acceptable to Serra Energy and SpinCo;

- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Plan of Arrangement;
- (g) no law, regulation or policy shall have been proposed, enacted, promulgated or applied which interferes or is inconsistent with the completion of the Arrangement and Plan of Arrangement, including any material change to the income tax laws of Canada, which would reasonably be expected to have a material adverse effect on any of Serra Energy, the Serra Energy Shareholders or SpinCo if the Arrangement is completed;
- (h) notices of dissent pursuant to Article 5 of the Plan of Arrangement shall not have been delivered by Serra Energy Shareholders holding greater than 5% of the outstanding Serra Energy Shares; and
- (i) this Agreement shall not have been terminated under Article 6 hereof.

Except for the conditions set forth in Sections 5.1(a), (b), (c), (d) and (i), which may not be waived, any of the other conditions in this Section 5.1 may be waived by either Serra Energy or SpinCo at its discretion.

5.2. Pre-Closing. Unless this Agreement is terminated earlier pursuant to the provisions hereof, the parties shall, on the Business Day immediately preceding the Effective Date or at such other time or on such other date as they may mutually agree, deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

5.3. Merger of Conditions. The conditions set out in Section 5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

5.4. Merger of Representations, Warranties and Covenants. The representations and warranties in Section 3.1 shall be conclusively deemed to be correct as of the Effective Date and the covenants in Section 4.1 hereof shall be conclusively deemed to have been complied with in all respects as of the Effective Date, and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

ARTICLE 6 AMENDMENT AND TERMINATION

6.1. Amendment. Subject to any mandatory applicable restrictions under the Arrangement Provisions or the Final Order, this Agreement, including the Plan of Arrangement, may at any time and from time to time before or after the holding of the Serra Energy Meeting, but prior to the Effective Date, be amended by the written agreement of the parties hereto without, subject to applicable law, further notice to or authorization on the part of the Serra Energy Shareholders.

6.2. Termination. Subject to Section 6.3, this Agreement may at any time before or after the holding of the Serra Energy Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the Board of Directors without further action on the part of the Serra Energy Shareholders and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the Board of Directors to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

6.3. Cessation of Right. The right of Serra Energy or SpinCo or any other party to amend or terminate the Plan of Arrangement pursuant to Section 6.1 and Section 6.2 shall be extinguished upon the occurrence of the Effective Date.

ARTICLE 7 GENERAL

7.1. Notices. Each notice, demand or other communication required or permitted to be given hereunder shall be effective if by email, in writing and delivered personally or sent by pre-paid mail, as follows:

in the case of Serra Energy:

907 - 1030 West Georgia St.
Vancouver, British Columbia, V6E 2Y3, Canada

Attention: Vince Sorace, Chief Executive Officer and Director
Email: [REDACTED - PERSONAL INFORMATION]

in the case of SpinCo:

907 -1030 West Georgia St.
Vancouver, British Columbia, V6E 2Y3, Canada

Attention: Gavin Cooper, Director
Email: [REDACTED - PERSONAL INFORMATION]

7.2. Assignment. Neither of the parties may assign its rights or obligations under this Agreement or the Arrangement without the prior written consent of the other.

7.3. Binding Effect. This Agreement and the Arrangement shall be binding upon and shall enure to the benefit of the parties and their respective successors and permitted assigns.

7.4. Waiver. Any waiver or release of the provisions of this Agreement, to be effective, must be in writing and executed by the party granting such waiver or release.

7.5. Governing Law. This Agreement shall be governed by and be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein.

7.6. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

7.7. Expenses. All expenses incurred by a party in connection with this Agreement, the Arrangement and the transactions contemplated hereby and thereby shall be borne by the party that incurred the expense or as otherwise mutually agreed by the parties.

7.8. Entire Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties.

7.9. Time of Essence. Time is of the essence of this Agreement.

[Signature Page Follows]

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

**SERRA ENERGY METALS
CORP.**

Per: /s/ Vince Sorace
Vince Sorace
Chief Executive Officer, Director

1548043 B.C. LTD.

Per: /s/ Gavin Cooper
Gavin Cooper
Director

EXHIBIT I

TO THE ARRANGEMENT AGREEMENT DATED AS OF THE 25th DAY OF SEPTEMBER, 2025 BETWEEN SERRA ENERGY METALS CORP. AND 1548043 B.C. INC.

PLAN OF ARRANGEMENT UNDER PART 9, DIVISION 5 OF THE *BUSINESS CORPORATIONS ACT* (BRITISH COLUMBIA)

ARTICLE 1 DEFINITIONS AND INTERPRETATION

1.1. Definitions. In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following capitalized words and terms shall have the following meanings:

- (a) “**Arrangement**” means the arrangement pursuant to the Arrangement Provisions on the terms and conditions set out herein;
- (b) “**Arrangement Agreement**” means the arrangement agreement dated as of September 25, 2025 between Serra Energy and SpinCo, as may be supplemented or amended from time to time;
- (c) “**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;
- (d) “**Arrangement Resolutions**” means the special resolutions of the Serra Energy Shareholders to approve the Arrangement, as required by the Interim Order and the BCBCA;
- (e) “**BCBCA**” means the *Business Corporations Act*, S.B.C. 2002, c. 57, as amended;
- (f) “**Board of Directors**” means the current and existing board of directors of Serra Energy;
- (g) “**Business Day**” means a day which is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;
- (h) “**Court**” means the Supreme Court of British Columbia;
- (i) “**CSE**” means the Canadian Securities Exchange;
- (j) “**Depository**” means Odyssey Trust Company, or such other depository as Serra Energy may determine;

- (k) **“Dissent Procedures”** means the rules pertaining to the exercise of Dissent Rights as set forth in Division 2 of Part 8 of the BCBCA and Article 5 of this Plan of Arrangement;
- (l) **“Dissent Rights”** means the rights of dissent granted in favour of registered holders of Serra Energy Shares in accordance with Article 5 of this Plan of Arrangement;
- (m) **“Dissenting Share”** has the meaning given in Section 3.1(a) of this Plan of Arrangement;
- (n) **“Dissenting Shareholder”** means a registered holder of Serra Energy Shares who dissents in respect of the Arrangement in strict compliance with the Dissent Procedures and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights;
- (o) **“Effective Date”** shall be the date of the closing of the Arrangement;
- (p) **“Effective Time”** means 12:01 a.m. (Vancouver time) on the Effective Date or such other time on the Effective Date as agreed to in writing by Serra Energy and SpinCo;
- (q) **“Final Order”** means the final order of the Court approving the Arrangement;
- (r) **“Information Circular”** means the management information circular of Serra Energy, including all schedules thereto, to be sent to the Serra Energy Shareholders in connection with the Serra Energy Meeting, together with any amendments or supplements thereto;
- (s) **“Interim Order”** means the interim order of the Court providing advice and directions in connection with the Serra Energy Meeting and the Arrangement;
- (t) **“Letter of Transmittal”** means the letter of transmittal in respect of the Arrangement to be sent to Serra Energy Shareholders together with the Information Circular;
- (u) **“New Serra Energy Shares”** means a new class of voting common shares without par value which Serra Energy will create and issue as described in Section 3.1(b)(ii) of this Plan of Arrangement and for which the Serra Energy Class A Shares are, in part, to be exchanged under the Plan of Arrangement;
- (v) **“Plan of Arrangement”** means this plan of arrangement, as the same may be amended from time to time;
- (w) **“Registrar”** means the Registrar of Companies under the BCBCA;
- (x) **“Serra Energy”** means Serra Energy Metals Corp., a company existing under the BCBCA;

- (y) “**Serra Energy Class A Shares**” means the renamed and redesignated Serra Energy Shares as described in Section 3.1(b)(i) of this Plan of Arrangement;
- (z) “**Serra Energy Meeting**” means the annual general and special meeting of the Serra Energy Shareholders and any adjournments thereof to be held to, among other things, consider and, if deemed advisable, approve the Arrangement;
- (aa) “**Serra Energy Shareholder**” means a holder of Serra Energy Shares;
- (bb) “**Serra Energy Shares**” means the common shares without par value which Serra Energy is authorized to issue as the same are constituted on the date hereof;
- (cc) “**Share Distribution Record Date**” means the close of business on the Business Day immediately preceding the Effective Date for the purpose of determining the Serra Energy Shareholders entitled to receive New Serra Energy Shares and SpinCo Shares pursuant to this Plan of Arrangement or such other date as the Board of Directors may select;
- (dd) “**SpinCo**” means 1548043 B.C. Ltd., a company existing under the BCBCA;
- (ee) “**SpinCo Shareholder**” means a holder of SpinCo Shares;
- (ff) “**SpinCo Shares**” means the common shares without par value which SpinCo is authorized to issue as the same are constituted on the date hereof;
- (gg) “**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1985 (5th Supp.) c.1, as amended; and
- (hh) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.2. Interpretation Not Affected by Headings. The division of this Plan of Arrangement into Articles, Sections, subsections, paragraphs and subparagraphs and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless otherwise specifically indicated, the terms “this Plan of Arrangement”, “hereof”, “hereunder” and similar expressions refer to this Plan of Arrangement as a whole and not to any particular Article, Section, subsection, paragraph or subparagraph and include any agreement or instrument supplementary or ancillary hereto.

1.3. Number and Gender. Unless the context otherwise requires, words importing the singular number only shall include the plural and vice versa, words importing the use of either gender shall include both genders and neuter and words importing persons shall include firms and corporations.

1.4. Meaning. Words and phrases used herein and defined in the BCBCA shall have the same meaning herein as in the BCBCA, unless the context otherwise requires.

1.5. Date for any Action. If any date on which any action is required to be taken under this Plan of Arrangement is not a Business Day, such action shall be required to be taken on the next succeeding Business Day.

1.6. Governing Law. This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

ARTICLE 2 ARRANGEMENT AGREEMENT

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

2.2. Arrangement Effectiveness. The Arrangement and this Plan of Arrangement shall become final and conclusively binding on Serra Energy, the Serra Energy Shareholders (including Dissenting Shareholders), and SpinCo Shareholders at the Effective Time without any further act or formality as required on the part of any person, except as expressly provided herein.

ARTICLE 3 THE ARRANGEMENT

3.1. The Arrangement. Commencing at the Effective Time, the following shall occur and be deemed to occur in the following chronological order without further act or formality notwithstanding anything contained in the provisions attaching to any of the securities of Serra Energy or SpinCo, but subject to the provisions of Article 5 of this Plan of Arrangement:

- (a) each Serra Energy Share outstanding in respect of which a Dissenting Shareholder has validly exercised his, her or its Dissent Rights (each, a “**Dissenting Share**”) shall be directly transferred and assigned by such Dissenting Shareholder to Serra Energy, without any further act or formality and free and clear of any liens, charges and encumbrances of any nature whatsoever, and will be cancelled and cease to be outstanding and such Dissenting Shareholders will cease to have any rights as Shareholders other than the right to be paid the fair value for their Serra Energy Shares by Serra Energy;
- (b) the authorized share structure of Serra Energy shall be altered by:
 - (i) renaming and redesignating all of the issued and unissued Serra Energy Shares as “Class A common shares without par value” and amending the special rights and restrictions attached to those shares to provide the holders thereof with two votes in respect of each share held, being the “**Serra Energy Class A Shares**”; and
 - (ii) creating a new class consisting of an unlimited number of “common shares without par value” with terms and special rights and restrictions identical to

those of the Serra Energy Shares immediately prior to the Effective Time, being the “**New Serra Energy Shares**”;

- (c) Serra Energy’s Notice of Articles shall be amended to reflect the alterations in Section 3.1(b) of this Plan of Arrangement;
- (d) each issued and outstanding Serra Energy Class A Share outstanding on the Share Distribution Record Date shall be exchanged for: (i) one New Serra Energy Share; and (ii) 0.5 of a SpinCo Share, the holders of the Serra Energy Class A Shares will be removed from the central securities register of Serra Energy as the holders of such and will be added to the central securities register of Serra Energy as the holders of the number of New Serra Energy Shares that they have received on the exchange set forth in this Section 3.1(d), and the SpinCo Shares transferred to the then holders of the Serra Energy Class A Shares will be registered in the name of the former holders of the Serra Energy Class A Shares and Serra Energy will provide SpinCo and its registrar and transfer agent notice to make the appropriate entries in the central securities register of SpinCo;
- (e) all of the issued Serra Energy Class A Shares shall be cancelled with the appropriate entries being made in the central securities register of Serra Energy, and the aggregate paid-up capital (as that term is used for purposes of the Tax Act) of the New Serra Energy Shares will be equal to that of the Serra Energy Shares immediately prior to the Effective Time less the fair market value of the SpinCo Shares distributed pursuant to Section 3.1(d) of this Plan of Arrangement; and
- (f) the authorized share structure of Serra Energy shall be altered by eliminating the Serra Energy Class A Common Shares, and the Notice of Articles of Serra Energy will be amended to reflect such alteration.

3.2. No Fractional Shares. Notwithstanding any other provision of this Arrangement, while each Serra Energy Shareholder’s fractional shares will be combined, no fractional SpinCo Shares shall be distributed to the Serra Energy Shareholders, and, as a result, all fractional amounts arising under this Plan of Arrangement shall be rounded down to the next whole number without any compensation therefor. Any SpinCo Shares not distributed as a result of so rounding down shall be cancelled by SpinCo.

3.3. Share Distribution Record Date. In Section 3.1(d) of this Plan of Arrangement, the reference to a holder of a Serra Energy Class A Share shall mean a person who is a Serra Energy Shareholder on the Share Distribution Record Date, subject to the provisions of Article 5.

3.4. Deemed Time for Redemption. In addition to the chronological order in which the transactions and events set out in Section 3.1 of this Plan of Arrangement shall occur and shall be deemed to occur, the time on the Effective Date for the exchange of Serra Energy Class A Shares for New Serra Energy Shares and SpinCo Shares set out in Section 3.1(d) of this Plan of Arrangement shall occur and shall be deemed to occur immediately after the time of listing of the New Serra Energy Shares on the CSE on the Effective Date.

3.5. Deemed Fully Paid and Non-Assessable Shares. All New Serra Energy Shares, Serra Energy Class A Shares and SpinCo Shares issued pursuant hereto shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.

3.6. Supplementary Actions. Notwithstanding that the transactions and events set out in Section 3.1 of this Plan of Arrangement shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of Serra Energy and SpinCo shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in Section 3.1 of this Plan of Arrangement, including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefor, and any necessary additions to or deletions from share registers.

3.7. Withholding. Each of Serra Energy, SpinCo and the Depositary shall be entitled to deduct and withhold from any cash payment or any issue, transfer or distribution of New Serra Energy Shares or SpinCo Shares made pursuant to this Plan of Arrangement such amounts as may be required to be deducted and withheld pursuant to the Tax Act or any other applicable law, and any amount so deducted and withheld will be deemed for all purposes of this Plan of Arrangement to be paid, issued, transferred or distributed to the person entitled thereto under the Plan of Arrangement. Without limiting the generality of the foregoing, any New Serra Energy Shares or SpinCo Shares so deducted and withheld may be sold on behalf of the person entitled to receive them for the purpose of generating cash proceeds, net of brokerage fees and other reasonable expenses, sufficient to satisfy all remittance obligations relating to the required deduction and withholding, and any cash remaining after such remittance shall be paid to the person forthwith.

3.8. No Liens. Any exchange or transfer of securities pursuant to this Plan of Arrangement shall be free and clear of any liens, restrictions, adverse claims or other claims of third parties of any kind.

3.9. U.S. Securities Law Matters. Notwithstanding any provision herein to the contrary, Serra Energy and SpinCo each agree that this Plan of Arrangement will be carried out with the intention that (and the Court is advised that the Arrangement will be carried out with the intention that), and they will use their commercially reasonable best efforts to ensure that, all securities issued on completion of the Arrangement will be issued in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Section 3(a)(10) of the U.S. Securities Act and similar exemptions under applicable state securities laws.

ARTICLE 4 CERTIFICATES

4.1. Serra Energy Class A Shares. Recognizing that the Serra Energy Shares shall be renamed and redesignated as Serra Energy Class A Shares pursuant to Section 3.1(b)(i) of this Plan of Arrangement and that the Serra Energy Class A Shares shall be exchanged partially for New Serra Energy Shares pursuant to Section 3.1(d) of this Plan of Arrangement, Serra Energy

shall not issue replacement share certificates representing the Serra Energy Class A Shares.

4.2. SpinCo Share Certificates. As soon as practicable following the Effective Date, SpinCo shall deliver or cause to be delivered to the Depositary certificates representing the SpinCo Shares required to be issued to registered holders of Serra Energy Shares as at immediately prior to the Effective Time in accordance with the provisions of Section 3.1(d) of this Plan of Arrangement, which certificates shall be held by the Depositary as agent and nominee for such holders for distribution thereto in accordance with the provisions of Section 6.1 hereof.

4.3. New Serra Energy Share Certificates. As soon as practicable following the Effective Date, Serra Energy shall deliver or cause to be delivered to the Depositary certificates representing the New Serra Energy Shares required to be issued to registered holders of Serra Energy Shares as at immediately prior to the Effective Time in accordance with the provisions of Section 3.1(d) of this Plan of Arrangement, which certificates shall be held by the Depositary as agent and nominee for such holders for distribution thereto in accordance with the provisions of Section 6.1 hereof.

4.4. Interim Period. Any Serra Energy Shares traded after the Share Distribution Record Date will represent New Serra Energy Shares as of the Effective Date and shall not carry any rights to receive SpinCo Shares.

ARTICLE 5 RIGHTS OF DISSENT

5.1. Dissent Right. Registered holders of Serra Energy Shares may exercise Dissent Rights with respect to their Serra Energy Shares in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in the Dissent Procedures, as they may be amended by the Interim Order, Final Order or any other order of the Court, and provided that such dissenting Shareholder delivers a written notice of dissent to Serra Energy at least two Business Days before the day of the Serra Energy Meeting or any adjournment or postponement thereof.

5.2. Dealing with Dissenting Shares. Serra Energy Shareholders who duly exercise Dissent Rights with respect to their Dissenting Shares and who:

- (a) are ultimately entitled to be paid fair value for their Dissenting Shares by Serra Energy shall be deemed to have transferred their Dissenting Shares to Serra Energy for cancellation as of the Effective Time pursuant to Section 3.1(a); or
- (b) for any reason are ultimately not entitled to be paid for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Serra Energy Shareholder and shall receive New Serra Energy Shares and SpinCo Shares on the same basis as every other non-dissenting Serra Energy Shareholder; but in no case shall Serra Energy be required to recognize such persons as holding Serra Energy Shares on or after the Effective Date.

5.3. Reservation of SpinCo Shares. If a Serra Energy Shareholder exercises Dissent Rights, Serra Energy shall, on the Effective Date, set aside and not distribute that portion of the SpinCo Shares which is attributable to the Serra Energy Shares for which Dissent Rights have been

exercised. If the dissenting Serra Energy Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Serra Energy shall distribute to such Serra Energy Shareholder his, her, or its pro rata portion of the SpinCo Shares. If a Serra Energy Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid for their Dissenting Shares, then Serra Energy shall retain the portion of the SpinCo Shares attributable to such Serra Energy Shareholder and such shares will be dealt with as determined by the Board of Directors in its discretion.

ARTICLE 6 DELIVERY OF SHARES

6.1. Delivery of Shares.

- (a) Upon surrender to the Depositary for cancellation of a certificate that immediately before the Effective Time represented one or more outstanding Serra Energy Shares, together with a duly completed and executed Letter of Transmittal and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate will be entitled to receive in exchange therefor, and the Depositary shall deliver to such holder following the Effective Time, a certificate representing the New Serra Energy Shares and a certificate representing the SpinCo Shares that such holder is entitled to receive in accordance with Section 3.1 hereof.
- (b) After the Effective Time and until surrendered for cancellation as contemplated by Section 6.1(a) hereof, each certificate that immediately prior to the Effective Time represented one or more Serra Energy Shares shall be deemed at all times to represent only the right to receive in exchange therefor a certificate representing the New Serra Energy Shares and a certificate representing the SpinCo Shares that such holder is entitled to receive in accordance with Section 3.1 hereof.

6.2. Lost Certificates. If any certificate that immediately prior to the Effective Time represented one or more outstanding Serra Energy Shares that were exchanged for New Serra Energy Shares and SpinCo Shares in accordance with Section 3.1 hereof, shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder claiming such certificate to be lost, stolen or destroyed, the Depositary shall deliver in exchange for such lost, stolen or destroyed certificate, the New Serra Energy Shares and SpinCo Shares that such holder is entitled to receive in accordance with Section 3.1 hereof. When authorizing such delivery of New Serra Energy Shares and SpinCo Shares that such holder is entitled to receive in exchange for such lost, stolen or destroyed certificate, the holder to whom such securities are to be delivered shall, as a condition precedent to the delivery of such New Serra Energy Shares and SpinCo Shares give a bond satisfactory to Serra Energy, SpinCo and the Depositary in such amount as Serra Energy, SpinCo and the Depositary may direct, or otherwise indemnify Serra Energy, SpinCo and the Depositary in a manner satisfactory to Serra Energy, SpinCo and the Depositary, against any claim that may be made against Serra Energy, SpinCo or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed and shall otherwise take such actions as may be required by the articles of Serra Energy.

6.3. Distributions with Respect to Unsurrendered Certificates. No dividend or other distribution declared or made after the Effective Time with respect to New Serra Energy Shares or SpinCo Shares with a record date after the Effective Time shall be delivered to the holder of any unsurrendered certificate that, immediately prior to the Effective Time, represented outstanding Serra Energy Shares unless and until the holder of such certificate shall have complied with the provisions of Section 6.1 or Section 6.2 hereof. Subject to applicable law and to Section 3.7 hereof, at the time of such compliance, there shall, in addition to the delivery of the New Serra Energy Shares and SpinCo Shares to which such holder is thereby entitled, be delivered to such holder, without interest, the amount of the dividend or other distribution with a record date after the Effective Time theretofore paid with respect to such New Serra Energy Shares and/or SpinCo Shares, as applicable.

6.4. Limitation and Proscription. To the extent that a former Serra Energy Shareholder shall not have complied with the provisions of Section 6.1 or Section 6.2 hereof, as applicable, on or before the date that is six years after the Effective Date (the “**Final Proscription Date**”), then the New Serra Energy Shares and SpinCo Shares that such former Serra Energy Shareholder was entitled to receive shall be automatically cancelled without any repayment of capital in respect thereof and the New Serra Energy Shares and SpinCo Shares to which such Serra Energy Shareholder was entitled, shall be delivered to SpinCo (in the case of the SpinCo Shares) or Serra Energy (in the case of the New Serra Energy Shares) by the Depositary and certificates representing such New Serra Energy Shares and SpinCo Shares shall be cancelled by Serra Energy and SpinCo, as applicable, and the interest of the former Serra Energy Shareholder in such New Serra Energy Shares and SpinCo Shares or to which it was entitled shall be terminated as of such Final Proscription Date.

6.5. Paramountcy. From and after the Effective Time: (i) this Plan of Arrangement shall take precedence and priority over any and all Serra Energy Shares issued prior to the Effective Time; and (ii) the rights and obligations of the registered holders of Serra Energy Shares, SpinCo, the Depositary and any transfer agent or other depositary therefor, shall be solely as provided for in this Plan of Arrangement.

ARTICLE 7 AMENDMENTS & WITHDRAWAL

7.1. Amendments. Serra Energy, in its sole discretion, reserves the right to amend, modify and/or supplement this Plan of Arrangement from time to time at any time prior to the Effective Time provided that any such amendment, modification or supplement must be contained in a written document that is filed with the Court and, if made following the Serra Energy Meeting, approved by the Court.

7.2. Amendments Made Prior to or at the Serra Energy Meeting. Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Serra Energy at any time prior to or at the Serra Energy Meeting with or without any prior notice or communication, and if so proposed and accepted by the Serra Energy Shareholders voting at the Serra Energy Meeting, shall become part of this Plan of Arrangement for all purposes.

7.3. Amendments Made After the Serra Energy Meeting. Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Serra Energy after the Serra Energy Meeting but prior to the Effective Time and any such amendment, modification or supplement which is approved by the Court following the Serra Energy Meeting shall be effective and shall become part of the Plan of Arrangement for all purposes. Notwithstanding the foregoing, any amendment, modification or supplement to this Plan of Arrangement may be made following the granting of the Final Order unilaterally by Serra Energy, provided that it concerns a matter which, in the reasonable opinion of Serra Energy, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any holder of New Serra Energy Shares or SpinCo Shares.

7.4. Withdrawal. Notwithstanding any prior approvals by the Court or by Serra Energy Shareholders, the Board of Directors may decide not to proceed with the Arrangement and to revoke the Arrangement Resolutions at any time prior to the Effective Time, without further approval of the Court or the Serra Energy Shareholders.