ARRANGEMENT AGREEMENT

between

KULCZYK OIL VENTURES INC.

- and -

KULCZYK INVESTMENTS S.A.

- and -

WINSTAR RESOURCES LTD.

April 24, 2013

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ARRANGEMENT AGREEMENT

THIS ARRANGEMENT AGREEMENT is dated as of the 24th day of April, 2013.

BETWEEN:

KULCZYK OIL VENTURES INC., a corporation existing under the laws of the Province of Alberta,

(the "**Purchaser**")

- and -

KULCZYK INVESTMENTS S.A., a corporation existing under the laws of Luxembourg,

(the "**Co-Purchaser**")

- and -

WINSTAR RESOURCES LTD., a corporation existing under the laws of the Province of Alberta,

(the "**Company**")

(collectively, the "**Parties**" and each of them is a "**Party**")

RECITALS:

A. The Purchaser and the Co-Purchaser, together with certain other investors led by the Co-Purchaser who may become a party to this Agreement from time to time (together with the Co-Purchaser, the "**Consortium**"), desire to acquire all of the issued and outstanding common shares in the capital of the Company (the "**Company Shares**") by way of an arrangement (the "**Arrangement**") under the provisions of the *Business Corporations Act* (Alberta).

B. After receiving financial and legal advice, the members of the board of directors of the Company (the "**Company Board**") voting on the resolution at a meeting of the Company Board to approve the Arrangement have determined that the Consideration (as defined herein) to be received by the Company Shareholders (as defined herein) pursuant to the Arrangement is fair from a financial point of view and that the Arrangement is in the best interests of the Company, and have resolved to support the Arrangement and to recommend that the holders of the Company Shares vote in favour of the Arrangement, all subject to the terms and conditions contained herein.

C. The Purchaser and the Co-Purchaser have entered into voting support agreements, each dated as of the date hereof, with each of the directors and executive officers of the Company and certain significant shareholders of the Company (collectively, the "**Voting Agreements**"), pursuant to which, among other things, such parties have agreed, subject

to the terms and conditions thereof, to vote all Company Shares held by them in favour of the Arrangement and to elect to receive either the Cash Alternative (as defined herein) or the Share Alternative (as defined herein) in respect of their Company Shares.

D. In furtherance of the foregoing, the Parties have entered into this Agreement to provide for the matters referred to in these Recitals and for other matters relating to the Arrangement.

THEREFORE the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement, including the Preamble and the Recitals hereto, unless the context otherwise requires, the following words and terms have the respective meanings set out below:

"**1933 Act**" means the United States *Securities Act of 1933*, as amended;

"**1934 Act**" means the United States *Securities Exchange Act of 1934*, as amended;

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

"**Acquisition Proposal**" means:

(a) any written or oral offer, proposal, inquiry or request for discussions or negotiations from any Person or group of joint actors (other than the Purchaser or any affiliate of the Purchaser or any Person acting in concert with the Purchaser or any affiliate of the Purchaser) after the date hereof relating to any:

(i) merger, amalgamation, business combination, take-over bid, tender offer, arrangement, consolidation, recapitalization, reorganization, liquidation, dissolution, winding up, distribution or share exchange involving the Company and/or one or more of its subsidiaries;

(ii) sale of assets of the Company and/or one or more of its subsidiaries representing 20% or more of the consolidated assets or contributing 20% or more of the consolidated revenue of the Company and its subsidiaries (or any lease, long-term supply agreement or other arrangement having the same economic effect);

(iii) direct or indirect take-over bid, issuer bid, exchange offer, treasury issuance or similar transaction, that, if consummated, would result in a Person or joint actors beneficially owning 20% or more of any class of voting or equity securities or any other equity interests (including securities convertible into or exercisable or exchangeable for equity interests) of the Company and/or one or more of its subsidiaries; or

(iv) any other transaction, the consummation of which would or could reasonably be expected to impede, interfere with, prevent or delay the transactions contemplated by this Agreement or the Arrangement; or

(b) a proposal or offer or public announcement or other public disclosure of an intention to do any of the foregoing, directly or indirectly, excluding, in each case, the Arrangement or any transaction contemplated by this Agreement to which the Company or any of its affiliates is a party, but including for greater certainty, any modification or proposed modification to an Acquisition Proposal;

"**Acts**" has the meaning ascribed to it in Section 3.1(p)(iii);

"**affiliate**" and "**associate**" have the respective meanings ascribed to them in the Securities Act;

"**Agreement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" or other similar expressions means this arrangement agreement, including all schedules, and all amendments or restatements, as permitted, and references to "**Article**", "**Section**" or "**Schedule**" mean the specified Article, Section or Schedule of this Agreement;

"**Arrangement**" has the meaning ascribed to it in the Recitals, but for greater certainty means the arrangement involving the Company, the Company Shareholders and other parties under section 193 of the ABCA on the terms and subject to the conditions set forth herein and in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 9.5 of this Agreement and Article 6.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company, the Purchaser and the Co-Purchaser, each acting reasonably;

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement to be considered and voted upon by the Company Shareholders of record at the Company Meeting, such special resolution to be substantially in the form attached hereto as Schedule "A";

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement required by subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, which shall be in a form and content satisfactory to the Company, the Purchaser and the Co-Purchaser, each acting reasonably, and all other conditions to the completion of the Arrangement have been satisfied or waived, giving effect to the Arrangement;

"**Break Fee**" has the meaning ascribed to it in Section 9.2(c);

"**Break Fee Event**" has the meaning ascribed to it in Section 9.2(c);

"**Business Day**" means any day which is not a Saturday, a Sunday or a day observed as a statutory or civic holiday under applicable Law in Alberta, Canada, and on which the principal commercial banks are generally open for business during normal business hours in the City of Calgary, Alberta;

"**Canadian Securities Authorities**" means the Alberta Securities Commission and the applicable securities commissions and other securities regulatory authorities in each of the other provinces and territories of Canada;

"**Canadian Securities Laws**" means the Securities Act and all other applicable Canadian provincial and territorial securities Laws and the rules and regulations and published policies under or relating to the foregoing securities Laws;

"**Cash Alternative**" has the meaning ascribed to it in Section 2.1(a);

"**Certificate of Arrangement"** means the certificate of arrangement or other confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA in respect of the Articles of Arrangement;

"**Change in Recommendation**" has the meaning ascribed to it in Section 9.1(c);

"**Change of Control Payments** has the meaning set forth in subsection 2.10(b);

"**Claims**" includes claims, demands, complaints, grievances, Orders, actions, applications, suits, causes of action, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments of fines, judgments, debts, liabilities, penalties, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

"**Closing**" has the meaning ascribed to it in Section 2.7(d);

"**Closing Payment Calculation**" has the meaning ascribed to it in Section 2.8(c);

"**Co-Purchaser**" has the meaning ascribed to it in the Preamble;

"**Collective Agreements**" means collective agreements and related documents including benefit agreements, letters of understanding, letters of intent and other written communications with bargaining agents, trade unions, councils of trade unions, employee bargaining agencies, affiliated bargaining agents or employee associations by which the Company or any of its subsidiaries is bound or which apply to any Company Employees or which impose any obligations upon the Company or any of its subsidiaries;

"**Company**" has the meaning ascribed to it in the Preamble;

"**Company Board**" has the meaning ascribed to it in the Recitals;

"**Company Board Nominees**" has the meaning ascribed to it in Section 2.14;

"**Company Capital Program and Budget**" means the capital program and budget of the Company for the period from January 1, 2013 to December 31, 2013, a copy of which has been provided to the Purchaser by the Company prior to the date of this Agreement;

"**Company Data Room**" means the virtual data room established and maintained by the Company containing copies of materials disclosed by the Company to the Purchaser in connection with the Arrangement;

"**Company Employees**" means those individuals employed by the Company or any of its subsidiaries on a full-time, part-time or temporary basis, including those employees on disability leave, parental leave or other absence;

"**Company Financial Statements**" means the audited annual consolidated financial statements of the Company for the years ended December 31, 2012, 2011 and 2010, together with the report of the auditors thereon, and, once a Company Public Document, the unaudited interim consolidated financial statements of the Company for the period ended March 31, 2013;

"**Company Information**" means all information included in the Company Information Circular other than the Purchaser Information and the Consortium Information;

"**Company Information Circular**" means the notice of the Company Meeting and accompanying management proxy circular of the Company, including all appendices, schedules and exhibits thereto, and instruments of proxy, to be sent to, among others, the Company Shareholders of record in accordance with the Interim Order in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"**Company Intellectual Property**" has the meaning ascribed to it in Section 3.1(bb);

"**Company Meeting**" means the special meeting of the Company Shareholders of record, including any adjournments or postponements thereof, to be called and held in accordance with the Interim Order to consider and vote upon the Arrangement Resolution;

"**Company Option**" means an option to purchase Company Shares granted in accordance with the terms of the Company Stock Option Plan, whether vested or unvested, which has not been exercised, cancelled or otherwise terminated in accordance with the provisions of the Company Stock Option Plan;

"**Company Optionholder**" means a holder of Company Options;

"**Company Permits**" has the meaning ascribed to it in Section 3.1(r)(i);

"**Company Plans**" means all plans, arrangements, agreements, programs, policies, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, registered or unregistered which the Company or any of its subsidiaries is a party to or bound by or which the Company Employees or former employees, directors or officers of the Company or any of its subsidiaries or consultants (or any spouses, dependants, survivors or beneficiaries of any such persons) participate in or which the Company or any of its subsidiaries has, or will have, any liability or contingent liability under or, pursuant to which payments are made, or benefits are provided or an entitlement to payments or benefits may arise with respect to any Company Employees or former employees, directors or officers of the Company or any of its subsidiaries or consultants (or any spouses, dependants, survivors or beneficiaries of any such persons), relating to retirement savings, pensions, bonuses, profit sharing, retention, severance, deferred compensation, incentive compensation, life or accident insurance, hospitalization, health, medical or dental treatment or expenses, disability, employee loans, vacation pay, severance or termination pay or other employee benefits;

"**Company Public Documents**" has the meaning ascribed to it in Section 3.1(j)(i);

"**Company Representatives**" has the meaning ascribed to in Section 8.1(a);

"**Company Reserve Report**" has the meaning ascribed to it in Section 3.1(aa);

"**Company Shareholder**" means a registered or beneficial holder of the Company Shares, as the context requires;

"**Company Shares**" has the meaning ascribed to it in the Recitals;

"**Company Stock Option Plan**" means the amended and restated stock option plan of the Company dated May 18, 2011;

"**Conditional Option Exercise**" has the meaning ascribed to it in Section 2.11(c)(i);

"**Confidentiality Agreement**" means the confidentiality agreement between the Purchaser and the Company dated June 14, 2012;

"**Consideration**" has the meaning ascribed to it in Section 2.1(b);

"**Consortium**" has the meaning ascribed to it in the Recitals and each member of the Consortium is a "**Consortium Member**";

"**Consortium Information**" has the meaning ascribed to it in Section 2.4(e);

"**Contract**" means contracts, licences, leases, agreements, obligations, promises, undertakings, understandings, arrangements, documents, commitments, entitlements or engagements to which the Purchaser or its subsidiaries, or the Company or its subsidiaries, as applicable, is a party or by which it is bound or under which the Purchaser or its subsidiaries, or the Company or its subsidiaries, as applicable, has, or will have, any liability or contingent liability (in each case, whether written or oral, express or implied), and includes any quotations, orders, proposals or tenders which remain open for acceptance and warranties and guarantees;

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

"**D&O Insurance**" has the meaning ascribed to it in Section 8.3;

"**Depositary**" means Computershare Investor Services Inc., in its capacity as depositary for the Arrangement, or such other entity chosen by the Parties to act as depositary for the Arrangement;

"**Depositary Agreement**" means the depositary agreement among the Purchaser, the Consortium, the Company and the Depositary;

"**Dissent Rights**" means rights of dissent exercisable by the Company Shareholders in respect of the Arrangement as set forth in the Interim Order and described in the Plan of Arrangement;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" has the meaning ascribed to it in the Plan of Arrangement;

"**Election Deadline**" means 4:30 p.m. (local time at the place of deposit with the Depositary as provided in the Letter of Transmittal and Election Form) on the Election Date (as such term is defined is defined in the Plan of Arrangement);

"**Environmental Laws**" means any applicable Law regulating, relating to, or imposing liability or standards of conduct concerning pollution or protection of human health (including worker health and safety) and the environment;

"**Environmental Permit**" means any permit, license, approval, consent, certificate, waiver, registration, notification, exemption or authorization required or issued by any Governmental Authority under or in connection with any applicable Environmental Law;

"**Exclusivity Agreement**" means the letter agreement dated January 17, 2013 between the Purchaser and the Company;

"**Fairness Opinion**" means the opinion of FirstEnergy, the financial advisor to the Company, to the effect that, as of the date of such opinion and subject to the assumptions, qualifications and limitations set forth therein, the Consideration to be received by the Company Shareholders in connection with the Arrangement is fair, from a financial point of view, to such Company Shareholders;

"**Filing Date**" has the meaning ascribed to it in Section 2.7(c);

"**Filing Time**" has the meaning ascribed to it in Section 2.7(c);

"**Final Order**" means the final order of the Court approving the Arrangement to be granted pursuant to subsection 193(9) of the ABCA as such order may be amended or modified by the Court (with the consent of the Company, the Purchaser and the Co-Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Company, the Purchaser and the Co-Purchaser, each acting reasonably) on appeal;

"**FirstEnergy**" means FirstEnergy Capital LLP;

"**FirstEnergy Engagement Letter**" has the meaning ascribed to it in Section 3.1(nn);

"**GAAP**" means Canadian generally accepted accounting principles, as defined by the Accounting Standards Board of the Canadian Institute of Chartered Accountants in the Handbook of the Canadian Institute of Chartered Accountants at the relevant time applied on a consistent basis;

"**Governmental Authority**" means any supranational, international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, whether domestic or foreign, any subdivision, agent or authority of any of the foregoing:

(a) having or purporting to have jurisdiction on behalf of any nation, region, province, territory or state or any other geographic or political subdivision of any of them; or

(b) exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority;

"**Hazardous Materials**" mean any pollutant, contaminant, waste of any nature, hazardous substance, hazardous material, hazardous recyclable, toxic substance, dangerous substance or dangerous good as defined, judicially interpreted, or identified in any Environmental Laws;

"**HSBC Facilities**" means

(a) the $10 million credit facility established pursuant to the credit agreement dated December 22, 2009, as amended, among the Company, HSBC Bank Canada (as agent and co-arranger), Export Development Canada (as co-arranger) and HSBC Bank Canada and Export Development Canada and related documents thereto; and

(b) the $1.4 million standby letter of credit facility and the $1.17 million demand revolving line, established pursuant to the facility letters dated May 12, 2008 and September 15, 2009 among the Company, Winstar B.V. (as guarantor), Winstar Tunisia B.V. (as guarantor), Winstar Magyarorszag Kft. (as guarantor), and HSBC Bank Canada and related documents thereto.

"**IASB**" means the International Accounting Standards Board;

"**IFRS**" means the accounting standards issued by the IASB and the interpretations issued by the Standing Interpretation Committee of the IASB, as amended from time to time;

"**In-the-Money Amount**" has the meaning ascribed to it in Section 2.11(b);

"**Indemnified Persons**" has the meaning ascribed to it in Section 8.3(a);

"**Interim Order**" means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA in a form acceptable to the Company, the Purchaser and the Co-Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended or modified by the Court with the consent of the Company, the Purchaser and the Co-Purchaser, each acting reasonably;

"**Interim Period**" has the meaning ascribed to it in Section 6.1;

"**KI Loan**" means the amended and restated loan agreement dated December 11, 2012 between the Purchaser, as the borrower, and the Co-Purchaser, as the lender;

"**KI Loan Conversion Rate**" means one Purchaser Share for that amount of indebtedness converted under the KI Loan, expressed in Polish zloty, that is equal to the volume weighted average trading price of the Purchaser Shares on the WSE during the five (5) trading days prior to, and excluding, the earlier of: (a) the date of the Conversion Election Notice (as such term is

defined in the KI Loan) given to the Purchaser pursuant to the KI Loan; and (b) the Effective Date;

"**Laws**" means laws (including common law or civil law), statutes, by-laws, rules, regulations, Orders, ordinances, codes, treaties, policies, notices, directions, decrees, judgments, awards or other requirements, in each case of any Governmental Authority or self-regulatory authority, including the TSX and the WSE, and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"**Leased Real Property**" has the meaning ascribed to it in Section 3.1(y)(ii);

"**Letter of Transmittal and Election Form**" means the letter of transmittal and election form to be mailed to Company Shareholders with the Company Information Circular pursuant to which Company Shareholders may tender their respective certificates representing the Company Shares and may elect to receive, on completion of the Arrangement, either the Cash Alternative or the Share Alternative in exchange for their respective Company Shares, subject to proration in the Plan of Arrangement;

"**Liens**" means any hypothecs, mortgages, liens, charges, security interests, prior claims, pledges, encroachments, options, rights of first refusal or first offer, occupancy rights, covenants, restrictions, encumbrances of any kind and adverse Claims;

"**Macquarie**" means Macquarie Capital (Europe) Limited;

"**Material Adverse Change**" means any fact, change, effect, circumstance, event, occurrence or development that, individually or in the aggregate: (a) is or would reasonably be expected to be material and adverse to the condition (financial or otherwise), business, prospects, affairs, properties, assets, liabilities (whether absolute, accrued, conditional, contingent or otherwise), working capital, operations or results of operations of the Purchaser and its subsidiaries, taken as a whole, or the Company and its subsidiaries, taken as a whole, as the case may be; or (b) prevents or materially impedes or materially delays or could reasonably be expected to prevent or materially impede or materially delay the ability of the Purchaser or the Company, as the case may be, to consummate the transactions contemplated by this Agreement on a timely basis; provided any fact, change, effect, circumstance, event, occurrence or development resulting from or arising in connection with any of the following shall not constitute a Material Adverse Change:

(i) any change, effect, event or occurrence relating to or generally affecting the global petroleum and natural gas exploration and production industries;

(ii) any acts of God, riots, terrorism, sabotage, earthquakes, epidemics, natural disaster, military action or war (whether or not declared), change in global, national or regional political conditions, civil unrest or similar event or any escalation or worsening thereof;

(iii) any change in applicable generally accepted accounting principles, including, GAAP or IFRS, or as a result of any reconciliation of financial information from GAAP into IFRS or from IFRS into GAAP;

(iv) any change, effect, event or occurrence relating to or affecting general economic, business, credit, banking, financial, currency exchange, securities or commodity market conditions;

(v) any matter which has been disclosed in writing by a Party to the other Party as of the date hereof;

(vi) any adoption, proposal, implementation or changes in Laws or in the interpretation, application or non-application of Laws of any Governmental Authority;

(vii) any change in the trading price of the Purchaser Shares or the Company Shares (it being understood that the causes underlying such change in trading price may be taken in account in determining whether a Material Adverse Change has occurred);

(viii) any change, effect or circumstance arising from the actions or matters permitted or contemplated by this Agreement or consented to or approved in writing by the other Party, including the public announcement of this Agreement or the transactions contemplated hereby or the performance of any obligation hereunder;

(ix) any action required by the terms of this Agreement or undertaken by the Purchaser at the request of or with the consent of the Company; or

(x) any action required by the terms of this Agreement or undertaken by the Company at the request of or with the consent of the Purchaser,

provided, however, that with respect to the immediately preceding clauses (i) through (iv) such matters do not have a materially disproportionate effect on the Purchaser and its subsidiaries as a whole, or the Company and its subsidiaries as a whole, as the case may be, relative to other companies and entities operating in the petroleum and natural gas exploration and production business;

"**Material Adverse Effect**" means any effect resulting from a Material Adverse Change;

"**material change**", "**material fact**" and "**misrepresentation**" have the respective meanings ascribed to them under Canadian Securities Laws;

"**Material Contract**" means any Contract that:

(a) if terminated would materially impair the ability of the Purchaser or the Company, as applicable, to carry on business in the ordinary course or would reasonably be expected to have a Material Adverse Effect with respect to the Purchaser or the Company, as applicable;

(b) provides, or could reasonably be expected to provide, for obligations or entitlements of the Purchaser and/or its subsidiaries, or the Company and/or its subsidiaries, as applicable, in excess of $750,000 in the aggregate per annum;

(c) is a production sharing contract, production sharing agreement, mining or petroleum licence, concession, mining usufruct or similar agreement, or a joint operating, joint venture, shareholders', joint partners' or similar agreement in respect of any Oil and Gas Properties involving aggregate obligations or entitlements by or to the Purchaser and/or its subsidiaries, or the Company and/or its subsidiaries, as applicable, in excess of $750,000;

(d) is a Contract with a third party that contains a material most favoured nations or similar clause in favour of the third party;

(e) is a Contract that contains any non-competition or similar obligations or that otherwise restricts in any material way the business of the Purchaser or any of its subsidiaries, or the Company or any of its subsidiaries, as applicable, or includes any exclusive dealing arrangement or any other arrangement that grants any right of first refusal or right of first offer or similar right or that limits or purports to limit in any material respect the ability of the Purchaser or any of its subsidiaries, or the Company or any of its subsidiaries, as applicable, to own, operate, sell, transfer, pledge or otherwise dispose of any material assets or business;

(f) relates to indebtedness in excess of $250,000 or relates to direct or indirect guarantee or assumption by the Purchaser or any of its subsidiaries, or the Company or any of its subsidiaries, as applicable, (contingent or otherwise) of any payment or performance obligations of any other Person in excess of $250,000;

(g) relates to the disposition or acquisition by the Purchaser or any of its subsidiaries, or the Company or any of its subsidiaries, as applicable, after the date of this Agreement, of material assets or an ownership interest in a material business or pursuant to which the Purchaser or any of its subsidiaries, or the Company or any of its subsidiaries, as applicable, has any material ownership or participation interest in any other Person or other business enterprise other than the Purchaser's subsidiaries or the Company's subsidiaries, as applicable;

(h) relates to the acquisition or sale by the Purchaser or the Company, as applicable, of any operating business or the capital stock or other ownership or participation interest of any other Person after the date of this Agreement or under which the Purchaser or the Company, as applicable, has any material continuing liability or obligation;

(i) is a financial risk management Contract, including currency, commodity or interest related derivative or hedge contracts in excess of $250,000;

(j) is a material shareholder, joint venture, alliance or partnership agreement; or

(k) is an agency or other agreement which allows a third party to bind the Purchaser and/or its subsidiaries, or the Company and/or its subsidiaries, as applicable, other

than powers of attorney granted in the ordinary course of business in respect of matters which individually or in the aggregate are not material to the Purchaser and/or its subsidiaries (considered as a whole), or the Company and/or its subsidiaries (considered as a whole), as applicable;

"**Maximum Cash Consideration**" has the meaning ascribed to it in Section 2.1(a);

"**MI 61-101**" means Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*;

"**Money Laundering Laws**" has the meaning ascribed to it in Section 3.1(p)(i);

"**NI 51-101**" means National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*;

"**NI 51-102**" means National Instrument 51-102 – *Continuous Disclosure Obligations*;

"**Non-Completion Fee**" has the meaning ascribed to it in Section 9.2(a);

"**Non-Completion Fee Event**" has the meaning ascribed to it in Section 9.2(a);

"**OFAC**" has the meaning ascribed to it in Section 3.1(q)(i);

"**Oil and Gas Properties**" means the oil and natural gas resource or exploration, development or production properties or activities of the Purchaser or its subsidiaries, or the Company or its subsidiaries, as applicable, and for greater certainty includes licences, concessions and blocks in which the Purchaser or its subsidiaries, or the Company or its subsidiaries, as applicable, has any Oil and Gas Rights;

"**Oil and Gas Rights**" means all rights and interests of the Purchaser and its subsidiaries, or the Company and its subsidiaries, as applicable, including any working or participating interests, ownership rights and all associated leases and licenses, in the Oil and Gas Properties;

"**Option Election Agreements**" means the agreements entered into by each of the Company Optionholders with the Company in a form satisfactory to Purchaser, acting reasonably, which form shall include an indemnity in favour of the Company for any withholding taxes applicable in respect of all transactions contemplated by or in connection with the Plan of Arrangement, pursuant to which each such Company Optionholder may elect to participate in: (a) the Conditional Option Exercise; (b) the Surrender Offer; or (c) any combination of the above elections, whereafter all of the Company Options held by such Company Optionholder shall be terminated;

"**Orders**" means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator;

"**Outside Date**" means July 31, 2013, or such later date as may be agreed to in writing by the Parties;

"**Owned Real Property**" has the meaning ascribed to it in Section 3.1(y)(i);

"**Parties**" and "**Party**" have the respective meanings ascribed to them in the Preamble;

"**Permitted Liens**" means, with respect to the Purchaser and its subsidiaries, or the Company and its subsidiaries, as applicable:

(a) any Liens granted by the Purchaser and its subsidiaries, or the Company and its subsidiaries, as applicable, in respect of any equipment or other personal property in connection with leases, and other purchase money security interests and financings of personal property;

(b) any Liens disclosed in writing by the Purchaser or the Company, as applicable;

(c) the reservations, limitations, provisos and conditions expressed in any original grant from the Crown or any other Governmental Authority and any statutory exceptions to title;

(d) inchoate or statutory Liens of contractors, subcontractors, mechanics, workers, suppliers, materialmen, warehousemen, carriers and others arising in the ordinary course of business in respect of the construction, maintenance, repair, or operation or storage of real or immovable, or personal or movable property;

(e) easements, servitudes, restrictions, restrictive covenants, party wall agreements, rights of way, licenses, permits and other similar rights in real or immovable property (including easements, servitudes, rights of way and agreements for sewers, drains, gas and water mains or electric light and power or telephone, telecommunications or cable conduits, poles, wires and cables);

(f) Liens for Taxes, assessments or governmental charges or levies which relate to obligations not yet due and delinquent or that are being contested in good faith by appropriate proceedings and with respect to which adequate reserves have been established in the Purchaser Financial Statements or the Company Financial Statements, as applicable;

(g) zoning and building by-laws and ordinances, regulations made by public authorities and other restrictions affecting or controlling the use, marketability or development of real or immovable property;

(h) agreements with any municipal, provincial or federal governments or authorities and any public utilities or private suppliers of services, including subdivision agreements, development agreements, site control agreements, engineering, grading or landscaping agreements and similar agreements; or

(i) such other minor imperfections or irregularities of title or Liens as do not materially detract from the value or materially interfere with the use of the properties or assets subject thereto or affected thereby;

"**Person**" includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated

organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means the plan of arrangement, substantially in the form attached hereto as Schedule "B" and any amendments or variations thereto made in accordance with Section 9.5 hereof and Article 6.1 of the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company, the Purchaser and the Co-Purchaser, each acting reasonably;

"**Proceedings**" means any claim, action, suit, proceeding, arbitration, mediation or investigation, whether civil, criminal, administrative or investigative;

"**Purchaser**" has the meaning ascribed to it in the Preamble;

"**Purchaser Board**" means the board of directors of the Purchaser;

"**Purchaser Data Room**" means the virtual data room established and maintained by the Purchaser containing copies of materials disclosed by the Purchaser to the Company in connection with the Arrangement;

"**Purchaser Financial Statements**" means the audited annual consolidated financial statements of the Purchaser for the years ended December 31, 2012, 2011 and 2010, together with the report of the auditors thereon, and, once a Purchaser Public Document, the unaudited interim consolidated financial statements of the Purchaser for the period ended March 31, 2013;

"**Purchaser Information**" has the meaning ascribed to it in Section 2.4(d);

"**Purchaser Information Circular**" means the notice of the Purchaser Meeting and accompanying management proxy circular of the Purchaser, including all appendices, schedules and exhibits thereto, and instruments of proxy, to be sent to, among others, the Purchaser Shareholders of record in connection with the Purchaser Meeting, as amended, supplemented or otherwise modified from time to time;

"**Purchaser Meeting**" means the special meeting of the Purchaser Shareholders of record, including any adjournments or postponements thereof, to be called and held to consider and vote upon the Purchaser Resolutions;

"**Purchaser Option**" means an option to purchase Purchaser Shares granted in accordance with the terms of the Purchaser Stock Option Plan, whether vested or unvested, which has not been exercised, cancelled or otherwise terminated in accordance with the provisions of the Purchaser Stock Option Plan;

"**Purchaser Permits**" has the meaning ascribed to it in Section 4.1(q)(i);

"**Purchaser Public Documents**" has the meaning ascribed to it in Section 4.1(i)(i);

"**Purchaser Representatives**" has the meaning ascribed to it in Section 8.2(a)(i);

"**Purchaser Reserve Report**" has the meaning ascribed to it in Section 4.1(v);

"**Purchaser Resolutions**" means, collectively:

(a) the special resolution of the Purchaser Shareholders to approve the consolidation of the Purchaser Shares upon a ratio not greater than a ten for one basis in connection with Closing; and

(b) the special resolution of the Purchaser Shareholders to approve the change in the name of the Purchaser to "Serinus Energy Inc." in connection with Closing;

"**Purchaser Shareholder Approval**" means the approval by the shareholders of the Purchaser of record of the Purchaser Resolutions at the Purchaser Meeting;

"**Purchaser Stock Option Plan**" means the amended and restated stock option plan of the Purchaser approved by the Purchaser Board on November 12, 2009;

"**Purchaser Shareholder**" means a registered or beneficial holder of the Purchaser Shares, as the context requires;

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

"**Registrar**" means the Registrar of Corporations or the Deputy Registrar of Corporations for the Province of Alberta duly appointed pursuant to section 263 of the ABCA;

"**Regulatory Approvals**" means those approvals, sanctions, rulings, consents, determinations, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that prohibits a transaction from being implemented until such prescribed time has lapsed, without objection, following the giving of notice thereunder), waivers, early terminations, authorizations, clearances, or written confirmations of no intention to initiate legal proceedings from Governmental Authorities required to consummate the Arrangement and the other transactions contemplated by this Agreement, including the Tunisian Approval and the Ukrainian Merger Clearance;

"**Release**" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, blowing, injecting, escaping, leaching, migrating, depositing, spraying, burying, abandoning, seeping, dumping or disposing of a Hazardous Material;

"**Returns**" shall mean all reports, forms, elections, declarations, designations, schedules, statements, estimates, declarations of estimated tax, information statements and returns filed or required by Law to be filed with or provided to a Governmental Authority with respect to Taxes or Tax information reporting, including any Claims for refunds of Taxes, and any amendments or supplements of the foregoing;

"**Romanian Notice**" means the notification to Rompetrol S.A. in respect of the change of control of Winstar Satu Mare SRL resulting from the completion of the transactions contemplated herein;

"**RPS**" means RPS Energy Canada Ltd., an independent reserves and resources engineering firm;

"**Sanctions**" has the meaning ascribed to it in Section 3.1(q)(i);

"**SDNs**" has the meaning ascribed to it in Section 3.1(q)(ii);

"**Securities Act**" means the *Securities Act*, R.S.A. 2000, c. S-4, as amended, including the regulations promulgated thereunder;

"**Securities Authority**" means any stock exchange, regulatory agency or self-regulatory organization, exercising any regulatory authority in respect of securities Laws, including Canadian Securities Laws and Polish Securities Laws, or the on- or off-exchange trading of securities, and includes the Canadian Securities Authorities, the TSX and the WSE;

"**SEDAR**" means the System for Electronic Document Analysis and Retrieval described in National Instrument 13-101 *System for Electronic Document Analysis and Retrieval* of the Canadian Securities Administrators and available for public view at www.sedar.com;

"**Severance**" has the meaning set forth in subsection 2.10(a);

"**Share Alternative**" has the meaning ascribed to it in Section 2.1(b);

"**subsidiary**" has the meaning has the meaning ascribed to it in the Securities Act ;

"**Superior Proposal**" has the meaning ascribed to it in Section 8.1(b)(v)(A)(1);

"**Surrender Offer**" has the meaning ascribed to it in Section 2.11(b);

"**Tax**" and "**Taxes**" includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all licence, franchise and registration fees and all employment insurance, health insurance and Canada and other government pension plan premiums or contributions;

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5th Supp.), as amended, including the regulations promulgated thereunder;

"**Terminated Employees**" has the meaning ascribed to it in Section 2.10(a);

"**Third Party Consents**" means all consents, approvals, and waivers that are required under, or that are necessary to ensure that, the Arrangement and the consummation of the other transactions contemplated by this Agreement, does not result in a violation or breach of, or give rise to any loss of material benefit to which the Company is entitled to, or termination or rights of first offer or other buy-sell rights under any contract, agreement, licence or permit to which the Company is bound, subject to or is the beneficiary of, other than the Regulatory Approvals;

"**Transaction Costs**" has the meaning set forth in subsection 3.1(ll);

"**TSX**" means the Toronto Stock Exchange;

"**TSX Approval**" has the meaning ascribed to it in Section 6.1(g);

"**Tunisian Approval**" means an authorization of the Tunisian Hydrocarbon Committee authorizing the Company to proceed with the Arrangement, after the filing by the Company with the Tunisian Mining Administration of an Assignment Application containing financial and corporate information regarding the Purchaser and a deed of assignment;

"**Ukrainian Merger Clearance**" means the clearance of a merger application filing in respect of the transactions contemplated herein by the Antimonopoly Committee of Ukraine;

"**Voting Agreements**" has the meaning ascribed to it in the Recitals, but for greater certainty, means the voting and support agreements, each dated the date hereof, between the Purchaser and the Co-Purchaser, on the one hand, and each of the directors and executive officers of the Company who beneficially own, directly or indirectly, Company Shares or own any securities convertible into, or exchangeable or exercisable for Company Shares and certain other Company Shareholders, on the other hand, pursuant to which such Company Shareholders have agreed, among other things, to support the Arrangement and to vote the Company Shares beneficially owned by them in favour of the Arrangement Resolution; and

"**WSE**" means Gielda Papierów Wartościowych w Warsawie S.A. (Warsaw Stock Exchange) of Warsaw, Poland, entered into the Register of Entrepreneurs maintained by the District Court for the Capital City of Warsaw, XIX Commercial Division of the National Court Register, under entry No. KRS 0000082312.

1.2 Certain Rules of Interpretation

In this Agreement:

(a) Consent – Whenever a provision of this Agreement requires an approval or consent of a Party and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency – Unless otherwise specified, all references to money amounts are to the lawful currency of Canada.

(c) Governing Law – This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal Laws of Canada applicable therein.

(d) Headings – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Agreement.

(e) Including – Where the word "including" or "includes" is used in this Agreement, it means "including (or includes) without limitation".

(f) No Strict Construction – The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(g) Number and Gender – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Schedules – Any capitalized terms used in any exhibit or schedule hereto but not otherwise defined therein shall have the respective terms ascribed to them in this Agreement.

(i) Severability – If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provisions shall, as to such jurisdiction, be in effective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of such provision in any other jurisdiction and without affecting its application to other Parties or circumstances.

(j) Statutory References – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

(k) Time – Time is of the essence in the performance of the Parties' respective obligations.

(l) Time Periods – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of the period is not a Business Day.

(m) Branch Offices – Whenever a provision of this Agreement references the Purchaser or the Company or any of their respective subsidiaries, for greater certainty such reference shall include all branches (or local equivalents) of the Purchaser or the Company and their respective subsidiaries, as applicable.

1.3 Entire Agreement

This Agreement, the Confidentiality Agreement and the Exclusivity Agreement constitute the entire agreement between the Parties and set out all of the covenants, promises, warranties, representations, conditions, understandings and agreements between the Parties pertaining to the subject matter of this Agreement and except as expressly set forth herein or therein, supersede all prior agreements, understandings, negotiations and discussions, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or other agreements, oral or written, express, implied or collateral between the Parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement, the

Confidentiality Agreement and the Exclusivity Agreement. To extent there is any inconsistency between this Agreement, the Confidentiality Agreement and the Exclusivity Agreement, this Agreement shall supersede the Confidentiality Agreement and the Exclusivity Agreement.

1.4 Accounting Matters

Unless otherwise stated, all accounting terms used in this Agreement shall have the respective meanings attributable thereto under:

(a) in the case of the Company Financial Statements:

(i) GAAP, for any reporting period prior to January 1, 2011; and

(ii) IFRS, for any reporting period beginning on or after January 1, 2011; and

(b) in the case of the Purchaser Financial Statements:

(i) GAAP, for any reporting period prior to January 1, 2010; and

(ii) IFRS, for any reporting period beginning on or after January 1, 2010,

and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with GAAP or IFRS, as applicable, for the applicable reporting period, consistently applied.

1.5 Knowledge

In this Agreement, unless otherwise stated, references to the knowledge of any Party means the actual knowledge, information and belief, after reasonable inquiry, in their capacity as officers of the Company or the Purchaser, as applicable, and not in their personal capacity of:

(a) in the case of the Company, Bruce Libin, Chairman of the Board, David Monachello, President, Jerrad Blanchard, Chief Financial Officer, Rafik Hamza, General Manager, or Gabor Tihanyi, General Manager of Hungary; and

(b) in the case of the Purchaser, Norman W. Holton, Vice Chairman of the Board of Directors, Timothy M. Elliott, President and Chief Executive Officer, Jock M. Graham, Executive Vice President, Paul H. Rose, Chief Financial Officer, Edwin A. Beaman, Vice President, Operations & Engineering, Trent A. Rehill, Vice President, Geosciences, or Alec Silenzi, General Counsel and Vice President, Legal.

provided that such knowledge or awareness does not include the knowledge of any third party or constructive knowledge of a Party and no Party has any obligation to make enquiries of any third party or records of any third party or any Governmental Authority in connection with any statement made to a Party's knowledge.

1.6 Material

The terms "material" and "materially" shall, when used in this Agreement in relation to a Party and/or its subsidiaries, be construed, measured or assessed on the basis of whether the matter would materially affect the Party on a consolidated basis.

1.7 Disclosure in Writing

The phrases "disclosed in writing by the Company", "disclosed in writing by the Purchaser" and similar expressions used in this Agreement shall be construed for purposes of this Agreement as referring to:

(a) matters disclosed in this Agreement or in the Schedules hereto;

(b) information contained in the Company Data Room or the Purchaser Data Room, as applicable, as of the date of this Agreement;

(c) matters disclosed in the Company Public Documents or the Purchaser Public Documents, as applicable, filed on SEDAR subsequent to January 1, 2011 and prior to the date that is three Business Days prior to the date of this Agreement;

(d) in the case of the Company:

(i) written disclosure delivered by the Company to the Purchaser and the Co-Purchaser concurrently with this Agreement setting out certain factual disclosures as referred to in this Agreement; and

(ii) written information provided to the Purchaser during the course of management presentations, site visits and in response to inquiries received from the Purchaser and the Purchaser Representatives; and

(e) in the case of the Purchaser:

(i) written disclosure delivered by the Purchaser to the Company concurrently with this Agreement setting out certain factual disclosures as referred to in this Agreement; and

(ii) written information provided to the Company during the course of management presentations, site visits and in response to inquiries received from the Company and the Company Representatives.

1.8 Schedules

The following schedules (the "**Schedules**") are attached to, form an integral part of and are incorporated into this Agreement:

Schedule	**Description**
"A"	Arrangement Resolution
"B"	Plan of Arrangement
"C"	Form of Counterpart Execution Joinder

ARTICLE 2
THE ARRANGEMENT

2.1 Arrangement

The Company, the Purchaser and the Consortium agree that the Arrangement shall be implemented in accordance with, and subject to, the terms and conditions contained in this Agreement and the Plan of Arrangement pursuant to which, among other things, the Company Shareholders (other than those who have validly exercised Dissent Rights), including Company Optionholders who receive Company Shares upon the exercise or surrender of their Company Options prior to the Effective Date, shall be entitled to receive, at their election or deemed election, in exchange for each Company Share held, either:

(a) $2.50 in cash (the "**Cash Alternative**") payable by the Consortium, provided that the aggregate amount of cash payable by the Consortium to Company Shareholders in exchange for their Company Shares shall not exceed $35,000,000 (the "**Maximum Cash Consideration**"); or

(b) 7.555 Purchaser Shares (the "**Share Alternative**", the consideration offered under the Cash Alternative and the Share Alternative, collectively, the "**Consideration**"),

in respect of all of its Company Shares, subject to proration in accordance with the Plan of Arrangement. Any Company Shareholder (other than those who have validly exercised their Dissent Rights) who has not deposited with the Depositary a duly and validly completed Letter of Transmittal and Election Form indicating such Company Shareholder's election, together with any certificates representing the Company Shares held by such Company Shareholder, or otherwise fails to comply with the requirements of the Letter of Transmittal and Election Form, prior to the Election Deadline, shall be deemed to have elected to receive the Share Alternative in respect of all of its Company Shares.

2.2 Interim Order

The Company agrees that as soon as reasonably practicable following the date of execution of this Agreement, the Company shall apply, in a manner reasonably acceptable to the Purchaser and the Co-Purchaser, pursuant to section 193 of the ABCA and, in cooperation with the Purchaser and the Co-Purchaser, prepare, file and diligently pursue an application for the Interim Order, which shall provide, among other things:

(a) for the classes of Persons to whom notice is to be provided in respect of the Arrangement and the Company Meeting and the manner in which notice is to be provided;

(b) for the record date(s) for purposes of determining the Persons to whom notice of the Company Meeting is to be provided and for purposes of determining the Persons entitled to vote at the Company Meeting;

(c) that the requisite approval for the Arrangement Resolution shall be 66⅔% of the votes cast on the Arrangement Resolution by the Company Shareholders of

record, present in person or represented by proxy at the Company Meeting, with each Company Share entitling the holder thereof to one vote on the Arrangement Resolution and, if required by MI 61-101, minority approval after excluding the votes cast in respect of Company Shares held by certain directors and officers of the Company;

(d) that, in all other respects, the terms, restrictions and conditions of the Company's articles and by-laws, including quorum requirements and all other matters, shall apply in respect of the Company Meeting;

(e) for the grant of the Dissent Rights to the Company Shareholders who are registered holders of the Company Shares (with notice of dissent to be given no later than two Business Days prior to the Company Meeting);

(f) for the notice requirements with respect to the presentation of the application to the Court for the Final Order; and

(g) that the Company Meeting may be adjourned or postponed from time to time by the Company in accordance with the terms of this Agreement without the need for additional approval of the Court.

2.3 The Company Meeting

(a) Subject to the terms of this Agreement and the Interim Order, the Company agrees to convene and conduct the Company Meeting in accordance with the Interim Order, the Company's articles and by-laws as in effect on the date hereof and applicable Laws as soon as reasonably practicable and not adjourn, postpone or cancel (or propose to adjourn, postpone or cancel) the Company Meeting without the prior written consent of the Purchaser and the Co-Purchaser, each acting reasonably, except:

(i) as required for quorum purposes (in which case the Company Meeting shall be adjourned and not cancelled);

(ii) as required under Section 7.5(b) or Section 8.1(c);

(iii) as required by a Governmental Authority; or

(iv) for an adjournment or postponement with the prior written consent of the Purchaser and the Co-Purchaser for the purpose of attempting to obtain the requisite approval of the Arrangement Resolution in accordance with Section 2.3(b).

(b) Upon request of the Purchaser (which request can only be made if the Purchaser reasonably believes that the Arrangement Resolution will not receive the level of approval required by the Interim Order in order to become effective and advises the Company that the Purchaser wishes to undertake or implement a program intended to facilitate approval of the Arrangement Resolution), the Company shall adjourn or postpone the Company Meeting to a date specified by the Purchaser,

provided that the Company Meeting, so adjourned or postponed, shall not be later than 30 days after that date on which the Company Meeting was originally scheduled and in any event shall not be later than the day that is five Business Days prior to the Outside Date.

(c) Subject to the terms of this Agreement, the Company shall use its commercially reasonable efforts to solicit proxies in favour of the approval of the Arrangement Resolution, including, if so requested by the Purchaser, acting reasonably, using proxy solicitation services and cooperating with any Persons engaged by the Purchaser to solicit proxies in favour of the approval of the Arrangement Resolution.

(d) The Company shall allow each of the Purchaser's representatives and the Co-Purchaser's representatives and each of the Purchaser's legal counsel and the Co-Purchaser's legal counsel to attend the Company Meeting.

(e) The Company shall advise the Purchaser as the Purchaser may reasonably request, and at least on a daily basis on each of the last ten Business Days prior to the date of the Company Meeting, as to the aggregate tally of the proxies received by the Company in respect of, and the particulars of the votes for and against, the Arrangement Resolution.

(f) The Company shall promptly advise the Purchaser of any written notice of dissent or purported exercise by any Company Shareholder of Dissent Rights received by the Company in relation to the Arrangement Resolution and any withdrawal of Dissent Rights received by the Company and, subject to applicable Laws, shall consult with the Purchaser prior to communicating with any Company Shareholder exercising or purporting to exercise Dissent Rights in relation to the Arrangement Resolution. The Company shall not make any payment or settlement offer, or agree to any such payment or settlement, prior to the Effective Time with respect to any such notice of dissent or purported exercise of Dissent Rights unless the Purchaser shall have given its prior written consent to such payment, settlement offer or settlement as applicable.

2.4 The Company Information Circular

(a) Subject to compliance by the Purchaser and the Co-Purchaser with this Section 2.4, and following the review by the TSX of the Company Information Circular following execution of this Agreement, the Company shall have available for mailing to the Company Shareholders, the Company Information Circular, together with any other documents required by the ABCA, Canadian Securities Laws and other applicable Laws in connection with the Company Meeting and the Arrangement, and the Company shall, as promptly as reasonably practicable after obtaining the Interim Order, cause the Company Information Circular and other documentation required in connection with the Company Meeting to be filed and to be sent to each Company Shareholder of record and other Persons as required by the Interim Order and applicable Laws, in each case so as to permit the Company Meeting to be held within the time required by Section 2.3(a).

(b) The Company shall ensure that the Company Information Circular complies in all material respects with all applicable Laws, and, without limiting the generality of the foregoing, that the Company Information Circular shall not contain any misrepresentation (provided that the Company shall not be responsible for the accuracy of any information forming part of the "Purchaser Information" as described in Section 2.4(d) or the "Consortium Information" as described in Section 2.4(e)) and shall provide the Company Shareholders with information in sufficient detail to permit them to form a reasoned judgment concerning the matters to be placed before them at the Company Meeting. The Company Information Circular shall include:

(i) a statement that the Company Board has received the Fairness Opinion, and has, after receiving financial and legal advice, determined that the consideration to be received by the Company Shareholders pursuant to the Arrangement is fair to such Company Shareholders and that the Arrangement is in the best interests of the Company;

(ii) the recommendation of the Company Board that the Company Shareholders vote in favour of the Arrangement Resolution at the Company Meeting;

(iii) any financial statements that are required to be included therein in accordance with applicable Canadian Securities Laws; and

(iv) a copy of the Fairness Opinion in its entirety.

(c) The Purchaser and the Co-Purchaser and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Company Information Circular and other documents related thereto, and reasonable consideration shall be given to any comments made by them, provided that all information relating to the Purchaser included in the Company Information Circular shall be in form and content satisfactory to the Purchaser, acting reasonably, and all information relating to the Co-Purchaser included in the Company Information Circular shall be in form and content satisfactory to the Co-Purchaser, acting reasonably.

(d) The Purchaser shall furnish to the Company all such information concerning the Purchaser as required by Canadian Securities Laws and as may be reasonably required by the Company in the preparation of the Company Information Circular and other documents related thereto. The Purchaser shall ensure that all information provided by the Purchaser to the Company in writing specifically for inclusion in the Company Information Circular and relating exclusively to the Purchaser (the "**Purchaser Information**") shall not contain any misrepresentation.

(e) Each Consortium Member shall furnish to the Company all such information concerning itself as required by Canadian Securities Laws and as may be reasonably required by the Company in the preparation of the Company Information Circular and other documents related thereto. Each Consortium

Member shall ensure that all information provided by such member to the Company in writing specifically for inclusion in the Company Information Circular and relating exclusively to such member (in each case, the "**Consortium Information**") shall not contain any misrepresentation.

(f) The Purchaser shall assist the Company in securing all consents of third parties that are required to permit the inclusion of any report prepared by such third parties or any reference to their names in, or in relation to, the Purchaser Information supplied by the Purchaser to the Company in accordance with Section 2.4(d) and contained in the Company Information Circular and shall provide copies of such consents to the Company as soon as reasonably practicable.

(g) The Company shall indemnify and save harmless the Purchaser, its subsidiaries and affiliates and their respective directors, officers, employees, agents, advisors and representatives from and against any and all liabilities, Claims, demands, losses, costs, damages and expenses to which the Purchaser, any of its subsidiaries or affiliates or any of their respective directors, officers, employees, agents, advisors or representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or alleged misrepresentation in the Company Information Circular; and

(ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Authority, to the extent based on any misrepresentation or any alleged misrepresentation in the Company Information Circular,

provided, however, that the above noted indemnification obligation of the Company shall not apply to any liabilities, Claims, demands, losses, costs, damages or expenses arising as a result of any misrepresentation or any alleged misrepresentation in the Company Information Circular based solely on the Purchaser Information supplied by the Purchaser or the Consortium Information supplied by each Consortium Member to the Company in accordance with Section 2.4(d) or Section 2.4(e), as the case may be, and contained in the Company Information Circular.

(h) The Company shall indemnify and save harmless each Consortium Member, its subsidiaries and affiliates and their respective directors, officers, employees, agents, advisors and representatives from and against any and all liabilities, Claims, demands, losses, costs, damages and expenses to which such Consortium Member, any of its subsidiaries or affiliates or any of their respective directors, officers, employees, agents, advisors or representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or alleged misrepresentation in the Company Information Circular; and

(ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Authority, to the extent based on any misrepresentation or any alleged misrepresentation in the Company Information Circular,

provided, however, that the above noted indemnification obligation of the Company shall not apply to any liabilities, Claims, demands, losses, costs, damages or expenses arising as a result of any misrepresentation or any alleged misrepresentation in the Company Information Circular based solely on the Consortium Information supplied by such Consortium Member or the Purchaser Information supplied by the Purchaser to the Company in accordance with Section 2.4(e) or Section 2.4(d), as the case may be, and contained in the Company Information Circular.

(i) The Purchaser shall indemnify and save harmless the Company, its subsidiaries and affiliates and their respective directors, officers, employees, agents, advisors and representatives from and against any and all liabilities, Claims, demands, losses, costs, damages and expenses to which the Company, any subsidiary of the Company or any of their respective directors, officers, employees, agents, advisors or representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or any alleged misrepresentation in the Purchaser Information; or

(ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Authority, to the extent based on any misrepresentation or any alleged misrepresentation in the Purchaser Information,

provided, however, that the above noted indemnification obligation of the Purchaser shall not apply to any liabilities, Claims, demands, losses, costs, damages or expenses arising as a result of any misrepresentation or any alleged misrepresentation in the Company Information Circular that is based solely on the Company Information or the Consortium Information supplied by each Consortium Member in accordance with Section 2.4(e) contained in the Company Information Circular.

(j) The Purchaser shall indemnify and save harmless each Consortium Member, each Consortium Member's subsidiaries and affiliates and their respective directors, officers, employees, agents, advisors and representatives from and against any and all liabilities, Claims, demands, losses, costs, damages and expenses to which such Consortium Member, any subsidiary of such Consortium Member or any of their respective directors, officers, employees, agents, advisors or representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or any alleged misrepresentation in the Purchaser Information; or

(ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Authority, to the extent based on any misrepresentation or any alleged misrepresentation in the Purchaser Information,

provided, however, that the above noted indemnification obligation of the Purchaser shall not apply to any liabilities, Claims, demands, losses, costs, damages or expenses arising as a result of any misrepresentation or any alleged misrepresentation in the Company Information Circular that is based solely on the Company Information or the Consortium Information supplied by each Consortium Member in accordance with Section 2.4(e) contained in the Company Information Circular.

(k) Each Consortium Member shall indemnify and save harmless the Company, its subsidiaries and affiliates and their respective directors, officers, employees, agents, advisors and representatives from and against any and all liabilities, Claims, demands, losses, costs, damages and expenses to which the Company, any subsidiary of the Company or any of their respective directors, officers, employees, agents, advisors or representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or any alleged misrepresentation in the Consortium Information supplied by such Consortium Member; or

(ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Authority, to the extent based on any misrepresentation or any alleged misrepresentation in the Consortium Information supplied by such Consortium Member,

provided, however, that the above noted indemnification obligation of such Consortium Member shall not apply to any liabilities, Claims, demands, losses, costs, damages or expenses arising as a result of any misrepresentation or any alleged misrepresentation in the Company Information Circular that is based solely on the Company Information or the Purchaser Information supplied by the Purchaser in accordance with Section 2.4(d) contained in the Company Information Circular.

(l) Each Consortium Member shall indemnify and save harmless the Purchaser, its subsidiaries and affiliates and their respective directors, officers, employees, agents, advisors and representatives from and against any and all liabilities, Claims, demands, losses, costs, damages and expenses to which the Purchaser, any subsidiary of the Purchaser or any of their respective directors, officers, employees, agents, advisors or representatives may be subject or may suffer, in any way caused by, or arising, directly or indirectly, from or in consequence of:

(i) any misrepresentation or any alleged misrepresentation in the Consortium Information supplied by such Consortium Member; or

(ii) any order made, or any inquiry, investigation or proceeding by any Securities Authority or other Governmental Authority, to the extent based on any misrepresentation or any alleged misrepresentation in the Consortium Information supplied by such Consortium Member,

provided, however, that the above noted indemnification obligation of such Consortium Member shall not apply to any liabilities, Claims, demands, losses, costs, damages or expenses arising as a result of any misrepresentation or any alleged misrepresentation in the Company Information Circular that is based solely on the Company Information or the Purchaser Information supplied by the Purchaser in accordance with Section 2.4(d) contained in the Company Information Circular.

(m) The Company, the Purchaser and each Consortium Member shall promptly notify each other if at any time before the Effective Date it becomes aware that the Company Information Circular, the Purchaser Information or the Consortium Information contains a misrepresentation, or that otherwise requires an amendment or supplement to the Company Information Circular, and the Parties shall cooperate in the preparation of any amendment or supplement to the Company Information Circular, as required or appropriate, and the Company shall, subject to compliance by the Purchaser and each Consortium Member with this Section 2.4, and, if required by the Court or applicable Laws, promptly mail or otherwise publicly disseminate any amendment or supplement to the Company Information Circular, the Purchaser Information or the Consortium Information to the Company Shareholders and file the same with the Securities Authorities and as otherwise required.

2.5 Final Order

If the Interim Order is obtained and the Arrangement Resolution is passed at the Company Meeting as provided for in the Interim Order, subject to the terms of this Agreement, the Company shall as soon as reasonably practicable, and in any event, no later than two Business Days (or such later date as may be agreed to by the Company, the Purchaser and the Co-Purchaser, each acting reasonably), after the Company Meeting at which the Arrangement Resolution is approved by the Company Shareholders, take all steps necessary or desirable to submit the Arrangement to the Court and diligently pursue an application for the Final Order pursuant to section 193 of the ABCA.

2.6 Court Proceedings

Subject to the terms and conditions of this Agreement, each of the Purchaser and the Co-Purchaser shall cooperate with, assist and consent to the Company seeking the Interim Order and the Final Order, including by providing to the Company on a timely basis any information required to be supplied by the Purchaser concerning the Purchaser and by the Co-Purchaser concerning the Co-Purchaser in connection therewith. The Company shall provide legal counsel to each of the Purchaser and the Co-Purchaser with reasonable opportunity to review and comment upon drafts of all material to be filed with the Court in connection with the Arrangement, shall give reasonable consideration to all such comments and shall accept the reasonable comments of the Purchaser and the Co-Purchaser and their respective legal counsel

with respect to any such information required to be supplied by the Purchaser and the Co-Purchaser and included in such material. In addition, the Company shall not object to legal counsel to each of the Purchaser and the Co-Purchaser making such submissions on the hearing of the motion for the Interim Order and the application for the Final Order as such counsel considers appropriate. The Company shall also provide legal counsel to each of the Purchaser and the Co-Purchaser on a timely basis with copies of any notice of appearance, proceedings and evidence served on the Company or its legal counsel in respect of the application for the Interim Order or the Final Order or any appeal therefrom.

2.7 Articles of Arrangement and Effective Date

(a) The Articles of Arrangement shall implement and effect the Plan of Arrangement. The Articles of Arrangement shall include the form of the Plan of Arrangement attached to this Agreement as Schedule "B" and any amendments or variations thereto made in accordance with Section 9.5 and the terms thereof or made at the direction of the Court in the Final Order with the consent of the Company, the Purchaser and the Co-Purchaser, each acting reasonably.

(b) As soon as practicable but, subject to the proviso below and paragraph (e) below, in no event later than two Business Days after the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of the conditions (excluding conditions that, by their terms, cannot be satisfied until the Effective Date, but subject to the satisfaction or, where not prohibited, the waiver by the applicable Party or Parties in whose favour the condition is, of those conditions as of the Effective Date) set forth in Article 6, unless another time or date is agreed to in writing by the Parties, the Articles of Arrangement shall be filed by the Company with the Registrar; provided that the Company shall not be required to file the Articles of Arrangement with the Registrar unless it has received written confirmation of the delivery of the direction referred to in Section 2.8.

(c) Subject to the terms hereof, the Company shall specify in writing the date the Articles of Arrangement are to be filed (the "**Filing Date**") on no less than 48 hours notice to the Purchaser and each Consortium Member, which notice shall also indicate the time on the Filing Date that the Company intends to file the Articles of Arrangement with the Registrar (the time so indicated, the "**Filing Time**").

(d) From and after the Effective Time, the Plan of Arrangement shall have all of the effects provided by applicable Law, including the ABCA. The closing of the transactions contemplated hereby (the "**Closing**") shall take place on the Effective Date at the offices of Stikeman Elliott LLP, 4300 Bankers Hall West, 888 – 3rd Street S.W., Calgary, Alberta or at such other location as may be agreed upon by the Parties.

2.8 Payment of Consideration

(a) Each Consortium Member covenants and agrees to, on or prior to the Filing Date, provide to the Depositary, to be held and disbursed by the Depositary in

accordance with the Depositary Agreement and the Plan of Arrangement, an amount sufficient to pay its share of the aggregate Consideration payable under the Cash Alternative as set out in the Closing Payment Calculation payable to the Company Shareholders of record on the Effective Date as set out in its counterpart execution joinder to this Agreement.

(b) The Purchaser shall, on or prior to the Filing Date, provide to the Depositary an irrevocable direction authorizing and directing the Depositary to deliver the Purchaser Shares issuable under the Share Alternative pursuant to the Arrangement to the Company Shareholders of record on the Effective Date in accordance with Section 5.1(a)(i) of the Plan of Arrangement.

(c) The Parties agree that at least four Business Days prior to the Effective Date the Company shall deliver to the Purchaser and the Co-Purchaser in writing its good faith calculation of the aggregate Consideration payable under the Cash Alternative and the Purchaser Shares issuable under the Share Alternative pursuant to the Arrangement to the Company Shareholders of record on the Effective Date based on the elections submitted by the Company Shareholders prior to the Election Deadline pursuant to Section 2.1 (the "**Closing Payment Calculation**"). The Closing Payment Calculation shall specify in reasonable detail:

(i) the name of each registered Company Shareholder, together with its address and the number of Company Shares held by such Company Shareholder;

(ii) the name of each Company Shareholder who has validly exercised its Dissent Rights and the number of Company Shares in respect of which such rights have been exercised; and

(iii) the aggregate Consideration payable under the Cash Alternative and the Purchaser Shares issuable under the Share Alternative to each registered Company Shareholder and the calculations in respect thereof, including the amount of Taxes to be withheld in respect of such payments and the Governmental Authority to whom such withheld amounts must be remitted pursuant to Section 2.12(b).

(d) The Purchaser and the Co-Purchaser shall be entitled to review and comment on the Closing Payment Calculation and the Company shall accept the Purchaser's and the Co-Purchaser's reasonable comments thereon. No later than two Business Days prior to the Effective Date, the Company, the Purchaser and the Co-Purchaser shall agree upon the final form of the Closing Payment Calculation which shall be used for purposes of determining the aggregate Consideration payable under the Cash Alternative and the Purchaser Shares issuable under the Share Alternative pursuant to the Arrangement to the Company Shareholders of record on the Effective Date pursuant to Section 5.1(b)(ii) of the Plan of Arrangement. In the event that there is any dispute (a "**Dispute**") between the Company, the Purchaser and the Co-Purchaser with respect to the calculation of the Closing Payment Calculation, it shall not give rise to a right of any of the

Company, Purchaser and the Co-Purchaser to terminate this Agreement and instead, the Dispute shall forthwith be referred to an independent national accounting firm for resolution and the determination of such accounting firm, which the Company, Purchaser and Co-Purchaser shall request be delivered within five Business Days following the date on which the Dispute was delivered to it, shall be binding upon the Parties for purposes of finalizing the Closing Payment Calculation. The costs of the independent accounting firm engaged for the purposes noted above shall be shared equally by the Company, the Purchaser and the Co-Purchaser.

2.9 U.S. Securities Laws

The issuance of the Purchaser Shares issuable to Company Shareholders pursuant to the Share Alternative under the Arrangement is intended by the Purchaser to qualify for the exemption from registration provided by Section 3(a)(10) of the 1933 Act (or such other applicable exemption from registration as may be reasonably available). Subject to the other provisions of this Agreement, each Party agrees to act in good faith, consistent with the intended treatment of the Arrangement as set forth in this Section 2.9 and shall not do, or omit to do, anything which might reasonably be expected to result in any such exemption not being available. Without limiting the generality of the foregoing, such actions will include advising the Court prior to the hearing of the Final Order that the Purchaser will rely on the Section 3(a)(10) exemption based on the Court's approval of the Plan of Arrangement.

2.10 Officers, Employees and Consultants

(a) The Purchaser and the Company acknowledge that certain Company Employees, officers and consultants of the Company and its subsidiaries shall be severed and terminated effective as of the Effective Date (collectively, the "**Terminated Employees**"). The Purchaser shall notify the Company of all Terminated Employees at least five days prior to the Effective Date. If any such Terminated Employees are thereby entitled to a severance payment under applicable Law (the aggregate of all such payments to any Terminated Employees hereinafter referred to as "**Severance**"), the Parties agree that Severance to any Terminated Employees shall be paid on the Effective Date by the Company, subject to and concurrent with the execution of a mutual release from the Terminated Employee in such form as is acceptable to the Purchaser, acting reasonably which shall contain, without limitation, a release from each such Terminated Employee of all their Claims against the Company and its subsidiaries and a release from the Company of all Claims against such individual (except for claims relating to or arising out of any fraud, criminal conduct, wilful misconduct, intentional misrepresentation or bad faith).

(b) The Parties acknowledge that completion of the Arrangement will result in a "Change of Control" for purposes of certain of the employment agreements to which the officers of the Company and Company Employees are a party. The Company has disclosed in writing to the Purchaser the Company's *bona fide* good faith estimate by the Company of all obligations of the Company pursuant to all employment, termination, change of control, severance and retention plans or policies for severance, termination, change of control or bonus payments or any

other payments related to any Company Plan (including, without limitation, the Company Stock Option Plan) arising out of or in connection with the Arrangement (collectively, the "**Change of Control Payments**"). The Parties agree that any Change of Control Payments shall be paid in full by the Company concurrent with the Effective Date subject to and concurrent with the execution of a release from the payee in such form as is acceptable to the Purchaser, acting reasonably; it being understood that such person shall not be entitled to receive both a Change of Control Payment and Severance.

2.11 Treatment of Company Options

The Company and the Purchaser acknowledge and agree that:

(a) the Company Board intends to exercise its authority under sections 13, 14 and 17 of the Company Stock Option Plan to: (i) permit the accelerated vesting of all Company Options effective prior to the Effective Time solely to allow Company Optionholders to participate in the Surrender Offer and the Conditional Option Exercise pursuant to the Option Election Agreements; and (ii) cause all Company Options which have not been conditionally exercised or surrendered to terminate as of the Effective Time, in each case, conditional on Closing;

(b) the Company will accept each offer made by a Company Optionholder pursuant to the Company Stock Option Plan to surrender his or her Company Options to the Company in consideration for the issuance by the Company to such Company Optionholder of that number of Company Shares equivalent in value to the amount per surrendered Company Option equal to the excess of the value of each Purchaser Share issuable under the Share Alternative, determined to be $3.40 (being equal to the volume weighted average trading price of the Purchaser Shares on the WSE for the 60 trading days ending on April 15, 2013 expressed in Canadian dollars and converted from Polish zloty to Canadian dollars based on the Bank of Canada noon spot rate published for each trading day during such period) over the exercise price of the Company Option (the "**In-the-Money Amount**") (subject to the remittance by such Company Optionholder to the Company of cash in an amount equal to the amount of Taxes, if any, required to be remitted by the Company in connection with such surrender), conditional on Closing (a "**Surrender Offer**"); and

(c) Company Optionholders will have the choice of:

(i) exercising their Company Options at the applicable exercise prices in accordance with the Company Stock Option Plan (the "**Conditional Option Exercise**"); or

(ii) surrendering their Company Options to the Company by way of Surrender Offer in consideration for the issuance by the Company to the Company Optionholder of that number of Company Shares equivalent in value to the In-the-Money Amount of the surrendered Company Options (subject to the remittance by such Company Optionholder to the Company of cash in an amount equal to the amount of Taxes, if any, required to be remitted by

the Company in connection with such surrender), conditional on Closing. It is agreed by the Purchaser that all Company Options which are "in the money" that are duly surrendered shall be exercised immediately prior to the Effective Time,

provided that, in each case, such Company Optionholders also agree to surrender all of their Company Options which are "out of the money" for an amount not exceeding $0.01 per Company Option (and in the aggregate, not to exceed $16,000) for termination effective as of the Effective Date.

2.12 Income Tax Election

(a) The exchange of Company Shares solely for Purchaser Shares will be structured as a tax deferred share-for-share exchange pursuant to subsection 85.1(1) of the Tax Act.

(b) The Purchaser, the Consortium, the Company and the Depositary shall be entitled to deduct or withhold from any dividend or consideration payable to any Company Shareholder, such amounts as the Purchaser, the Consortium, the Company or the Depositary is required to deduct or withhold with respect to such payment under the Tax Act or any provision of federal, provincial, territorial, state, local or foreign tax Law, in each case, as amended. To the extent that amounts are so deducted or withheld, such deducted or withheld amounts shall be treated, for all purposes hereof, as having been paid to the Company Shareholders in respect of whom such deduction or withholding was made, provided that such deducted or withheld amounts are actually remitted to the appropriate Governmental Authority. To the extent that such amount so required to be deducted or withheld from any payment to a holder exceeds the cash portion of the Consideration otherwise payable to the holder, any of the Purchaser, the Consortium, the Company or the Depositary is hereby authorized to sell or otherwise dispose of such other portion of the Consideration as is necessary to provide sufficient funds to the Purchaser, the Consortium, the Company or the Depositary, as the case may be, to enable it to comply with all deduction or withholding requirements applicable to it, and the Purchaser, the Consortium, the Company and the Depositary shall notify the holder thereof and remit to the holder thereof any unapplied balance of the net proceeds of such sale.

2.13 Announcements

The Purchaser and the Company shall each issue a press release with respect to this Agreement and the Arrangement promptly following the execution of this Agreement, the text of such press releases to be in a form approved by each of the Purchaser, the Co-Purchaser and the Company in advance, acting reasonably and without delay.

2.14 Board Nominee Rights

Bruce Libin and Evgenij Iorich (the "**Company Board Nominees**") shall be nominated by the Purchaser for appointment to the Purchaser Board, and subject to compliance by such Company

Board Nominees with section 105 of the ABCA and all requirements of the TSX and the WSE, the Purchaser Board shall:

(a) authorize and approve the appointment of such Company Board Nominees, such appointment to be effective immediately following the Effective Time, to serve as directors of the Purchaser until the next annual general meeting of the shareholders of the Purchaser; and

(b) include such Company Board Nominees among the nominees that are recommended to the shareholders of the Purchaser for election to the Purchaser Board in advance of any meeting of shareholders of the Purchaser at which directors are to be elected unless such Company Board Nominees do not consent to allow their names to stand for nomination to the Purchaser Board.

2.15 Admission of Additional Consortium Members

Additional Persons may be added as members of the Consortium at any time and from time to time prior to the date of mailing of the Company Information Circular at the discretion of the Purchaser and the Co-Purchaser after any such Persons agree in writing to be bound by and to observe the terms and provisions of this Agreement by executing the form of counterpart execution joinder attached hereto as Schedule "C". Any Person so agreeing shall be deemed to be a Party to this Agreement and a Consortium Member.

2.16 Maximum Cash Consideration

The Co-Purchaser covenants and agrees to pay a cash amount equal to the Maximum Cash Consideration, less the cash amounts paid by the other Consortium Members, if any, as set forth in such other Consortium Members' counterpart execution joinders to this Agreement and in accordance with Section 2.8.

2.17 Consortium Member's Lock-Up Covenant

Each Consortium Member that acquires Company Shares and subsequently receives Purchaser Shares in exchange for such Company Shares under the Plan of Arrangement (the "**Consideration Shares**") covenants and agrees that it will not trade any such Consideration Shares that it will hold or control, directly or indirectly, after the Effective Time for a period of time not to exceed 180 days from the Effective Date. For greater certainty, the covenant in this Section 2.17 shall not apply to any other Purchaser Shares held by a Consortium Member.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

3.1 Representations and Warranties of the Company

The Company hereby represents and warrants to the Purchaser and the Consortium the following matters as at the date of this Agreement as set forth below and acknowledges that each of the Purchaser and the Consortium are relying upon such representations and warranties in connection with the entering into of this Agreement and the performance of its obligations hereunder:

(a) **Corporate Existence and Power.** The Company is a corporation duly incorporated, valid and subsisting under the Laws of the Province of Alberta and has all corporate power and authority to own its assets as now owned and to carry on its business as now conducted. The Company is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company.

(b) **Corporate Authorization.** The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated by this Agreement are within the Company's corporate powers and have been, and shall be at the Effective Time, duly authorized by the Company Board and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement or shall be necessary at the Effective Time to authorize the transactions contemplated hereby other than the approval by the Company Board of the Company Information Circular and the approval by the Company Shareholders of the Arrangement Resolution in the manner required by the Interim Order and Law and approval by the Court.

(c) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies including specific performance, are discretionary and may not be ordered.

(d) Governmental Authorizations and Third Party Approvals.

(i) The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated by this Agreement and by the Plan of Arrangement require no consent, approval or authorization of or any action by or in respect of, or filing, recording, registering or publication with, or notification to any Governmental Authority other than:

(A) any approvals required by the Interim Order;

(B) the Final Order;

(C) the filings with the Registrar under the ABCA contemplated herein;

(D) the Tunisian Approval;

(E) the Romanian Notice;

(F) compliance with any applicable Canadian Securities Laws or rules and policies of the TSX; and

(G) any actions or filings the absence of which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company;

(ii) Other than as disclosed in writing by the Company, no Third Party Consents are required by the Company or its subsidiaries in connection with the execution and delivery of this Agreement by the Company, the performance by the Company of its obligations under this Agreement and the completion of the Arrangement by the Company, other than those Third Party Consents the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company.

(e) **Non-Contravention.** The execution, delivery and performance by the Company of its obligations under this Agreement and the consummation of the transactions contemplated by this Agreement and by the Plan of Arrangement do not and shall not:

(i) contravene, conflict with, or result in any violation or breach of any provision of the articles, by-laws, constating documents or resolutions of the directors or shareholders of the Company or its subsidiaries;

(ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (d) above, contravene, conflict with, or result in any violation or breach of any provision of any applicable Law or any license, approval, consent or authorization issued by a Governmental Authority held by the Company or its subsidiaries;

(iii) except as disclosed in writing by the Company, require any notice or consent or other action by any Person under, contravene, conflict with, violate, breach or constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Company or its subsidiaries are entitled under, or give rise to any rights of first refusal or trigger any change in control provisions or any restriction under, any provision of any Contract or other instrument binding upon the Company or its subsidiaries or affecting any of their respective assets; or

(iv) result in the creation or imposition of any Lien on any asset of the Company or its subsidiaries,

except, in the case of paragraphs (ii), (iii) and (iv) above, for such contraventions, conflicts, violations, breaches, defaults, terminations, cancellations, accelerations, changes, losses, rights of first refusal, triggers or restrictions which would not, individually or in the aggregate, have a Material Adverse Effect with respect to the Company.

(f) **Constating Documents**. True and complete copies of the constating documents of the Company and each of its subsidiaries as currently in effect have been made available to the Purchaser and neither the Company nor, any of its subsidiaries has taken any action, nor is any action pending or contemplated, to amend or succeed such documents.

(g) **Capitalization.** The authorized share capital of the Company consists of an unlimited number of Company Shares and an unlimited number of first preferred shares and an unlimited number of second preferred shares. As of the date hereof, there are 35,844,265 Company Shares issued and outstanding and no first preferred shares or second preferred shares issued and outstanding. As of the date hereof, an aggregate of 2,745,340 Company Shares are issuable upon the exercise of all outstanding Company Options (whether or not vested). The Company has disclosed in writing to the Purchaser a complete list of all Company Optionholders and the exercise price and date of grant of all Options held by such Company Optionholders. Except with respect to the Company Options described in this paragraph (g), there are no options, warrants, conversion privileges, equity-based awards or other rights, agreements or commitments of any character whatsoever requiring or which may require the issuance, sale or transfer by the Company of any shares or other securities of the Company (including Company Shares, first preferred shares and second preferred shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, or whose value is based on or in reference to the value or price of, any shares or other securities of the Company (including Company Shares, first preferred shares and second preferred shares). All outstanding Company Shares have been duly authorized and validly issued, are fully paid and non-assessable (and no such Company Shares have been issued in violation of any pre-emptive or similar rights), and all Company Shares issuable upon the exercise of rights under the Company Options in accordance with their respective terms have been duly authorized and, upon issuance, shall be validly issued as fully paid and non-assessable. With respect to the Company Options, (i) each grant of a Company Option was duly authorized no later than the date on which the grant of such Company Option was to be effective, and (ii) each grant was made, as applicable, in accordance with the Company Stock Option Plan. No Person is entitled to any pre-emptive or other similar right granted by the Company. Other than as disclosed in writing by the Company, there are no outstanding contractual or other obligations of the Company to repurchase, redeem or otherwise acquire any of its securities or with respect to the voting or disposition of any outstanding securities of any subsidiary.

(h) **Material Subsidiaries.**

(i) The Company has disclosed in writing to the Purchaser the following information with respect to each such subsidiary of the Company:

(A) its name, the number, type and principal amount, as applicable, of its outstanding equity securities and a list of registered holders thereof; and

(B) its jurisdiction of organization or governance.

(ii) Each subsidiary of the Company is a corporation validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, as the case may be, and has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted. The Company is, directly or indirectly, the registered and beneficial owner of all of the outstanding shares or other equity interests of each of its subsidiaries, free and clear of any Liens. All of such shares and other equity interests so owned directly or indirectly by the Company are validly issued, fully paid and non-assessable (and no such shares or other equity interests have been issued in violation of any pre-emptive or similar rights).

(iii) As of the date hereof, the Company does not own, beneficially or of record, any substantial equity interest (being an interest in excess of 5% of all outstanding equity interests) of any kind in any other Person (other than its interest in its subsidiaries and other than as disclosed in writing by the Company). Other than as disclosed in writing by the Company, no options, rights, entitlements, understandings or commitments exist regarding the right of any third party Person to acquire shares or other ownership interests in or material assets or properties of any material subsidiary of the Company.

(i) **Distributions from Subsidiaries.** If duly authorized by its board of directors or similar governing authority and subject to applicable Law, no subsidiary of the Company is prohibited, directly or indirectly, from paying any distributions, dividends or interest payments to the Company, from making any other distribution on such subsidiary's share capital or other ownership interest, from repaying to the Company any notes, loans or advances to such subsidiary or from transferring any of such subsidiary's property or assets to the Company in each case in any material respect.

(j) Securities Laws Matters.

(i) The Company is a "reporting issuer" or equivalent thereof in each of the provinces of Canada other than Québec within the meaning of Canadian Securities Laws, is not on the list of reporting issuers in default under the Canadian Securities Laws in any jurisdiction in which the Company is a reporting issuer and is not in default of any material requirements of any

applicable Canadian Securities Laws. None of the subsidiaries of the Company is subject to continuous or periodic disclosure requirements under Canadian Securities Laws. No delisting, suspension of trading in or cease trading order with respect to any securities of the Company, and no inquiry or investigation (formal or informal) of any Securities Authority or the TSX is in effect or, to the knowledge of the Company, pending or threatened or expected to be implemented or undertaken. The Company has filed with the Securities Authorities and, except as disclosed in writing by the Company, the TSX true and complete copies of all forms, reports, press releases, annual information forms, material change reports, financial statements, management's discussion and analysis, disclosures, offering documents and other documents required to be filed by the Company, in the manner and in the time frames required pursuant to Canadian Securities Laws (such documents are referred to herein as the "**Company Public Documents**", and for the purposes of this Section 3.1(j)(i) are limited to the Company Public Documents publicly filed since January 1, 2011) and, except as disclosed in writing by the Company, the Company Public Documents comply in all material respects with the requirements of applicable Canadian Securities Laws, including, if applicable, the requirement that the Company Public Documents not contain, at the time filed with or furnished to the Securities Authorities, any misrepresentation. The Company has not filed any confidential material change report with the Securities Authorities which at the date hereof remains confidential.

(ii) The Company has established and maintains disclosure controls and procedures within the meaning of applicable Canadian Securities Laws. The Company's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by the Company in the reports that it files under applicable Canadian Securities Laws are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Authorities and that all such material information is accumulated and communicated to the management of the Company as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to applicable Canadian Securities Laws.

(iii) The Company has established and maintains a system of internal controls over financial reporting within the meaning of applicable Canadian Securities Laws. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of Company financial statements for external purposes in accordance with IFRS. Other than as disclosed in writing by the Company, since January 1, 2011, neither the Company nor, to the knowledge of the Company, any director, officer, employee, auditor, accountant or representative of the Company or its subsidiaries has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral,

regarding the accounting or auditing practices, procedures, methodologies or methods of the Company or its subsidiaries, including any material complaint, allegation, assertion or claim that the Company or its subsidiaries has or had a "material weakness" as such terms are defined in applicable Canadian Securities Laws, in its internal controls over financial reporting.

(iv) The management of the Company completed its assessment of the effectiveness of the Company's internal controls over financial reporting in compliance with the requirements of applicable Canadian Securities Laws for the year ended December 31, 2012, and such assessment concluded that such controls were effective. The Company disclosed, based on the most recent evaluations, to the Company's auditors and the audit committee of the Company Board (A) all significant deficiencies in the design or operation of internal controls over financial reporting and any material weaknesses, that have more than a remote chance to materially and adversely affect the Company's ability to record, process, summarize and report financial data as defined in applicable Canadian Securities Laws, and (B) any fraud, regardless of whether material, that involves management or other employees who have or had a significant role in the Company's internal controls over financial reporting.

(k) **Financial Statements.** The Company Financial Statements (including any notes and schedules thereto and the auditors' report thereon) included in the Company Public Documents were prepared in accordance with IFRS or GAAP, as applicable, applied on a consistent basis as in effect on the date of such Financial Statements (except as may be indicated in the notes thereto), and fairly present in all material respects, the financial position of the Company on a consolidated basis, as of the dates thereof and its consolidated statements of earnings, shareholders' equity and cash flows for the periods then ended (subject to normal year-end adjustments and the absence of notes in the case of any unaudited interim financial statements).

(l) **Company's Auditors.** The Company's auditors who have audited or reviewed the Company Financial Statements and delivered their reports with respect to the audited Company Financial Statements are independent chartered accountants with respect to the Company within the meaning of Canadian Securities Laws and during the period covered by the Company Financial Statements on which they reported there has not been any reportable event (within the meaning of NI 51-102) with the present or any former auditor of the Company.

(m) **Absence of Certain Changes**. Except as disclosed in writing by the Company, since December 31, 2012, other than the transactions contemplated in this Agreement:

(i) the business of the Company and its subsidiaries has been conducted only in the ordinary course of business consistent with past practices;

(ii) there has not been a Material Adverse Change with respect to the Company; and

(iii) there has not been any change in the accounting practices used by the Company on a consolidated basis other than changes required as a result of any reconciliation of financial information from GAAP into IFRS.

(n) Indebtedness and No Undisclosed Material Liabilities.

(i) Other than as disclosed in writing by the Company, there are no liabilities or obligations of the Company or its subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

(A) liabilities or obligations disclosed in the Company Financial Statements;

(B) liabilities or obligations incurred in the ordinary course of business consistent with past practice since December 31, 2012;

(C) liabilities or obligations incurred in connection with the transactions contemplated hereby; and

(D) liabilities or obligations that would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company.

(ii) The principal amount of all indebtedness of the Company on a consolidated basis for borrowed money, including pursuant to capital or financing leases and letters of credit or guarantee, as of December 31, 2012, has been disclosed in writing by the Company.

(o) **Compliance with Laws**. Except as disclosed in writing by the Company:

(i) The Company and its subsidiaries:

(A) are and have been in compliance with all applicable Laws; and

(B) have not been threatened to be charged with, or given notice of, any violation of any applicable Law, or investigations related to violations of applicable Law, and are not, to the knowledge of the Company, under investigation with respect to any applicable Law or related to violations of applicable Law,

except for such failures to comply with, investigations related to or violations of applicable Law that have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company.

(p) Money Laundering Laws and Foreign Corrupt Practices.

(i) The operations of the Company and its subsidiaries are, and have been conducted at all times in compliance with the financial record-keeping and reporting requirements of the anti-money laundering and anti-terrorism statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any Governmental Authorities to which the Company or its subsidiaries is subject, including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (collectively, the "**Money Laundering Laws**"), and no action, suit, proceeding or investigation by or before any Governmental Authority involving the Company or its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened.

(ii) Neither the Company nor any of its subsidiaries, nor, to the knowledge of the Company, any of their respective directors, officers, agents, employees, consultants or other Persons acting on behalf of the Company or any of its subsidiaries has offered or given, and the Company is not aware of and does not have any knowledge of any Person that has offered or given on its behalf, anything of value to any official of a Governmental Authority, any political party or official thereof or any candidate for political office, any customer or member of any Governmental Authority, or any other Person, in any such case while knowing or having reason to know that all or a portion of such money or thing of value may be offered, given or promised, directly or indirectly, for the purpose of any of the following:

(A) influencing any action or decision of such Person, in such Person's official capacity, including a decision to fail to perform such Person's official function;

(B) inducing such Person to use such Person's influence with any Governmental Authority to affect or influence any act or decision of such Governmental Authority to assist the Company or any of its subsidiaries in obtaining or retaining business for, with, or directing business to, any Person; or

(C) where such payment would constitute a bribe, rebate, payoff, influence payment, kickback or illegal or improper payment to assist the Company or any of its subsidiaries in obtaining or retaining business for, with, or directing business to, any Person.

(iii) There have been no actions taken by the Company or its subsidiaries or, to the knowledge of the Company, by any Persons on behalf of the Company or its subsidiaries, that would cause the Company or its subsidiaries or such Persons to be in violation of the *Corruption of Foreign Public Officials Act* (Canada), as amended, the *Foreign Corrupt Practices Act of 1977* (United States), as amended, the *UK Bribery Act of 2010* (collectively, the "**Acts**") or any similar legislation in any jurisdiction in

which the Company and its subsidiaries conduct their business and to which the Company and its subsidiaries may be subject.

(iv) There are no Proceedings under the Acts or any similar legislation in any jurisdiction in which the Company and its subsidiaries conduct their business pending against the Company or its subsidiaries, nor any of their respective directors, officers, agents, employees, consultants or other Persons acting on behalf of the Company or any of its subsidiaries, or to the knowledge of the Company, threatened against or affecting, the Company or its subsidiaries or any of their respective directors, officers, agents, employees, consultants or other Persons acting on behalf of the Company or any of its subsidiaries.

(q) Sanction Legislation.

(i) Neither the Company nor any of its subsidiaries, nor, to the knowledge of the Company, any of their respective directors, officers, agents, employees, consultants or other Persons acting on behalf of the Company or any of its subsidiaries has been or is currently subject to any economic or trade sanctions authorized, administered or enforced by the Department of Foreign Affairs and International Trade Canada, the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"), the United Nations Security Council, the European External Action Service of the European Union, Her Majesty's Treasury of the United Kingdom, or any other relevant sanctions authority (collectively, "**Sanctions**"), and has acted, whether directly or indirectly, in violation of the Sanctions and furthermore will not take any action, directly or indirectly, in violation of the Sanctions.

(ii) Neither the Company nor any of its subsidiaries, nor, to the knowledge of the Company, any of their respective directors, officers, agents, employees, consultants or other Persons acting on behalf of the Company or any of its subsidiaries is aware of or has taken any action, directly or indirectly, including, but not limited to sales, transactions, contracts, loans or investments in, or with, in any currency, any individuals or entities sanctioned including as a terrorist or terrorist entity or Specially Designated Nationals (collectively, "**SDNs**") under any Sanctions. Neither the Company, its subsidiaries nor any of their affiliates are owned or affiliated by or with any SDN or a government of a country or territory sanctioned by OFAC , the Department of Foreign Affairs and International Trade Canada, the United Nations Security Council, the European External Action Service of the European Union, Her Majesty's Treasury of the United Kingdom, or any other relevant sanctions authority, and to the knowledge of the Company, no director, officer, agent, employee, consultant, representative or affiliate of the Company or any of its subsidiaries is a SDN, employed by or affiliated with the government, or are resident in, a country sanctioned by OFAC, the Department of Foreign Affairs and International Trade Canada, the United Nations Security Council, the European External Action Service of the European Union,

Her Majesty's Treasury of the United Kingdom, or any other relevant sanctions authority.

(r) **Regulatory Compliance**. Except as disclosed in writing by the Company:

(i) The Company and its subsidiaries have, obtained and are in substantial compliance with all material licences, permits, approvals, certificates, consents, orders, grants, procedures, standards and other authorizations of or from any Governmental Authority that are applicable to or held by the Company and its subsidiaries or are necessary to conduct their respective businesses as it now being conducted (collectively, the "**Company Permits**"). To the knowledge of the Company, there has not occurred within the last two years any violation of, any default under, or any event giving rise to or potentially giving rise to any right of termination, revocation, adverse modification, non-renewal or cancellation of any Company Permits, and no Governmental Authority has provided the Company or its subsidiaries with notice of any of the foregoing, except for any such violation, default or event as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company.

(ii) Neither the Company nor its subsidiaries have been convicted of any crime or engaged in any conduct which could result in criminal liability or material debarment or disqualification by any Governmental Authority with respect to any of the Company Permits, and, to the knowledge of the Company, there are no Proceedings pending or threatened that reasonably might be expected to result in criminal liability or material debarment or disqualification by any Governmental Authority with respect to any of the Company Permits.

(iii) The Company and its subsidiaries are, in material compliance with all foreign ownership restrictions applicable to them under applicable Laws.

(s) **Litigation.** Except as disclosed in writing by the Company, there are no Proceedings against the Company or its subsidiaries, or to the knowledge of the Company, pending or threatened against or affecting, the Company or its subsidiaries that, if adversely determined, would have or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company, nor to the knowledge of the Company are there any facts or circumstances that could form the basis for any such Proceeding. The Company and its subsidiaries are not subject to any outstanding judgement, Order, writ, injunction or decree that would or would reasonably be expected to have a Material Adverse Effect with respect to the Company.

(t) **Taxes**.

Except as disclosed in writing by the Company:

(i) Other than immaterial Returns required under the Laws of Romania, the Company and its subsidiaries have duly and timely made or prepared all Returns required to be made or prepared by them, have duly and timely filed all Returns required to be filed thereby with the appropriate Governmental Authority and have duly, completely and correctly reported all income and all other amounts and information required to be reported thereon.

(ii) Other than immaterial Returns required under the Laws of Romania, the Company and its subsidiaries have duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by them whether or not assessed by the appropriate Governmental Authority. The Company and its subsidiaries have established (or have had established on their behalf and for their sole benefit and recourse) in accordance with IFRS or GAAP, as applicable, an adequate accrual for all Taxes which are not yet due and payable through the end of the last period for which the Company and its subsidiaries ordinarily record items on their books.

(iii) The Company and its subsidiaries have not requested, offered to enter into or entered into any agreement or other arrangement, or executed any waiver, providing for any extension of time within which (A) to file any Return covering any Taxes for which the Company or its subsidiaries are or may be liable; (B) to file any elections, designations or similar filings relating to Taxes for which the Company or its subsidiaries are or may be liable; (C) the Company or its subsidiaries are, required to pay or remit any Taxes or amounts on account of Taxes; or (D) any Governmental Authority may assess, reassess or collect Taxes for which the Company, or its subsidiaries are or may be liable.

(iv) Neither the Company nor its subsidiaries have, made, prepared and/or entered into any Tax sharing, Tax indemnification or Tax allocation agreement that has effect for any period ending after the Effective Date.

(v) To the knowledge of the Company, neither the Company nor any of its subsidiaries have acquired property from or disposition of property to a non-arm's length Person, within the meaning of the Tax Act, for consideration, the value of which is less than the fair market value of the property acquired in circumstances which could subject it to a liability under Section 160 of the Tax Act.

(vi) All income, sales (including goods and services, harmonized sales and provincial or territorial sales) and capital tax liabilities of the Company and its subsidiaries have been assessed by the relevant Governmental Authorities and notices of assessment have been issued to each such entity by the relevant Governmental Authorities for all taxation years or periods

ending prior to and including the taxation year or period ended December 31, 2011.

(vii) There are no proceedings, investigations, audits or Claims now pending or, to the knowledge of the Company, threatened against the Company or its subsidiaries in respect of, or related to, any Taxes and there are no matters under discussion, audit or appeal with any Governmental Authority in respect of or, relating to, Taxes.

(viii) The Company and its subsidiaries have, duly and timely withheld all Taxes and other amounts required by Law to be withheld by them (including Taxes and other amounts required to be withheld by them in respect of any amount paid or credited or deemed to be paid or credited by them to or for the account or benefit of any Person, including any employee, officer or director and any non-resident Person), and have duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required by Law to be remitted by them.

(ix) The Company and its subsidiaries have, duly and timely collected all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Law to be collected by them and have duly and timely remitted to the appropriate Governmental Authority any such amounts required by Law to be remitted by them.

(x) None of sections 78, 80, 80.01, 80.02, 80.03 or 80.04 of the Tax Act, or any equivalent provision of the Tax legislation of any province or any other jurisdiction, have applied or will apply to the Company or its subsidiaries at any time up to and including the Effective Date.

(xi) For all transactions between the Company or its subsidiaries and any non-resident Person with whom the Company or its subsidiaries, as applicable, was not dealing at arm's length during a taxation year commencing after 1998 and ending on or before the Effective Date, the Company and its subsidiaries, as applicable, have made or obtained records or documents that meet the requirements of paragraphs 247(4)(a) to (c) of the Tax Act.

(xii) The Company and its Canadian resident subsidiaries are, if required, duly registered under subdivision (d) of Division V of Part IX of the *Excise Tax Act* (Canada) with respect to the goods and services tax and harmonized sales tax and their registration number have been disclosed in writing by the Company.

(xiii) The Purchaser has been provided with copies of all filed Tax Returns and all material communications to or from any Governmental Authority relating to the Taxes of the Company and its subsidiaries, to the extent such documents were requested by the Purchaser.

(xiv) The Company is a "taxable Canadian corporation" as defined in the Tax Act.

(u) Company Plans.

(i) The Company and its subsidiaries have complied, in all material respects, with the terms of all Company Plans and with all applicable Laws relating thereto.

(ii) A true and complete list of all Company Plans has been disclosed in writing by the Company to the Purchaser. Current and complete copies of all such written Company Plans or, where oral, written summaries of the material terms thereof, have been provided or made available to the Purchaser, together with current and complete copies of all material documents relating to the Company Plans.

(iii) All of the Company Plans are operated and administered, in all material respects, in accordance with all applicable Laws and any Collective Agreements, if applicable, and in accordance with their terms. Neither the Company nor its subsidiaries has received, in the last three years, any notice from any person questioning or challenging such compliance, and the Company has no knowledge of any such notice beyond the last three years. All material reports, returns and similar documents with respect to all Company Plans required to be filed with any Governmental Authority or distributed to any Company Plan participant have been duly and timely filed or distributed.

(iv) Except as would not individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company:

(A) all obligations of the Company or any of its subsidiaries regarding the Company Plans have been satisfied and no Taxes are owing or exigible under any of Company Plans; and

(B) all contributions or premiums required to be made to any Statutory Plans or under the terms of each Company Plan or by applicable Laws have been made in a timely fashion in accordance with applicable Laws and the terms of the Company Plans.

(v) No unfunded liability, solvency deficiency, going concern deficiency or wind up deficiency exists with respect to any Pension Plan.

(vi) Other than as disclosed in writing by the Company, neither the Company nor its subsidiaries has any formal plan or has made any promise or commitment, whether legally binding or not, to create any additional Company Plan or to improve the benefits provided under any Company Plan.

(vii) There are no agreements, or undertakings, written or oral, by the Company or any of its subsidiaries other than those set forth in the written Company Plans that would result in any material liability to Company or its subsidiaries on or at any time after the Effective Date on amendment or termination of any Company Plan (including any Company Plan covering retirees or other former directors, officers or employees).

(viii) Other than as disclosed in writing by the Company, no Company Plan promises or provides retiree health benefits or retiree life insurance benefits or any other non-pension post-retirement benefits to any Person.

(ix) There are no Company Plans to which the Company or its subsidiaries are required to contribute which are not maintained or administered by the Company or its subsidiaries.

(x) Except as would not individually, or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Company, none of the Company Plans require or permit a retroactive increase in premiums or payments, or require additional premiums or payments on termination of any such plan.

(xi) Other than as disclosed in writing by the Company, there are no: (A) bonus, golden parachute, retirement, retention, change of control, termination, severance, unemployment compensation, or other benefit or enhanced benefit arrangements; (B) material increases in benefits otherwise payable under any Company Plan; or (C) acceleration of the time of payment or vesting of any benefits otherwise payable under any Company Plan, in each case resulting from the execution and delivery of this Agreement, the performance of the Company's or any of its subsidiaries' obligations under this Agreement or the consummation of any of the transactions contemplated in this Agreement, whether alone or together with the occurrence or existence of any other event, fact or circumstance.

(v) Collective Agreements.

(i) Other than the Collective Agreements or as disclosed in writing by the Company, neither the Company nor its subsidiaries are subject to any collective bargaining agreements or agreements with any union. Neither the Company nor its subsidiaries are in material violation of any provision under any Collective Agreement.

(ii) Other than as disclosed in writing by the Company, no collective bargaining agreements with unions are currently being negotiated or are currently subject to negotiation by the Company or its subsidiaries with respect to the Company Employees, other than in relation to the Collective Agreements and as disclosed in writing by the Company.

(iii) Other than as disclosed in writing by the Company, there are no outstanding material labour tribunal proceedings of any kind or other events of any nature whatsoever, including any Proceedings which, to the knowledge of the Company, could result in certification of a trade union as bargaining agent for any non-unionized Company Employees or any Persons providing on-site services in respect of the Company or its subsidiaries. To the knowledge of the Company, there are no threatened or apparent union organizing activities involving non-unionized Company Employees or any Persons providing on-site services in respect of the Company or its subsidiaries.

(iv) Other than as disclosed in writing by the Company, no trade union, council of trade unions, employee bargaining agency or affiliated bargaining agent holds bargaining rights with respect to any Company Employees by way of certification, interim certification, voluntary recognition, designation or successor rights, or has applied to have the Company or its subsidiaries declared a related employer or successor employer pursuant to applicable labour legislation. Other than as disclosed in writing by the Company, none of the Company or its subsidiaries have engaged in any unfair labour practices and, no strike, lock-out, work stoppage, or other material labour dispute is occurring or has occurred during the past two years. To the knowledge of the Company, there are no threatened or pending strikes, work stoppages, picketing, lock-outs, hand-billings, boycotts, slowdowns or similar labour related disputes pertaining to the Company or its subsidiaries that might affect the value of the Company or its subsidiaries or lead to an interruption of operations of the Company or its subsidiaries at any location. Neither the Company nor its subsidiaries have engaged in any plant closing or lay-off activities within the past two years that would violate or in any way subject the Company or its subsidiaries to the group termination or lay-off requirements of the applicable employment standards legislation.

(v) Other than as disclosed in writing by the Company, neither the Company nor the subsidiaries have any material grievances or pending arbitration cases outstanding, nor, to the knowledge of the Company, are there any threatened material grievances or arbitration cases relating to the Company or its subsidiaries. Neither the Company nor its subsidiaries have, any labour relations problems that could reasonably be expected to materially and adversely affect the value of the Company on a consolidated basis or lead to an interruption of operations. The Company and its subsidiaries are in material compliance with the Collective Agreements.

(vi) Other than as disclosed in writing by the Company, neither the Company nor its subsidiaries have recognised any trade union, staff association, staff council, works council or other organisation or arrangement having a similar purpose and no notification to any trade union, staff association,

staff council, works council or other organization or arrangement having a similar purpose is required by the Company or any of its subsidiaries for the purpose of consummating the transactions contemplated by this Agreement.

(w) Employees.

(i) As of the date hereof, and other than as disclosed in writing by the Company, neither the Company nor its subsidiaries are a party to any Proceeding under any applicable Law relating to Company Employees or former Company Employees nor, to the knowledge of the Company, is there any factual or legal basis on which any such Proceeding might be commenced.

(ii) All written contracts with any current Company Employee who is a senior officer of the Company and copies of all such agreements have been made available to the Purchaser. Other than as disclosed in writing by the Company, there are no Contracts, agreements, promises or commitments in relation to any Company Employee that contain any specific provision in relation to any employee's termination (including change of control provisions) the application of which shall be triggered by the transactions contemplated by this Agreement.

(iii) The Company and its subsidiaries are in compliance in all material respects with all applicable Laws regarding employment, employment practices, terms and conditions of employment, employee safety and health, worker classification, social security (where applicable) and other Tax withholdings, prohibited discrimination, equal employment, fair employment practices, meal and rest periods, immigration status, employee safety and health, workers' compensation, leaves of absence, wages (including overtime wages), compensation, and hours of work with respect to the Company Employees. There are no Claims pending, or to the knowledge of the Company, threatened against the Company or its subsidiaries brought by or on behalf of any applicant for employment, any current or former employee or any class of the foregoing, relating to any such Law or regulation, or alleging breach of any express or implied contract of employment, wrongful termination of employment, unfair labour practice or any other discriminatory, wrongful or tortuous conduct in connection with the employment relationship. There are no charges, investigations, administrative proceedings or formal complaints of discrimination threatened or pending before any Government Authority against the Company or its subsidiaries pertaining to any Company Employee.

(iv) To the knowledge of the Company, no Company Employee is in breach of any term of any employment agreement, non-disclosure agreement, non-competition agreement, fiduciary duty, or any restrictive covenant to a former employer relating to the right of any such Company Employee to be employed by the Company or its subsidiaries because of the nature of

the business conducted or presently proposed to be conducted by the Company or its subsidiaries or to the use of trade secrets or proprietary information of others, except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company.

(v) The Company has provided the Company with a complete list of the Company Employees and consultants engaged in respect of the business of the Company and its subsidiaries, together with their titles, service dates and material terms of employment, including current wages, salaries or hourly rate of pay, benefits, vacation entitlement, commissions and bonus (whether monetary or otherwise) or other compensation paid since the beginning of the most recently completed fiscal year or payable to each such Company Employee or consultant, as applicable, and the date upon which each such term of employment or engagement, as applicable, became effective it became effective in the 12 month period prior to the date of this Agreement. Except as disclosed on such list, no Company Employees are on inactive status, including lay off, short-term disability leave, long-term disability leave, pregnancy and parental leave or other extended absences, or are receiving benefits pursuant to work's compensation legislation.

(vi) All vacation pay, bonuses and commissions relating to the business of the Company and its subsidiaries and the Company Employees are accurately reflected in all material respects and have been accrued in the books and records of the Company or any of its subsidiaries.

(vii) To the knowledge of the Company, all Company Employee data necessary to administer each Company Plan is in the possession of the Company, its subsidiaries or their agents and is in a form which is sufficient for the proper administration of each Company Plan in accordance with its terms and all Laws and, to the knowledge of the Company, such data is true and complete.

(viii) None of the Company Employees or, to the knowledge of the Company, any consultants or agents of the Company or any of its subsidiaries is or during the last two years has been under administrative, civil or criminal investigation or indictment by any Governmental Authority in connection with their employment at the Company or its subsidiaries.

(ix) Except as disclosed in writing by the Company, each person providing services to the Company or its subsidiaries that have been characterized as a consultant or independent contractor and not an employee has, to the knowledge of the Company, been properly characterized as such and neither the Company nor its subsidiaries have any liability or obligations, including under or on account of any Company Plan, arising out of the hiring or retention of persons to provide services to the Company or its subsidiaries and treating such persons as consultants or independent contractors and not as employees of the Company, except as would not be

reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company.

(x) **Environmental Matters.** Except as disclosed in writing by the Company:

(i) no written notices, claims, orders, complaints or penalties have been received by the Company or its subsidiaries alleging that the Company or its subsidiaries, as applicable, are in violation of, or have any liability or potential liability under, any applicable Environmental Law or Environmental Permit, and there are no Proceedings or, to the knowledge of the Company, threatened Proceedings against the Company or its subsidiaries alleging a violation of, or any liability or potential liability under, any applicable Environmental Law or Environmental Permit or relating to Hazardous Materials as would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company, and, to the knowledge of the Company, there are no facts or circumstances that reasonably could be expected to give rise to any such notice, claim, order, complaint, penalty, or Proceedings as would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company;

(ii) the Company and its subsidiaries hold all of the material Environmental Permits necessary for their respective operations to comply with all applicable Environmental Laws and neither the Company nor its subsidiaries are aware of any reason that any such Environmental Permits might be revoked or not renewed by any Governmental Authority;

(iii) the operations of the Company and its subsidiaries are and have been conducted in material compliance with all required or applicable Environmental Laws and Environmental Permits;

(iv) neither the Company nor its subsidiaries have in a manner that is contrary to Environmental Laws, caused any Releases of Hazardous Materials on, at, from or under any real or immovable property currently or formerly owned, operated, occupied or otherwise utilized by the Company or its subsidiaries as would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company, or would be likely to form the basis of any Claim against the Company or its subsidiaries having individually or in the aggregate, a Material Adverse Effect with respect to the Company;

(v) neither the Company nor its subsidiaries have, either expressly or by operation of Law, assumed responsibility for or agreed to indemnify or hold harmless any Person for any liability or obligation arising under Environmental Law that is reasonably likely to form the basis of any Claim against the Company or its subsidiaries having individually or in the aggregate, a Material Adverse Effect;

(vi) to the knowledge of the Company, neither the execution of this Agreement, nor the consummation of the transactions contemplated by this Agreement, shall require any material notification to any Governmental Authority or the undertaking of any investigations or remedial actions pursuant to Environmental Law by the Company or its subsidiaries; and

(vii) the Company has made available all material environmental reports, investigations, studies, audits and other environmental documents that are in the Company's possession or control and that have been completed within the past three years that relate to the operations of the Company and its subsidiaries or any real or immovable property currently or formerly owned, operated or occupied by the Company and its subsidiaries.

(y) **Real Property.**

(i) Except as disclosed in writing to the Purchaser, with respect to the material real or immovable property owned by the Company or its subsidiaries as of the date hereof, all of which have been disclosed in writing to the Purchaser (collectively, the "**Owned Real Property**"): (A) the Company and its subsidiaries have valid, good and marketable fee simple title to, as both beneficial owner and legal title holder, the Owned Real Property, free and clear of any Liens, except for Permitted Liens; (B) there are no outstanding options or rights of first refusal to purchase the Owned Real Property, or any portion thereof or interest therein; (C) the Owned Real Property and the current uses thereof comply with applicable Law in all material respects; (D) there are no existing or, to the knowledge of the Company, proposed expropriation Proceedings that would result in the taking of all or any part of the Owned Real Property or that would adversely affect the current use of the Owned Real Property; and (E) there are no leases, property management agreements or other contracts which relate to the title to, ownership, operation or management of the Owned Real Property other than as registered on title to the Owned Real Property.

(ii) With respect to the material real or immovable property leased, subleased, licensed or occupied by the Company or its subsidiaries or leased, subleased or licensed to others by the Company or its subsidiaries as of the date hereof (other than Owned Real Property), all of which have been disclosed in writing to the Purchaser (collectively, the "**Leased Real Property**"), other than those breaches and defaults described in (A) below and those defaults referred to in the penultimate sentence of this item (ii) that would not, whether individually or in the aggregate, constitute a Material Adverse Effect with respect to the Company: (A) each lease, sublease, license or occupancy agreement for such property is valid, legally binding, enforceable in accordance with its terms and in full force and effect unamended by oral or written agreement, true and complete copies of which (including all related amendments) have been disclosed in writing to the Purchaser or are available to the Purchaser, and the

Company and its subsidiaries are not in material breach of or default under such lease, sublease, license or occupancy agreement, and no event has occurred which, with notice, lapse of time or both, would constitute a material breach or default by the Company or its subsidiaries or permit termination, modification or acceleration by any third party thereunder; (B) to the knowledge of the Company, no third party has repudiated or has the right to terminate or repudiate any such lease, sublease, license or occupancy agreement (except for the normal exercise of remedies in connection with a default thereunder or any termination rights set forth in the lease, sublease, license or occupancy agreement) or any provision thereof; (C) the current uses of the Leased Real Property comply in all material respects with the provisions of applicable leases, subleases, licenses or occupancy agreements and applicable Law; and (D) none of the leases, subleases, licenses or occupancy agreements has been assigned by the Company or its subsidiaries in favour of any Person. To the knowledge of the Company, no counterparty to any foregoing lease, sublease, license or occupancy agreement is in material default thereunder. There are no material Liens, except for Permitted Liens, on the leasehold, subleasehold or occupancy rights of the Company or its subsidiaries to any Leased Real Property.

(z) Oil and Gas Properties.

(i) All oil and natural gas reserves and resources of the Company and its subsidiaries disclosed in the Company Public Documents were evaluated and reported in accordance with accepted engineering practices and applicable Canadian Securities Law and were, at such date, in compliance in all material respects with the requirements applicable to the presentation of such reserves and resources in documents filed with the applicable Securities Authority, including without limitation the provisions of NI 51-101. There has been no material reduction in the aggregate amount of reserves and resources of the Company and its subsidiaries from the amounts publicly disclosed by the Company.

(ii) The Oil and Gas Properties of the Company and its subsidiaries are set forth in the concession agreements and associated licenses, leases, documents and agreements, including the joint operating agreements, which have been disclosed in writing by the Company to the Purchaser. The Company has provided to the Purchaser all material information regarding all Oil and Gas Properties owned, leased, or otherwise in which an interest is held by the Company or its subsidiaries that are material to the conduct of the business of the Company or its subsidiaries, and all such information made available to the Purchaser is true and correct in all material respects and no material fact or facts have been omitted therefrom which would make such information misleading.

(iii) The Oil and Gas Rights are (A) held by the Company or its subsidiaries pursuant to the production sharing contracts and/or associated licenses, leases, documents and agreements, including the joint operating

agreements, which have been disclosed in writing by the Company to the Purchaser, with all legal right, title and interest as the holder of such Oil and Gas Rights, (B) in good standing, valid, subsisting and enforceable under the applicable Laws of the jurisdictions in which the Oil and Gas Properties are located, (C) sufficient to permit the Company and its subsidiaries to carry on their businesses, as currently conducted by them and as proposed to be conducted by them, with respect to the Oil and Gas Properties, and (D) free and clear of any title defects or Liens created by, through or under the Company or its subsidiaries, other than Permitted Liens.

(iv) Any and all of the agreements and other documents and instruments pursuant to which the Company and its subsidiaries hold the Oil and Gas Properties and/or their interests and rights therein (including any interest in, or right to earn an interest in, any of the Oil and Gas Properties) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof subject to the qualification that such enforceability may be limited by Laws of general application relating to or affecting rights of creditors and neither the Company nor its subsidiaries are in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged. All leases, licences and claims pursuant to which the Company or its subsidiaries hold the Oil and Gas Properties and/or their interests and rights therein, including the Oil and Gas Rights, are in good standing in all material respects and neither the Company nor its subsidiaries are in default of any of the material provisions of any such leases, licences and claims nor has any such default been alleged.

(v) None of the Oil and Gas Properties or any Oil and Gas Rights therein is subject to any option, pre-emption right, right of first refusal, purchase, or acquisition right, payout or production penalty, in each case except as set disclosed in writing by the Company.

(vi) All royalties and rentals payable under the leases and other title and operating documents pertaining to the Company's Oil and Gas Properties and all ad valorem, property, production, severance and similar taxes and assessments based upon or measured by the ownership of such assets or the production of petroleum substances derived therefrom or allocated thereto or the proceeds of sales thereof payable have been properly paid in full and in a timely manner except as disclosed in writing by the Company.

(vii) There are no restrictions on the ability of the Company or its subsidiaries to use, transfer or otherwise exploit any of their Oil and Gas Rights, and the Company and its subsidiaries do not know of any claim or basis for any claim that may adversely affect such rights or interests, except as disclosed in writing by the Company.

(viii) No Governmental Authority has challenged or, to the Company's knowledge, threatened to challenge, any of the Oil and Gas Rights of the Company or any of its subsidiaries.

(ix) The Company and its subsidiaries have all surface rights, subsurface rights, access rights and other property rights and interests relating to the Oil and Gas Properties, including the Oil and Gas Rights, necessary to permit the Company and its subsidiaries to carry on their businesses, as currently conducted by them and as proposed to be conducted by them, with respect to the Oil and Gas Properties, and no other property rights are necessary for the current or proposed conduct of the Company's or its subsidiaries' business.

(x) There are no outstanding "authorized for expenditures" or work commitments pertaining to any Oil and Gas Properties or Oil and Gas Rights pursuant to which an expenditure may be required to be made by the Company or its subsidiaries that are not disclosed in the Company Financial Statements or have not otherwise been disclosed in writing by the Company.

(xi) There are no active areas of mutual interest or areas of exclusion provisions or similar arrangements in any of the Material Contracts.

(xii) Neither the Company nor its subsidiaries have received any written notice that the Oil and Gas Rights are subject to any accrued drilling or off-set obligations which have not been satisfied or permanently waived.

(xiii) Neither the Company nor its subsidiaries have any take or pay obligations of any kind or nature whatsoever.

(xiv) Neither the Company nor its subsidiaries have any third party processing or transportation agreements or any obligations to deliver sales volumes to any other Person that have not been entered into with arm's length third parties and in the ordinary course of business.

(xv) No director, officer, employee, insider or other non-arm's length party to the Company or its subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of the Company or its subsidiaries that will be effective after the Effective Date.

(xvi) The Company is not aware of any defects, failures or impairments in the title of the Company or its subsidiaries to the Oil and Gas Properties, whether or not an action, suit, Proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a Material Adverse Effect on: (A) the quantity and pre-tax present worth values of the oil and gas reserves of the Company or

its subsidiaries shown in the applicable independent engineering report attributable to such properties; (B) the current production volumes of the Company or its subsidiaries; or (C) the current consolidated cash flow of the Company and its subsidiaries on a consolidated basis.

(aa) **Reserve Report.** The Company made available to RPS, prior to the issuance of its report dated March 11, 2013 and effective December 31, 2012 (the "**Company Reserve Report**") evaluating the crude oil, natural gas and natural gas liquids reserves of the Company and its subsidiaries, for the purpose of preparing such report, all information requested by RPS, which information did not contain any material misrepresentation at the time such information was so provided and, except for any impact of changes in commodity prices, which may or may not be material, the Company has no knowledge of a Material Adverse Change in the production, costs, price, reserves, estimates of future net production revenues or other relevant information from that disclosed in the Company Reserve Report. The Company believes that the Company Reserve Report complies with the requirements of NI 51-101 and believes that the Company Reserve Report reasonably presents the quantity and pre-tax present worth values of estimated oil and gas reserves attributable to the Oil and Gas Properties evaluated therein as at the date stated therein based upon information available at the time the Company Reserve Report was prepared and the assumptions as to commodity prices and costs contained therein. RPS has not provided any updates, amendments or revisions to the information contained in the Company Reserve Report, nor has RPS re-evaluated any of the reserves of the Company since the Company Reserve Report.

(bb) **Intellectual Property.** Except as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Company:

(i) the Company and its subsidiaries, directly or indirectly own or possess the right to use all of the licenses, patents, patent applications, registered trademarks or service marks, trademark or service mark applications, domain names, industrial design registrations, industrial design applications, supplemental type certificates, registered copyrights and copyright applications (collectively, the "**Company Intellectual Property**") necessary to conduct their respective businesses as presently conducted, free and clear of any Liens, other than Permitted Liens, and all such Company Intellectual Property is valid, enforceable, in full force and effect, and has not expired, been cancelled, terminated or used or enforced, or failed to be used or enforced;

(ii) subsequent to January 1, 2011, neither the Company nor its subsidiaries have received any written notice from any Person, nor acted in a manner that would give rise to a claim that: (A) the past or present conduct by the Company or the subsidiaries of their respective businesses or the use of the Company Intellectual Property has resulted or shall result in the infringement or violation of any intellectual property owned by any

Person; or (B) challenging the validity or ownership of the Company Intellectual Property;

(iii) to the knowledge of the Company, the Company Intellectual Property is not being and has not been infringed, violated or misappropriated by any other Person, except as disclosed in writing to the Purchaser; and

(iv) the Company reasonably believes that all commercially reasonable steps, given the nature and value of the applicable Company Intellectual Property, have been taken to protect and maintain the Company Intellectual Property (including any trade secrets or confidential information therein).

(cc) **Material Contracts.** The Company has disclosed in writing to the Purchaser a complete and accurate list of all Material Contracts as of the date hereof. Neither the Company nor its subsidiaries are in material breach or violation of or default (in each case, with or without notice or lapse of time or both) of any term of any Material Contract except as disclosed in writing by the Company. As of the date hereof, to the knowledge of the Company, no other party to any Material Contract is in material breach of, or default under the terms of, or has threatened to terminate, any such Material Contract. Each Material Contract is a valid and binding obligation of the Company or its subsidiaries, as applicable (subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered), and is in full force and effect in accordance with its terms.

(dd) **Insurance.** The Company and its subsidiaries maintain policies of insurance in force as at the date hereof that adequately cover all those risks reasonably and prudently foreseeable in the current operation and conduct of their respective businesses which, having regard to the nature of such risk and the relative costs of obtaining insurance, it is reasonable to seek rather than to provide for self-insurance. The Company and its subsidiaries are in compliance in all material respects with all requirements with respect to their insurance policies, and no notice of cancellation or termination has been received with respect to any such policy which has not been replaced on substantially similar terms prior to the date of such cancellation. There is no material claim pending under any insurance policies of the Company or its subsidiaries as to which coverage has been questioned, denied or disputed. Copies of all material insurance policies have been made available to the Company.

(ee) **No Collateral Benefit.** Other than as disclosed in writing by the Company, no "related party" or any "associated entity" of such related party (within the respective meanings ascribed to such terms in MI 61-101) of the Company beneficially owns or exercises control or direction over more than one percent (1%) of the outstanding securities of any class of securities of the Company.

(ff) **Non-Arm's Length Transactions.** Other than as disclosed in writing by the Company, the Company and its subsidiaries are not indebted to any director, officer, employee or agent of, or independent contractor to, the Company or its subsidiaries or any other Person not dealing at arm's length with the Company and its subsidiaries and their respective affiliates, associates or any other Person not dealing at arm's length with the Company and its subsidiaries, except for amounts due as normal salaries and bonuses and in reimbursement of ordinary expenses, and no director, officer, employee or agent of the Company or its subsidiaries or any of their respective affiliates, associates or any other Person not dealing at arm's length with the Company or its subsidiaries are a party to any loan, contract, arrangement or understanding or other transaction with the Company or its subsidiaries required to be disclosed pursuant to Canadian Securities Laws or that is material to the Company on a consolidated basis.

(gg) **Opinion of Financial Advisor.** The Company Board has received a written fairness opinion from FirstEnergy addressed to the Company Board to the effect that, as of the date of such opinion, subject to the assumptions, qualifications and limitations set forth therein, the Consideration to be received by the Company Shareholders is fair from a financial point of view, to such Company Shareholders and such opinion has not been withdrawn, amended, modified or rescinded.

(hh) **Board Approval.** As of the date hereof, after consulting with its legal and financial advisors, the Company Board has (i) determined that the Consideration to be received by the Company Shareholders pursuant to the Arrangement and this Agreement is fair to the Company Shareholders and that the Arrangement is in the best interests of the Company, and (ii) resolved to recommend that the Company Shareholders vote their Company Shares in favour of the Arrangement Resolution, and such determinations and resolutions are effective and unamended as of the date hereof. As of the date hereof, the directors and executive officers of the Company holding 2.40% of the outstanding Company Shares on a non-diluted basis have entered into Voting Agreements pursuant to which they have agreed to, among other things, vote or cause to be voted all Company Shares beneficially held by them in favour of the Arrangement Resolution and the Company shall make a statement to that effect in the Company Information Circular.

(ii) **Books and Records.** The financial books and records of the Company fairly disclose in all material respects the financial position of the Company (on a consolidated basis) and all material financial transactions relating to the businesses carried on by the Company (on a consolidated basis) have been accurately recorded in all material respects in such books and records. The corporate records and minute books of the Company have been maintained in compliance with applicable Laws and are true and, except as disclosed in writing by the Company, complete in all material respects.

(jj) **Restrictions on Business Activities.** Other than as disclosed in writing by the Company, there is no judgment, injunction, order or decree binding upon the Company or its subsidiaries that has (including following the completion of the transactions contemplated by this Agreement) or would reasonably be expected to have the effect of prohibiting, restricting or impairing in any material respect the

type of business which may be conducted by the Company on a consolidated basis, the geographic area in which any part of such Person's business activities may be conducted or any business practices of such Person.

(kk) **Shareholder Rights Plan.** There is not in effect with respect to the Company, any shareholder rights plan or any other analogous plan, agreement, contract or instrument that can trigger any rights to acquire Company Shares or other securities of the Company or rights, entitlements or privileges in favour of any Person upon the entering into of this Agreement.

(ll) **Transaction Costs.** All Transaction Costs (including all Change of Control Payments and all financial advisory, legal, engineering, audit and insurance costs and expenses (other than the costs and expenses incurred or to be incurred to obtain insurance for the purpose of complying with the obligations set forth in Section 8.3) related to the Arrangement and the transactions contemplated hereby of the Company (collectively, the "**Transaction Costs**") will not exceed $5,000,000.

(mm) **Transfer Agent and Registrar.** Computershare Trust Company of Canada, at its principal office in Calgary, Alberta, is the duly appointed registrar and transfer agent of the Company with respect to the Company Shares.

(nn) **Finders' Fees.** Other than the engagement of FirstEnergy pursuant to an agreement dated June 28, 2012 between the Company and FirstEnergy (the "**FirstEnergy Engagement Letter**") and as disclosed in writing to the Purchaser, the Company has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay or have the Purchaser or any Consortium Member pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated. The aggregate fees payable to FirstEnergy pursuant to the FirstEnergy Engagement Letter shall not exceed the amount disclosed in writing to the Purchaser by the Company prior to the execution of this Agreement.

(oo) **Derivative Contracts.** Except as disclosed in writing by the Company, neither the Company nor its subsidiaries are a party to, or bound by, any options, futures, forwards, swaps, hedging contracts or similar derivative contracts relating to interest rates, foreign exchange, commodity prices or otherwise.

(pp) **Off-Balance Sheet Arrangements.** The Company and its subsidiaries are not a party to, bound by or have any commitment to become a party to or become bound by any joint venture, off-balance sheet partnership or any similar contract or arrangement (including without limitation any contract or arrangement relating to any transaction or relationship between or among the Company or its subsidiaries on the one hand, and any unconsolidated related entity, including without limitation any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any other off-balance sheet arrangements), where the effect of such contract or arrangement is to avoid disclosure of any material transaction involving, or material liabilities of the Company and its subsidiaries in the Company Financial Statements.

(qq) U.S. Securities Laws.

(i) No securities of the Company or any of its subsidiaries are registered or required to be registered under Section 12 of the 1934 Act, and neither the Company nor its subsidiaries are required to file reports under Section 13 or Section 15(d) of the 1934 Act.

(ii) The Company is not required to be registered as an "investment company" under the *United States Investment Company Act of 1940,* as amended.

(iii) None of the Company Optionholders are "U.S. persons" (as that term is defined in Regulation S promulgated under the 1933 Act, which definition includes, but is not limited to, a natural person resident in the United States, an estate or trust of which any executor or administrator or trustee, respectively, is a U.S. person and any partnership or corporation organized or incorporated under the laws of the United States).

(iv) The Company is a "foreign private issuer" (as such term is defined in Rule 3b-4(c) under the 1934 Act).

(rr) **Full Disclosure.** In connection with the Purchaser's due diligence investigation of the business, assets and operations of the Company on a consolidated basis, conducted prior to the Purchaser and the Company entering into this Agreement, all information contained in the documents and materials made available by the Company and its authorized representatives in the Company Data Room or otherwise disclosed in writing by the Company to the Purchaser is true and correct in all material respects and does not contain any misrepresentations; provided, however, that certain of the information described above may contain forward-looking statements, and the Parties agree that this Section 3.1(rr) does not constitute any representation or warranty as to the accuracy of any such forward-looking information, although the Company hereby confirms to the Purchaser and the Co-Purchaser that the assumptions underlying any such forward-looking information, were, at the time such forward-looking statements were first made, reasonable in the circumstances.

3.2 Survival of Representations and Warranties of the Company

The representations and warranties of the Company contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

4.1 Representations and Warranties of the Purchaser

The Purchaser hereby represents and warrants to the Company and the Consortium the following matters as at the date of this Agreement as set forth below and acknowledges that each of the

Company and the Consortium is relying upon such representations and warranties in connection with the entering into of this Agreement and the performance of its obligations hereunder:

(a) **Corporate Existence and Power.** The Purchaser is a corporation duly incorporated, valid and subsisting under the Laws of the Province of Alberta and has all corporate power and authority to own its assets as now owned and to carry on its business as now conducted. The Purchaser is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, and has all governmental licenses, authorizations, permits, consents and approvals required to own, lease and operate its properties and assets and to carry on its business as now conducted, except for those licenses, authorizations, permits, consents and approvals the absence of which do not have and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser.

(b) **Corporate Authorization.** The Purchaser has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement by the Purchaser and performance of this Agreement by the Purchaser of its obligations hereunder have been duly authorized by its board of directors and no other corporate proceedings on its part is necessary to authorize the execution and delivery by it of this Agreement and the transactions contemplated by this Agreement.

(c) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(d) **Governmental Authorization.** The execution, delivery and performance by the Purchaser of this Agreement and the Plan of Arrangement and the consummation by the Purchaser of the transactions contemplated by this Agreement require no consent, approval or authorization of or any action by or in respect of, or filing, recording, registering or publication with, or notification to any Governmental Authority other than:

(i) any approvals required by the Interim Order;

(ii) the Final Order;

(iii) the filings with the Registrar under the ABCA contemplated herein;

(iv) the Ukrainian Merger Clearance;

(v) compliance with any applicable Canadian Securities Laws and Polish securities Laws or rules and policies of the TSX and the WSE; and

(vi) any other actions or filings the absence of which would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser.

(e) **Non-Contravention.** The execution, delivery and performance by the Purchaser of its obligations under this Agreement and the consummation of the transactions contemplated by this Agreement and by the Plan of Arrangement do not and shall not:

(i) contravene, conflict with, or result in any violation or breach of any provision of the constating documents or resolutions of the directors or shareholders of the Purchaser or its subsidiaries;

(ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (d) above, contravene, conflict with, or result in any violation or breach of any provision of any applicable Law; or

(iii) require any notice or consent or other action by any Person under, contravene, conflict with, violate, breach or constitute a default, or an event that, with or without notice or lapse of time or both, would constitute a default, under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which the Purchaser or its subsidiaries are entitled under any provision of any Material Contract or instrument to which the Purchaser or any of its subsidiaries is a party or by which they or any of their respective properties or assets may be bound.

(f) **Constating Documents**. True and complete copies of the constating documents of the Purchaser and each of its subsidiaries as currently in effect have been made available to the Company and, neither the Purchaser nor any of its subsidiaries has taken any action, nor, except as contemplated hereby, is any action pending or contemplated, to amend or succeed such documents.

(g) **Capitalization.** The authorized share capital of the Purchaser consists of an unlimited number of Purchaser Shares and an unlimited number of preferred shares, issuable in series. As of the date hereof, there are 481,756,729 Purchaser Shares issued and outstanding and no preferred shares issued and outstanding. As of the date hereof, an aggregate of 41,179,000 Purchaser Shares are issuable upon the exercise of all outstanding Purchaser Options (whether or not vested) and, as an indicative number only, approximately 32,212,320 Purchaser Shares are issuable upon the conversion of the KI Loan (such indicative number of Purchaser Shares determined on the basis one Purchaser Share for each 1.27 Polish zloty converted under the KI Loan (with 1.27 Polish zloty being equal to the volume weighted average trading price of the Purchaser Shares on the WSE during the five (5) trading days prior to, and excluding, April 19, 2013) and inclusive of Purchaser Shares issuable in respect of interest accrued thereon up to June 30,

2013). Except with respect to the Purchaser Options and the conversion of the KI Loan described in this paragraph (g), there are no options, warrants, conversion privileges, equity-based awards or other rights, agreements or commitments of any character whatsoever requiring or which may require the issuance, sale or transfer by the Purchaser of any shares or other securities of the Purchaser (including Purchaser Shares and preferred shares) or any securities convertible into, or exchangeable or exercisable for, or otherwise evidencing a right to acquire, or whose value is based on or in reference to the value or price of, any shares or other securities of the Purchaser (including Purchaser Shares and preferred shares).

(h) **Material Subsidiaries.**

(i) The Purchaser has disclosed in writing to the Company the following information with respect to each such subsidiary of the Purchaser:

(A) its name, the number, type and principal amount, as applicable, of its outstanding equity securities and a list of registered holders thereof; and

(B) its jurisdiction of organization or governance.

(ii) Each subsidiary of the Purchaser is a corporation validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, as the case may be, and has all requisite corporate power and authority to own, lease and operate its properties and assets and to carry on its business as now being conducted. Other than KUBGas Holdings Limited, the Purchaser is, directly or indirectly, the registered and beneficial owner of all of the outstanding shares or other equity interests of each of its subsidiaries, free and clear of any Liens.

(i) Securities Laws Matters.

(i) The Purchaser is a "reporting issuer" or equivalent thereof in the provinces of Alberta, British Columbia and Ontario within the meaning of Canadian Securities Laws, is not on the list of reporting issuers in default under the Canadian Securities Laws in any jurisdiction in which the Company is a reporting issuer and is not in default of any material requirements of any applicable Canadian Securities Laws or Polish Securities Laws. None of the subsidiaries of the Company is subject to continuous or periodic disclosure requirements under Canadian Securities Laws or Polish Securities Laws. No delisting, suspension of trading in or cease trading order with respect to any securities of the Company, and no inquiry or investigation (formal or informal) of any Securities Authority or the WSE is in effect or, to the knowledge of the Company, pending or threatened or expected to be implemented or undertaken. The Company has filed with the Securities Authorities and the WSE true and complete copies of all forms, reports, press releases, annual information forms, material change reports, financial statements, management's discussion and analysis,

disclosures, offering documents and other documents required to be filed by the Company, in the manner and in the time frames required pursuant to Canadian Securities Laws and Polish Securities Laws (such documents are referred to herein as the "**Purchaser Public Documents**", and for the purposes of this Section 4.1(i)(i) are limited to the Purchaser Public Documents publicly filed since January 1, 2011) and, except as disclosed in writing by the Purchaser, the Purchaser Public Documents comply in all material respects with the requirements of applicable Canadian Securities Laws and Polish Securities Laws, including, if applicable, the requirement that the Purchaser Public Documents not contain, at the time filed with or furnished to the Securities Authorities, any misrepresentation. The Purchaser has not filed any confidential material change report with the Securities Authorities which at the date hereof remains confidential.

(ii) The Purchaser has established and maintains disclosure controls and procedures within the meaning of applicable Canadian Securities Laws. The Purchaser's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by the Purchaser in the reports that it files under applicable Canadian Securities Laws are recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Authorities and that all such material information is accumulated and communicated to the management of the Purchaser as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to applicable Canadian Securities Laws.

(iii) The Purchaser has established and maintains a system of internal controls over financial reporting within the meaning of applicable Canadian Securities Laws. Such internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of the Purchaser's financial reporting and the preparation of Purchaser financial statements for external purposes in accordance with IFRS. Other than as disclosed in writing by the Purchaser, since January 1, 2011, neither the Purchaser nor, to the knowledge of the Purchaser, any director, officer, employee, auditor, accountant or representative of the Purchaser or its subsidiaries has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices, procedures, methodologies or methods of the Purchaser or its subsidiaries, including any material complaint, allegation, assertion or claim that the Purchaser or its subsidiaries has or had a "material weakness" as such terms are defined in applicable Canadian Securities Laws, in its internal controls over financial reporting.

(iv) The management of the Purchaser completed its assessment of the effectiveness of the Purchaser's internal controls over financial reporting in compliance with the requirements of applicable Canadian Securities Laws for the year ended December 31, 2012, and such assessment

concluded that such controls were effective. The Purchaser disclosed, based on the most recent evaluations, to the Purchaser's auditors and the audit committee of the Purchaser Board (A) all significant deficiencies in the design or operation of internal controls over financial reporting and any material weaknesses, that have more than a remote chance to materially and adversely affect the Purchaser's ability to record, process, summarize and report financial data as defined in applicable Canadian Securities Laws, and (B) any fraud, regardless of whether material, that involves management or other employees who have or had a significant role in the Purchaser's internal controls over financial reporting.

(j) **Financial Statements.** The Purchaser Financial Statements (including any notes and schedules thereto and the auditors' report thereon) included in the Purchaser Public Documents were prepared in accordance with IFRS or GAAP, as applicable, applied on a consistent basis as in effect on the date of such Financial Statements (except as may be indicated in the notes thereto), and fairly present in all material respects, the financial position of the Purchaser on a consolidated basis, as of the dates thereof and its consolidated statements of earnings, shareholders' equity and cash flows for the periods then ended (subject to normal year-end adjustments and the absence of notes in the case of any unaudited interim financial statements).

(k) **Purchaser's Auditors.** The Purchaser's auditors who have audited or reviewed the Purchaser Financial Statements and delivered their reports with respect to the audited Purchaser Financial Statements are independent chartered accountants with respect to the Purchaser within the meaning of Canadian Securities Laws and during the period covered by the Purchaser Financial Statements on which they reported there has not been any reportable event (within the meaning of NI 51-102) with the present or any former auditor of the Purchaser.

(l) **Absence of Certain Changes**. Except as disclosed in writing by the Purchaser, since December 31, 2012, other than the transactions contemplated in this Agreement:

(i) the business of the Purchaser and its subsidiaries has been conducted only in the ordinary course of business consistent with past practices;

(ii) there has not been a Material Adverse Change with respect to the Purchaser; and

(iii) there has not been any change in the accounting practices used by the Purchaser on a consolidated basis other than changes required as a result of any reconciliation of financial information from GAAP into IFRS.

(m) Indebtedness and No Undisclosed Material Liabilities.

(i) Other than as disclosed in writing by the Purchaser, there are no liabilities or obligations of the Purchaser or its subsidiaries of any kind whatsoever,

whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

(A) liabilities or obligations disclosed in the Purchaser Financial Statements;

(B) liabilities or obligations incurred in the ordinary course of business consistent with past practice since December 31, 2012;

(C) liabilities or obligations incurred in connection with the transactions contemplated hereby; and

(D) liabilities or obligations that would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser.

(ii) The principal amount of all indebtedness of the Purchaser on a consolidated basis for borrowed money, including pursuant to capital or financing leases and letters of credit or guarantee, as of December 31, 2012, has been disclosed in writing by the Purchaser.

(n) **Compliance with Laws**. Except as disclosed in writing by the Purchaser:

(i) The Purchaser and its subsidiaries:

(A) are and have been in compliance with all applicable Laws; and

(B) have not been threatened to be charged with, or given notice of, any violation of any applicable Law or investigations related to violations of applicable Law, and are not, to the knowledge of the Purchaser, under investigation with respect to any applicable law or related to violations of applicable law,

except for such failures to comply with, investigations related to or violations of applicable Law that have not had and would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser.

(o) Money Laundering Laws and Foreign Corrupt Practices.

(i) The operations of the Purchaser and its subsidiaries are, and have been conducted at all times in compliance with the financial record-keeping and reporting requirements of the Money Laundering Laws, and no action, suit, proceeding or investigation by or before any Governmental Authority involving the Purchaser or its subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Purchaser, threatened.

(ii) Neither the Purchaser nor any of its subsidiaries, nor, to the knowledge of the Purchaser, any of their respective directors, officers, agents,

employees, consultants or other Persons acting on behalf of the Purchaser or any of its subsidiaries has offered or given, and the Purchaser is not aware of and does not have any knowledge of any Person that has offered or given on its behalf, anything of value to any official of a Governmental Authority, any political party or official thereof or any candidate for political office, any customer or member of any Governmental Authority, or any other Person, in any such case while knowing or having reason to know that all or a portion of such money or thing of value may be offered, given or promised, directly or indirectly, for the purpose of any of the following:

(A) influencing any action or decision of such Person, in such Person's official capacity, including a decision to fail to perform such Person's official function;

(B) inducing such Person to use such Person's influence with any Governmental Authority to affect or influence any act or decision of such Governmental Authority to assist the Purchaser or any of its subsidiaries in obtaining or retaining business for, with, or directing business to, any Person; or

(C) where such payment would constitute a bribe, rebate, payoff, influence payment, kickback or illegal or improper payment to assist the Purchaser or any of its subsidiaries in obtaining or retaining business for, with, or directing business to, any Person.

(iii) There have been no actions taken by the Purchaser or its subsidiaries or, to the knowledge of the Purchaser, by any Persons on behalf of the Purchaser or its subsidiaries, that would cause the Purchaser or its subsidiaries or such Persons to be in violation of the Acts or any similar legislation in any jurisdiction in which the Purchaser and its subsidiaries conduct their business and to which the Purchaser and its subsidiaries may be subject.

(iv) There are no Proceedings under the Acts or any similar legislation in any jurisdiction in which the Purchaser and its subsidiaries conduct their business pending against the Purchaser or its subsidiaries, nor any of their respective directors, officers, agents, employees, consultants or other Persons acting on behalf of the Purchaser or any of its subsidiaries, or to the knowledge of the Purchaser, threatened against or affecting, the Purchaser or its subsidiaries or any of their respective directors, officers, agents, employees, consultants or other Persons acting on behalf of the Purchaser or any of its subsidiaries.

(p) Sanction Legislation.

(i) Neither the Purchaser nor any of its subsidiaries, nor, to the knowledge of the Purchaser, any of their respective directors, officers, agents, employees, consultants or other Persons acting on behalf of the Purchaser or any of its subsidiaries has been or is currently subject to any Sanctions,

and has acted, whether directly or indirectly, in violation of the Sanctions and furthermore will not take any action, directly or indirectly, in violation of the Sanctions.

(ii) Neither the Purchaser nor any of its subsidiaries, nor, to the knowledge of the Purchaser, any of their respective directors, officers, agents, employees, consultants or other Persons acting on behalf of the Purchaser or any of its subsidiaries is aware of or has taken any action, directly or indirectly, including, but not limited to sales, transactions, contracts, loans or investments in, or with, in any currency, any SDNs under any Sanctions. Neither the Purchaser, its subsidiaries nor any of their affiliates are owned or affiliated by or with any SDN or a government of a country or territory sanctioned by OFAC , the Department of Foreign Affairs and International Trade Canada, the United Nations Security Council, the European External Action Service of the European Union, Her Majesty's Treasury of the United Kingdom, or any other relevant sanctions authority, and to the knowledge of the Purchaser, no director, officer, agent, employee, consultant, representative or affiliate of the Purchaser or any of its subsidiaries is a SDN, employed by or affiliated with the government, or are resident in, a country sanctioned by OFAC, the Department of Foreign Affairs and International Trade Canada, the United Nations Security Council, the European External Action Service of the European Union, Her Majesty's Treasury of the United Kingdom, or any other relevant sanctions authority.

(q) **Regulatory Compliance**. Except as disclosed in writing by the Purchaser:

(i) The Purchaser and its subsidiaries have, obtained and are in substantial compliance with all material licences, permits, approvals, certificates, consents, orders, grants, procedures, standards and other authorizations of or from any Governmental Authority that are applicable to or held by the Purchaser and its subsidiaries or are necessary to conduct their respective businesses as it now being conducted (collectively, the "**Purchaser Permits**"). To the knowledge of the Purchaser, there has not occurred within the last two years any violation of, any default under, or any event giving rise to or potentially giving rise to any right of termination, revocation, adverse modification, non-renewal or cancellation of any Purchaser Permits, and no Governmental Authority has provided the Purchaser or its subsidiaries with notice of any of the foregoing, except for any such violation, default or event as would not be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser.

(ii) Neither the Purchaser nor its subsidiaries have, been convicted of any crime or engaged in any conduct which could result in criminal liability or material debarment or disqualification by any Governmental Authority with respect to any of the Purchaser Permits, and, to the knowledge of the Purchaser, there are no Proceedings pending or threatened that reasonably might be expected to result in criminal liability or material debarment or

disqualification by any Governmental Authority with respect to any of the Purchaser Permits.

(iii) The Purchaser and its subsidiaries are, in material compliance with all foreign ownership restrictions applicable to them under applicable Laws.

(r) **Litigation.** Except as disclosed in writing by the Purchaser, there are no Proceedings against the Purchaser or its subsidiaries, or to the knowledge of the Purchaser, pending or threatened against or affecting, the Purchaser or its subsidiaries that, if adversely determined, would have or would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser, nor, to the knowledge of the Purchaser, are there any facts or circumstances that could form the basis for any such Proceeding. The Purchaser and its subsidiaries are not subject to any outstanding judgement, Order, writ, injunction or decree that would or would reasonably be expected to have a Material Adverse Effect with respect to the Purchaser.

(s) **Taxes**.

Except as disclosed in writing by the Purchaser:

(i) Other than immaterial Returns required under the Laws of Brunei, Cyprus and Syria, the Purchaser and its subsidiaries have duly and timely made or prepared all Returns required to be made or prepared by them, have duly and timely filed all Returns required to be filed thereby with the appropriate Governmental Authority and have duly, completely and correctly reported all income and all other amounts and information required to be reported thereon.

(ii) Other than immaterial Returns required under the Laws of Brunei, Cyprus and Syria, the Purchaser and its subsidiaries have duly and timely paid all Taxes, including all instalments on account of Taxes for the current year, that are due and payable by them whether or not assessed by the appropriate Governmental Authority. The Purchaser and its subsidiaries have established (or have had established on their behalf and for their sole benefit and recourse) in accordance with IFRS or GAAP, as applicable, an adequate accrual for all Taxes which are not yet due and payable through the end of the last period for which the Purchaser and its subsidiaries ordinarily record items on their books.

(iii) All income, sales (including goods and services, harmonized sales and provincial and territorial sales) and capital tax liabilities of the Purchaser and its subsidiaries have assessed by the relevant Governmental Authorities and notices of assessment have been issued to each such entity by the relevant Governmental Authorities for all taxation years or periods ending prior to and including the taxation year or period ended December 31, 2011.

(iv) There are no proceedings, investigations, audits or Claims now pending or threatened against the Purchaser or its subsidiaries in respect of any Taxes or Tax assets and there are no matters under discussion, audit or appeal with any Governmental Authority relating to Taxes or any Tax asset.

(v) The Purchaser and its subsidiaries have, duly and timely withheld all Taxes and other amounts required by Law to be withheld by them (including Taxes and other amounts required to be withheld by them in respect of any amount paid or credited or deemed to be paid or credited by them to or for the account or benefit of any Person, including any employee, officer or director and any non-resident Person), and have duly and timely remitted to the appropriate Governmental Authority such Taxes and other amounts required by Law to be remitted by them.

(vi) The Purchaser and its subsidiaries have, duly and timely collected all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and provincial or territorial sales taxes, required by Law to be collected by them and have duly and timely remitted to the appropriate Governmental Authority any such amounts required by Law to be remitted by them.

(vii) The Company has been provided with copies of all filed Tax Returns and all material communications to or from any Governmental Authority relating to the Taxes of the Purchaser and its subsidiaries, to the extent such documents were requested by the Company.

(viii) The Purchaser is a "taxable Canadian Corporation" as defined in the Tax Act.

(t) **Environmental Matters.** Except as disclosed in writing by the Purchaser:

(i) no written notices, claims, orders, complaints or penalties have been received by the Purchaser or its subsidiaries alleging that the Purchaser or its subsidiaries, as applicable, are in violation of, or have any liability or potential liability under, any applicable Environmental Law or Environmental Permit, and there are no Proceedings or, to the knowledge of the Purchaser, threatened Proceedings against the Purchaser or its subsidiaries alleging a violation of, or any liability or potential liability under, any applicable Environmental Law or Environmental Permit or relating to Hazardous Materials as would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser, and, to the knowledge of the Purchaser, there are no facts or circumstances that reasonably could be expected to give rise to any such notice, claim, order, complaint, penalty, or Proceedings as would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser;

(ii) the Purchaser and its subsidiaries hold all of the material Environmental Permits necessary for their respective operations to comply with all

applicable Environmental Laws and neither the Purchaser nor its subsidiaries are aware of any reason that any such Environmental Permits might be revoked or not renewed by any Governmental Authority;

(iii) the operations of the Purchaser and its subsidiaries are and have been conducted in material compliance with all required or applicable Environmental Laws and Environmental Permits;

(iv) neither the Purchaser nor its subsidiaries have in a manner that is contrary to Environmental Laws, caused any Releases of Hazardous Materials on, at, from or under any real or immovable property currently or formerly owned, operated, occupied or otherwise utilized by the Purchaser or its subsidiaries as would be reasonably expected to have, individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser, or would be likely to form the basis of any Claim against the Purchaser or its subsidiaries having individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser;

(v) neither the Purchaser nor its subsidiaries have, either expressly or by operation of Law, assumed responsibility for or agreed to indemnify or hold harmless any Person for any liability or obligation arising under Environmental Law that is reasonably likely to form the basis of any Claim against the Purchaser or its subsidiaries having individually or in the aggregate, a Material Adverse Effect with respect to the Purchaser;

(vi) to the knowledge of the Purchaser, neither the execution of this Agreement, nor the consummation of the transactions contemplated by this Agreement, shall require any material notification to any Governmental Authority or the undertaking of any investigations or remedial actions pursuant to Environmental Law by the Purchaser or its subsidiaries; and

(vii) the Purchaser has made available all material environmental reports, investigations, studies, audits and other environmental documents that are in the Purchaser's possession or control and that have been completed within the past three years that relate to the operations of the Purchaser and its subsidiaries or any real or immovable property currently or formerly owned, operated or occupied by the Purchaser and its subsidiaries.

(u) Oil and Gas Properties.

(i) All oil and natural gas reserves and resources of the Purchaser and its subsidiaries disclosed in the Purchaser Public Documents were evaluated and reported in accordance with accepted engineering practices and applicable Canadian Securities Law and were, at such date, in compliance in all material respects with the requirements applicable to the presentation of such reserves and resources in documents filed with the applicable Securities Authority, including without limitation the provisions of NI 51-

101. There has been no material reduction in the aggregate amount of reserves and resources of the Purchaser and its subsidiaries from the amounts publicly disclosed by the Purchaser.

(ii) The Oil and Gas Properties of the Purchaser and its subsidiaries are set forth in the production sharing contracts and associated licenses, leases, documents and agreements, including the joint operating agreements, which have been disclosed in writing by the Purchaser to the Company. The Purchaser has provided to the Company all material information regarding all Oil and Gas Properties owned, leased, or otherwise in which an interest is held by the Purchaser or its subsidiaries that are material to the conduct of the business of the Purchaser or its subsidiaries, and all such information made available to the Company is true and correct in all material respects and no material fact or facts have been omitted therefrom which would make such information misleading.

(iii) The Oil and Gas Rights are (A) held by the Purchaser or its subsidiaries pursuant to the production sharing contracts and/or associated licenses, leases, documents and agreements, including the joint operating agreements, which have been disclosed in writing by the Purchaser to the Company, with all legal right, title and interest as the holder of such Oil and Gas Rights, (B) in good standing, valid, subsisting and enforceable under the applicable Laws of the jurisdictions in which the Oil and Gas Properties are located, (C) sufficient to permit the Purchaser and its subsidiaries to carry on their businesses, as currently conducted by them and as proposed to be conducted by them, with respect to the Oil and Gas Properties, and (D) free and clear of any title defects or Liens created by, through or under the Purchaser or its subsidiaries, other than Permitted Liens.

(iv) Any and all of the agreements and other documents and instruments pursuant to which the Purchaser and its subsidiaries hold the Oil and Gas Properties and/or their interests and rights therein (including any interest in, or right to earn an interest in, any of the Oil and Gas Properties) are valid and subsisting agreements, documents or instruments in full force and effect, enforceable in accordance with the terms thereof subject to the qualification that such enforceability may be limited by Laws of general application relating to or affecting rights of creditors and neither the Purchaser nor its subsidiaries are in default of any of the material provisions of any such agreements, documents or instruments nor has any such default been alleged. All leases, licences and claims pursuant to which the Purchaser or its subsidiaries hold the Oil and Gas Properties and/or their interests and rights therein, including the Oil and Gas Rights, are in good standing in all material respects and neither the Purchaser nor its subsidiaries are in default of any of the material provisions of any such leases, licences and claims nor has any such default been alleged.

(v) None of the Oil and Gas Properties or any Oil and Gas Rights therein is subject to any option, pre-emption right, right of first refusal, purchase, or

acquisition right, payout or production penalty, in each case except as set disclosed in writing by the Purchaser.

(vi) All royalties and rentals payable under the leases and other title and operating documents pertaining to the Purchaser's Oil and Gas Properties and all ad valorem, property, production, severance and similar taxes and assessments based upon or measured by the ownership of such assets or the production of petroleum substances derived therefrom or allocated thereto or the proceeds of sales thereof payable have been properly paid in full and in a timely manner except as disclosed in writing by the Purchaser.

(vii) There are no restrictions on the ability of the Purchaser or its subsidiaries to use, transfer or otherwise exploit any of their Oil and Gas Rights, and the Purchaser and its subsidiaries do not know of any claim or basis for any claim that may adversely affect such rights or interests, except as disclosed in writing by the Purchaser.

(viii) No Governmental Authority has challenged or, to the Purchaser's knowledge, threatened to challenge, any of the Oil and Gas Rights of the Purchaser or any of its subsidiaries.

(ix) The Purchaser and its subsidiaries have all surface rights, subsurface rights, access rights and other property rights and interests relating to the Oil and Gas Properties, including the Oil and Gas Rights, necessary to permit the Purchaser and its subsidiaries to carry on their businesses, as currently conducted by them and as proposed to be conducted by them, with respect to the Oil and Gas Properties, and no other property rights are necessary for the current or proposed conduct of the Purchaser's or its subsidiaries' business.

(x) There are no outstanding "authorized for expenditures" or work commitments pertaining to any Oil and Gas Properties or Oil and Gas Rights pursuant to which an expenditure may be required to be made by the Purchaser or its subsidiaries that are not disclosed in the Purchaser Financial Statements or have not otherwise been disclosed in writing by the Purchaser.

(xi) Other than as disclosed in writing by the Purchaser, there are no active areas of mutual interest or areas of exclusion provisions or similar arrangements in any of the Material Contracts.

(xii) Neither the Purchaser nor its subsidiaries have received any written notice that the Oil and Gas Rights are subject to any accrued drilling or off-set obligations which have not been satisfied or permanently waived.

(xiii) Neither the Purchaser nor its subsidiaries have any take or pay obligations of any kind or nature whatsoever.

(xiv) Neither the Purchaser nor its subsidiaries have any third party processing or transportation agreements or any obligations to deliver sales volumes to any other Person that have not been entered into with arm's length third parties and in the ordinary course of business.

(xv) No director, officer, employee, insider or other non-arm's length party to the Purchaser or its subsidiaries (or any associate or affiliate thereof) has any right, title or interest in (or the right to acquire any right, title or interest in) any royalty interest, carried interest, participation interest or any other interest whatsoever which are based on production from or in respect of any properties of the Purchaser or its subsidiaries that will be effective after the Effective Date.

(xvi) The Purchaser is not aware of any defects, failures or impairments in the title of the Purchaser or its subsidiaries to the Oil and Gas Properties, whether or not an action, suit, Proceeding or inquiry is pending or threatened and whether or not discovered by any third party, which in aggregate could have a Material Adverse Effect on: (A) the quantity and pre-tax present worth values of the oil and gas reserves of the Purchaser or its subsidiaries shown in the applicable independent engineering report attributable to such properties; (B) the current production volumes of the Purchaser or its subsidiaries; or (C) the current consolidated cash flow of the Purchaser and its subsidiaries on a consolidated basis.

(v) **Reserve Report.** The Purchaser made available to RPS, prior to the issuance of its report dated March 20, 2013 and effective December 31, 2012 (the "**Purchaser Reserve Report**") evaluating the crude oil, natural gas and natural gas liquids reserves and resources of the Purchaser and its subsidiaries, for the purpose of preparing such report, all information requested by RPS, which information did not contain any material misrepresentation at the time such information was so provided and, except for any impact of changes in commodity prices, which may or may not be material, the Purchaser has no knowledge of a Material Adverse Change in the production, costs, price, reserves, estimates of future net production revenues or other relevant information from that disclosed in the Purchaser Reserve Report. The Purchaser believes that the Purchaser Reserve Report complies with the requirements of NI 51-101 and believes that the Purchaser Reserve Report reasonably presents the quantity and pre-tax present worth values of estimated oil and gas reserves attributable to the Oil and Gas Properties evaluated therein as at the date stated therein based upon information available at the time the Purchaser Reserve Report was prepared and the assumptions as to commodity prices and costs contained therein. RPS has not provided any updates, amendments or revisions to the information contained in the Purchaser Reserve Report, nor has RPS re-evaluated any of the reserves and resources of the Purchaser since the Purchaser Reserve Report.

(w) **Material Contracts.** The Purchaser has disclosed in writing to the Company a complete and accurate list of all Material Contracts as of the date hereof. Neither the Purchaser nor its subsidiaries are in material breach or violation of or default (in each case, with or without notice or lapse of time or both) of any term of any

Material Contract except as disclosed in writing by the Company. As of the date hereof, to the knowledge of the Purchaser, no other party to any Material Contract is in material breach of, or default under the terms of, or has threatened to terminate, any such Material Contract. Each Material Contract is a valid and binding obligation of the Purchaser or its subsidiaries, as applicable (subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered), and is in full force and effect in accordance with its terms.

(x) **Insurance.** The Purchaser and its subsidiaries maintain policies of insurance in force as at the date hereof that adequately cover all those risks reasonably and prudently foreseeable in the current operation and conduct of their respective businesses which, having regard to the nature of such risk and the relative costs of obtaining insurance, it is reasonable to seek rather than to provide for self-insurance. The Purchaser and its subsidiaries are in compliance in all material respects with all requirements with respect to their insurance policies, and no notice of cancellation or termination has been received with respect to any such policy which has not been replaced on substantially similar terms prior to the date of such cancellation. There is no material claim pending under any insurance policies of the Purchaser or its subsidiaries as to which coverage has been questioned, denied or disputed. Copies of all material insurance policies have been made available to the Purchaser.

(y) **Non-Arm's Length Transactions.** Other than as disclosed in writing by the Purchaser, the Purchaser and its subsidiaries are not indebted to any director, officer, employee or agent of, or independent contractor to, the Purchaser or its subsidiaries or any other Person not dealing at arm's length with the Purchaser and its subsidiaries and their respective affiliates, associates or any other Person not dealing at arm's length with the Purchaser and its subsidiaries, except for amounts due as normal, salaries and bonuses and in reimbursement of ordinary expenses, and no director, officer, employee or agent of the Purchaser or its subsidiaries or any of their respective affiliates, associates or any other Person not dealing at arm's length with the Purchaser or its subsidiaries are a party to a loan, contract, arrangement or understanding or other transaction with the Purchaser or its subsidiaries required to be disclosed pursuant to Canadian Securities Laws or that is material to the Purchaser on a consolidated basis.

(z) **Books and Records.** The financial books and records of the Purchaser fairly disclose in all material respects the financial position of the Purchaser (on a consolidated basis) and all material financial transactions relating to the businesses carried on by the Purchaser (on a consolidated basis) have been accurately recorded in all material respects in such books and records. The corporate records and minute books of the Purchaser have been maintained in compliance with applicable Laws and are true and complete in all material respects.

(aa) **Derivative Contracts.** Other than as disclosed in writing by the Purchaser, neither the Purchaser nor its subsidiaries are a party to, or bound by, any options, futures, forwards, swaps, hedging contracts or similar derivative contracts relating to interest rates, foreign exchange, commodity prices or otherwise.

(bb) **Off-Balance Sheet Arrangements.** The Purchaser and its subsidiaries are not a party to, bound by or have any commitment to become a party to or become bound by any joint venture, off-balance sheet partnership or any similar contract or arrangement (including without limitation any contract or arrangement relating to any transaction or relationship between or among the Purchaser or its subsidiaries on the one hand, and any unconsolidated related entity, including without limitation any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any other off-balance sheet arrangements), where the effect of such contract or arrangement is to avoid disclosure of any material transaction involving, or material liabilities of the Purchaser and its subsidiaries in the Purchaser Financial Statements.

(cc) **Finders' Fees.** Other than the engagement of Macquarie pursuant to an agreement dated November 26, 2012 between the Purchaser and Macquarie, the Purchaser has not retained any financial advisor, broker, agent or finder, or paid or agreed to pay or have the Company pay any financial advisor, broker, agent or finder on account of this Agreement or the Arrangement, any transaction contemplated hereby or any transaction presently ongoing or contemplated.

(dd) **Full Disclosure.** In connection with the Company's due diligence investigation of the business, assets and operations of the Purchaser on a consolidated basis, conducted prior to the Purchaser and the Company entering into this Agreement, all information contained in the documents and materials made available by the Purchaser and its authorized representatives in the Purchaser Data Room or otherwise disclosed in writing by the Purchaser to the Company is true and correct in all material respects and does not contain any misrepresentations; provided, however, that certain of the information described above may contain forward-looking statements, and the Parties agree that this Section 4.1(dd) does not constitute any representation or warranty as to the accuracy of any such forward-looking information, although the Purchaser hereby confirms to the Company and the Co-Purchaser that the assumptions underlying any such forward-looking information, were, at the time such forward-looking statements were first made, reasonable in the circumstances.

4.2 Survival of the Representations and Warranties of the Purchaser

The representations and warranties of the Purchaser contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES OF THE CONSORTIUM

5.1 Representations and Warranties of the Consortium

Each Consortium Member hereby severally and not jointly represents and warrants to the Company and the Purchaser the following matters as at the date of this Agreement as set forth below and acknowledges that the Company and the Purchaser are relying upon such representations and warranties in connection with the entering into of this Agreement and the performance of their respective obligations hereunder:

(a) **Corporate Existence and Power.** The Consortium Member is a corporation duly incorporated, valid and subsisting under the Laws of its jurisdiction of incorporation or organization and has all corporate power and authority to own its assets as now owned and to carry on its business as now conducted. The Consortium Member is duly registered or otherwise authorized to do business and is in good standing in each jurisdiction in which the character of its properties, whether owned, leased, licensed or otherwise held, or the nature of its activities makes such registration necessary, except where the failure to be so registered or in good standing would not, prevent, materially impede or materially delay the consummation of the transactions contemplated by this Agreement.

(b) **Corporate Authorization.** The Consortium Member has the requisite corporate authority to enter into this Agreement and to carry out its obligations hereunder. The execution and delivery of this Agreement by the Consortium Member and performance of this Agreement by the Consortium Member of its obligations hereunder have been duly authorized by its board of directors, supervisory board or other comparable governance authority and no other corporate proceedings on its part are necessary to authorize the execution and delivery by it of this Agreement and the transactions contemplated by this Agreement.

(c) **Execution and Binding Obligation.** This Agreement has been duly executed and delivered by the Consortium Member and constitutes a legal, valid and binding obligation of the Consortium Member enforceable against it in accordance with its terms, subject to the qualification that such enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application relating to or affecting rights of creditors and that equitable remedies, including specific performance, are discretionary and may not be ordered.

(d) **Governmental Authorization.** The execution, delivery and performance by the Consortium Member of this Agreement and the Plan of Arrangement and the consummation by the Consortium Member of the transactions contemplated by this Agreement require no action by or in respect of, or filing with, any Governmental Authority other than:

(i) any approvals required by the Interim Order;

(ii) the Final Order;

(iii) the filings with the Registrar under the ABCA contemplated herein;

(iv) compliance with any applicable Canadian Securities Laws or rules and policies of the TSX; and

(v) any other actions or filings the absence of which would not reasonably be expected to prevent, adversely impair or materially delay the consummation of the transactions contemplated by this Agreement.

(e) **Non-Contravention.** The execution, delivery and performance by the Consortium Member of its obligations under this Agreement and the consummation of the transactions contemplated by this Agreement and by the Plan of Arrangement do not and shall not:

(i) contravene, conflict with, or result in any violation or breach of any provision of the constating documents or resolutions of the directors or shareholders of the Consortium Member; or

(ii) assuming compliance with the matters, or obtaining the approvals, referred to in paragraph (c) above, contravene, conflict with, or result in any violation or breach of any provision of any applicable Law.

(f) **Sufficient Funds.** The Consortium Member has sufficient funds or has made adequate arrangements to having financing in place in order to provide to the Depositary pursuant to Section 2.8(a) sufficient funds to pay its share of the Maximum Cash Consideration as set out in its counterpart execution joinder to this Agreement on the terms set forth herein and such financing, if any, is not subject to any condition precedent.

5.2 Survival of the Representations and Warranties of the Consortium

The representations and warranties of each Consortium Member contained in this Agreement shall not survive the completion of the Arrangement and shall expire and be terminated on the earlier of the Effective Time and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 6
COVENANTS OF THE PURCHASER AND THE COMPANY

6.1 Covenants of the Purchaser

During the period from the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with its terms (the "**Interim Period**"), except with the prior written consent of the Company (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement, as disclosed in writing by the Purchaser or as required by applicable Laws or by a Governmental Authority:

(a) the Purchaser shall conduct its business in the ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any oil or natural gas property, the Purchaser shall operate and maintain such property

in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and it shall use commercially reasonable efforts to maintain and preserve its business organization and goodwill and assets and maintain satisfactory relationships with others having business relationships with the Purchaser and shall not make any material change in the business, assets, liabilities, operations, insurance, capital or affairs of the Purchaser. The Purchaser shall comply in all material respects with all applicable Laws;

(b) the Purchaser shall not undertake, cause or permit, and the Purchaser shall cause its subsidiaries not to undertake, cause or permit, any of the following:

(i) amend its articles, by-laws or similar constating documents;

(ii) split, combine or reclassify any of its securities;

(iii) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof), other than dividends or distributions from a wholly-owned subsidiary or KUBGAS Holdings Limited;

(iv) reduce the stated capital in respect of any of its outstanding shares;

(v) issue, deliver, sell or grant, or authorize the issuance, delivery, sale or grant of, any of its securities, any options, warrants or such similar rights exercisable or exchangeable for or convertible into securities, or payable by reference to the value of such securities, other than, in the case of the Purchaser, pursuant to the issuance of Purchaser Shares on the exercise of Purchaser Options outstanding on the date hereof under the Purchaser Stock Option Plan or on the conversion of the KI Loan;

(vi) adopt a plan of liquidation or resolution providing for its liquidation, dissolution or winding-up; or

(vii) authorize or propose any of the foregoing, or enter into or modify any Contract, agreement, commitment or arrangement with respect to any of the foregoing;

(c) the Purchaser shall not take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;

(d) the Purchaser shall promptly notify the Company in writing of any Material Adverse Change with respect to the Purchaser (actual, anticipated, contemplated or, to the knowledge of the Purchaser, threatened) in respect of its business, operations, affairs, assets, capitalization, financial condition, licences, permits,

rights, privileges or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by the Purchaser in this Agreement where such change is or may be of such a nature to render any representation or warranty misleading or untrue if such change would result in a Material Adverse Change with respect to the Purchaser and the Purchaser shall in good faith discuss with the Company any change in circumstances (actual, anticipated, contemplated, or to the knowledge of the Purchaser, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the Company pursuant to this Section 6.1(d);

(e) the Purchaser shall maintain its status as a "reporting issuer" (or similarly designated entity) not in default under applicable Canadian Securities Laws in all of provinces of Canada where it is a reporting issuer as of the date of this Agreement;

(f) the Purchaser shall cause to be taken all necessary corporate action to allot and reserve for issuance the Purchaser Shares issuable under the Share Alternative to Company Shareholders pursuant to the Arrangement;

(g) the Purchaser shall apply to the TSX for conditional approval of the listing and posting for trading of the Purchaser Shares, including the Purchaser Shares issuable under the Share Alternative to the Company Shareholders pursuant to the Arrangement, on the TSX (the "**TSX Approval**") and shall use all reasonable commercial efforts to obtain such TSX Approval prior to the Effective Date;

(h) the Purchaser shall make all necessary filings and applications under applicable Laws that are required to be made on the part of the Purchaser in connection with the transactions contemplated herein and shall take all reasonable commercial action necessary to be in compliance, in all material respects, with such applicable Laws;

(i) if the Arrangement is completed, the Purchaser shall not take any action to terminate or materially adversely affect any indemnity agreements or rights to indemnity in favour of past or present officers and directors of the Company and its subsidiaries pursuant to the provisions of the articles, by-laws or similar constating documents of the Company and its subsidiaries or written indemnity agreements between the Company and its past and present directors and officers of the Company that are in place as at the date hereof and in the form disclosed to Purchaser prior to the date hereof;

(j) neither the Purchaser nor the Co-Purchaser shall amend or agree to amend, in any material respect, the terms of the KI Loan and each of them shall cause the KI Loan to be extinguished and satisfied in its entirety by virtue of the conversion of all indebtedness outstanding thereunder into Purchaser Shares at the KI Loan Conversion Rate;

(k) the Purchaser shall use its reasonable commercial efforts to satisfy, or cause satisfaction of, the conditions set forth in Sections 7.1 and 7.3 as soon as

reasonably practicable to the extent that the satisfaction of the same is within the control of the Purchaser; and

(l) the Purchaser shall take all commercially reasonable actions necessary to give effect to the transactions contemplated by this Agreement.

6.2 Covenants of the Company

During the Interim Period, except with the prior written consent of the Purchaser and, with respect to paragraphs (b)(i) through (viii), (i), (j), (k), (l), (m), (q) and (t), the prior written consent of the Co-Purchaser (such consent not to be unreasonably withheld or delayed) and except as otherwise expressly permitted or specifically contemplated by this Agreement, as disclosed in writing by the Company or as required by applicable Laws or by a Governmental Authority (the "**Company Permitted Exceptions**"):

(a) the Company shall conduct its business in the ordinary course of business consistent with past practice (for greater certainty, where it is an operator of any oil or natural gas property, the Company shall operate and maintain such property in a proper and prudent manner in accordance with good industry practice and the agreements governing the ownership and operation of such property) and the Company shall use commercially reasonable efforts to maintain and preserve its business organization and goodwill and assets and maintain satisfactory relationships with others having business relationships with the Company and shall not make any material change in the business, assets, liabilities, operations, insurance, capital or affairs of the Company. The Company shall comply in all material respects with all applicable Laws;

(b) the Company shall not undertake, cause or permit, and the Company shall cause its subsidiaries not to undertake, cause or permit, any of the following:

(i) amend its articles, by-laws or similar constating documents or the terms of any of its securities;

(ii) split, combine or reclassify any of its securities;

(iii) declare, set aside or pay any dividend or other distribution (whether in cash, stock or property or any combination thereof), other than dividends or distributions from a wholly-owned subsidiary;

(iv) reduce the stated capital in respect of any of its outstanding shares;

(v) issue, deliver, sell, grant, encumber or pledge, or authorize the issuance, delivery, sale, grant, encumbrance or pledge of, any of its securities, any options, warrants or such similar rights exercisable or exchangeable for or convertible into securities, or payable by reference to the value of such securities, other than, in the case of the Company, the issuance of Company Shares on the exercise of options outstanding on the date hereof under the Company Stock Option Plan;

(vi) redeem, repurchase or otherwise acquire or offer to redeem, repurchase or otherwise acquire any of its securities;

(vii) adopt a plan of liquidation or resolution providing for its liquidation, dissolution, merger, consolidation, reorganization or winding-up or reorganize, amalgamate or merge with any third party;

(viii) pursue or complete any corporate acquisition or disposition, amalgamation, merger, arrangement or purchase or sale of assets or make any material change to its business, capital or affairs;

(ix) pay, discharge or satisfy any material claims, liabilities or obligations, other than in the ordinary course of business consistent with past practice;

(x) surrender, release or abandon the whole or any part of its assets (excluding the expiry of oil and natural gas leases or other interests as disclosed in writing to the Purchaser by the Company);

(xi) authorize, recommend or propose the release or relinquishment of any right arising under any Material Contract (excluding the expiry of oil and natural gas leases or other interests as disclosed in writing to the Purchaser by the Company);

(xii) terminate any Company Employees, except as contemplated by this Agreement;

(xiii) waive, release, grant or transfer any material rights of value (excluding the expiry of oil and natural gas leases or other interests as disclosed in writing to the Purchaser by the Company) or modify or change in any material respect any existing material licence, lease, Contract, concession or, production sharing agreement, government land concession or other material document (excluding the expiry of oil and natural gas leases or other interests as disclosed in writing to the Purchaser by the Company);or

(xiv) authorize or propose any of the foregoing, or enter into or modify any Contract, agreement, commitment or arrangement with respect to any of the foregoing;

(c) the Company shall continue to execute and adhere to the Company Capital Program and Budget, unless otherwise agreed to by the Purchaser, and the Company shall consult with the Purchaser, on a regular basis, in respect of the ongoing business and affairs of the Company and its subsidiaries and keep the Purchaser apprised of all material developments relating thereto;

(d) the Company shall not, and shall not permit any of its subsidiaries to, directly or indirectly, subject to the Company Permitted Exceptions, and except for expenditures considered necessary by Company, acting reasonably, to preserve or protect the health or safety of individuals or to preserve or protect of property or

the environment, or other than as contemplated by the Company Capital Program and Budget:

(i) sell, pledge, dispose of or encumber, or agree to sell, pledge, dispose of or encumber, any assets having an individual value in excess of $100,000, except production in the ordinary course of business;

(ii) expend or commit to expend any amount with respect to any capital expenditure in an amount in excess of $100,000;

(iii) expend or commit to expend any amount in excess of $100,000 with respect to operating expenses, other than operating expenses incurred in the ordinary course of business or pursuant to the Arrangement or this Agreement;

(iv) acquire or agree to acquire (by merger, amalgamation, consolidation, acquisition of shares or assets or otherwise), in one transaction or a series of related transactions, any corporation, partnership, trust or other business organization or division thereof that is not a subsidiary or affiliate of the Company as of the date hereof, or make any investment therein either by purchase of shares or securities, contributions of capital or property transfer;

(v) acquire any assets having an acquisition cost in excess of $100,000;

(vi) incur or commit to incur any indebtedness for borrowed money in excess of existing credit facilities, or any other material liability or obligation or issue any debt securities or assume, guarantee, endorse or otherwise become responsible for, the obligations of any other individual or entity, or make any loans or advances, other than in respect of fees payable to legal, financial and other advisors in the ordinary course of business or as otherwise contemplated by this Agreement;

(vii) enter into or terminate any hedges, swaps or other financial instruments or like transactions;

(viii) enter into any non-arm's length transactions including with any officers, directors, employees or consultants of the Company or its subsidiaries or transfer any property or assets of the Company or its securities to any of their respective directors, officers, employees or consultants;

(ix) reimburse or approve or authorize the reimbursement of any expenses (other than those incurred in the ordinary course of business consistent with past practices) of any officer, employee or consultant of the Company and its subsidiaries;

(x) pay, discharge or satisfy any material claims, liabilities or obligations other than as reflected or reserved against in the Company Financial Statements or otherwise in the ordinary course of business;

(xi) enter into any agreements for the sale of production having a term of more than 30 days;

(xii) enter into any consulting or contract operating agreement that cannot be terminated on 30 days or less notice without penalty; or

(xiii) authorize or propose any of the foregoing, or enter into or modify any Contract, agreement, commitment or arrangement to do any of the foregoing;

(e) other than the Severance payments and the Change of Control Payments made on or prior to the Effective Date to directors, officers, employees and consultants of the Company (which payments shall not exceed the amount disclosed in writing by the Company to the Purchaser), the Company shall not, and shall not permit any of its subsidiaries to:

(i) make any payment to any director, officer, employee or consultant outside of their ordinary and usual compensation for services provided;

(ii) grant any director, officer, employee or consultant an increase in compensation in any form, including bonus levels, or any other benefits pay to any such director, officer, employee or consultant;

(iii) make or grant any individual bonus, award or other incentive payment to any director, officer, employee or consultant;

(iv) take any action with respect to the amendment of any severance, change of control or termination pay policies or arrangements for any directors, officers or employees, except as contemplated by this Agreement;

(v) other than to permit accelerated vesting of currently outstanding Company Options as contemplated by this Agreement, adopt or amend or make any contribution to any bonus, employee benefit plan, profit sharing, deferred compensation, insurance, incentive compensation, other compensation or other similar plan, agreement, stock purchase plan, fund or arrangement, including the Company Option Plan, except for as is necessary to comply with applicable Law or with respect to existing provisions of any such plans, programs, arrangements or agreements; or

(vi) advance any loan to any officer, director, employee, consultant or any other party not at arm's length;

(f) the Company shall use its reasonable commercial efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance or re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies for substantially similar premiums are in full force and effect and shall pay all

premiums in respect of such insurance policies that become due prior to the Effective Date;

(g) the Company shall cause the exercise, cancellation, termination or expiry of the Company Options prior to the Effective Time as contemplated by Section 7.2(f);

(h) the Company shall not take any action, refrain from taking any action, permit any action to be taken or not taken, inconsistent with this Agreement, that would render, or may reasonably be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect at any time prior to completion of the Arrangement or termination of this Agreement, whichever first occurs;

(i) the Company shall promptly notify the Purchaser and the Co-Purchaser in writing of any Material Adverse Change (actual, anticipated, contemplated or, to the knowledge of the Company, threatened) in respect of its business, operations, affairs, assets, capitalization, financial condition, licences, permits, rights, privileges or liabilities, whether contractual or otherwise, or of any change in any representation or warranty provided by the Company in this Agreement where such change is or may be of such a nature to render any representation or warranty misleading or untrue if such change would result in a Material Adverse Change and the Company shall in good faith discuss with the Purchaser and the Co-Purchaser any change in circumstances (actual, anticipated, contemplated, or to the knowledge of the Company, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the Purchaser and the Co-Purchaser pursuant to this Section 6.2(i);

(j) the Company shall maintain its status as a "reporting issuer" (or similarly designated entity) not in default under applicable Canadian Securities Laws in all of provinces of Canada where it is a reporting issuer as of the date of this Agreement;

(k) the Company shall maintain the listing of the Company Shares on the TSX;

(l) the Company shall make all necessary filings and applications under applicable Laws that are required to be made on the part of the Company in connection with the transactions contemplated herein and shall take all reasonable commercial action necessary to be in compliance, in all material respects, with such applicable Laws;

(m) except non-substantive communications with its securityholders and communications that the Company is required to keep confidential pursuant to applicable Laws, the Company shall furnish promptly to the Purchaser and the Co-Purchaser and their respective counsel, a copy of each notice, report, schedule or other document delivered, filed or received by the Company from its securityholders or regulatory agencies in connection with: (i) the Arrangement or the Company Meeting; (ii) any filings under applicable Laws in connection with the transactions contemplated hereby; and (iii) any dealings with Governmental

Authorities, Securities Regulatory Authority or other regulatory agencies in connection with the transactions contemplated by this Agreement;

(n) prior to the Effective Date, the Company shall cooperate with the Purchaser in making application to the TSX in respect of the TSX Approval;

(o) the Company shall, up to and including the Effective Date, continue to withhold from each payment to be made or deemed to be made to any of its current or former directors, officers and employees and to all Persons who are non-residents of Canada for the purposes of the Tax Act, all amounts that are required to be withheld by any applicable Laws and the Company shall remit such withheld amounts to the proper Governmental Authority within the times prescribed by such applicable Laws;

(p) the Company and its subsidiaries shall:

(i) duly and timely file, in accordance with applicable Laws, all Returns required to be filed by it on or after the date hereof within the time periods required;

(ii) timely withhold, collect, remit and pay all Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable except for any Taxes contested in good faith pursuant to applicable Laws;

(iii) not make or rescind any material election relating to Taxes;

(iv) not make a request for a Tax ruling or enter into a closing agreement with any taxing authorities;

(v) not settle or compromise any material Claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes; and

(vi) not change in any material respect any of its methods of reporting income, deductions or accounting for income tax purposes from those employed in the preparation of its income tax return for the Tax year ending December 31, 2012, except as may be required by applicable Laws or accounting standards;

(q) the Company shall use its reasonable commercial efforts to satisfy, or cause satisfaction of, the conditions set forth in Sections 7.1 and 7.2 as soon as reasonably practicable to the extent that the satisfaction of the same is within the control of the Company;

(r) the Company shall consult with the Purchaser to the extent the Company proposes to obtain any of the Environmental Permits and other applicable approvals and authorizations from the relevant Governmental Authorities described in the letter dated January 3, 2013 received by the Company from the Director of Safety at the Tunisian Ministry of Industry;

(s) the Company shall consult with the Purchaser to the extent the Company proposes to undertake remedial measures to correct any deficiencies in the share capital of Winstar Satu Mare SRL; and

(t) the Company shall take all commercially reasonable actions necessary to give effect to the transactions contemplated by this Agreement.

6.3 Other Covenants of the Company

The Company covenants to the Purchaser and the Co-Purchaser and agrees:

(a) unless this Agreement shall have been terminated in accordance with Section 9.1, to submit the Arrangement Resolution for approval by the Company Shareholders of record at the Company Meeting in accordance with Section 2.3(a); and

(b) to use its commercially reasonable efforts to obtain all Third Party Consents required in connection with, and other consents, waivers, permits, exemptions, orders, approvals, agreements, amendments and modifications to, the Material Contracts:

(i) in connection with, or required to permit, the completion of the transactions contemplated by this Agreement; and

(ii) required in order to maintain the Material Contracts in full force and effect following completion of the Arrangement,

in each case on terms that are reasonably satisfactory to the Purchaser and the Co-Purchaser, and without paying, and without committing itself or the Purchaser or the Co-Purchaser to pay, any consideration or incur any liability or obligation to or in respect of any such other Person without the prior written consent of the Purchaser and the Co-Purchaser.

6.4 Mutual Covenants

(a) Subject to the terms and conditions of this Agreement, each of the Purchaser, the Co-Purchaser and the Company shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable Law to consummate the transactions contemplated by this Agreement as soon as practicable, including:

(i) preparing and filing as promptly as practicable, and in any event prior to the expiration of any legal deadline, all necessary documents, registrations, statements, petitions, filings and applications for the Regulatory Approvals and using its commercially reasonable efforts to obtain and maintain such Regulatory Approvals;

(ii) using its commercially reasonable efforts to oppose any injunction or restraining or other order seeking to stop, or otherwise adversely affecting its ability to consummate, the Arrangement and defend, or cause to be defended, any Proceedings to which it is a party or brought against it or its

directors or officers challenging this Agreement or the consummation of the transactions contemplated hereby;

(iii) using, and, causing its subsidiaries to use, commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder as set forth in Article 7 to the extent the same is within its control and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws to consummate the Arrangement;

(iv) carrying out the terms of the Interim Order and the Final Order applicable to it and using commercially reasonable efforts to comply promptly with all requirements which applicable Laws may impose on it, its subsidiaries, or affiliates, with respect to the transactions contemplated in this Agreement; and

(v) not taking any action, nor, permitting any action to be taken, which is inconsistent with this Agreement or which would reasonably be expected to significantly impede the completion of the Arrangement or to prevent or materially delay the completion of the transactions contemplated by this Agreement (including the satisfaction of any condition set forth in Article 7) or obtaining any required Regulatory Approval, in each case, except as specifically permitted by this Agreement.

(b) The Parties shall reasonably coordinate and cooperate with each other in the preparation of any application for the Regulatory Approvals and any other orders, clearances, consents, rulings, exemptions, no-action letters and approvals reasonably deemed by any of the Purchaser, the Co-Purchaser and the Company to be necessary to discharge their respective obligations under this Agreement or otherwise advisable under applicable Laws in connection with the Arrangement and this Agreement. In connection with the foregoing, each Party shall, subject to Section 6.4(h), applicable Laws and existing confidentiality covenants, furnish, on a timely basis, all information as may be reasonably required by the other Party or by any Governmental Authority to effectuate the foregoing actions, and each covenants that no information so furnished by it in writing shall contain a misrepresentation.

(c) Subject to Section 6.4(g), each Party shall consult with, and consider in good faith any suggestions or comments made by, the other Parties with respect to the documentation relating to the Regulatory Approvals process, provided that, to the extent any such document contains any information or disclosure relating to a Party or any affiliate of a Party, such Party shall have approved such information or disclosure prior to the submission or filing of any such document (which approval shall not be unreasonably withheld, conditioned or delayed).

(d) Subject to applicable Laws, the Parties shall cooperate with and keep each other informed on a timely basis as to the status of and the processes and proceedings relating to obtaining the Regulatory Approvals, and shall promptly notify each other of any communication from any Governmental Authority in respect of the

Arrangement or this Agreement, and, subject to the other covenants of the Parties in this Section 6.4, shall not make any submissions or filings, participate in any meetings or any material conversations with any Governmental Authority in respect of any filings, investigations or other inquiries related to the Arrangement or this Agreement unless it consults with the other Party in advance and, to the extent not precluded by such Governmental Authority, gives the other Party the opportunity to review drafts of any submissions or filings, or attend and participate in any communications or meetings.

(e) Each of the Purchaser, the Co-Purchaser and the Company shall promptly notify the other if at any time before the Effective Time it becomes aware that:

(i) any application for a Regulatory Approval or other filing under applicable Laws made in connection with this Agreement, the Arrangement or the transactions contemplated herein contains a misrepresentation; or

(ii) any Regulatory Approval or other order, clearance, consent, ruling, exemption, no-action letter or other approval applied for as contemplated herein which has been obtained contains or reflects or was obtained following submission of any application, filing, document or submission as contemplated herein that contained a misrepresentation,

such that an amendment or supplement to such application, filing, document or submission or order, clearance, consent, ruling, exemption, no-action letter or approval may be necessary or advisable. In such case, the Parties shall cooperate in the preparation of such amendment or supplement as required.

(f) Notwithstanding anything in this Agreement to the contrary, if any objections are asserted with respect to the transactions contemplated under this Agreement under any applicable Law, or if any proceeding is instituted or threatened by any Governmental Authority challenging or which could lead to a challenge of any of the transactions contemplated under this Agreement as a violation of or not in compliance with the requirements of any applicable Law, the Parties shall use their commercially reasonable efforts consistent with the terms hereof to resolve such objections or proceeding so as to allow the Effective Time to occur on or prior to the Outside Date.

(g) The Purchaser, the Co-Purchaser and the Company shall each use commercially reasonable efforts to promptly respond to and comply with any request for information regarding the Regulatory Approvals or transactions contemplated by this Agreement from any Governmental Authority. The Parties will consult in good faith with respect to any presentations made to, and positions taken with respect to, any and all Governmental Authorities with respect to the Regulatory Approvals, the content of which will be determined by the Purchaser. Further, the Parties will keep each other informed of any such matters and provide the others the opportunity to participate in any substantive communications with any Governmental Authority, although such participation may be restricted as appropriate to outside counsel only. The Parties may designate confidential information that may be shared in connection with obtaining the Regulatory

Approvals, in which case such information will only be shared with external legal counsel of the other Party.

(h) Notwithstanding anything to the contrary contained in this Section 6.4, in seeking to obtain the Regulatory Approvals, the Purchaser and the Co-Purchaser shall not be required to agree, and the Company shall not agree without the approval of the Purchaser and the Co-Purchaser, to any Order from a Governmental Authority which:

(i) prohibits or limits the ownership or operation by the Company or the Purchaser and its affiliates of any material portion of the business or assets of the Company or the Purchaser and its affiliates, or compels the Company or the Purchaser and its affiliates to dispose, licence or divest of or hold separate any material portion of the business or assets of the Company or the Purchaser and its affiliates;

(ii) imposes material limitations on the ability of the Purchaser or the Consortium Members to acquire or exercise full rights of ownership of the Company Shares;

(iii) prohibits the Purchaser from effectively controlling in any material respect the business or operations of the Company; or

(iv) requires the Purchaser, the Co-Purchaser, the Company or any of their respective affiliates to agree to any other material restrictions.

(i) Each of the Purchaser and the Company shall cooperate in making arrangements to cause all outstanding letters of credit or guarantee of the Company to be effectively transferred to the Purchaser that are acceptable to the beneficiaries of such letters of credit or guarantee.

6.5 Public Announcements

Subject to Section 2.4 and Section 2.13, none of the Company, the Purchaser or any Consortium Member shall, and each shall cause its respective representatives not to, issue any press release or otherwise make any disclosure relating to this Agreement or the Arrangement, other than:

(a) press releases and other public disclosures, including any presentations to the Company Shareholders and the Purchaser Shareholders, which are agreed to by the Company, the Purchaser and the Co-Purchaser, each acting reasonably; or

(b) any reasonable disclosure required in order to obtain consents from the counterparties to those Contracts disclosed in writing to the Purchaser and the Co-Purchaser and which are required to give effect to the transactions set forth herein or which are otherwise required to obtain a Third Party Consent,

provided, however, that the foregoing shall be subject to the Company's, the Purchaser's and the Consortium Members' overriding obligation to make any disclosure or filing required under applicable Laws, and in such circumstances the Company, the Purchaser or the Consortium

Member, as applicable, shall use all commercially reasonable efforts to give prior oral or written notice to the other Party and reasonable opportunity for such Party, and its legal counsel to review or comment on the disclosure or filing (other than with respect to confidential information contained in such disclosure or filing) and if such prior notice is not possible, to give such notice immediately following the making of any such disclosure or filing.

ARTICLE 7
CONDITIONS PRECEDENT

7.1 Mutual Conditions Precedent

The respective obligations of the Parties to complete the Arrangement and to consummate the other transactions contemplated by this Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent:

(a) the Interim Order shall have been granted in form and substance satisfactory to the Parties on terms consistent with this Agreement, and shall not have been set aside or materially modified in a manner unacceptable to the Purchaser, the Co-Purchaser and the Company, each acting reasonably, on appeal or otherwise;

(b) the Arrangement Resolution shall have been passed by the Company Shareholders of record at the Company Meeting in accordance with the Interim Order;

(c) the Final Order (including the Plan of Arrangement) shall have been granted in form and substance satisfactory to the Parties on terms consistent with this Agreement, and shall not have been set aside or materially modified in a manner unacceptable to the Purchaser, the Co-Purchaser and the Company, each acting reasonably, on appeal or otherwise;

(d) the Articles of Arrangement shall be in form and substance consistent with this Agreement, the Plan of Arrangement and the Final Order and shall be satisfactory to the Parties, each acting reasonably;

(e) the Purchaser shall have obtained the TSX Approval, subject only to the filing of documentation that cannot be filed prior to the Effective Date, such that the Purchaser Shares shall be listed and posted for trading on the TSX as soon as is reasonably practicable in accordance with TSX policies;

(f) the Parties shall have obtained or received all necessary consents, waivers, permissions and approvals by or from relevant third parties in order to carry out the transactions contemplated hereby, including the Arrangement, on terms and conditions satisfactory to the Parties, each acting reasonably, including:

(i) all Regulatory Approvals (for greater certainty, all government and regulatory approvals, authorizations, waivers, permits, consents, reviews, orders, rulings, decisions, exemptions, notifications or clearances for the Arrangement and other transactions contemplated hereby comprising such Regulatory Approvals shall have been obtained without conditions or on conditions that are acceptable to the Purchaser and the Co-Purchaser, in its

reasonable judgment, and/or all mandatory waiting or suspensory periods (including any extensions thereof) shall have expired or terminated, if the failure to so obtain or to so expire would, in the Purchaser's and the Co-Purchaser's reasonable judgment, make the consummation of the transactions contemplated by the Arrangement and other transactions contemplated hereby a violation of any applicable Laws) other than the Ukrainian Merger Clearance; and

(ii) releases and registrable discharges in respect of all security interests held by third parties against the Company, its subsidiaries or their respective assets;

(g) there shall be no action taken under any existing applicable Law, nor any statute, rule, regulation or order which is enacted, enforced, promulgated or issued by any Governmental Authority, that:

(i) makes illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or

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

The foregoing conditions are for the mutual benefit of the Company, on the one hand, and the Purchaser and the Co-Purchaser, on the other hand, and may be waived, in whole or in part, jointly by the Company, the Purchaser and the Co-Purchaser, at any time. If any of the foregoing conditions precedent shall not be complied with or waived by all of the Company, the Purchaser and the Co-Purchaser as aforesaid on or before the Outside Date then, subject to Section 7.5, the Company, the Purchaser or the Co-Purchaser may terminate this Agreement by written notice to the other Parties in accordance with the procedures set forth in Article 9 in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of the Purchaser's breach of this Agreement, in the event of a proposed termination by the Purchaser, the Company's breach of this Agreement, in the event of a proposed termination by the Company, or the Co-Purchaser's breach of this Agreement, in the event of a proposed termination by the Co-Purchaser.

7.2 Additional Conditions Precedent to the Obligations of the Purchaser

The obligations of the Purchaser and the Co-Purchaser to complete the Arrangement and to consummate the other transactions contemplated by this Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent:

(a) all covenants of the Company under this Agreement to be performed on or before the Effective Time shall have been duly performed by the Company in all material respects, and the Purchaser and the Co-Purchaser shall have received a certificate of the Company addressed to the Purchaser and the Co-Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(b) the representations and warranties of the Company in this Agreement which are qualified by the expression "material", "Material Adverse Change" or "Material Adverse Effect" shall be true and correct as of the date of this Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct as of such specified date) and all other representations and warranties of the Company in this Agreement which are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct in all material respects as of such specified date), and the Purchaser and the Co-Purchaser shall have received a certificate of the Company, addressed to the Purchaser and the Co-Purchaser and dated the Effective Date, signed on behalf of the Company by two senior executive officers of the Company (on the Company's behalf and without personal liability), confirming the same as of the Effective Date;

(c) since the date hereof, there shall not have occurred or been disclosed a Material Adverse Change with respect to the Company;

(d) the aggregate number of Company Shares held, directly or indirectly, by those holders of such Company Shares who have validly exercised Dissent Rights and not withdrawn such exercise in connection with the Arrangement (or instituted proceedings to exercise Dissent Rights) shall not exceed 5% of the aggregate number of Company Shares outstanding as of the Effective Time;

(e) there shall not be pending or threatened, any suit, action or proceeding by any Person other than a Governmental Authority which in the judgement of the Purchaser and the Co-Purchaser has a reasonable likelihood of success, or by any Governmental Authority:

(i) seeking to prohibit, restrict or materially delay the acquisition by the Purchaser or the Consortium Members of any Company Shares, seeking to restrain or prohibit the consummation of the Arrangement or any of the material terms and conditions of the transaction contemplated herein or seeking to obtain from the Company any material damages directly or indirectly in connection with the Arrangement;

(ii) seeking to prohibit or limit the ownership or operation by the Company, the Purchaser or any of their respective affiliates of any material portion of the business or assets of the Company or to compel the Purchaser to dispose or divest of or hold separate any material portion of the business or assets of the Company;

(iii) seeking to impose material limitations on the ability of the Purchaser or the Consortium Members to acquire, hold, or exercise full rights of ownership of the Company Shares;

(iv) seeking to prohibit the Purchaser or the Co-Purchaser from effectively controlling in any material respect the business or operations of the Company; or

(v) which, if successful, in the judgement of the Purchaser is reasonably likely to have a Material Adverse Effect with respect to the Company;

(f) the Company Stock Option Plan shall have terminated and all outstanding Company Options shall be exercised or surrendered and terminated in accordance with the Option Election Agreements and the Company Optionholders shall have remitted to the Company, in addition to the exercise price, if applicable, cash in an amount equal to the amount of Taxes, if any, required to be remitted by the Company in connection with such exercise or surrender and termination, or made other arrangements satisfactory to the Purchaser and the Co-Purchaser to satisfy the amounts to be remitted in connection with the exercise or surrender of the Company Options from amounts otherwise owing to the Company Optionholders by the Company in connection with the completion of the Arrangement, including, but not limited to, Severance or Change of Control Payments;

(g) (i) the payments referenced in Section 2.10 shall have been made (or provisions to make such payments shall have been made to the satisfaction of the Purchaser, acting reasonably) to the Terminated Employees on the Effective Date; and (ii) each of the members of the Company Board and each of the Terminated Employees who are officers or consultants of the Company, and each of the directors and each of the Terminated Employees who are officers or consultants of the Company's subsidiaries shall have delivered, in the case of each such director or officer, their respective written resignations as directors and officers effective on or before the Effective Date, or in the case of each such consultant, a termination agreement with the Company and/or its subsidiaries effective on or before the Effective Date, together with a mutual release, each in form and substance satisfactory to the Purchaser, acting reasonably, by and in favour of the Company and/or its subsidiaries, as applicable, and the Company Board and the respective boards of directors of each of the subsidiaries of the Company shall have been constituted with nominees of the Purchaser as of the Effective Date; and

(h) the Purchaser and the Co-Purchaser shall have received copies of all such documentation and other evidence as it may reasonably request in order to establish the completion of the transactions contemplated herein and the taking of all proceedings in connection with such transactions in accordance with the provisions hereof.

The foregoing conditions precedent are for the benefit of each of the Purchaser and the Co-Purchaser and may be waived, in whole or in part, by the Purchaser and the Co-Purchaser in writing at any time. If any of the foregoing conditions shall not be complied with or waived by the Purchaser or the Co-Purchaser on or before the Outside Date, then subject to Section 7.5, the Purchaser or the Co-Purchaser may terminate this Agreement in accordance with the procedures set forth in Article 9 in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of the Purchaser's breach of this Agreement, in the event of a

proposed termination by the Purchaser, or the Co-Purchaser's breach of this Agreement, in the event of a proposed termination by the Co-Purchaser.

7.3 Additional Conditions Precedent to the Obligations of the Company

The obligations of the Company to complete the Arrangement and to consummate the other transactions contemplated by this Agreement are subject to the fulfillment, on or before the Effective Time, of each of the following conditions precedent:

(a) all covenants of the Purchaser under this Agreement to be performed on or before the Effective Time shall have been duly performed by the Purchaser in all material respects, and the Company shall have received a certificate of the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Purchaser by two of its senior executive officers (on the Purchaser's behalf and without personal liability), confirming the same as of the Effective Date;

(b) the representations and warranties of the Purchaser in this Agreement which are qualified by the expression "material", "Material Adverse Change" or "Material Adverse Effect" shall be true and correct as of the date of this Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct as of such specified date) and all other representations and warranties of the Purchaser in this Agreement which are not so qualified shall be true and correct in all material respects as of the date of this Agreement and as of the Effective Date, as though made on and as of the Effective Date (except to the extent such representations and warranties expressly speak of a specified date, in which event, such representations and warranties shall be true and correct in all material respects as of such specified date), and the Company shall have received a certificate of the Purchaser, addressed to the Company and dated the Effective Date, signed on behalf of the Purchaser by two senior executive officers of the Purchaser (on the Purchaser's behalf and without personal liability), confirming the same as of the Effective Date;

(c) since the date hereof, there shall not have occurred or been disclosed a Material Adverse Change with respect to the Purchaser;

(d) there shall not be a going concern note in the audited annual consolidated financial statements of the Purchaser for the year ended December 31, 2012 and the Purchaser's auditors shall confirm their agreement in respect thereof;

(e) the aggregate Consideration payable under the Cash Alternative as set out in the Closing Payment Calculation shall have been deposited with the Depositary in accordance with Section 2.8(a);

(f) the Purchaser shall have delivered an irrevocable direction authorizing and directing the Depositary to deliver the Purchaser Shares issuable under the Share Alternative pursuant to the Arrangement in accordance with Section 2.8(b);

(g) the Company shall have received copies of all such documentation and other evidence as it may reasonably request in order to establish the completion of the transactions contemplated herein and the taking of all proceedings in connection with such transactions in accordance with the provisions hereof;

(h) there shall not be pending or threatened, any suit, action or proceeding by any Person other than a Governmental Authority which in the judgement of the Company has a reasonable likelihood of success, or by any Governmental Authority:

(i) seeking to restrain or prohibit the consummation of the Arrangement or any of the material terms and conditions of the transaction contemplated herein; or

(ii) which, if successful, in the judgment of the Company is reasonably likely to have a Material Adverse Effect with respect to the Purchaser;

(i) the Purchaser Shareholder Approval shall have been obtained and the Company shall have received satisfactory evidence to it, acting reasonably, that the Purchaser Resolutions will be implemented as soon as reasonably practicable after Closing;

(j) the Purchaser shall have taken such steps so as to satisfy the Company, acting reasonably, that immediately following the Effective Time, Bruce Libin and Evgenij Iorich shall be appointed as directors of the Purchaser in accordance with Section 2.14; and

(k) the Purchaser shall be satisfied, acting reasonably, that immediately following Closing the KI Loan shall be extinguished and satisfied in its entirety by virtue of the conversion of all outstanding indebtedness thereunder into Purchaser Shares at the KI Loan Conversion Rate.

The foregoing conditions precedent are for the exclusive benefit of the Company and may be waived, in whole or in part, by the Company in writing at any time. If any of the foregoing conditions shall not be complied with or waived by the Company on or before the Outside Date, then subject to Section 7.5, the Company may terminate this Agreement in accordance with the procedures set forth in Article 9 in circumstances where the failure to satisfy any such condition is not the result, directly or indirectly, of the Company's breach of this Agreement.

7.4 Satisfaction of Conditions

The conditions precedent set out in Sections 7.1, 7.2 and 7.3 shall be conclusively deemed to have been satisfied, waived or released when the Certificate of Arrangement is issued by the Registrar following the filing of the Articles of Arrangement in accordance with the terms of this Agreement.

7.5 Notice and Cure Provisions

(a) Each Party shall give prompt written notice to the other Parties of the occurrence, or failure to occur, at any time from the date hereof until the earlier to occur of the termination of this Agreement in accordance with its terms and the Effective Time, of any event or state of facts which occurrence or failure would, or would be reasonably likely to:

(i) cause any of the representations or warranties of such Party contained herein to be untrue or inaccurate in any material respect on the date hereof or at the Effective Date;

(ii) result in the failure to comply with or satisfy, in any material respect, any covenant, condition or agreement to be complied with or satisfied by such Party hereunder prior to the Effective Time; or

(iii) result in the failure to satisfy any of the conditions precedent in its favour set forth in Sections 7.1, 7.2 or 7.3, as the case may be.

(b) The Purchaser may not exercise its right to terminate this Agreement pursuant to Section 9.1(c)(ii) and the Company may not exercise its right to terminate this Agreement pursuant to Section 9.1(d)(ii) unless the Party seeking to terminate this Agreement shall have delivered a written notice to the other Parties specifying in reasonable detail all breaches of covenants, representations and warranties or other matters which the Party delivering such notice is asserting as the basis for the termination right. If any such notice is delivered, provided that the Party to whom the notice was delivered is proceeding diligently to cure such matter and such matter is reasonably capable of being cured (it being agreed that breaches of representations and warranties arising out of the failure to make appropriate disclosure in writing to the Purchaser are not capable of being cured), the Party delivering such notice may not exercise such termination right until the earlier of (i) the Outside Date; and (ii) the date that is 30 days following receipt of such notice by the Party to whom the notice was delivered, if such matter has not been cured by such date. If such notice has been delivered prior to the date of the Company Meeting, such meeting shall, unless the Parties agree otherwise, be postponed or adjourned until the earlier of (A) five Business Days prior to the Outside Date and (B) the date that is 30 days following receipt of such notice by the Party to whom the notice was delivered (without causing any breach of any other provision contained herein).

(c) Each Party shall promptly notify the other Parties of:

(i) any communication from any Person alleging that the consent (or waiver, permit, exemption, order, approval, agreement, amendment or confirmation) of such Person (or another Person) is or may be required in connection with the transactions contemplated by this Agreement (and the response thereto from such Party, its subsidiaries or its representatives); and

(ii) any material legal actions or proceedings threatened or commenced against or otherwise affecting such Party or any of its subsidiaries or

affiliates that are related to the transactions contemplated by this Agreement.

ARTICLE 8
ADDITIONAL COVENANTS

8.1 Non-Solicitation

(a) The Company shall immediately cease and cause to be terminated all existing discussions and negotiations (including, directly or indirectly, through any director, officer, employee, representative (including any financial or other advisor) or agent of the Company and its subsidiaries and affiliates (collectively, the "**Company Representatives**")), if any, with any parties conducted before the date of this Agreement with respect to any Acquisition Proposal.

(b) The Company shall not, directly or indirectly, do or authorize or permit any of its Representatives to do, any of the following:

(i) solicit, assist, facilitate, knowingly encourage or initiate (in each case including by way of discussion, negotiation, furnishing information, permitting any visit to any facilities or properties or entering into any understanding, arrangement or agreement) any inquiries, requests or proposals or offers regarding an Acquisition Proposal in respect of such Party;

(ii) enter into or participate in any discussions or negotiations regarding an Acquisition Proposal, or furnish to any other Person any information with respect to its businesses, properties, operations, prospects or conditions (financial or otherwise) in connection with an Acquisition Proposal or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt of any other Person to do or seek to do any of the foregoing;

(iii) waive, or otherwise forbear in the enforcement of, or enter into or participate in any discussions, negotiations or agreements to waive or otherwise forbear in respect of, any rights or other benefits under confidential information agreements, including any "standstill provisions" thereunder;

(iv) accept, approve, endorse or recommend, or propose publicly to accept, approve, endorse or recommend, any Acquisition Proposal; or

(v) make a Change in Recommendation;

provided, however, that notwithstanding any other provision hereof, the Company and the Company Representatives may, at any time following the date of this Agreement and prior to the approval of the Arrangement Resolution at the Company Meeting:

(A) enter into or participate in any discussions or negotiations with a third party who, without any solicitation, initiation or encouragement, directly or indirectly, after the date of this Agreement, by the Company or any of the Company Representatives, seeks to initiate such discussions or negotiations and, subject to execution of a confidentiality and standstill agreement in favour of the Company substantially similar to the Confidentiality Agreement dated June 14, 2012 entered into between the Company and the Purchaser (provided that such confidentiality agreement shall provide for disclosure thereof (along with all information provided thereunder) to the Purchaser and the Co-Purchaser as set out below), may furnish to such third party information concerning such Party and its business, properties and assets, in each case if, and only to the extent that:

(1) the third party has first made a written *bona fide* Acquisition Proposal for 100% of the voting or equity securities or all or substantially all of the assets of the Company for consideration which the Company Board determines in good faith: (a) that the funds or other consideration necessary to complete the Acquisition Proposal are or are reasonably likely to be available to fund completion of the Acquisition Proposal at the time and on the basis set out therein; (b) after consultation with its financial advisor(s), would or would be reasonably likely to, if consummated in accordance with its terms, result in a transaction financially superior for Company Shareholders to the transaction contemplated by this Agreement; (c) after consultation with its financial advisor(s) and outside counsel, is reasonably likely to be consummated at the time and on the terms proposed, taking into account all legal, financial, regulatory and other aspects of such Acquisition Proposal; and (d) after receiving the advice of outside counsel, as reflected in minutes of the Company Board, that the taking of such action is necessary for the Company Board to act in a manner consistent with its fiduciary duties under applicable Laws (a "**Superior Proposal**"); and

(2) prior to furnishing such information to or entering into or participating in any such discussions or negotiations with such third party, the Company shall: (a) provide prompt notice to the Purchaser and the Co-Purchaser to the effect that it is furnishing information to or entering into or participating in discussions or negotiations with such third party, together with a copy of the confidentiality and standstill agreement referenced above and, if not previously provided to the Purchaser and the Co-Purchaser, copies of all information provided to such third party concurrently

with the provision of such information to such third party; (b) notify the Purchaser and the Co-Purchaser orally and in writing of any inquiries, offers or proposals with respect to an actual or contemplated Superior Proposal (which written notice shall include a copy of any such proposal (and any amendments or supplements thereto), the identity of the Person making it, if not previously provided to the Purchaser and the Co-Purchaser and copies of all information provided to the third party), within 24 hours of the receipt thereof; and (c) keep the Purchaser and the Co-Purchaser informed of the status and details of any such inquiry, offer or proposal and answer the Purchaser's and the Co-Purchaser's reasonable questions with respect thereto;

(B) comply with applicable Canadian Securities Laws relating to the provision of directors' circulars and make appropriate disclosure with respect thereto to its securityholders; and

(C) accept, recommend, approve or enter into an agreement to implement a Superior Proposal from a third party, but only if prior to such acceptance, recommendation, approval or implementation, (1) the Company Board concludes in good faith, after considering all proposals to adjust the terms and conditions of this Agreement as contemplated by Section 8.1(c) and after receiving the advice of outside counsel as reflected in minutes of the Company Board, that the taking of such action is necessary for the Company Board to act in a manner consistent with its fiduciary duties under applicable Laws, (2) the Company complies with its obligations set forth in Section 8.1(c), and (3) the Company terminates this Agreement in accordance with Section 9.1(c)(i) or Section 9.1(d)(i), as applicable, and concurrently therewith pays the amount required by Section 9.2(c), as applicable, to the Purchaser.

(c) Following receipt of a Superior Proposal, the Company shall give the Purchaser and the Co-Purchaser, orally and in writing, at least five days advance notice of any decision by the Company Board to accept, recommend, approve or enter into an agreement to implement a Superior Proposal, which notice shall confirm that the Company Board has determined that such Acquisition Proposal constitutes a Superior Proposal, shall identify the third party making the Superior Proposal and shall provide a true and complete copy thereof, including all financing documents, and any amendments thereto. During such five-day period, the Company agrees not to accept, recommend, approve or enter into any agreement to implement such Superior Proposal and not to release the party making the Superior Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement. In addition, during such five-day period the Company shall, and shall cause its financial and legal advisors to, negotiate in good faith with the Purchaser and the Co-Purchaser and their

respective financial and legal advisors to make such adjustments in the terms and conditions of this Agreement and the Arrangement as would enable the Company to proceed with the Arrangement as amended rather than the Superior Proposal. In the event the Purchaser and the Co-Purchaser propose to amend this Agreement and the Arrangement on a basis such that the Company Board determines that the proposed transaction is no longer a Superior Proposal and so advises the Purchaser Board and the Co-Purchaser prior to the expiry of such period, the Company Board shall not accept, recommend, approve or enter into any agreement to implement such Acquisition Proposal and shall not release the party making the Acquisition Proposal from any standstill provisions and shall not withdraw, redefine, modify or change its recommendation in respect of the Arrangement, and the Parties shall amend this Agreement to reflect such offer, and shall take and cause to be taken all such actions as are necessary to give effect to the foregoing. In the event that the Company provides the notice contemplated by this Section 8.1(c) on a date which is less than five Business Days prior to the Company Meeting, the Purchaser and the Co-Purchaser shall be entitled to require, and the Company shall be entitled, to adjourn or postpone the Company Meeting to a date that is not more than ten Business Days after the date of such notice.

(d) Nothing contained in this Agreement shall prohibit the Company Board from making a Change in Recommendation in respect of the transactions contemplated hereby prior to the approval of the Arrangement Resolution by the Company Shareholders if the Company Board determines, in good faith (after consultation with its financial advisor(s) and after receiving written advice of outside counsel), that such Change in Recommendation is necessary for the Company Board to act in a manner consistent with its fiduciary duties under applicable Laws; provided that (i) not less than 48 hours before the Company Board considers any proposal in respect of any such Change in Recommendation, the Company shall give the Purchaser written notice of such proposal and promptly advise the Purchaser of the proposed consideration being offered in connection with such proposal; and (ii) the foregoing shall not relieve the Company from its obligation to proceed to call and hold the Company Meeting and to hold the vote on the Arrangement Resolution (provided that, except as required under applicable Laws, the Company shall be relieved from its obligations to actively solicit proxies in favour of the Arrangement in such circumstances), except in circumstances where this Agreement is terminated in accordance with the terms hereof.

(e) The Company shall ensure that the Company Representatives are aware of the provisions of this Section 8.1 applicable to such Party. The Company shall be responsible for any breach of this Section 8.1 by the Company Representatives.

8.2 Access to Information

(a) From the date hereof until the earlier of the Effective Time and the termination of this Arrangement Agreement in accordance with its terms, subject to compliance with applicable Law and the terms of any Contract of the Company, the Company shall, and shall cause its subsidiaries and their respective officers, directors, employees, independent auditors, accounting advisers and agents to:

(i) afford to the Purchaser and its subsidiaries, affiliates and their respective officers, directors, employees, representatives, any financial or other advisors (including financial sources) or agents (collectively, the "**Purchaser Representatives**") reasonable access to the management offices, properties (including field offices and sites for the purpose of conducting environmental assessments and investigations), books and records, including correspondence with regulators and work papers, and employees and management personnel of the Company and its subsidiaries; and

(ii) furnish the Purchaser and the Purchaser Representatives such financial, operating and technical data and other information in respect of the Company and its subsidiaries as such Persons may reasonably request,

in each case, for the purpose of facilitating the orderly integration and combination of the Parties' organizations and other administrative functions following the Effective Time.

(b) Any access to Persons or materials pursuant to Section 8.2(a) shall be conducted in such manner as not to interfere unreasonably with the conduct of the business of the Company and its subsidiaries.

(c) For greater certainty, each Party shall treat, and shall cause, in the case of the Company, the Company Representatives, and in the case of the Purchaser, the Purchaser Representatives, to treat, all confidential information or proprietary information furnished to it or, in the case of the Company, the Company Representatives, and in the case of the Purchaser, the Purchaser Representatives, in connection with the transactions contemplated by this Agreement in accordance with the terms of the Confidentiality Agreement.

8.3 Indemnification, Insurance and Resignations

(a) Prior to the Effective Time, the Company shall be entitled to extend, and fully pay the applicable premium for an extension to the Company's existing insurance policy (the "**D&O Insurance**") maintained for the benefit of the directors and officers of the Company and its subsidiaries (collectively, the "**Indemnified Persons**"), to provide coverage in respect of any Claims arising prior to the Effective Time against any such Indemnified Person in his or her capacity as a director and/or officer of the Company or a subsidiary of the Company, or in such other analogous capacity, provided that (i) the extension of such D&O Insurance is not for a period longer than six years from the Effective Date, and (ii) the terms and limits of such extension are substantially the same as the policies currently maintained by the Purchaser.

(b) The rights of the Indemnified Persons under Section 8.3(a) shall be in addition to any rights such Indemnified Persons may have under the constating or other charter or governance documents of the Company and its subsidiaries, or under any applicable Law or under any Contract of any Indemnified Person with the Company and its subsidiaries. All rights to indemnification and exculpation from

liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto in favour of any Indemnified Person as provided in the constating documents of the Company and its subsidiaries or any Contract between such Indemnified Person and the Company and its subsidiaries shall survive the Effective Time and shall continue in full force and effect in accordance with its terms for a period of not less than six years from the Effective Date and shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Person, and the Purchaser shall, or shall cause the Company to, honour all such rights.

(c) The provisions of this Section 8.3 shall survive the consummation of the transactions contemplated by this Agreement and are intended for the benefit of, and shall be enforceable by, the Indemnified Persons, and their respective heirs, executors, administrators and personal representatives and shall be binding on the Company and its successors and assigns, and, for such purpose only, the Company hereby confirms that it is acting as trustee on their behalf.

(d) The Company shall cause to be delivered to the Purchaser on the Effective Date resignations, effective on the Effective Date, of the officers and directors of the Company and its subsidiaries as designated in writing by the Purchaser at least three Business Days prior to the Effective Date. The Company shall also cause to be delivered by such designated officers and directors concurrently with the delivery of the resignations as aforesaid duly executed mutual releases in form and content satisfactory to the Purchaser, acting reasonably, which shall contain, without limitation, a release from each such individual of all their Claims against the Company and its subsidiaries (except for any Claims of unpaid remuneration, including bonus, Severance and Change of Control Payments), and a release from the Company of all Claims against such individual (except for Claims relating to fraud or wilful misconduct).

8.4 Personal Information

(a) For the purposes of this Section 8.4, the following definitions shall apply:

(i) "**applicable law**" means, in relation to any Person, transaction or event, all applicable provisions of Laws, statutes, rules, regulations, official directives and orders of and the terms of all judgments, orders and decrees issued by any authorized authority by which such Person is bound or having application to the transaction or event in question, including applicable privacy laws;

(ii) "**applicable privacy laws**" means any and all applicable Laws relating to privacy and the collection, use and disclosure of Personal Information in all applicable jurisdictions, including the *Personal Information Protection and Electronic Documents Act* (Canada) and/or any comparable provincial Law including the *Personal Information Protection Act* (Alberta);

(iii) "**authorized authority**" means, in relation to any Person, transaction or event, any (A) federal, provincial, municipal or local governmental body (whether administrative, legislative, executive or otherwise), both domestic and foreign, (B) agency, authority, commission, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, (C) court, arbitrator, commission or body exercising judicial, quasi-judicial, administrative or similar functions, and (D) other body or entity created under the authority of or otherwise subject to the jurisdiction of any of the foregoing, including any stock or other securities exchange, in each case having jurisdiction over such Person, transaction or event; and

(iv) **"Personal Information**" means information about an identifiable individual transferred to the Company or the Co-Purchaser by the Purchaser or to the Purchaser or the Co-Purchaser by the Company or to the Purchaser or the Company by the Co-Purchaser in accordance with this Agreement and/or as a condition of the Arrangement.

(b) The Parties hereto acknowledge that they are responsible for compliance at all times with applicable privacy laws which govern the collection, use and disclosure of Personal Information acquired by or disclosed to either Party pursuant to or in connection with this Agreement (the "**Disclosed Personal Information**").

(c) None of the Parties shall use the Disclosed Personal Information for any purposes other than those related to the performance of this Agreement and the completion of the Arrangement.

(d) Each Party acknowledges and confirms that the disclosure of Personal Information is necessary for the purposes of determining if the Parties shall proceed with the Arrangement, and that the disclosure of Personal Information relates solely to the carrying on of the business and the completion of the Arrangement.

(e) Each Party acknowledges and confirms that it has and shall continue to employ appropriate technology and take reasonable steps in accordance with applicable Law to prevent accidental loss or corruption of the Disclosed Personal Information, unauthorized input or access to the Disclosed Personal Information, or unauthorized or unlawful collection, storage, disclosure, recording, copying, alteration, removal, deletion, use or other processing of such Disclosed Personal Information.

(f) Subject to the following provisions, each Party shall at all times keep strictly confidential all Disclosed Personal Information provided to it, and shall instruct those employees or advisors responsible for processing such Disclosed Personal Information to protect the confidentiality of such information in a manner consistent with the Parties' obligations hereunder. Each Party shall ensure that access to the Disclosed Personal Information shall be restricted to those

employees or advisors of the respective party who have a *bona fide* need to access to such information in order to complete the Arrangement.

(g) Where not prohibited by applicable Law, each Party shall promptly notify the other Parties to this Agreement of all inquiries, complaints, requests for access, and claims of which the Party is made aware in connection with the Disclosed Personal Information. To the extent permitted by applicable Law, the Parties shall fully co-operate with one another, with the Persons to whom the Personal Information relates, and any authorized authority charged with enforcement of applicable privacy laws, in responding to such inquiries, complaints, requests for access, and claims.

(h) Upon the expiry or termination of this Agreement, or otherwise upon the reasonable request of either Party, the other Party shall forthwith cease all use of the Personal Information acquired by such Party in connection with this Agreement and will return to the party or, at the Party's request, destroy in a secure manner, the Disclosed Personal Information (and any copies thereof).

ARTICLE 9
TERMINATION, AMENDMENT AND WAIVER

9.1 Termination

This Agreement may be terminated and the Arrangement may be abandoned at any time prior to the Effective Time (notwithstanding any approval of the Arrangement Resolution or the Arrangement by the Company Shareholders and/or the Court):

(a) by mutual written consent of the Parties;

(b) by the Company, the Purchaser or the Co-Purchaser if:

(i) the Effective Time shall not have occurred on or prior to the Outside Date, except that the right to terminate this Agreement under this Section 9.1(b)(i) shall not be available to any Party whose failure to fulfill any of its obligations has been the cause of, or resulted in, the failure of the Effective Time to occur by such date;

(ii) after the date of this Agreement, any Law is enacted, made, enforced or amended, as applicable, that makes the consummation of the Arrangement illegal or otherwise permanently prohibits or enjoins the Company, the Purchaser or the Co-Purchaser from consummating the Arrangement, and such Law has, if applicable, become final and non-appealable, provided the Party seeking to terminate this Agreement pursuant to this Section 9.1(b)(ii) has used its reasonable commercial efforts to, as applicable, appeal or overturn such Law or otherwise have it lifted or rendered non-applicable in respect of the Arrangement; or

(iii) the Arrangement Resolution shall have failed to receive the requisite vote of the Company Shareholders of record for approval at the Company

Meeting (including any adjournment or postponement thereof) in accordance with the Interim Order; or

(c) by the Purchaser or the Co-Purchaser:

(i) if a "**Change in Recommendation**" occurs as described in paragraphs (A) through (F) below:

(A) the Company Board fails to recommend this Agreement or the Arrangement in the manner contemplated by Section 2.4(b);

(B) the Company Board withdraws, amends, modifies or qualifies, in a manner adverse to the Purchaser or the Co-Purchaser, the approval or recommendation by the Company Board of the Arrangement, or publicly proposes or publicly states its intention to do so or shall have resolved to do so prior to the Effective Date;

(C) the Company Board fails to publicly reconfirm its recommendation in support of this Agreement and the Arrangement within two Business Days of receipt of such a request from the Purchaser or the Co-Purchaser following:

(1) the public announcement of an Acquisition Proposal that the Company Board has determined is not a Superior Proposal; or

(2) the entering into of an amended Agreement with the Purchaser pursuant to Section 8.1(c);

(D) the Company Board accepts, approves, endorses or recommends to Company Shareholders, to the extent applicable, an Acquisition Proposal;

(E) the Company enters into a written agreement in respect of an Acquisition Proposal (other than a confidentiality and standstill agreement permitted by Section 8.1(b)); or

(F) the Company shall have publicly announced the intention to do any of the foregoing;

(ii) provided that the Purchaser, if the Purchaser wishes to terminate, or the Co-Purchaser, if the Co-Purchaser wishes to terminate, is not then in breach of this Agreement, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Company set forth in this Agreement shall have occurred that would cause any of the conditions set forth in Section 7.1 or Section 7.2 not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with Section 7.5(b) such that if determined on such date any of

the conditions set forth in Section 7.1 or Section 7.2 would not be satisfied; or

(iii) provided that all conditions set forth in Section 7.1 and Section 7.2 have been satisfied, on payment by the Purchaser of the Non-Completion Fee payable pursuant to Section 9.2 in the event that the Effective Time shall not have occurred on or prior to the Outside Date; or

(d) by the Company:

(i) on payment by the Company of the Break Fee payable pursuant to Section 9.2 in the event that the Company determines to enter into an agreement in connection with a Superior Proposal in the circumstances set out in Section 8.1(b) and otherwise after having complied with its obligations in Section 8.1; or

(ii) provided that the Company is not then in breach of this Agreement, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Purchaser or any Consortium Member set forth in this Agreement shall have occurred that would cause any of the conditions set forth in Section 7.1 or Section 7.3 not to be satisfied, and such breach or failure is incapable of being cured or is not cured in accordance with Section 7.5(b) such that if determined on such date any of the conditions set forth in Section 7.1 or 7.3 would not be satisfied.

9.2 Termination Fees

(a) In the event that this Agreement is terminated pursuant to the exercise by the Purchaser of its termination right pursuant to Section 9.1(c)(iii) (a "**Non-Completion Fee Event**"), then the Purchaser shall pay in cash to the Company by wire transfer in immediately available funds to an account designated in writing by the Purchaser an amount equal to $4,500,000 (the "**Non-Completion Fee**") in accordance with Section 9.2(b).

(b) If a Non-Completion Fee Event occurs, the Non-Completion Fee shall be paid within two Business Days of the occurrence of such Non-Completion Fee Event.

(c) If a Break Fee Event occurs, the Company shall pay in cash to the Purchaser by wire transfer in immediately available funds to an account designated in writing by the Purchaser the Break Fee in accordance with Section 9.2(d). For the purposes of this Agreement, "**Break Fee**" means an amount equal to $4,500,000 and "**Break Fee Event**" means the termination of this Agreement:

(i) by the Purchaser or the Co-Purchaser pursuant to Section 9.1(c)(i); or

(ii) by the Company pursuant to Section 9.1(d)(i).

For greater certainty, the Break Fee shall only be paid once notwithstanding termination of this Agreement by both the Purchaser and the Co-Purchaser pursuant to Section 9.1(c)(i).

(d) If a Break Fee Event occurs, the Break Fee shall be paid within two Business Days of the occurrence of such Break Fee Event.

(e) If the Purchaser fails to pay the Non-Completion Fee when due hereunder, and in order to obtain such payment, the Company commences a suit that results in a judgment against the Purchaser for such amount, the Purchaser shall pay the costs and expenses (including reasonable fees and expenses of legal counsel) incurred by the Company in connection with such suit.

(f) If the Company fails to pay the Break Fee when due hereunder, and, in order to obtain such payment, the Purchaser commences a suit that results in a judgment against the Company for such amount, the Company shall pay the costs and expenses (including reasonable fees and expenses of legal counsel) incurred by the Purchaser in connection with such suit.

(g) If the Purchaser pays to the Company the Non-Completion Fee as a result of the occurrence of a Non-Completion Fee Event then, notwithstanding Section 11.2, the Company shall have no other remedy relating to the termination of this Agreement (subject to Section 9.2(e)). For greater certainty, the Purchaser shall not be required to pay the Non-Completion Fee more than once.

(h) If the Company pays to the Purchaser the Break Fee as a result of the occurrence of any of the Break Fee Events then, notwithstanding Section 11.2, the Purchaser shall have no other remedy with respect to the occurrence of such event (subject to Section 9.2(f) and other than in the case of a material breach of Section 8.1). For greater certainty, the Company shall not be required to pay the Break Fee more than once.

(i) Each Party acknowledges that the agreements contained in this Section 9.2 are an integral part of the transactions contemplated in this Agreement and that, without those agreements, the Parties would not enter into this Agreement. Each Party acknowledges that the Non-Completion Fee and the Break Fee set out in this Section 9.2 are payments of liquidated damages which are a genuine pre-estimate of the damages which the Parties will suffer or incur as a result of the event giving rise to such payment and the resultant termination of this Agreement and are not penalties. Each Party irrevocably waives any right that it may have to raise as a defence that any such liquidated damages are excessive or punitive.

9.3 Notice and Effect of Termination

(a) The Party desiring to terminate this Agreement pursuant to Section 9.1 (other than pursuant to Section 9.1(a)) shall give notice of such termination to the other Party setting out in reasonable detail the facts and circumstances giving rise to such Party's right to terminate this Agreement in accordance with Section 9.1.

(b) If this Agreement is terminated pursuant to Section 9.1, this Agreement shall become void and of no effect without liability of any Party (or any shareholder, director, officer, employee, agent, consultant or representative of such Party) to the other Party hereto, except that:

(i) the provisions of this Section 9.3, Notice and Effect of Termination, Sections 2.4(e) and (g), The Company Circular, Section 8.2(c), Access to Information, Section 8.4, Personal Information, Section 9.2, Termination Fees, and Article 11, General Provisions shall survive any termination hereof pursuant to Section 9.1; and

(ii) neither the termination of this Agreement nor, anything contained in this Section 9.3 shall relieve any Party of any liability for any breach of this Agreement, including from any inaccuracy in any of its representations and warranties and any non-performance by it of its covenants made herein prior to the date of such termination; provided that the Company shall not be entitled to seek damages in excess of $4,500,000 in the event that this Agreement is terminated by the Company pursuant to Section 9.1(d)(ii) and provided that the Purchaser shall not be entitled to seek damages in excess of $4,500,000 in the event that this Agreement is terminated by the Purchaser pursuant to Section 9.1(c)(ii).

(c) No termination of this Agreement shall affect the obligations of the Parties pursuant to the Confidentiality Agreement, except to the extent specified therein.

9.4 Waiver

No waiver of any of the provisions of this Agreement shall be deemed to constitute a waiver of any other provision (whether or not similar) or a future waiver of the same provisions, nor, shall such waiver be binding unless executed in writing by the Party to be bound by the waiver. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor, shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by applicable Laws to the extent not otherwise limited herein.

9.5 Amendment

This Agreement may at any time and from time to time be amended by mutual written agreement of the Purchaser, the Co-Purchaser and the Company. The Plan of Arrangement may, at any time and from time to time before or after the holding of the Company Meeting but not later than the Effective Time, be amended by mutual written agreement of the Purchaser, the Co-Purchaser and the Company, subject to the Interim Order and the Final Order and applicable Laws and any such amendments may, without limitation:

(a) change the time for performance of any of the obligations or acts of the Parties;

(b) modify any representation or warranty contained in this Agreement or in any document delivered pursuant to this Agreement;

(c) modify any of the covenants contained in this Agreement and waive or modify performance of any of the obligations of the Parties; or

(d) modify any mutual conditions contained in this Agreement.

ARTICLE 10
NOTICES

10.1 Notices

All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile or e-mail transmission, or as of the following Business Day if sent by prepaid overnight courier, to the Parties at the following addresses (or at such other addresses as shall be specified by any Party by notice to the other Parties given in accordance with these provisions):

(a) if to the Purchaser, addressed to:

Kulczyk Oil Ventures Inc.
Suite 1170, 700 – 4 Avenue S.W.
Calgary, Alberta, Canada T2P 3J4

Attention: Norman W. Holton
Facsimile: +1 403 264 8861
E-mail: nholton@kulczykoil.com

with a copy to:

Osler, Hoskin & Harcourt LLP
Suite 2500, TransCanada Tower
450 – 1st Street S.W.
Calgary, AB T2P 5H1

Attention: Noralee Bradley
Facsimile: (403) 260-7024
E-mail: nbradley@osler.com

(b) if to the Co-Purchaser, addressed to:

Kulczyk Investments S.A.
Ul. Krucza 24/26
00-526 Warsaw
Poland

Attention: Lucasz Redziniak

Facsimile: +48 22 625 66 11
E-mail: L.Redziniak@kulczykinvestments.com

with a copy to:

Kulczyk Investments S.A.
Ul. Krucza 24/26
00-526 Warsaw
Poland

Attention: Graham Cheeseman

Facsimile: +48 22 625 66 11
E-mail: g.cheeseman@kulczykinvestments.com

(c) the Company, addressed to:

Winstar Resources Ltd.
3130, 520 – 3rd Avenue S.W.
Calgary, Alberta T2P 0R3

Attention: Bruce Libin
Facsimile: (403) 205-2722
E-mail: bruce@libincapital.com

with a copy to:

Stikeman Elliott LLP
Suite 4300, Bankers Hall West
888 – 3rd Street S.W.
Calgary, Alberta T2P 5C5

Attention: Leland P. Corbett
Facsimile: (403) 266-9034
E-mail: lcorbett@stikeman.com

ARTICLE 11
GENERAL

11.1 Enurement

This Agreement shall enure to the benefit of, and be binding upon, the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

11.2 Injunctive Relief and Specific Performance

The Parties agree that irreparable harm would occur for which money damages would not be an adequate remedy at Law in the event that any of the provisions of this Agreement were not performed by the Company, the Purchaser or any Consortium Member in accordance with their specific terms or were otherwise breached. It is accordingly agreed that each Party shall be entitled to specific performance, an injunction or injunctions and other equitable relief to prevent breaches or threatened breaches of the provisions of this Agreement by the other Parties or, in

the case of the Company, the Company Representatives, or, in the case of the Purchaser, the Purchaser Representatives, or to otherwise obtain specific performance by the other Parties of any such provisions, any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief hereby being waived. Such remedies will not be the exclusive remedies for any breach of this Agreement but will be in addition to all other remedies available at law or equity to each of the Parties.

11.3 No Recourse

Except as otherwise provided for herein, this Agreement may only be enforced against, and any Claims or causes of action that may be based upon, arise out of or relate to this Agreement, or the negotiation, execution or performance of this Agreement may only be made against the entities that are expressly identified as parties hereto, and no past, present or future affiliate, director, officer, employee, incorporator, member, manager, partner, shareholder, agent, attorney or representative of either Party shall have any liability for any obligations or liabilities of the Parties to this Agreement or for any Claim based on, in respect of, or by reason of, the transactions contemplated hereby.

11.4 No Liability

No director or officer of the Purchaser and its subsidiaries or any Consortium Member shall have any personal liability whatsoever to the Company under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Purchaser or such Consortium Member. No director, officer or employee of the Company and its subsidiaries shall have any personal liability whatsoever to the Purchaser or any Consortium Member under this Agreement or any other document delivered in connection with the transactions contemplated hereby on behalf of the Company.

11.5 Costs and Expenses

Except as otherwise provided in this Agreement, each of the Parties shall pay their respective legal, accounting and other professional advisory fees, costs and expenses incurred in connection with the transactions contemplated by this Agreement.

11.6 Assignment

This Agreement may not be assigned by any Party without the prior consent of the other Party. Notwithstanding the foregoing, each of the Consortium Members shall be entitled to assign their respective rights or obligations under this Agreement to an affiliate of the Consortium, who agrees to be bound by the applicable covenants of the Consortium contained herein and comply with the applicable provisions of this Agreement and who delivers to the Purchaser and the Company a duly executed undertaking to such effect provided that any such assignment shall not relieve any Consortium Member of any of its obligations hereunder, and provided further that if such assignment takes place, the Consortium Member shall continue to be fully liable as primary obligor, on a joint and several basis with any such entity, to the Purchaser and the Company for any default in performance by the assignee of any of the Consortium Member's obligations hereunder.

11.7 Further Assurances

The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Agreement, and each Party shall provide such further documents or instruments required by any other Party as may be reasonably necessary or desirable to effect the purpose of this Agreement and carry out its provisions, whether before or after the Effective Time, provided that the costs and expenses of any actions taken after the Effective Time at the request of a Party shall be the responsibility of the requesting Party.

11.8 Execution and Delivery

This Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile or other form of electronic transmission and all such counterparts, facsimiles or other form of electronic transmission, each of which shall be deemed to be an original, together constitute one and the same agreement.

[*The Remainder of this Page Has Been Intentionally Left Blank.*]

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

KULCZYK OIL VENTURES INC.

By: (signed) "*Norman W. Holton*"
Name: Norman W. Holton
Title: Vice Chairman

KULCZYK INVESTMENTS S.A.

By: (signed) "*Mariusz Nowak*"
Name: Mariusz Nowak
Title: Director A

By: (signed) "*Richard Brekelmans*"
Name: Richard Brekelmans
Title: Director B

WINSTAR RESOURCES LTD.

By: (signed) "*Bruce Libin*"
Name: Bruce Libin
Title: Chairman

SCHEDULE "A"
ARRANGEMENT RESOLUTION

BE IT RESOLVED THAT:

1. The arrangement (the "Arrangement") under Section 193 of the Business Corporations Act (Alberta) (the "ABCA") of Winstar Resources Ltd. (the "Company"), as more particularly described and set forth in the management information circular (the "Company Circular") of the Company dated ● , 2013 accompanying the notice of meeting, as the Arrangement may be amended, modified or supplemented in accordance with the arrangement agreement dated April 24, 2013 between Kulczyk Oil Ventures Inc., Kulczyk Investments S.A. and the Company (the "Arrangement Agreement"), is hereby authorized, approved and adopted.

2. The plan of arrangement of the Company, as it has been or may be amended, modified or supplemented in accordance with the Arrangement Agreement and its terms (the "Plan of Arrangement"), the full text of which is set out in Appendix A to the Company Circular, is hereby authorized, approved and adopted.

3. The (a) Arrangement Agreement, the Plan of Arrangement and related transactions, (b) actions of the directors of the Company in approving the Arrangement Agreement and the Plan of Arrangement, and (c) actions of the directors and officers of the Company in executing and delivering and giving effect to the Arrangement Agreement, the Plan of Arrangement and any amendments, modifications or supplements thereto and the transactions contemplated thereby, are hereby ratified and approved.

4. Any officer or director of the Company is hereby authorized and directed for and behalf of the Company to make an application to the Court of Queen's Bench of Alberta for an order to approve the Arrangement on the terms set forth in the Arrangement Agreement and the Plan of Arrangement (as they may be amended, modified or supplemented in accordance with their respective terms and as described in the Company Circular).

5. Notwithstanding that this resolution has been passed (and the Arrangement adopted) by the holders of common shares of the Company, or that the Arrangement has been approved by the Court of Queen's Bench of Alberta, the directors of the Company are hereby authorized and empowered to, at their discretion and without further notice to or approval of the shareholders of the Company, (a) amend, modify, supplement or terminate the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement, and (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement and related transactions, at any time prior to the issue of a certificate giving effect to the Arrangement.

6. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute and deliver for filing with the Registrar under the ABCA, articles of arrangement and such other documents as are necessary or desirable to give full effect to the Arrangement and related transactions in accordance with the Arrangement Agreement, such determination to be conclusively evidenced by the execution and delivery of such articles of arrangement and any such other documents.

7. Any officer or director of the Company is hereby authorized and directed for and on behalf of the Company to execute or cause to be executed and to deliver or cause to be delivered all such other documents and instruments and to perform or cause to be performed all such other acts and things as such person determines may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery.

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

ARTICLE 1
DEFINITIONS AND INTERPRETATION

1.1 Definitions

Unless there is something in the context or subject matter inconsistent therewith, capitalized terms used but not otherwise defined in this Plan of Arrangement shall have the respective meanings ascribed to such terms in the Arrangement Agreement (as defined below) and the following words and terms shall have the respective meanings hereinafter set forth:

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

"**Arrangement**", "**herein**", "**hereof**", "**hereto**", "**hereunder**" and similar expressions mean and refer to the arrangement pursuant to section 193 of the ABCA set forth in this Plan of Arrangement, as the same may be amended in accordance with Article 6 of this Plan of Arrangement, Section 9.5 of the Arrangement Agreement or made at the direction of the Court in the Final Order with the consent of the Company, the Purchaser and the Co-Purchaser, each acting reasonably;

"**Arrangement Agreement**" means the arrangement agreement dated April 24, 2013 between the Purchaser, the Co-Purchaser and the Company (including all schedules thereto), as such agreement may be amended, modified or supplemented from time to time in accordance with its terms, providing for, among other things, the Arrangement;

"**Arrangement Resolution**" means the special resolution approving the Plan of Arrangement voted upon by the Company Shareholders of record at the Company Meeting to be considered at the Company Meeting;

"**Articles of Arrangement**" means the articles of arrangement of the Company in respect of the Arrangement required by subsection 193(10) of the ABCA to be sent to the Registrar after the Final Order has been granted, which shall be in a form and content satisfactory to the Company, the Purchaser and the Co-Purchaser, each acting reasonably, and all other conditions to the completion of the Arrangement have been satisfied or waived, giving effect to the Arrangement;

"**Business Day**" means any day which is not a Saturday, a Sunday or a day observed as a statutory or civic holiday under applicable Law in Alberta, Canada, and on which the principal commercial banks are generally open for business during normal business hours in the City of Calgary, Alberta;

"**Cash Alternative**" means $2.50 per Company Share in cash, to be received at the election of a Company Shareholder (other than a Dissenting Shareholder) pursuant to Section 3.2;

"**Certificate of Arrangement**" means the certificate of arrangement or other confirmation of filing to be issued by the Registrar pursuant to subsection 193(11) of the ABCA in respect of the Articles of Arrangement;

"**Claims**" includes claims, demands, complaints, grievances, Orders, actions, applications, suits, causes of action, charges, indictments, prosecutions, informations or other similar processes, assessments or reassessments of fines, judgments, debts, liabilities, penalties, expenses, costs, damages or losses, contingent or otherwise, whether liquidated or unliquidated, matured or unmatured, disputed or undisputed, contractual, legal or equitable, including loss of value, professional fees, including fees and disbursements of legal counsel on a full indemnity basis, and all costs incurred in investigating or pursuing any of the foregoing or any proceeding relating to any of the foregoing;

"**Closing Payment Calculation**" has the meaning ascribed to it in Section 2.8(c) of the Arrangement Agreement;

"**Co-Purchaser**" means Kulczyk Investments S.A., a corporation existing under the laws of Luxembourg;

"**Company**" means Winstar Resources Ltd., a corporation existing under the laws of the Province of Alberta;

"**Company Information Circular**" means the notice of the Company Meeting and accompanying management proxy circular of the Company, including all appendices, schedules and exhibits thereto, and instruments of proxy, to be sent to, among others, the Company Shareholders of record in accordance with the Interim Order in connection with the Company Meeting, as amended, supplemented or otherwise modified from time to time;

"**Company Meeting**" means the special meeting of the Company Shareholders of record, including any adjournments or postponements thereof, to be called and held in accordance with the Interim Order to consider the Arrangement Resolution;

"**Company Shareholder**" means a registered or beneficial holder of Company Shares, as the context requires;

"**Company Shares**" means the common shares in the capital of the Company, as constituted immediately prior to the Effective Time;

"**Consortium**" means the Co-Purchaser, together with certain other investors led by the Co-Purchaser who may become a party to the Arrangement Agreement, and each member of the Consortium is a "**Consortium Member**");

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

"**Depositary**" means Computershare Investor Services Inc., in its capacity as depositary for the Arrangement, or such other entity chosen by the Parties to act as depositary for the Arrangement;

"**Depositary Agreement**" means the depositary agreement among the Purchaser, the Consortium, the Company and the Depositary;

"**Dissent Rights**" has the meaning ascribed to it in Section 4.1;

"**Dissenting Shareholder**" means a registered Company Shareholder who validly dissents in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights at the Effective Time, but only in respect of the Company Shares in respect of which Dissent Rights are validly exercised by such registered Company Shareholder;

"**Effective Date**" means the date shown on the Certificate of Arrangement giving effect to the Arrangement;

"**Effective Time**" means the time at which the Articles of Arrangement are filed with the Registrar on the Effective Date;

"**Election Date**" means the Business Day that is three Business Days prior to the date of the Company Meeting or, if such meeting is adjourned, the Business Day immediately prior to the date of such adjourned meeting;

"**Election Deadline**" means 4:30 p.m. (local time at the place of deposit with the Depositary as provided in the Letter of Transmittal and Election Form) on the Election Date;

"**Filing Date**" means the date the Articles of Arrangement are filed;

"**Governmental Authority**" means any supranational, international, multinational, national, federal, provincial, state, regional, municipal, local or other government, governmental or public department, ministry, central bank, court, tribunal, arbitral body, office, Crown corporation, commission, commissioner, board, bureau or agency, whether domestic or foreign, any subdivision, agent or authority of any of the foregoing:

(a) having or purporting to have jurisdiction on behalf of any nation, region, province, territory or state or any other geographic or political subdivision of any of them; or

(b) exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, policy, regulatory or taxing authority;

"**Final Order**" means the final order of the Court approving the Arrangement to be granted pursuant to subsection 193(9) of the ABCA as such order may be amended or modified by the Court (with the consent of the Company, the Purchaser and the Co-Purchaser, each acting reasonably) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended (provided that any such amendment is acceptable to the Company, the Purchaser and the Co-Purchaser, each acting reasonably) on appeal;

"**Interim Order**" means the interim order of the Court concerning the Arrangement under subsection 193(4) of the ABCA in a form acceptable to the Company, the Purchaser and the Co-Purchaser, each acting reasonably, providing for, among other things, the calling and holding of the Company Meeting, as the same may be amended or modified by the Court with the consent of the Company, the Purchaser and the Co-Purchaser, each acting reasonably;

"**Laws**" means laws (including common law or civil law), statutes, by-laws, rules, regulations, Orders, ordinances, codes, treaties, policies, notices, directions, decrees, judgments, awards or other requirements, in each case of any Governmental Authority or self-regulatory authority, including the TSX and the WSE, and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"**Letter of Transmittal and Election Form**" means the letter of transmittal and election form to be mailed to Company Shareholders with the Company Information Circular pursuant to which Company Shareholders may tender their respective certificates representing the Company Shares and may elect to receive, on completion of the Arrangement, the Cash Alternative or the Share Alternative in exchange for their respective Company Shares, subject to proration in the Plan of Arrangement;

"**Liens**" means any hypothecs, mortgages, liens, charges, security interests, prior claims, pledges, encroachments, options, rights of first refusal or first offer, occupancy rights, covenants, restrictions, encumbrances of any kind and adverse Claims;

"**Orders**" means orders, injunctions, judgments, administrative complaints, decrees, rulings, awards, assessments, directions, instructions, penalties or sanctions issued, filed or imposed by any Governmental Authority or arbitrator;

"**Parties**" means, collectively, the Purchaser, the Co-Purchaser and the Company, and "**Party**" means any one of them;

"**Person**" includes an individual, firm, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any Governmental Authority) or any other entity, whether or not having legal status;

"**Plan of Arrangement**" means this plan of arrangement under Section 193 of the ABCA, and any amendments or variations thereto made in accordance with Section 8.5 of the Arrangement Agreement and Article 6 of this Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of the Company, the Purchaser and the Co-Purchaser, each acting reasonably;

"**Purchaser**" means Kulczyk Oil Ventures Inc., a corporation existing under the laws of the Province of Alberta;

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

"**Registrar**" means the Registrar of Corporations or the Deputy Registrar of Corporations for the Province of Alberta duly appointed pursuant to section 263 of the ABCA;

"**Share Alternative**" means 7.555 Purchaser Shares for each Company Share, to be received at the election or deemed election of a Company Shareholder (other than a Dissenting Shareholder) pursuant to Section 3.2;

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

"**TSX**" means the Toronto Stock Exchange; and

"**WSE**" means Gielda Papierów Wartościowych w Warsawie S.A. (Warsaw Stock Exchange) of Warsaw, Poland, entered into the Register of Entrepreneurs maintained by the District Court for the Capital City of Warsaw, XIX Commercial Division of the National Court Register, under entry No. KRS 0000082312.

1.2 Certain Rules of Interpretation

In this Agreement:

(a) Consent – Whenever a provision of this Plan of Arrangement requires an approval or consent of a Party and such approval or consent is not delivered within the applicable time limit, then, unless otherwise specified, the Party whose consent or approval is required shall be conclusively deemed to have withheld its approval or consent.

(b) Currency – Unless otherwise specified, all references to money amounts are to lawful currency of Canada.

(c) *Governing Law* – This Plan of Arrangement shall be governed by, and construed in accordance with, the laws of the Province of Alberta and the federal laws of Canada applicable therein.

(d) *Headings* – Headings of Articles and Sections are inserted for convenience of reference only and do not affect the construction or interpretation of this Plan of Arrangement.

(e) *Including* – Where the word "including" or "includes" is used in this Plan of Arrangement, it means "including (or includes) without limitation".

(f) No Strict Construction – The language used in this Plan of Arrangement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

(g) Number and Gender – Unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

(h) Statutory References – A reference to a statute includes all regulations and rules made pursuant to such statute and, unless otherwise specified, the provisions of any statute, regulation or rule which amends, supplements or supersedes any such statute, regulation or rule.

(i) Time – Time is of the essence in the performance of the Parties' respective obligations.

(j) Time Periods – Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day if the last day of the period is not a Business Day.

ARTICLE 2
ARRANGEMENT AGREEMENT

2.1 Arrangement Agreement

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

2.2 Binding Effect

This Plan of Arrangement and the Arrangement, upon the filing of the Articles of Arrangement and the issuance of the Certificate of Arrangement, shall become effective, and be binding on the Purchaser, the Company, the Co-Purchaser and all other members of the Consortium, all Company Shareholders (including those Company Shareholders exercising Dissent Rights described in Section 4.1), the registrar and transfer agent in respect of the Company Shares and the Depositary at and after the Effective Time without any further act or formality required on the part of any Person.

ARTICLE 3
ARRANGEMENT

3.1 The Arrangement

The following events set out in this Section 3.1 shall occur and shall be deemed to occur consecutively in the following order and beginning at the Effective Time without any further authorization, act or formality:

(a) Subject to Section 3.3, the Company Shares outstanding immediately prior to the Effective Time held by a Company Shareholder who elected the Cash Alternative in accordance with Section 3.2 and who is not a Dissenting Shareholder shall be transferred to, and acquired by the members of the Consortium *pro-rata* to the Cash Alternative consideration the members of the Consortium deposited with the Depositary pursuant to the Depositary Agreement, free and clear of any and all Liens, in exchange for, with respect to each such Company Share, the Cash Alternative and, in respect of each Company Share so acquired:

(i) each such holder of Company Shares shall cease to be the holder of such Company Shares so exchanged concurrently with the exchange referred to in this Section 3.1(a) and such holder's name shall be removed from the securities register of the Company in respect of such Company Shares at such time; and

(ii) the members of the Consortium shall be deemed to be the legal and beneficial owners of such Company Shares *pro-rat*a to the Cash Alternative consideration the members of the Consortium deposited with the Depositary pursuant to the Depositary Agreement, free and clear of any and all Liens, at the time of the exchange pursuant to this Section 3.1(a) and shall be entered into the securities register of the Company as the holders thereof.

(b) Each Company Share held by a Dissenting Shareholder shall be deemed to be transferred by the holder thereof, without any further act or formality on its part, free and clear of all Liens, to the Purchaser and thereupon such holder's name will be removed from the securities register of the Company in respect of such Company Share, the Purchaser shall be entered in the securities register of the Company as the holder thereof and shall be deemed to be the legal and beneficial owner thereof, and at such time each Dissenting Shareholder shall cease to have any rights as holders of such Company Shares other than the rights set out in Section 4.1.

(c) Subject to Section 3.3,

(i) each Company Share outstanding immediately prior to the Effective Time held by a Company Shareholder who elected, or is deemed to have elected, the Share Alternative in accordance with Section 3.2 and who is not a Dissenting Shareholder; and

(ii) each Company Share acquired by a member of the Consortium pursuant to Section 3.1(a)

shall be transferred to, and acquired by the Purchaser, free and clear of any and all Liens, in exchange for the Share Alternative and, in respect of each Company Share so acquired:

(A) each such holder of Company Shares shall cease to be the holder of such Company Shares so exchanged concurrently with the exchange referred to in this Section 3.1(c) and such holder's name shall be removed from the securities register of the Company in respect of such Company Shares at such time; and

(B) the Purchaser shall be deemed to be the legal and beneficial owner of such Company Shares, free and clear of any and all Liens, at the time of the exchange pursuant to this Section 3.1(c) and shall be entered into the securities register of the Company as the holder thereof.

(d) All directors of the Company shall cease to be directors and the following persons shall become the directors of the Company:

(i) Timothy M. Elliott;

(ii) Norman W. Holton; and

(iii) Paul H. Rose.

3.2 Election of Consideration

With respect to the exchange of securities effected pursuant to Section 3.1(a):

(a) Company Shareholders may elect to receive for each Company Share exchanged, either the Cash Alternative or the Share Alternative in respect of all of such holder's Company Shares, subject to Section 3.3;

(b) such elections shall be made by depositing with the Depositary, prior to the Election Deadline, a duly completed Letter of Transmittal and Election Form indicating such holder's election, together with any certificates representing such holder's Company Shares; and

(c) any Company Shareholder who does not deposit with the Depositary a duly completed Letter of Transmittal and Election Form prior to the Election Deadline, or 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 the Share Alternative in respect of all of such holder's Company Shares.

3.3 Proration of Cash Consideration

The maximum aggregate amount of the consideration that may be paid to Company Shareholders who elect the Cash Alternative shall be $35,000,000 (the "**Maximum Cash Consideration**"). In the event that the aggregate amount of consideration under the Cash Alternative that would, but for this Section 3.3, be paid to Company Shareholders pursuant to Section 3.1(a) exceeds the Maximum Cash Consideration, then the consideration to be paid to any holder under the Cash Alternative shall be determined by multiplying the aggregate amount of the consideration under the Cash Alternative otherwise payable to such holder by the quotient obtained after dividing the Maximum Cash Consideration by the aggregate amount of the consideration otherwise payable under the Cash Alternative to all holders of Company Shares electing to receive the Cash Alternative in respect of its Company Shares pursuant to Section 3.2, rounded to three decimal places; and such holder shall be deemed to have elected to receive Purchaser Shares under the Share Alternative for the remainder of their Company Shares for which, but for this Section 3.3, such holder would otherwise have received consideration under the Cash Alternative.

ARTICLE 4
RIGHTS OF DISSENT

4.1 Rights of Dissent

(a) Registered holders of Company Shares may exercise, pursuant to and in the manner set forth in section 191 of the ABCA, the right of dissent in connection with the Arrangement, as the same may be modified by the Interim Order and this Section 4.1 ("**Dissent Rights**"); provided that notwithstanding (i) subsection 191(5) of the ABCA, the written notice setting forth such registered holder's objection to the Arrangement Resolution referred to in subsection 191(5) of the ABCA must be received by the Company not later than 5:00 p.m. (Calgary time) on the Business Day which is two Business Days immediately preceding the date of the Company Meeting (as it may be adjourned or postponed from time to time); and (ii) subsection 191(3) of the ABCA, the Purchaser and not the Company, shall be required to pay the amount set out in Section 4.1(i). Registered holders of Company Shares who duly and validly exercise such Dissent Rights and who:

(i) are ultimately entitled to be paid the fair value of their Company Shares, shall be entitled to be paid by the Purchaser in consideration for the transfer of such Company Shares to the Purchaser as set out in Section 3.1(c), the fair value of such Company Shares (less any amounts which the Purchaser is entitled to withdraw or deduct in accordance with Section 5.5), which fair value, notwithstanding anything to the contrary in the ABCA, if permitted by the Court, shall be determined as of the close of business on the day before the Arrangement Resolution is adopted, and shall not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights in respect of such Company Shares; or

(ii) ultimately are not, for any reason, entitled to be paid fair value for such Company Shares shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting holder of Company Shares as set out in Section 3.1(c).

(b) The fair value of the Company Shares payable to a Dissenting Shareholder pursuant to Section 4.1(a)(i) shall be satisfied by the issuance by the Purchaser to the Dissenting Shareholder of that number of Purchaser Shares that have a value equal to such fair value as determined by the Court, with the value of each Purchaser Share calculated as the volume weighted average trading price of the Purchaser Shares on the WSE for the 15 trading days ending on the trading day immediately preceding the day the Court determines the fair value of such Company Shares expressed in Canadian dollars and converted from Polish zloty to Canadian dollars based on the Bank of Canada noon spot rate published for each trading day during such period.

4.2 Recognition of Dissenting Shareholders

(a) In no circumstances shall the Purchaser, the Co-Purchaser, the Company, the Depositary or any other Person be required to recognize a Person exercising Dissent Rights unless (i) such Person is the registered holder of those Company Shares in respect of which such rights are sought to be exercised, and (ii) such Person has strictly complied with the procedures for exercising Dissent Rights

described in Section 4.1 and the ABCA, as modified by this Plan of Arrangement, and does not withdraw such dissent prior to the Effective Time.

(b) For greater certainty, in no case shall the Purchaser, to Co-Purchaser, the Company, the Depositary or any other Person be required to recognize a Dissenting Shareholder as a holder of Company Shares after the Effective Time and the names of such Dissenting Shareholders shall be removed from the registers of holders of Company Shares and the Purchaser shall be recorded as the holder of the Company Shares so transferred and shall be deemed the legal and beneficial owner thereof free and clear of all Liens.

ARTICLE 5
CERTIFICATES AND PAYMENT

5.1 Payment of Consideration

(a) On or prior to the Filing Date, in accordance with the terms of the Arrangement Agreement:

(i) the Purchaser shall issue and deliver to the Depositary an irrevocable treasury order authorizing the Depositary, as the registrar and transfer agent of the Purchaser Shares, to issue certificates representing the aggregate number of Purchaser Shares to which the Company Shareholders and the Consortium Members are entitled under the Share Alternative in accordance with this Plan of Arrangement; and

(ii) the members of the Consortium shall deposit, or cause to be deposited, with the Depositary, cash in the aggregate amount equal to the consideration to which the Company Shareholders are entitled under the Cash Alternative in accordance with this Plan of Arrangement,

in each case as set out in the Closing Payment Calculation. The cash so deposited with the Depositary shall be held in a separate interest-bearing account, and any interest earned on such funds shall be for the account of the Purchaser.

(b) Upon the surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Company Shares that were transferred, or deemed to be transferred, pursuant to Section 3.1(a) or Section 3.1(c), together with a duly completed and executed Letter of Transmittal and Election Form, and such additional documents and instruments as the Depositary may reasonably require, the holder of the Company Shares represented by such surrendered certificate shall be entitled to receive in exchange therefor from the Depositary, and the Depositary shall deliver, or cause to be delivered, to such holder as soon as practicable:

(i) in the case of holders entitled to receive cash under the Cash Alternative in accordance with the terms of this Plan of Arrangement, a cheque (or other form of immediately available funds) representing the cash payment which such holder is entitled to receive under the Cash Alternative in

connection with the exchange described in Section 3.1(a), less any amounts withheld or deducted pursuant to Section 5.5; and

(ii) in the case of holders entitled to receive Purchaser Shares under the Share Alternative in accordance with the terms of this Plan of Arrangement, certificates representing the Purchaser Shares which such holder is entitled to receive under the Share Alternative in connection with the exchange described in Section 3.1(c), less any amounts withheld or deducted pursuant to Section 5.5,

and any certificate so surrendered shall forthwith be cancelled.

(c) The Depositary shall deliver, or cause to be delivered, to each Consortium Member as soon as practicable certificates representing the Purchaser Shares which such Consortium Member is entitled to receive under the Share Alternative in connection with the exchange described in Section 3.1(c).

(d) Until surrendered for cancellation as contemplated by Section 5.1(b), each certificate that immediately prior to the Effective Time represented Company Shares shall be deemed after the time specified in Section 3.1(a) or 3.1(c), as the case may be, to represent only the right to receive upon such surrender the consideration under the Cash Alternative or the Share Alternative as contemplated in Section 3.1(a) and Section 3.1(c), or as to those certificates held by Dissenting Shareholders, other than those Dissenting Shareholders deemed to have participated in the Arrangement pursuant to Section 4.1, to receive the fair value of the Company Shares represented by such certificates, as the case may be, less any amounts withheld or deducted pursuant to Section 5.5. Any such certificate formerly representing Company Shares not duly surrendered on or before the day prior to the third anniversary of the Effective Date shall cease to represent a claim by or interest of any former holder of Company Shares of any kind or nature against or in the Purchaser or the Company. On such date, all of the certificates representing the Purchaser Shares and/or cash, as the case may be, to which such former holder was entitled, together with all dividends thereon held for such holder, shall be deemed to have been surrendered to the Purchaser immediately prior to the application of any applicable Laws pertaining to unclaimed property then in effect including, pursuant to the *Unclaimed Personal Property and Vested Property Act* (Alberta), the *Unclaimed Property Act (British Columbia)*, *the Public Curator Act* (Québec) or other analogous legislation.

(e) Any payment made by way of cheque by the Depositary on behalf of the Company, the Purchaser or members of the Consortium and/or any certificates representing Purchaser Shares issued by the Depositary on behalf of the Purchaser, pursuant to this Plan of Arrangement that have not been deposited or have been returned to the Depositary or that otherwise remain unclaimed, in each case, on the third anniversary of the Effective Date less one day, and any right or claim to such payment and/or such certificates hereunder that remains outstanding on the third anniversary of the Effective Date, less one day, shall, and any certificates, instruments or other documents previously evidencing ownership of Company Shares outstanding on such day, shall cease to represent a right or claim

of any kind or nature, and the right of the holder to receive any consideration for the Company Shares held by such Person pursuant to this Plan of Arrangement shall terminate and be deemed to be surrendered and forfeited to the Purchaser for no consideration.

(f) No holder of Company Shares shall be entitled to receive any consideration with respect to any Company Shares other than any consideration to which such holder is entitled to receive pursuant to Section 3.1(a), Section 3.1(c) or Section 4.1, as applicable, and Section 5.1(b) and, for greater certainty, no such holder will be entitled to receive any interest, dividends, premium or other payment in connection therewith, other than any declared but unpaid dividends with a record date prior to the Effective Date. No dividend or other distribution declared or made after the Effective Time with respect to the Company Shares with a record date on or after the Effective Date shall be delivered to the holder of any unsurrendered certificate which, immediately prior to the Effective Date, represented outstanding Company Shares.

5.2 Lost Certificates

In the event that any certificate which immediately prior to the Effective Time represented one or more outstanding Company Shares that were transferred pursuant to Section 3.1(a) or 3.1(c) 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 Cash Alternative or Share Alternative deliverable in accordance with such holder's Letter of Transmittal and Election Form (including the certificate of loss). When authorizing such payment in exchange for any lost, stolen or destroyed certificate, the Person to whom such cash is to be delivered shall, as a condition precedent to the delivery of such cash, give a bond satisfactory to the Purchaser and the Depositary (acting reasonably) in such sum as the Purchaser may direct, or otherwise indemnify the Purchaser, the Co-Purchaser and other members of the Consortium and the Company in a manner satisfactory to the Purchaser and the Company, acting reasonably, against any claim that may be made against the Purchaser, the Co-Purchaser and other members of the Consortium and the Company with respect to the certificate alleged to have been lost, stolen or destroyed.

5.3 No Fractional Shares

No certificates representing fractional Purchaser Shares shall be issued upon the exchange of the Company Shares for Purchaser Shares pursuant to Section 3.1(c). In the event a former Company Shareholder would otherwise be entitled to a fractional Purchaser Share hereunder, the number of Purchaser Shares issued to such former Company Shareholder shall be rounded up to the next greater whole number of Purchaser Shares where the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of Purchaser Shares where the fractional entitlement is less than 0.5. In calculating such fractional interests, all Company Shares registered in the name of or beneficially held by such former Company Shareholder or their nominee shall be aggregated. If the aggregate amount of consideration under the Cash Alternative to which a former Company Shareholder would otherwise be entitled pursuant to Section 3.1(a) includes a fractional cent, such amount shall be rounded up to the nearest whole cent.

5.4 Dividends and Other Distributions

All dividends payable with respect to any Purchaser Shares allotted and issued pursuant to this Plan of 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, less any amounts withheld or deducted pursuant to Section 5.5.

5.5 Withholding Rights

The Purchaser, the Company, the Consortium Members and the Depositary, as applicable, shall be entitled to deduct and withhold from or in respect of, all dividends (including deemed dividends), distributions, other payments (including without limitation any payments pursuant to Section 4.1) or consideration otherwise payable to any Person, and from, or in respect of, all payments or distributions to or in respect of Company Shares, such amounts as any of the Purchaser, the Consortium Members, the Company or the Depositary determines, acting reasonably, are required or permitted to be deducted or withheld with respect to such payment under the Tax Act, the *United States Internal Revenue Code of 1986*, or any provision of any other applicable Law, in each case, as amended. To the extent that amounts are so withheld or deducted and are remitted to the applicable Governmental Authority, such withheld or deducted amounts shall be treated for all purposes of this Plan of Arrangement as having been paid to the person in respect of which such deduction and withholding was made. The Company, the Purchaser, the Consortium Members and the Depositary are hereby authorized to sell or otherwise dispose of any portion of the consideration otherwise deliverable to a holder of Company Shares as is necessary to provide sufficient funds to the Company, the Purchaser, the Consortium Members or the Depositary, as the case may be, to enable it to comply with such deduction or withholding requirement and the Company, the Purchaser, the Consortium Members or the Depositary shall notify the holder thereof and remit any unapplied balance of the net proceeds of such sale.

5.6 Letter of Transmittal and Election Form

At the time of mailing of the Company Information Circular or as soon as practicable thereafter, the Company shall forward a Letter of Transmittal and Election Form to each holder of Company Shares at the address of such holder as it appears on the register maintained by or on behalf of the Company in respect of the holders of Company Shares.

ARTICLE 6
AMENDMENTS

6.1 Amendments to Plan of Arrangement

(a) The Company may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment, modification and/or supplement must be:

(i) set out in writing;

(ii) approved in writing in advance by the Purchaser and the Co-Purchaser;

(iii) filed with the Court and, if made following the Company Meeting, approved by the Court; and

(iv) communicated to Company Shareholders if and as required by the Court.

(b) Any amendment, modification or supplement to this Plan of Arrangement may be proposed by the Company at any time prior to the Company Meeting (provided that the Purchaser and the Co-Purchaser shall have consented thereto in writing and in advance) with or without any other prior notice or communication, and if so proposed and accepted by the Persons voting at the Company Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

(c) Any amendment, modification or supplement to this Plan of Arrangement that is approved by the Court following the Company Meeting and prior to the Effective Time shall be effective only if:

(i) it is consented to in writing by each of the Company, the Purchaser and the Co-Purchaser (in each case, acting reasonably); and

(ii) if required by the Court, it is consented to by Company Shareholders voting in the manner directed by the Court.

(d) Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date by the Purchaser, with the written consent of the Co-Purchaser, without requiring the approval of the Company Shareholders, provided that it concerns a matter which, 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 former Company Shareholder.

ARTICLE 7
FURTHER ASSURANCES

7.1 Further Assurances

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

7.2 Paramountcy

From and after the Effective Time, (a) this Plan of Arrangement shall take precedence and priority over any and all rights related to the Company Shares issued prior to the Effective Time, (b) the rights and obligations of the Company Shareholders and any trustee and transfer agent therefor, shall be solely as provided for in this Plan of Arrangement, and (c) all actions, causes of actions, claims or proceedings (actual or contingent, and whether or not previously asserted) based on or in any way relating to the Company Shares shall be deemed to have been settled, compromised, released and determined without liability except as set forth herein.

SCHEDULE "C"
FORM OF COUNTERPART EXECUTION JOINDER

(See attached.)

COUNTERPART EXECUTION JOINDER

TO: Kulczyk Oil Ventures Inc. (the "Purchaser")

AND TO: Kulczyk Investments S.A. (the "Co-Purchaser")

AND TO: Winstar Resources Ltd. (the "Company")

Reference is made to the Arrangement Agreement dated April 24, 2013 between the Purchaser, the Co-Purchaser and the Company (the "**Arrangement Agreement**"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Arrangement Agreement.

The undersigned hereby acknowledges that the undersigned has received a copy of the Arrangement Agreement and has had an opportunity to review the Arrangement Agreement. The undersigned hereby agrees, effective the date hereof, to become a Party to the Arrangement Agreement as a Consortium Member, and represents and warrants that the representations and warranties made by it as a Consortium Member thereunder are true and correct on and as of the date hereof. The undersigned hereby agrees, effective the date hereof, to be bound by and subject to the terms of the Arrangement Agreement, including all covenants, agreements and obligations of a Consortium Member therein, and shall be entitled to all of the benefits of a Consortium Member pursuant to the Arrangement Agreement, as fully and effectively as though the undersigned had executed the Arrangement Agreement as a Party, together with the other Parties to the Arrangement Agreement.

As a Consortium Member, the undersigned hereby covenants and agrees to pay a cash amount of $● to fund its share of the Maximum Cash Consideration in accordance with Section 2.8 of the Arrangement Agreement.

Any notice or other communication under or pursuant to the Arrangement Agreement may be given to the undersigned in the manner provided for in Article 10 of the Arrangement Agreement, addressed and sent to the undersigned at the following address or to such other address as the undersigned may hereafter specify by notice given in accordance with Article 10 of the Arrangement Agreement:

●

Attention: ●
Facsimile: ●
E-mail:●

This counterpart execution joinder may be executed and delivered by facsimile or other form of electronic transmission and all such facsimiles or other form of electronic transmission shall be deemed as effective as delivery of an original.

DATED ● , 2013.

Company Name

By: _____
Name: ●
Title: ●