

ARRANGEMENT AGREEMENT

THIS AGREEMENT dated as of the 31st day of July, 2017.

AMONG:

PENTANOVA ENERGY CORP., a corporation incorporated under the laws of the Province of British Columbia
(hereinafter referred to as "**PentaNova**")

OF THE FIRST PART

AND

1119139 B.C. LTD., a corporation incorporated under the laws of the Province of British Columbia
(hereinafter referred to as "**PentaNova Subco**")

OF THE SECOND PART

AND

BLUE PACIFIC ASSETS CORP., a corporation incorporated under the laws of the British Virgin Islands
(hereinafter referred to as "**Blue Pacific**")

OF THE THIRD PART

AND

1119190 B.C. LTD., a corporation incorporated under the laws of the Province of British Columbia
(hereinafter referred to as "**BPSubco**")

OF THE FOURTH PART

AND

PATAGONIA OIL CORP., a corporation incorporated under the laws of the British Virgin Islands
(hereinafter referred to as "**Patagonia**")

OF THE FIFTH PART

(each a "**party**" and collectively, the "**parties**")

WHEREAS:

- A. PentaNova, Blue Pacific and Patagonia entered into an option agreement dated February 28, 2017 as amended on May 29, 2017 (the "**Option Agreement**") pursuant to which Blue Pacific granted to PentaNova the option to acquire all of the issued and outstanding shares of Patagonia (the "**Patagonia Shares**");
- B. PentaNova, Blue Pacific and Patagonia have determined that the acquisition of the Patagonia Shares should be completed by way of a plan of arrangement under Part 9, Division 5 of the

Business Corporations Act (British Columbia) pursuant to which, among other things, BP Subco and PentaNova Subco shall amalgamate and continue as one corporation in accordance with the terms and conditions hereof and as set forth in the Plan of Arrangement (as defined herein);

- C. BP Subco is a wholly-owned subsidiary of Blue Pacific, and has been incorporated solely for the purposes of holding all of the issued and outstanding Patagonia Shares and for amalgamating with PentaNova Subco pursuant to the Arrangement;
- D. PentaNova Subco is a wholly-owned subsidiary of PentaNova and has been incorporated solely for the purposes amalgamating with BP Subco pursuant to the Arrangement, and has not carried on any active business; and
- E. The parties have entered into this Agreement to provide for the matters referred to in the foregoing recitals and for other matters relating to the proposed Arrangement (as defined herein).

NOW THEREFORE in consideration of the premises and the mutual covenants and agreements hereinafter contained, the Parties agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions

In this Agreement (including the recitals hereto) and each schedule hereto:

"Acquisitions" means means the Roch Acquisition, the Alianza Acquisition, the YPF Acquisition, and the Km8 Acquisition;

"Agreement" means this arrangement agreement and the schedules hereto, as may be amended, modified, restated, supplemented or replaced from time to time;

"Alianza Acquisition" means the acquisition from Petro AP Hong Kong Company Limited and Procomm Investments Limited of 100% of the shares of Alianza Petrolera Argentina S.A. a corporation organized and existing under the laws of Argentina ("**Alianza**"). Alianza owns: (i) a 29% participating interest in a *union transitoria de empresas* organized and existing under the laws of Argentina currently comprised by YPF SA. Alianza and Roch S.A. (the "**UTE Llancanelo**") pursuant to the UTE Llancanelo agreement dated July 14, 2000 which holds the Llancanelo exploitation concession comprising 23,722 acres located to the north of the Neuquén Basin in the province of Mendoza, Argentina, and (ii) 18% participating interest in a *union transitoria de empresas* organized and existing under the laws of Argentina currently comprised by Tecpetrol S.A. Alianza and Fomento Minero de Santa Cruz Sociedad del Estado ("**UTE Lago Argentino**"), which holds an exploitation contract for "Estancia la Mariposa, Cerro Mangrullo and Lomita de la Costa" gas blocks in the center of the San Jorge basin, pursuant to exploitation permits from year 2008.;

"Amalco" means the entity formed by the Amalgamation of the Amalgamating Parties;

"Amalco Shares" means the common shares in the capital of Amalco;

"Amalgamating Parties" means BP Subco and PentaNova Subco;

"**Amalgamation**" means the amalgamation of PentaNova Subco and BP Subco on the terms and subject to the conditions set forth in this Agreement and the Plan of Arrangement;

"**Amalgamation Filings**" means the filings required to be filed with the Registrar under section 292 of the BC Act;

"**Applicable Canadian Securities Laws**" means, collectively, and as the context may require, the applicable securities legislation of each of the provinces and territories of Canada, and the rules, regulations, instruments, orders, notices and policies published and/or promulgated thereunder;

"**Applicable Laws**" means with respect to any Person, all domestic or foreign federal, state, provincial or local laws (statutory, common law or otherwise), regulations, by-laws, statutes, constitutions, treaties, conventions, injunctions, judgements, decrees, rulings, rules, orders, ordinances, protocols, codes, guidelines, notices, directions (including all Applicable Canadian Securities Laws and Applicable U.S. Securities Laws), or other similar requirement enacted, adopted, promulgated or applied by any Governmental Authority, and all terms and conditions of any grant of approval, permission, authority or license of any Governmental Authority, in each case, that is binding upon or applicable to such Person or its or their business, undertaking, property or securities and emanating from a Person having jurisdiction over the Person or its business, undertaking, property or securities, as amended unless expressly specified otherwise;

"**Applicable U.S. Securities Laws**" means collectively, and as the context may require, the U.S. Securities Act and all other applicable U.S. federal and state securities laws, rules and regulations and published policies thereunder;

"**Arrangement**" means an arrangement of Subscription Receiptholders under Section 288 of the BC Act which shall involve a series of transactions and the exchange of securities resulting in: (i) the Amalgamation; and (ii) the issuance to the holders of Subscription Receipts of record immediately prior to the Arrangement Effective Time of PentaNova Units in exchange for all Subscription Receipts held as of the Effective Date based on the Exchange Ratio, all on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with Section 6.1 hereof or Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order;

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

"**BC Act**" means the *Business Corporations Act* (British Columbia) and the regulations prescribed thereunder;

"**BP Subco**" means 1119190 B.C. Ltd.;

"**BP Subco Shares**" means the common shares in the capital of BP Subco;

"**Business Day**" means a day other than a Saturday, Sunday or a civic or statutory holiday in the City of Toronto, Ontario or Vancouver, British Columbia;

"**Certificate**" means the certificate of amalgamation issued by the Registrar under the BC Act in respect of the Amalgamation;

"**Claim**" shall have the meaning ascribed thereto in Section 9.6;

"Closing Date" means the date which is the third Business Day following the satisfaction or waiver (where applicable) of each of the conditions set forth in Sections 5.1, 5.2 and 5.3 hereof, or such other date as may be agreed upon by the parties, and in any event prior to the Termination Deadline;

"Conditions Precedent" means the conditions precedent to the completion of the Arrangement set forth in Sections 5.1, 5.2 and 5.3 hereof;

"Confidential Information" shall have the meaning ascribed thereto in Section 8.1;

"Confidentiality" means to maintain in confidence and not to disclose the applicable information to third parties, except:

- (i) Representatives that need to know or ought to know in order to discharge their respective duties in an efficient manner; or
- (ii) Persons that are or may be interested in advancing, loaning, investing or otherwise providing potential debt or equity financing to a party, including banks, financial institutions, brokerage companies and their respective employees, officers, directors, consultants, agents and other representatives, provided, however, that such Persons agree to maintain the information to be disclosed in confidence;

and **"Confidential"** and **"Confidence"** shall have similar meanings;

"Court" means the Supreme Court of British Columbia;

"Effective Date" means the date agreed to by Blue Pacific and PentaNova in writing as the effective date of the Arrangement, after all of the conditions precedent to the completion of the Arrangement as set out in this Agreement and the Final Order have been satisfied or waived, which shall be the date of the Certificate;

"Environmental Laws" means all Applicable Laws with respect to environmental, health or safety matters;

"Escrow Agent" means Farris, Vaughan, Wills & Murphy LLP;

"Escrow Release Conditions" mean: (a) any required regulatory approvals in respect of the Patagonia Acquisition shall have been obtained; (b) all conditions to completion of the Patagonia Acquisition shall have been satisfied; and (c) PentaNova having delivered a notice to the Escrow Agent confirming that the conditions in (a) and (b) have been met;

"Escrowed Funds" means the gross proceeds from the Offering;

"Exchange Ratio" means, in connection with the Arrangement, the number of PentaNova Units to be issued in exchange for each one Subscription Receipt issued and outstanding as of the Effective Date, which number shall be one (1) as of the date hereof, subject to further adjustment in accordance with the terms of the Plan of Arrangement;

"Final Order" means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date, or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal;

"**Foreign Private Issuer**" has the meaning ascribed thereto in Rule 405 under the U.S. Securities Act;

"**Governmental Authority**" means any domestic or foreign:

- (i) multinational, federal, provincial, state, regional, municipal, local or other government or any governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau, ministry or agency, domestic or foreign;
 - (A) subdivision, agent, commission, board or authority of any of the foregoing;
 - (B) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing; and
 - (C) stock exchange including, without limitation, the TSXV;

"**IFRS**" means the international financial reporting standards as set out in the Handbook of the Canadian Institute of Chartered Accountants, at the relevant time applied on a consistent basis;

"**Indemnified Party**" shall have the meaning ascribed thereto in Section 9.6;

"**Indemnifying Party**" shall have the meaning ascribed thereto in Section 9.6;

"**Information Circular**" means the Management Information Circular of PentaNova dated April 28, 2017 prepared for the annual and special meeting of the shareholders of PentaNova held on May 29, 2017;

"**Km8 Acquisition**" means the purchase from Frontier Hydrocarbons Ltd. of 100% of (i) its right to purchase the Km8 Assets from Compañía Argentina de Comodoro Rivadavia Explotacion de Petroleo S.A., a corporation organized and existing under the laws of Argentina which holds property rights to the Km8 Assets, and (ii) its right to purchase from Newxa Oil & Gas 100% of the shares of San Jorge Oil & Gas Inc., (previously CRI Holding Inc.), a company organized under the laws of the State of Nevada (the "**Operating Company**"), which has a branch registered in Argentina under the name CRI Holding Inc., Sucursal Argentina which is the operator of the Km8 Assets;

"**Km8 Assets**" means the George Stephenson, San Jorge, Sol de Mayo and German Burmeister hydrocarbon properties and land located in the Department of Escalante, Province of Chubut, Argentina, comprising an area of 4,571 acres.

"**Liabilities**" means, on a particular date, all debts or other obligations, including but not limited to accounts payable, short term notes payable, and accrued expenses, accrued wages, salaries, vacation pay, bonuses and employee benefits, including without limitation or duplication;

"**Llancanelo Exploitation Asset**" means the exploitation concession comprising 23,697 acres located to the north of the Neuquén Basin in the province of Mendoza, Argentina;

"**Material Change**" means a 'material change' as defined in the Securities Act (British Columbia);

"Offering" means a private placement equity financing of Subscription Receipts to be completed by PentaNova to raise gross proceeds of approximately \$16,500,000;

"Option Agreement" means the letter agreement dated as of February 28, 2017 between Blue Pacific, Patagonia and PentaNova, as amended;

"Patagonia Material Adverse Effect" means any change, effect, event or occurrence that, individually or taken together with any other change, effect, event or occurrence, is or would reasonably be expected to be material and adverse to the condition (financial or otherwise), operations, assets, properties, affairs, liabilities, capitalization, business, results of operations, cash flows or prospects of Patagonia, considered as a whole, or would reasonably be expected to prevent, materially delay or materially impair the ability of Blue Pacific to consummate the transactions contemplated by this Agreement; provided, however, that a Patagonia Material Adverse Effect shall not include an adverse change or adverse effect resulting from a change, effect, event or occurrence: (i) resulting from conditions affecting the oil and gas exploration, exploitation, development, production and distribution industry as a whole; (ii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada or Argentina; (iii) resulting from any change in IFRS or Applicable Laws; (iv) resulting from any changes or effects arising from matters permitted or contemplated by this Agreement or consented to or approved in writing by PentaNova; or (v) resulting from any natural disaster or acts of war, terrorism or armed hostilities, unless, with respect to clauses (i), (ii), (iii), (iv) and (v), such matter has a materially disproportionate effect on Blue Pacific and, considered as a whole, relative to comparable entities operating in the industries in which Blue Pacific operates. References in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a **"Patagonia Material Adverse Effect"** has occurred;

"Patagonia Shares" means all of the issued and outstanding ordinary shares of Patagonia;

"PentaNova Financial Statements" means the audited financial statements of PentaNova as at and for the fiscal year ended December 31, 2016 and the unaudited interim financial statements of PentaNova as at and for the three month period ended March 31, 2017, all as available on SEDAR;

"PentaNova Material Adverse Effect" means any change, effect, event or occurrence that, individually or taken together with any other change, effect, event or occurrence, is or would reasonably be expected to be material and adverse to the condition (financial or otherwise), operations, assets, properties, affairs, liabilities, capitalization, business, results of operations, cash flows or prospects of PentaNova, or would reasonably be expected to prevent, materially delay or materially impair the ability of PentaNova to consummate the transactions contemplated by this Agreement; provided, however, that a PentaNova Material Adverse Effect shall not include an adverse change or adverse effect resulting from a change, effect, event or occurrence: (i) resulting from conditions affecting the oil and gas exploration, exploitation, development, production and distribution industry as a whole; (ii) resulting from general economic, financial, currency exchange, securities or commodity market conditions in Canada; (iii) resulting from any change in IFRS or Applicable Laws; (iv) resulting from any changes or effects arising from matters permitted or contemplated by this Agreement or consented to or approved in writing by Blue Pacific; (v) resulting from any natural disaster or acts of war, terrorism or armed hostilities; or (vi) a change in the market trading price or trading volume of the PentaNova Shares (it being understood that causes underlying such change in market price or volume may be taken into account in determining whether a PentaNova Material Adverse Effect has occurred), unless, with respect to clauses (i), (ii), (iii) and (iv) such matter has a materially disproportionate effect on PentaNova relative to

comparable entities operating in the industries in which PentaNova operates. References in certain sections of this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, illustrative or interpretative for purposes of determining whether a "**PentaNova Material Adverse Effect**" has occurred;

"**PentaNova Options**" means the stock options to purchase PentaNova Shares granted to directors, officers, employees and consultants of PentaNova under PentaNova's stock option plan;

"**PentaNova Securityholder**" means a registered holder of securities of PentaNova at the applicable time;

"**PentaNova Shareholder**" means a registered holder of PentaNova Shares at the applicable time;

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

"**PentaNova Subco**" means 1119139 B.C. Ltd.;

"**PentaNova Subco Shares**" means common shares in the capital of PentaNova Subco;

"**PentaNova Units**" means a unit of PentaNova issuable on conversion of the Subscription Receipts, each PentaNova Unit consisting of one PentaNova Share and one PentaNova Warrant;

"**PentaNova Warrants**" means the common share purchase warrants of PentaNova comprising part of a PentaNova Unit, each PentaNova Warrant being exercisable into one PentaNova Share at a price of \$1.05 for a period of five years from the date of closing of the Offering;

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

"**Plan of Arrangement**" means the plan of arrangement substantially in the form and content of Schedule "A" hereto and any amendments or variations thereto made in accordance with Section 6.1 hereof or Article 6 of the Plan of Arrangement or made at the direction of the Court in the Final Order;

"**Public Disclosure Record**" means the public documents disclosed by PentaNova in the two years prior to the date hereof and available on SEDAR under PentaNova's profile;

"**Registrar**" means the registrar appointed under Section 400 of the BC Act;

"**Representatives**" means with respect to Blue Pacific or PentaNova, as the case may be, its officers, directors, employees, financial advisors, representatives and agents;

"**Roch Acquisition**" means the acquisition from Roch SA. of (i) a 10% participating interest in the Llançanelo Exploitation Asset, (ii) a 54.141% participating interest in the Sur Rio Deseado Este Production Asset and (iii) a 7.920% participating interest in the Sur Rio Deseado Este Exploration Asset;

"**Securities Authorities**" means, collectively, the securities commissions or similar securities regulatory authorities in each of the provinces or territories of Canada;

"**SEDAR**" means the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval;

"**Special Resolution**" has the meaning set out in the BC Act;

"**Subscription Agreements**" means the subscription agreements entered into between PentaNova and certain purchasers of Subscription Receipts pursuant to the Offering;

"**Subscription Receipt**" means the subscription receipts of PentaNova sold pursuant to the Offering and certain subscription receipts of PentaNova to be issued in connection with the Acquisitions;

"**Subscription Receiptholder**" means a registered holder of Subscription Receipts at the applicable time;

"**Subsidiary**" shall have the meaning ascribed thereto in the BC Act;

"**Tax Returns**" shall mean all reports, estimates, elections, notices, filings, designations, forms, declarations of estimated tax, information statements and returns relating to, or required to be supplied to any Governmental Authority responsible for the imposition of any tax in connection with, any taxes (including any attached schedules, estimated tax returns, withholding tax returns, and information returns and reports);

"**Termination Deadline**" means 5:00 p.m. (Toronto time) on August 31, 2017, or such earlier or later date and time as may be agreed to in writing by the parties;

"**Third Party Approvals**" shall have the meaning ascribed thereto in Section 5.1(f);

"**Transfer Agent**" means TSX Trust Company, in its capacity as registrar and transfer agent for the PentaNova Shares;

"**TSXV**" means TSX Venture Exchange Inc.;

"**United States**" means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia;

"**U.S. Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

"**U.S. Investment Company Act**" means the United States Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder;

"**U.S. Person**" has the meaning ascribed to it in Regulation S of the U.S. Securities Act;

"**U.S. Securities Act**" means the United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder; and

"**YPF Acquisition**" means the acquisition by Patagonia of an 11% participating interest in the Llancanelo Exploitation Asset from YPF S.A..

1.2 Interpretation not affected by Heading

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein", "hereby" and "hereunder" and similar expressions refer to this Agreement (including the appendices hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

1.3 Number, Gender, Persons

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

1.4 Date for any Action

If any date on which any action is required to be taken hereunder by any of the parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

1.5 Accounting terms

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS, and all determinations of an accounting nature required to be made hereunder shall be made in a manner consistent with IFRS.

1.6 Knowledge

In this Agreement, whenever a representation or warranty is made on the basis of the knowledge or awareness of a party, such knowledge or awareness consists only of the actual collective knowledge or awareness, as of the date hereof, of the senior officers of such party, in their capacity as senior officers of such party and not in their personal capacity and without personal liability, but does not include the knowledge or awareness of any other individual or any constructive, implied or imputed knowledge; provided that the party making the representation and warranty shall have conducted a reasonable investigation as to the subject matter relating thereto and the level of such investigation shall be that of a reasonably prudent person investigating a material consideration in the context of a material transaction and the use of such phrase shall constitute a representation and warranty by the party making the representation and warranty in each case that such investigation has actually been made.

1.7 Statutory References

References in this Agreement to any statute or section thereof shall be deemed to be a reference to such statute or section as amended or substituted and inclusive of any regulations promulgated thereunder from time to time in effect. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time.

1.8 Ambiguity

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

1.9 Schedules

The following schedules are annexed to this Agreement and are hereby incorporated by reference into the Agreement and form part hereof:

Schedule "A"	Plan of Arrangement
Schedule "B"	Material Contracts

ARTICLE 2 ARRANGEMENT

2.1 Arrangement

Subject to satisfaction or waiver of all the conditions precedent in Sections 5.1, 5.2 and 5.3 hereof, the parties agree to implement the Arrangement in accordance with the provisions of and subject to the terms and conditions set out in this Agreement, including Schedule "A" of this Agreement. In furtherance of the foregoing, subject to the terms and conditions herein set forth and on the basis of the covenants, representations, warranties and agreements of the parties herein contained, each of PentaNova, PentaNova Subco, Blue Pacific and BP Subco covenant and agree to:

- (a) effect the Arrangement forthwith after satisfaction or waiver of all Conditions Precedent;
- (b) co-operate with each other in the preparation, submission and obtaining of all orders and other documents necessary in connection with the Arrangement, including with respect to the Final Order, and in connection therewith provide the other parties with such information and material concerning its affairs as such other parties shall reasonably request on a timely basis;
- (c) use all commercially reasonable efforts and do all things necessary or reasonably desirable on its part to facilitate the implementation of the Arrangement and all related matters in connection therewith by the Termination Deadline, including without limiting the generality of the foregoing, applying for, obtaining and/or effecting as applicable: (i) the approval of the TSXV for the Arrangement, and the listing on the TSXV of the PentaNova Shares to be issued and made issuable in connection with the Arrangement; and (ii) obtaining such other consents, orders or approvals as counsel to PentaNova, Blue Pacific and Patagonia may advise are necessary or desirable to be obtained for the implementation of the Arrangement, including without limitation those referred to in Sections 2.4, 3.1 and 3.2 hereof, and preparing and delivering all necessary documents in connection therewith;
- (d) structure the Arrangement such that the issuance of securities under the Arrangement will be made in compliance with Applicable Canadian Securities Laws. Each party agrees to act in good faith, consistent with the intent of the parties and the intended treatment of the Arrangement and the parties agree that the Arrangement will be carried out on the following basis and pursuant to the Plan of Arrangement:

- (i) the Arrangement will be subject to the approval of the Court;
 - (ii) the parties will ensure that each Subscription Receiptholder will be given adequate notice advising them of their right to attend the Court hearing and providing them with sufficient information necessary for them to exercise that right;
 - (iii) the Subscription Receiptholders will be advised that the securities issued in the Arrangement have not been registered under the U.S. Securities Act and may be subject to restrictions on resale under the securities laws of the United States, including, as applicable, Rule 144 under the U.S. Securities Act with respect to resales of such securities by Persons who are affiliates (as defined in Rule 405 under the U.S. Securities Act) of PentaNova at such time the Arrangement is submitted for vote or consent; and
 - (iv) the Subscription Receiptholders will be advised that, absent registration under the U.S. Securities Act and applicable U.S. state law or an exemption from such registration requirements, any warrants issued in connection with the Arrangement may not be exercised in the United States or by or on behalf of a U.S. Person or a Person in the United States and any securities issued upon such exercise may not be offered or resold.
- (e) make all necessary filings and applications pursuant to Applicable Laws required to be made on its part in connection with the transactions contemplated by this Agreement, including filing the Amalgamation Filings in connection with the completion of the Arrangement to give effect thereto;
 - (f) not file any material with the Court in connection with the Arrangement or serve any such material or agree to modify or amend materials so filed or served except as contemplated hereby or with the prior written consent of the other parties, such consent not to be unreasonably withheld or delayed; and
 - (g) take and cause to be taken such other steps and actions and execute such other documents, agreements and instruments as may be reasonably necessary or desirable in connection with the consummation of the transactions contemplated hereby, including without limitation as required pursuant to the Act, the BC Act and Applicable Laws.

2.2 Effect of Arrangement

Subject to the terms and conditions of this Agreement, on the Effective Date:

- (a) the Arrangement shall be effective, pursuant to which the Escrowed Funds from the Offering will be released in accordance with Subscription Agreements and the Subscription Receipts shall be exchanged without any further act or formality for fully paid and non-assessable PentaNova Units based on the Exchange Ratio, the outstanding BP Subco Shares will be transferred to PentaNova, Blue Pacific will receive an aggregate of US\$10,000 from PentaNova in respect of the BP Subco Shares and PentaNova Subco and BP Subco shall amalgamate to form Amalco in accordance with the terms of the Plan of Arrangement and the provisions hereof;
- (b) Amalco will be a wholly-owned subsidiary of PentaNova;

- (c) the property of each of the Amalgamating Parties shall continue to be the property of Amalco;
- (d) Amalco shall continue to be liable for the obligations of each of the Amalgamating Parties;
- (e) any existing cause of action, claim or liability to prosecution with respect to either or both of the Amalgamating Parties shall be unaffected;
- (f) any civil, criminal or administrative action or proceeding pending by or against any of the Amalgamating Parties may be continued to be prosecuted by or against Amalco;
- (g) any conviction against, or ruling, order or judgment in favour of or against, any of the Amalgamating Parties may be enforced by or against Amalco; and
- (h) the first director of Amalco shall be as set forth in the Plan of Arrangement.

2.3 Treatment of Securities

Subject to the terms and conditions of this Agreement, on the Effective Date:

- (a) the Escrowed Funds from the Offering will be released to or at the direction of PentaNova in accordance with the Subscription Agreements and each Subscription Receipt will be automatically converted (for no further consideration and with no further action on the part of the holder thereof) into one fully paid and non-assessable PentaNova Unit, and the name of each such holder will be removed from the register of holders of Subscription Receipts and added to the register of holders of PentaNova Shares and the register of holders of PentaNova Warrants;
- (b) each issued and outstanding BP Subco Share held by Blue Pacific will be transferred to PentaNova and Blue Pacific's name will be removed from the register of holders of BP Subco Shares, and in consideration therefor Blue Pacific will receive an aggregate of US\$10,000 from PentaNova in respect of the BP Subco Shares so cancelled;
- (c) BP Subco and PentaNova Subco will be amalgamated under the BC Act and continue as Amalco;
- (d) On the Amalgamation:
 - (i) each issued and outstanding BP Subco Share will be exchanged for one (1) fully paid and non-assessable Amalco Share and thereafter all BP Subco Shares shall be cancelled without any repayment of capital in respect thereof; and
 - (ii) each issued and outstanding PentaNova Subco Share will be exchanged for one (1) fully paid and non-assessable Amalco Share and thereafter all PentaNova Subco Shares shall be cancelled without any repayment of capital in respect thereof.

2.4 Implementation Steps

- (a) PentaNova, PentaNova Subco, Blue Pacific and BP Subco shall, subject to obtaining all necessary approvals of proceed with and diligently pursue the obtaining of the Final Order.
- (b) Subject to the terms and conditions of this Agreement, PentaNova agrees to:

- (i) subject to the conditions precedent for the completion of the transactions set out in this Agreement being satisfied, take all actions and steps necessary or desirable to submit the Arrangement to the Court and apply for the Final Order as soon as reasonably practicable; and
- (ii) subject to obtaining the Final Order and the satisfaction or waiver of the other conditions contained herein in favour of each party, on the Closing Date, send to the Registrar for filing under the BC Act, the Amalgamation Filings and such other documentation as may be required in connection therewith under the BC Act to give effect to the Arrangement which shall then occur and be deemed to have occurred in the order and at the times set out in the Plan of Arrangement without any further act or formality. Such closing shall take place at the offices of counsel to PentaNova or at such other location as may be agreed upon by the parties.

In connection with the foregoing, PentaNova shall permit Blue Pacific and its counsel to review and comment upon drafts of all material to be filed by PentaNova with the Court in connection with the Arrangement (and shall give reasonable consideration to such comments), and any supplement or amendment thereto and provide counsel to Blue Pacific on a timely basis with copies of any notice of appearance and evidence served on PentaNova or its counsel in respect of the application for the Final Order or any appeal therefrom and of any notice (written or oral) received by PentaNova indicating any intention to oppose the granting of the Final Order or to appeal the Final Order.

2.5 The Offering

In addition, prior to the Effective Date, PentaNova shall use commercially reasonable efforts to complete the Offering. The Offering will consist of Subscription Receipts exchangeable, for no additional consideration, for PentaNova Units at the Exchange Ratio.

2.6 Fractional Shares

Notwithstanding Section 2.3 of this Agreement, no fractional PentaNova Shares will be issuable to Subscription Receiptholders pursuant to the Arrangement, and no cash payment or other form of consideration will be payable in lieu thereof. Any such fractional PentaNova Share interest to which a Subscription Receiptholder would otherwise be entitled pursuant to the Arrangement will be rounded down to the nearest whole PentaNova Share.

2.7 Certificates

At the Arrangement Effective Time:

- (a) the Subscription Receiptholders shall be deemed to be the registered holders of the PentaNova Shares and the PentaNova Warrants to which they are entitled hereunder and PentaNova shall, as soon as practicable, issue to such Subscription Receiptholders certificates representing the number of PentaNova Shares and PentaNova Warrants to which such Subscription Receiptholder is entitled. Subscription Receiptholders shall not be required to deliver and surrender to the Transfer Agent certificates representing Subscription Receipts which have been exchanged for PentaNova Units;
- (b) PentaNova, as the registered holder of the BP Subco Shares and the PentaNova Subco Shares, shall be deemed to be the registered holder of the Amalco Shares to which it is

entitled hereunder and, upon surrender of the certificates representing such BP Subco Shares and PentaNova Subco Shares to Amalco, PentaNova shall be entitled to receive a share certificate representing the number of Amalco Shares to which it is entitled as set forth in Section 2.3(d) hereof;

- (c) certificates evidencing the Subscription Receipts shall cease to represent any claim upon or interest in PentaNova or Amalco other than the right of the registered holders of Subscription Receipts to receive pursuant to the terms hereof and the Arrangement, PentaNova Units in accordance with Section 2.3(a) hereof; and
- (d) certificates representing the BP Subco Shares and the PentaNova Subco Shares shall be cancelled.

2.8 Stated Capital

The stated capital of Amalco immediately following the Amalgamation but prior to giving effect to the issuance of Amalco Shares as provided for in Section 2.3 of this Agreement, shall be as set forth in the Plan of Arrangement or as may otherwise be agreed upon between the parties hereto.

2.9 Amalgamation Filings

Upon receipt of all required approvals and on the terms and subject to the conditions set forth in this Agreement, in each case in accordance with Applicable Law, and provided that the conditions to the completion of the Arrangement specified in Sections 5.1, 5.2 and 5.3 hereof have then been satisfied or waived (to the extent such waiver is permitted hereunder), PentaNova Subco and BP Subco shall jointly file, in duplicate, with the Registrar, the Amalgamation Filings.

ARTICLE 3 COVENANTS

3.1 Covenants of PentaNova

PentaNova hereby covenants and agrees with BP Subco, Blue Pacific and Patagonia that from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement in accordance with Article 7, except with the prior written consent of Blue Pacific (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement, by existing contractual obligations of PentaNova or as required by Applicable Laws, it will:

- (a) use its commercially reasonable efforts to obtain, on or prior to the Effective Date, all applicable approvals of the TSXV to the Arrangement and the consent of the Subscription Receiptholders to the Arrangement in accordance with Applicable Laws and as promptly as reasonably practicable, and in compliance with Applicable Laws, prepare any documents required by Applicable Laws in connection with all securityholder approvals and Third Party Approvals required in respect of the Arrangement and the other matters contemplated hereby;
- (b) sign a special resolution, on or prior to the Effective Date, as the sole shareholder of PentaNova Subco in favour of the approval of the Arrangement, this Agreement and the transactions contemplated hereby in accordance with the BC Act

- (c) act in good faith and use its commercially reasonable efforts to cause each of the conditions precedent to the Arrangement set forth in Sections 5.1 and 5.2 hereof to be complied with or fulfilled on its part, in each case on or prior to the Effective Date, and to:
- (d) conduct its business only in the usual and ordinary course of business, and consistent with past practice, and use all commercially reasonable efforts to maintain and preserve, in all material respects, its business, assets and advantageous business relationships;
- (e) not directly or indirectly: (i) amend its constating documents (except as contemplated in the Information Circular); (ii) declare, set aside or pay any dividend or make any other distribution or payment (whether in cash, shares or property) in respect of its outstanding securities; (iii) redeem, purchase or otherwise acquire any of its outstanding shares or other securities; (iv) split, combine or reclassify any of its securities, or amend the terms of or reduce the stated capital of any of its securities; (v) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation or reorganization; (vi) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing; (vii) effect any financing transaction whether by means of debt, equity or otherwise, or issue, grant, sell, pledge, lease, dispose of or encumber or agree to issue, grant, sell, pledge, lease, dispose of or encumber, any PentaNova Units, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire, PentaNova Units, other than (i) the aggregate number of PentaNova Shares issuable upon exercise of convertible securities of PentaNova issued and outstanding as of the date hereof (whether or not currently subject to any vesting restrictions); (ii) pursuant to the Offering and/or any existing contractual obligations of PentaNova; and/or (iii) as otherwise specifically contemplated in this Agreement;
- (f) not take any action or refrain from taking any action inconsistent with this Agreement or permit any action to be taken or not taken, which might reasonably be expected to directly or indirectly interfere with or affect the consummation of the Arrangement or any of the matters related thereto as contemplated hereby, other than to respond to any inquiries received in accordance with the fiduciary obligations of its directors;
- (g) not pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practice;
- (h) not take any action that would render, or may reasonably be expected to render, any representation or warranty made by PentaNova in this Agreement untrue in any material respect;
- (i) except for non-substantive communications with third parties and communications to legal and other advisors of PentaNova, furnish promptly to Blue Pacific and its counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by PentaNova in connection with the Arrangement from any Governmental Authority; (ii) any filings under Applicable Laws in connection with the Arrangement; (iii) any documents related to dealings with Governmental Authorities in connection with the transactions contemplated herein; and (iv) any requests from a Governmental Authority for any information in respect of the business, operations, financial conditions or assets or PentaNova or any third party complaint, investigation or hearing (or investigations indicating the same may be contemplated) to the extent that it relates to or could have a PentaNova Material Adverse Effect;

- (j) use its reasonable commercial efforts to obtain and maintain the Third Party Approvals applicable to it and provide the same to Blue Pacific on or prior to the Effective Date, and provide Blue Pacific with all information and documentation reasonably requested by it in connection with obtaining the Third Party Approvals applicable to it;
- (k) subject to obtaining the Final Order and the satisfaction or waiver of the other conditions contained herein in favour of each party, send to the Registrar for filing under the BC Act, the Amalgamation Filings and such other documentation as may be required in connection therewith under the BC Act to give effect to the Arrangement; and
- (l) use its reasonable commercial efforts to complete the Offering as soon as reasonably practicable.

3.2 Covenants of Blue Pacific, BP Subco and Patagonia.

Blue Pacific, BP Subco and Patagonia hereby covenant and agree with PentaNova and PentaNova Subco that from the date of this Agreement until the earlier of the Effective Date or termination of this Agreement in accordance with Article 7, except with the prior written consent of PentaNova (such consent not to be unreasonably withheld or delayed), and except as otherwise expressly permitted or specifically contemplated by this Agreement, by existing contractual obligations of Patagonia, or as required by Applicable Laws as follows:

- (a) Blue Pacific will sign a special resolution, on or prior to the Effective Date, as the sole shareholder of BP Subco in favour of the approval of the Arrangement, this Agreement and the transactions contemplated hereby in accordance with the BC Act;
- (b) BP Subco will on the Effective Date, be a corporation which has, at no time, carried on any active business (other as is necessary to effect the Arrangement);
- (c) to act in good faith and use their commercially reasonable efforts to cause each of the conditions precedent set forth in Section 5.1 and 5.3 hereof to be complied with or fulfilled on its part, in each case on or prior to the Effective Date, and to:
- (d) conduct their business only in the usual and ordinary course of business, and consistent with past practice, and use all commercially reasonable efforts to maintain and preserve, in all material respects, its business, assets and advantageous business relationships and the business, assets and advantageous business relationships of BP Subco and Patagonia;
- (e) not directly or indirectly: (i) amend their constating documents; (ii) declare, set aside or pay any dividend or make any other distribution or payment (whether in cash, shares or property) in respect of their outstanding securities; (iii) redeem, purchase or otherwise acquire any outstanding shares or other securities; (iv) split, combine or reclassify any securities or amend the terms of or reduce the stated capital of any of their securities; (v) adopt a plan of liquidation or resolutions providing for its liquidation, dissolution, merger, consolidation or reorganization; (vi) enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing; (vii) effect any financing transaction whether by means of debt, equity or otherwise, or issue, grant, sell, pledge, lease, dispose of or encumber or agree to issue, grant, sell, pledge, lease, dispose of or encumber, any securities, or securities convertible into or exchangeable or exercisable for, or otherwise evidencing a right to acquire any securities other than pursuant to any existing contractual obligation of Patagonia or any of its Subsidiaries;

- (f) not take any action or refrain from taking any action, or permit any action to be taken or not taken, which is inconsistent with this Agreement which might reasonably be expected to directly or indirectly interfere with or affect the consummation of the Arrangement or any of the matters related thereto as contemplated hereby, other than to respond to any inquiries received in accordance with the fiduciary obligations of its directors;
- (g) not pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business consistent with past practice;
- (h) not enter into or modify any contract, agreement, commitment or arrangement with respect to any of the foregoing;
- (i) not take any action that would render, or may reasonably be expected to render, any representation or warranty made by Blue Pacific, Patagonia or BP Subco in this Agreement untrue in any material respect;
- (j) use their commercially reasonable efforts to assist PentaNova in connection with the preparation of any documents required by Applicable Laws in connection with all Third Party Approvals required in respect of the Arrangement and the other matters contemplated hereby;
- (k) except for non-substantive communications with third parties and communications to legal and other advisors of any of them, furnish promptly to PentaNova and its counsel: (i) a copy of each notice, report, schedule or other document delivered, filed or received by any of them in connection with the Arrangement from any Governmental Authority; (ii) any filings under Applicable Laws in connection with the Arrangement; (iii) any documents related to dealings with Governmental Authorities in connection with the transactions contemplated herein; and (iv) any requests from a Governmental Authority for any information in respect of the business, operations, financial conditions or assets or Blue Pacific, Patagonia or BP Subco or any third party complaint, investigation or hearing (or investigations indicating the same may be contemplated) to the extent that it relates to or could have a Patagonia Material Adverse Effect; and
- (l) use its reasonable commercial efforts to obtain and maintain the Third Party Approvals applicable to it and provide the same to PentaNova on or prior to the Effective Date, and provide PentaNova with all information and documentation reasonably requested by it in connection with obtaining the Third Party Approvals applicable to it.

3.3 Covenants of PentaNova Subco.

PentaNova Subco hereby covenants and agrees with Blue Pacific, BP Subco and Patagonia that it will:

- (a) on the Effective Date, be a corporation which has, at no time, carried on any active business (other as is necessary to effect the Arrangement);
- (b) act in good faith and use its commercially reasonable efforts to cause each of the conditions precedent set forth in Sections 5.1 and 5.2 hereof to be complied with or fulfilled on its part, in each case on or prior to the Effective Date;

- (c) unless Blue Pacific otherwise agrees in writing, until the earlier of the Effective Date and the date that this Agreement is terminated by its terms:
 - (i) not conduct any business (other than as required in connection with the Arrangement), and shall use all commercially reasonable efforts to maintain and preserve its corporate existence; and
 - (ii) not directly or indirectly, amend its constating documents, declare, set aside or pay any dividend or other distribution or payment or otherwise to or for the benefit of its shareholders or reduce its stated capital; and
- (d) subject to the approval of the Subco being obtained with respect to the Arrangement and subject to the obtaining of all applicable regulatory approvals, including the conditional approvals of the TSXV, thereafter jointly with BP Subco file with the Registrar the Amalgamation Filings.

ARTICLE 4 REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of Blue Pacific and Patagonia

Blue Pacific and Patagonia hereby jointly and severally represent and warrant to PentaNova as follows and acknowledge that PentaNova is relying on such representations and warranties in connection with its purchase of the Shares.

- (a) Blue Pacific is duly incorporated and organized and validly subsisting under the laws of British Virgin Islands and has the corporate power to own the BP Subco Shares and to conduct its business as now being conducted by it. Patagonia is duly incorporated and organized and validly subsisting under the laws of the British Virgin Islands and has the corporate power to own the Assets and to conduct its business as now being conducted by it.
- (b) this Agreement has been duly authorized, executed and delivered by each of Blue Pacific and Patagonia and is a legal, valid and binding obligation of Blue Pacific and Patagonia enforceable against each of them in accordance with its terms subject to:
 - (i) bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally; and
 - (ii) the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of the court.
- (c) other than pursuant to this Agreement, no person has any written or oral agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option for the purchase or acquisition from Blue Pacific of any of the BP Subco Shares.
- (d) The authorized capital and the issued capital of Patagonia is 50,000 common shares with a par value of US\$1.00 each, all of which have been issued.

- (e) No person, firm or corporation has any agreement or option or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any issued or unissued shares or other securities of Patagonia.
- (f) Blue Pacific is the registered, legal and beneficial owner of record of the BP Subco Shares, with good and marketable title thereto, free and clear of all Encumbrances and, without limiting the generality of the foregoing, none of the BP Subco Shares are subject to any voting trust, shareholder agreement or voting agreement.
- (g) BP Subco is the registered, legal and beneficial owner of record of the Patagonia Shares, has the good and marketable title thereto, free and clear of all Encumbrances and, without limiting the generality of the foregoing, none of the Patagonia Shares are subject to any voting trust, shareholder agreement or voting agreement.
- (h) Patagonia does not legally or beneficially own and does not have any agreements of any nature to acquire, directly or indirectly, any shares in the capital of or other equity or proprietary interests in any person, firm or corporation, nor does it have any agreement to acquire or lease any other business operations, properties or assets other than pursuant to the contracts listed in Schedule "B" hereto (the "**Patagonia Material Contracts**").
- (i) The Patagonia Material Contracts are the only material contracts of Patagonia and Patagonia has performed in all material respects all obligations required to be performed by it under the Material Contracts. Patagonia is not in breach or default under any Material Contract, nor does Patagonia have knowledge of any condition, that with the passage of time or the giving of notice or both would result in such a breach or default. Patagonia has no knowledge of and has not received any written notice of any breach or default under (nor, to the knowledge of Patagonia, does there exist any condition which with the passage of time or the giving of notice or both would result in such a breach or default under) any Material Contract by any other party thereto. Prior to the date hereof, Patagonia has made available to PentaNova true and complete copies of all of the material contracts of Patagonia.
- (j) All contracts that are material to Patagonia and with Patagonia and are legal, valid, binding and in full force and effect and are enforceable by Patagonia in accordance with their respective terms (subject to bankruptcy, insolvency and other applicable laws affecting creditors' rights generally, and to general principles of equity) and are the product of fair and arms' length negotiations between the parties thereto.
- (k) The execution and delivery of this Agreement by Blue Pacific and Patagonia and the consummation of the transactions herein provided for will not result in either:
 - (i) the breach or violation of any of the material provisions of, or constitute a material default under, or conflict with or cause the acceleration of any material obligation of Blue Pacific or Patagonia under:
 - (ii) any contract to which Blue Pacific or Patagonia is a party or by which any of them is, or their properties are, bound;

- (iii) any provision of the organizing documents, by-laws or resolutions of the board of directors (or any committee thereof) or shareholders of Blue Pacific or Patagonia;
 - (iv) any judgment, decree, order or award of any court, governmental body or arbitrator having jurisdiction over Blue Pacific or Patagonia; or
 - (v) to the knowledge of Blue Pacific and Patagonia, any applicable law, statute, ordinance, regulation or rule, or
 - (vi) the creation or imposition of any material Encumbrance on any of the BP Shares, Patagonia Shares or any of the Assets.
- (l) Patagonia is the owner of or has the right to acquire the properties as described in, and on the terms and conditions as set out in, the Material Contracts.
- (m) Other than pursuant to the Material Contracts, Patagonia is not the beneficial or registered owner of, and has not acquired or agreed to acquire any real property or other licences, interests or assets.
- (n) Patagonia has no outstanding liabilities or payables, other than in connection with the Acquisitions, and to the knowledge of Patagonia, the Assets have no title defects, encumbrances or environmental liabilities.
- (o) Patagonia is not a party to or bound by any material contract relating to the Assets, except the Patagonia Material Contracts.
- (p) Patagonia has performed all of the obligations required to be performed by it and is entitled to all benefits under, and are not in default or, to the knowledge of Blue Pacific and Patagonia, alleged to be in default in respect of, any contract relating to the Assets to which it is a party or by which it is bound; all such contracts are in good standing and in full force and effect, and, to the knowledge of Blue Pacific and Patagonia, no event, condition or occurrence exists that, after notice or lapse of time or both, would constitute a default under any of the foregoing. Blue Pacific has provided to PentaNova a true and complete copy of each contract currently in existence with Patagonia.
- (q) To the knowledge of Blue Pacific and Patagonia, the minute books of Patagonia contain accurate and complete records of all meetings held by, and corporate action taken by, the shareholders, the Board of Directors and committees of the Board of Directors of Patagonia.
- (r) Patagonia has duly filed on a timely basis all tax returns required to be filed by it and has paid all taxes that are due and payable, and all assessments, reassessments, governmental charges, penalties, interest and fines due and payable by it. Patagonia has made adequate provision for taxes payable by it for the current period and any previous period for which tax returns are not yet required to be filed. To the knowledge of Blue Pacific, there are no actions, suits, proceedings, investigations or claims pending or threatened against Patagonia in respect of taxes, governmental charges or assessments, nor are any material matters under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority. Patagonia has remitted to the appropriate tax authority when required by law to do so all amounts collected by it on

account of applicable taxes. Blue Pacific has provided to PentaNova a true copy of all tax returns filed by Patagonia in respect of the five last completed fiscal years.

- (s) There are no investigations, actions, suits or proceedings (whether or not purportedly on behalf of Patagonia) pending or, to the knowledge of Blue Pacific, threatened against or affecting, Patagonia at law or in equity, or before or by any federal, provincial, municipal or other governmental department, court, commission, board, bureau, agency or instrumentality, domestic or foreign, or by or before an arbitrator or arbitration board. Blue Pacific and Patagonia are not aware, after due inquiry, of any ground on which any other action, suit or proceeding might be commenced with any reasonable likelihood of success. There are no judgments, decrees, injunctions or orders of any governmental authority or arbitrator against or otherwise relating to Patagonia.
- (t) Blue Pacific has provided to PentaNova a true and complete list showing the name of each person, firm, corporation or business organization holding a general or special power of attorney from Patagonia and a summary of the terms thereof.
- (u) Blue Pacific has provided to PentaNova the names and titles of all the officers and directors of Patagonia.
- (v) Patagonia has no employees or consultants and is not a party to any contract or arrangement (whether oral or written) with any employee, consultant, agent or representative, which contract or arrangement provides for any salary, commission, bonus or other form of compensation to be paid to an employee, consultant, agent or representative.
- (w) Patagonia has not provided any written guarantee, warranty or indemnity to any Person, except indemnities in respect of matters for which Patagonia would otherwise be legally responsible.
- (x) Since its incorporation in January, 2017, Patagonia has not carried on business under any name other than its legal corporate names from time to time and has not carried on business in any jurisdiction other than as disclosed to PentaNova.
- (y) Neither Blue Pacific or Patagonia or, to the knowledge of Blue Pacific or Patagonia, any of Patagonia's directors, officers, employees or agents has taken any action, directly or indirectly, that would result in a violation by such persons of the *Corruption of Foreign Public Officials Act* (Canada), as amended (such act, including the rules and regulations thereunder, the "CFPOA"), including, without limitation, offered, paid, promised to pay or authorized the payment of any money or offer, gift, promise to give or authorized the giving of anything of value to any "foreign public official" (as such term is defined in the CFPOA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the CFPOA, and Patagonia and to the knowledge of Blue Pacific, its Affiliates have conducted their businesses in compliance with the CFPOA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure continued compliance therewith.

4.2 Representation and Warranties of PentaNova

PentaNova represents and warrants to and in favour of Blue Pacific, BP Subco and Patagonia as follows, and acknowledges that Blue Pacific, BP Subco and Patagonia are relying upon such representations and warranties:

- (a) PentaNova is duly incorporated and organized and validly subsisting under the laws of British Columbia and has all requisite corporate power, capacity and authority to enter into this Agreement, carry out the transactions contemplated by this Agreement, to own, lease and otherwise hold the PentaNova Subco Shares, and to otherwise carry on its business as presently conducted;
- (b) this Agreement has been duly authorized, executed and delivered by PentaNova and is a legal, valid and binding obligation of PentaNova enforceable against it in accordance with its terms subject to:
 - (i) bankruptcy, insolvency, moratorium, reorganization and other laws relating to or affecting the enforcement of creditors' rights generally; and
 - (ii) the fact that equitable remedies, including the remedies of specific performance and injunction, may only be granted in the discretion of the court;
- (c) there is no requirement to make any filing with, give any notice to, or obtain any authorization of, any Governmental Authority, or to obtain any consent, approval or authorization of any other Person (other than the approval of holders of the Subscription Receipts as required by the BC Act and the approval of the Court), as a condition to the lawful completion of the transactions contemplated by this Agreement, including specifically the Arrangement, except for the filing of the Amalgamation Filings, and other filings, notifications and authorizations required under Applicable Laws and the rules of the TSXV;
- (d) there is no bankruptcy, insolvency, liquidation, winding-up or other similar proceeding in progress, pending or threatened by or against PentaNova before any court or regulatory or administrative agency, authority or tribunal;
- (e) PentaNova has, or prior to the Closing will have, the legal power, capacity and competence and has or will have obtained all necessary approvals by its directors, shareholders partners and others, including all Governmental Authority and third parties, and has or will have taken all other necessary corporate and other actions and proceedings to authorize the entering into and execution of this Agreement and the taking of all actions required pursuant hereto;
- (f) PentaNova is a reporting issuer in the provinces of Alberta and British Columbia, Canada and its common share are listed for trading on the TSXV;
- (g) as of the date hereof, the authorized share capital of PentaNova consists of an unlimited number of Common Shares and an unlimited number of preferred shares, of which there are 182,714,849 Common Shares and no preferred shares issued and outstanding;
- (h) except as described in the Public Disclosure Record, (a) there are no outstanding or authorized options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character relating to any shares in the capital of PentaNova or obligating PentaNova to issue or sell any shares or, or any other interest in, PentaNova; and (b) there are no voting trusts or agreements, pooling agreements, shareholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the PentaNova Shares;

- (i) there are no current, pending, or, to the knowledge of PentaNova, threatened, actions, claims, demands, lawsuits, assessments, arbitrations, judgments, awards, decrees, orders, injunctions, prosecutions and investigations, or other proceedings, of, by, against, or relating to, PentaNova, which would affect PentaNova's ability to complete the transactions contemplated in this Agreement or which would have a Material Adverse Effect on PentaNova, and PentaNova is not aware of any basis for any such action, claim, demand, lawsuit, prosecution, assessment, arbitration, investigation or other proceeding;
- (j) there is no authorization, license, approval, consent, order or any other action or, or any registration, declaration, filing or notice with or to any Governmental Authority, court, board or arbitrator that is required for the execution or delivery by PentaNova of this Agreement, or the completion or performance by PentaNova of any of the transactions contemplated by this Agreement, or the validity or enforceability of this Agreement against PentaNova;
- (k) the execution, delivery and performance by PentaNova of this Agreement and any documents contemplated hereunder and the consummation of the transactions contemplated hereby and thereby, do not and will not: (a) conflict with or result in a violation or breach of, or default under, any provision of the articles of incorporation, by-laws, or other organizational documents of PentaNova; (b) conflict with or result in a violation or breach of any provision of any Law or Governmental Order applicable to PentaNova; or (c) require the consent, notice or other action by any person under any contract to which PentaNova is a party;
- (l) complete copies of the PentaNova Financial Statements are available in the Public Disclosure Record. These financial statements have been prepared in accordance with IFRS applied on a consistent basis throughout the period involved. These financial statements are based on the books and records of PentaNova, and fairly present, in all material respects, the financial condition of PentaNova as of the respective dates they were prepared and the results of the operations of PentaNova for the periods indicated. PentaNova maintains a standard system of accounting established and administered in accordance with IFRS;
- (m) since the latest balance sheet date as indicated in the Public Disclosure Record and other than as disclosed in the Public Disclosure Record, there has not been, with respect to PentaNova, any:
 - (i) event, occurrence or development that would constitute a Material Change;
 - (ii) amendment of the articles, by-laws or other organizational documents of PentaNova;
 - (iii) split, consolidation or reclassification of any shares in PentaNova;
 - (iv) the issuance, sale or other disposition of any shares in PentaNova, or grant of any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) any PentaNova Shares;
 - (v) declaration or payment of any dividends or distributions on or in respect of any Common Shares or redemption, retraction, purchase or acquisition of its shares;

- (vi) material change in any method of accounting or accounting practice of PentaNova, except as required by IFRS or as disclosed in the notes to the PentaNova Financial Statements;
 - (vii) other than as disclosed in the Public Disclosure Record, entry into any contract that would constitute a material contract;
 - (viii) incurrence, assumption or guarantee of any indebtedness for borrowed money except unsecured current obligations and liabilities incurred in the ordinary course of business consistent with past practice;
 - (ix) transfer, assignment, sale or other disposition of any of the assets shown or reflected in the balance sheet or cancellation of any debts or entitlements;
 - (x) material damage, destruction or loss (whether or not covered by insurance) to its property or assets;
 - (xi) any capital investment in, or any loan to, any other Person;
 - (xii) any material capital expenditures or any loan to (or forgiveness of any loan to), or entry into any other transaction with, any of its shareholders or current or former directors, officers and employees;
 - (xiii) adoption of any amalgamation, arrangement, reorganization, liquidation or dissolution or the commencement of any proceedings seeking to adjudicate PentaNova a bankrupt or insolvent, making a proposal with respect to PentaNova under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or similar laws, appointment of a trustee, receiver, agent, custodian or similar official for PentaNova or for any substantial part of its properties and assets or a creditor or any other Person commences any proceeding against PentaNova seeking to adjudicate it a bankrupt or insolvent or appointment of a trustee, receiver, agent, custodian or similar official for it or any substantial part of its properties and assets; or
 - (xiv) acquisition by amalgamation or arrangement with, or by purchase of a substantial portion of the assets or shares or, or by any other manner, any business or any Person or any division thereof;
- (n) all material contracts of PentaNova are valid and binding on PentaNova in accordance with their terms and are in full force and effect. None of PentaNova or, to PentaNova's knowledge, any other party thereto is in breach of or default under (or is alleged to be in breach of or default under) in any material respect, or has provided or received any notice of any intention to terminate, any material contract. No event or circumstance has occurred that, with notice or lapse of time or both, would constitute an event of default under any material contract or result in a termination thereof or would cause or permit the acceleration or other changes of any right or obligation or the loss of any benefit thereunder;
- (o) PentaNova has good and valid title to, or a valid interest in, all real property and personal property and other assets reflect in the PentaNova Financial Statements or acquired after the latest balance sheet date as indicated in the Public Disclosure Record, other than

properties and assets sole or otherwise disposed of in the ordinary course of business consistent with past practice since such balance sheet date;

- (p) PentaNova has complied, and is now complying, with all laws applicable to it or its business, properties or assets. All permits required for PentaNova to conduct its business have been obtained by it and are valid and in full force and effect. All fees and charges with respect to such Permits as of the date hereof have been paid in full. No event has occurred that, with or without notice or lapse of time or both, would reasonably be expected to result in the revocation, suspension, lapse or limitation of any permit;
- (q) PentaNova has duly filed on a timely basis all tax returns required to be filed by it and has paid all taxes that are due and payable, and all assessments, reassessments, governmental charges, penalties, interest and fines due and payable by them. PentaNova has made adequate provision for taxes payable by it for the current period and any previous period for which tax returns are not yet required to be filed. To the knowledge of PentaNova, there are no actions, suits, proceedings, investigations or claims pending or threatened against PentaNova in respect of taxes, governmental charges or assessments, nor are any material matters under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority. PentaNova has remitted to the appropriate tax authority when required by law to do so all amounts collected by them on account of GST or other similar taxes in other jurisdictions;
- (r) the minute books of PentaNova are complete and correct and have been maintained in accordance with sound business practices. The minute books of PentaNova contain accurate and complete records of all meetings and resolutions in writing of, the shareholders, the board of directors and any committees of the board of directors of PentaNova, and no meeting, or resolution in writing, of any such shareholders, board of directors or committee has been held for which minutes or resolutions in writing have not been prepared and are not contained in such minute books; and
- (s) the execution and delivery of, and the compliance with the terms of, this Agreement by PentaNova will not cause a suspension or revocation of any authorization for any consent, approval or license currently in effect which would have a PentaNova Material Adverse Effect.

4.3 Representations and Warranties of PentaNova Subco

PentaNova Subco represents and warrants to and in favour of Blue Pacific, Patagonia and BP Subco as follows, and acknowledges that Blue Pacific, Patagonia and BP Subco are relying upon such representations and warranties:

- (a) PentaNova Subco is a corporation existing under the laws of the Province of British Columbia;
- (b) PentaNova Subco has the power and capacity and is duly authorized to execute and deliver, and perform its obligations under, this Agreement and this Agreement is a valid and binding agreement, enforceable against PentaNova Subco in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in Applicable Laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally,

and to the qualification that equitable remedies, including specific performance, are discretionary and may not be ordered) and no other proceeding on the part of PentaNova Subco, other than the approval of the Arrangement by PentaNova, as sole shareholder of PentaNova Subco, is necessary to authorize the transactions contemplated under this Agreement;

- (c) PentaNova Subco has been incorporated solely for the purpose of the Arrangement and has never carried on any active business (other than such business required in connection with the Arrangement), and has no material assets and no liabilities;
- (d) there is no requirement to make any filing with, give any notice to, or obtain any authorization of, any Governmental Authority, or to obtain any consent, approval or authorization of any other Person (other than the approval of the sole shareholder of PentaNova Subco as required by the BC Act and the approval of the Court), as a condition to the lawful completion of the transactions contemplated by this Agreement, including specifically the Arrangement, except for the filing of Amalgamation Filings giving effect to the Arrangement and other filings, notifications and authorizations required under applicable securities laws and the rules of the TSXV;
- (e) there are no actions, suits, proceedings or inquiries, including, to the knowledge of PentaNova Subco, pending or threatened, against or affecting PentaNova Subco at law or in equity or before any Governmental Authority; and
- (f) the authorized capital of PentaNova Subco consists of an unlimited number of PentaNova Subco Shares and an unlimited number of preferred shares. An aggregate of one (1) PentaNova Subco Shares is issued and outstanding, all of which are owned by PentaNova. All outstanding PentaNova Subco Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights. No Person holds any securities convertible or exchangeable into securities of PentaNova Subco, or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, option or right for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of PentaNova Subco.

4.4 Representations and Warranties of BP Subco

BP Subco represents and warrants to and in favour of PentaNova and PentaNova Subco as follows, and acknowledges that PentaNova and PentaNova Subco are relying upon such representations and warranties:

- (a) BP Subco is a corporation existing under the laws of the Province of British Columbia;
- (b) BP Subco has the power and capacity and is duly authorized to execute and deliver, and perform its obligations under, this Agreement and this Agreement is a valid and binding agreement, enforceable against BP Subco in accordance with its terms (subject to such limitations and prohibitions as may exist or may be enacted in Applicable Laws relating to bankruptcy, insolvency, liquidation, moratorium, reorganization, arrangement or winding-up and other laws, rules and regulations of general application affecting the rights, powers, privileges, remedies and/or interests of creditors generally, and to the qualification that equitable remedies, including specific performance, are discretionary and may not be ordered) and no other proceeding on the part of BP Subco, other than the approval of the

Arrangement by Patagonia, as sole shareholder of BP Subco, is necessary to authorize the transactions contemplated under this Agreement;

- (c) BP Subco has been incorporated solely for the purpose of the Arrangement and has never carried on any active business (other than such business required in connection with the Arrangement), and has no material assets and no liabilities;
- (d) there is no requirement to make any filing with, give any notice to, or obtain any authorization of, any Governmental Authority, or to obtain any consent, approval or authorization of any other Person (other than the approval of the sole shareholder of BP Subco as required by the BC Act and the approval of the Court), as a condition to the lawful completion of the transactions contemplated by this Agreement, including specifically the Arrangement, except for the filing of Amalgamation Filings giving effect to the Arrangement and other filings, notifications and authorizations required under applicable securities laws and the rules of the TSXV;
- (e) there are no actions, suits, proceedings or inquiries, including, to the knowledge of BP Subco, pending or threatened, against or affecting BP Subco at law or in equity or before any Governmental Authority; and
- (f) the authorized capital of BP Subco consists of an unlimited number of BP Subco Shares and an unlimited number of preferred shares. An aggregate of one (1) BP Subco Shares are issued and outstanding, all of which are owned by Blue Pacific. All outstanding BP Subco Shares have been duly authorized and validly issued, and are fully paid and non-assessable and are not subject to, nor issued in violation of, any pre-emptive rights. No Person holds any securities convertible or exchangeable into securities of BP Subco, or now has any agreement, warrant, option, right or privilege (whether pre-emptive or contractual) being or capable of becoming an agreement, option or right for the purchase, subscription or issuance of any unissued shares, securities (including convertible securities) or warrants of BP Subco

4.5 Survival

The representations and warranties of PentaNova, PentaNova Subco, Blue Pacific, Patagonia and BP Subco contained in this Agreement or any document or certificate given pursuant hereto shall terminate as of the Effective Date.

ARTICLE 5 CONDITIONS PRECEDENT

5.1 Mutual Conditions Precedent

The respective obligations of the parties hereto to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date, of the following conditions, any of which may be waived by the mutual consent of such parties without prejudice to their right to rely on any other of such conditions, subject to the last paragraph of this Section 5.1:

- (a) the Arrangement shall be approved by Blue Pacific as the sole shareholder of BP Subco by way of written resolution executed by such sole shareholder, all in accordance with the applicable provisions of the BC Act;

- (b) the Arrangement shall be approved by PentaNova as the sole shareholder of PentaNova Subco by way of written resolution executed by such sole shareholder, all in accordance with the applicable provisions of the BC Act;
- (c) the Arrangement shall be approved by the Subscription Receiptholders by way of written consents executed by such Subscription Receiptholders;
- (d) the Escrow Release Conditions shall have been satisfied;
- (e) the Final Order shall have been obtained in form and terms satisfactory to each of Blue Pacific and PentaNova, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement, including, without limitation, the Arrangement;
- (g) all necessary third party and regulatory and governmental approvals, waivers and consents in respect of the transactions contemplated herein (each, a "**Third Party Approval**") shall have been obtained on terms and conditions satisfactory to Blue Pacific and PentaNova, each acting reasonably, including, without limitation, the conditional approval of the TSXV with respect to the Arrangement and the conditional approval of the TSXV with respect to the Offering;
- (h) no action or proceeding shall be pending or threatened by any Person and there shall be no action taken under any existing Applicable Laws that:
 - (i) make illegal or otherwise directly or indirectly restrains, enjoins or prohibits the Arrangement or any other transactions contemplated herein; or
 - (ii) result in a judgment or assessment of material damages directly or indirectly relating to the transactions contemplated herein;
- (i) this Agreement shall not have been terminated pursuant to Article 7 hereof;
- (j) the Amalgamation Filings shall be in form and substance satisfactory to each of Blue Pacific and PentaNova, acting reasonably;
- (k) the distribution of the securities in the United States pursuant to the Arrangement shall be exempt from the registration requirements under the U.S. Securities Act and, except with respect to Persons deemed "**affiliates**" of PentaNova (as defined in Rule 405 under the U.S. Securities Act) after the Effective Date and Persons deemed "**affiliates**" of PentaNova within 90 days prior to the Effective Date and Persons deemed "**affiliates**" of PentaNova at such time the Arrangement is submitted for vote or consent, the securities to be distributed in the United States pursuant to the Arrangement shall not be subject to resale restrictions under the U.S. Securities Act; provided however, that any options or warrants issued pursuant to the Arrangement may not be exercised in the United States or on behalf or for the benefit of, a U.S. Person or a Person in the United States, unless registered under the U.S. Securities Act and applicable state law or an exemption is available from such registration requirements, and the holder furnishes to PentaNova an opinion of counsel or other documentation satisfactory to PentaNova to such effect;

- (l) the Offering shall have been completed; and
- (m) the securities issued by PentaNova in the Offering shall be exempt from the registration requirements under the U.S. Securities Act.

The conditions described above are for the mutual benefit of Blue Pacific, BP Subco, Patagonia, PentaNova and PentaNova Subco and may be asserted by Blue Pacific, BP Subco, Patagonia, PentaNova and PentaNova Subco, as applicable, regardless of the circumstances, and such conditions (other than the conditions set forth in Sections 5.1(a), 5.1(b), 5.1(c), 5.1(d) and 5.1(e) above) may be waived by Blue Pacific, BP Subco, Patagonia, PentaNova and PentaNova Subco, as applicable, in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Blue Pacific, BP Subco, Patagonia, PentaNova and PentaNova Subco may have.

5.2 Conditions to Obligations of Blue Pacific and BP Subco.

The obligations of Blue Pacific and BP Subco to consummate the transactions contemplated hereby, are subject to the satisfaction, on or before the Effective Date (or such other time specified in respect thereof), of the following conditions:

- (a) PentaNova shall have complied in all respects with its covenants herein (without giving effect to, applying or taking into consideration any materiality qualification already contained in such covenant or obligation), except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a PentaNova Material Adverse Effect or would not reasonably be expected to significantly impede the ability of the parties to complete the Arrangement; provided that PentaNova shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from Blue Pacific (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Termination Deadline); and there shall not have occurred any PentaNova Material Adverse Effect from and after the date hereof to the Effective Date;
- (b) Blue Pacific and BP Subco shall have received a certificate from a senior officer of PentaNova confirming that the applicable conditions set forth in Sections 5.1 and 5.2 hereof have been satisfied;
- (c) the representations and warranties of PentaNova and PentaNova Subco set forth in this Agreement shall be true and correct (without giving effect to, applying or taking into consideration any materiality qualification already contained in such representation and warranty) as of the date of this Agreement and shall be true and correct as of the Effective Date as if made by PentaNova and PentaNova Subco immediately preceding the Arrangement on the Effective Date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties, except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, either would not result or would not reasonably be expected to result in a PentaNova Material Adverse Effect or would not, or would not reasonably be expected to, materially impede the ability of the parties to complete the Arrangement, provided that PentaNova shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from Blue Pacific (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event,

shall any cure period extend beyond the Termination Deadline), and Blue Pacific and BP Subco shall have received a certificate from a senior officer of PentaNova dated as of the Effective Date confirming same;

- (d) the board of directors of PentaNova shall have adopted all necessary resolutions to permit the consummation of the Arrangement, this Agreement and all related matters contemplated in connection therewith as set forth herein; and
- (e) PentaNova shall have furnished Blue Pacific with certified copies of:
 - (i) the resolutions, duly passed by the board of directors of PentaNova and PentaNova Subco approving the Arrangement, this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) the consents of the Subscription Receipholders duly approving the Arrangement in accordance with the terms hereof.

The conditions described above are for the exclusive benefit of Blue Pacific and BP Subco and may be asserted by Blue Pacific and BP Subco regardless of the circumstances, and such conditions (other than the condition set forth in Section 5.2(d) above) may be waived by Blue Pacific and BP Subco in their sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which Blue Pacific and BP Subco may have.

5.3 Conditions to Obligations of PentaNova and PentaNova Subco.

The obligations of PentaNova and PentaNova Subco to consummate the transactions contemplated hereby and in particular the Arrangement are subject to the satisfaction, on or before the Effective Date (or such other time specified in respect thereof), of the following conditions:

- (a) Blue Pacific and BP Subco shall have complied in all respects with their respective covenants herein (without giving effect to, applying or taking into consideration any materiality qualification already contained in such covenant or obligation), except where the failure to comply in all respects with such covenants, individually or in the aggregate, would not reasonably be expected to have a Blue Pacific Material Adverse Effect or would not reasonably be expected to significantly impede the ability of the parties to complete the Arrangement; provided that Blue Pacific and Subco shall be entitled to cure any breach of a covenant within five Business Days after receipt of written notice thereof from PentaNova (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Termination Deadline); and there shall not have occurred any Patagonia Material Adverse Effect from and after the date hereof to the Effective Date;
- (b) All conditions precedent to the completion of the Acquisitions other than the payment of the respective purchase prices therefor shall have been satisfied or waived;
- (c) PentaNova shall have received a certificate from a senior officer of each of Blue Pacific and BP Subco confirming that the applicable conditions set forth in Sections 5.1 and 5.3 hereof have been satisfied;
- (d) the representations and warranties of Blue Pacific, Patagonia and BP Subco set forth in this Agreement shall be true and correct (without giving effect to, applying or taking into

consideration any materiality qualification already contained in such representation and warranty) as of the date of this Agreement and shall be true and correct as of the Effective Date as if made by Blue Pacific, Patagonia and BP Subco, respectively, immediately preceding the Arrangement on the Effective Date (except to the extent such representations and warranties speak as of an earlier date or, with respect to all representations and warranties, except as affected by transactions contemplated or permitted by this Agreement), except where the failure of such representations and warranties to be true and correct, individually or in the aggregate, would not result or would not reasonably be expected to result in a Patagonia Material Adverse Effect or would not, or would not reasonably be expected to, materially impede the ability of the parties to complete the Arrangement, provided that Blue Pacific shall be entitled to cure any breach of a representation and warranty within five Business Days after receipt of written notice thereof from PentaNova (except that no cure period shall be provided for a breach which by its nature cannot be cured and, in no event, shall any cure period extend beyond the Termination Deadline) and PentaNova shall have received a certificate of a senior officer of each of Blue Pacific and Patagonia dated as of the Effective Date confirming same;

- (e) the board of directors of each of Blue Pacific and BP Subco shall have adopted all necessary resolutions to permit the consummation of the Arrangement, this Agreement and all related matters contemplated in connection therewith as set forth herein;
- (f) The Board of Directors of PentaNova shall have formed a compensation committee and a governance committee each of whose members shall include any two of Frank Giustra, Jeffrey Scott or Susannah Pierce.
- (g) Mr. Ian Telfer shall have been appointed to the advisory board.
- (h) Blue Pacific shall have furnished PentaNova with certified copies of:
 - (i) the resolutions, duly passed by the board of directors of Blue Pacific, BP Subco and Patagonia: (A) approving the Arrangement, this Agreement and the consummation of the transactions contemplated hereby; and
 - (ii) the written resolution of Blue Pacific as the sole shareholder of BP Subco approving the Arrangement in accordance with the terms hereof; and
- (i) immediately prior to the Arrangement Effective Time, PentaNova shall be satisfied that upon completion of the Arrangement, no Person shall have any agreement, option or any right or privilege (whether by law, pre-emptive, by contract or otherwise) capable of becoming an agreement or option for the purchase, subscription, allotment or issuance of any issued or unissued, BP Subco Shares.

The conditions described above are for the exclusive benefit of PentaNova and may be asserted by PentaNova regardless of the circumstances, and such conditions (other than the condition set forth in Section 5.3(d) above) may be waived by PentaNova in its sole discretion, in whole or in part, at any time and from time to time without prejudice to any other rights which PentaNova may have.

5.4 Notice and Effect of Failure to Comply with Conditions.

Each of PentaNova (on its behalf and on behalf of PentaNova Subco) and Blue Pacific (on its behalf and on behalf of Patagonia and BP Subco) shall give prompt notice to the other of the occurrence,

or failure to occur, at any time from the date hereof to the Effective Date of any event or state of facts which occurrence or failure would, or would be likely to: (i) cause any material change in its business, operations or assets, or cause any of the representations or warranties of any party contained herein to be untrue or inaccurate in any material respect; or (ii) result in the failure to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any party hereunder provided, however, that no such notification will affect the representations or warranties of the parties or the conditions to the obligations of the parties hereunder. Each of PentaNova and Blue Pacific shall in good faith discuss with the other any change in circumstances (actual, anticipated, contemplated, or to the knowledge of such party, threatened) which is of such a nature that there may be a reasonable question as to whether notice need to be given to the other party pursuant to this provision. The conditions set out in Sections 5.1, 5.2 and 5.3 are conclusively deemed to have been satisfied, waived or released when, with the agreement of the parties, the Amalgamation Filings are filed under the BC Act.

ARTICLE 6 AMENDMENTS

6.1 Amendment.

This Agreement may at any time and from time to time be amended by written agreement of the parties hereto without, subject to Applicable Law, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the parties hereto;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants contained herein and waive or modify performance of any of the obligations of the parties hereto; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment shall change the provisions hereof regarding the consideration to be received by Subscription Receiptholders in exchange for their Subscription Receipts without approval by the Subscription Receiptholders given in the same manner as required for the approval of the Arrangement and approval of the Court. The parties may agree to amend the Plan of Arrangement as set forth in Article 6 of the Plan of Arrangement.

ARTICLE 7 TERMINATION

7.1 Termination.

This Agreement may be terminated:

- (a) at any time prior to the Arrangement Effective Time, by mutual written agreement of the parties hereto, without further action on the part of the securityholders of PentaNova, PentaNova Subco, Blue Pacific, Patagonia or BP Subco, and upon compliance with Section 298 of the BC Act if termination occurs after the Final Order has been obtained;

- (b) at any time after the Termination Deadline, by either PentaNova (on its behalf and on behalf of PentaNova Subco) or Blue Pacific (on its behalf and on behalf of Patagonia and BP Subco), if the Arrangement Effective Time has not occurred on or before such date, without further action on the part of the securityholders of PentaNova, PentaNova Subco, Blue Pacific, Patagonia or BP Subco and provided that the event giving rise to the termination right is not the result, directly or indirectly, of such terminating party's breach of this Agreement;
- (c) by Blue Pacific upon written notice by Blue Pacific (on its behalf and on behalf of Patagonia and BP Subco) to PentaNova, at any time prior to the Effective Date: (i) if any of the conditions required to be satisfied hereunder pursuant to Section 5.1 or 5.2 hereof have not been satisfied (or waived by Blue Pacific, to the extent permitted hereunder) prior to the Effective Date; or (ii) if PentaNova or PentaNova Subco are in breach of any of their representations or warranties made in this Agreement (without giving effect to any materiality qualifiers contained therein) or covenants made in this Agreement which breach individually or in the aggregate causes or would be reasonably expected to cause a PentaNova Material Adverse Effect (subject to the application of the cure periods provided herein); and in each case, provided that the event giving rise to the termination right is not the result, directly or indirectly, of such terminating party's breach of this Agreement;
- (d) by PentaNova upon written notice by PentaNova to Blue Pacific (on its own behalf and on behalf of PentaNova Subco), at any time prior to the Effective Date: (i) if any of the conditions required to be satisfied hereunder pursuant to Section 5.1 or 5.3 hereof have not been satisfied (or waived by PentaNova, to the extent permitted hereunder) prior to the Effective Date; or (ii) if Blue Pacific or Subco is in breach of any of its representations or warranties made in this Agreement (without giving effect to any materiality qualifiers contained therein) or covenants made in this Agreement which breach individually or in the aggregate causes or would be reasonably expected to cause a Patagonia Material Adverse Effect (subject to the application of the cure periods provided herein); and in each case, provided that the event giving rise to the termination right is not the result, directly or indirectly, of such terminating party's breach of this Agreement;
- (e) provided Blue Pacific, Patagonia and BP Subco are not in material breach of this Agreement, upon written notice by Blue Pacific (on its behalf and on behalf of Patagonia and BP Subco) to PentaNova, at any time prior to the Effective Date if any of the conditions required to be satisfied hereunder pursuant to Section 5.2, have not been satisfied (or waived by Blue Pacific, on its own behalf and on behalf of Patagonia and BP Subco);
- (f) provided PentaNova and PentaNova Subco are not in material breach of this Agreement, upon written notice by PentaNova (on its behalf and on behalf of PentaNova Subco) to Blue Pacific, at any time prior to the Effective Date if any of the conditions required to be satisfied hereunder pursuant to Section 5.3, have not been satisfied (or waived by PentaNova on its own behalf and on behalf of PentaNova Subco); or

Following the termination of this Agreement in accordance with any of the above provisions, this agreement will terminate but the provisions in Sections 9.1 (Costs and Expenses) and 8.1 (Confidentiality) shall remain binding and enforceable and in full force and effect, and provided that neither the termination of this Agreement nor anything contained in this Section 7.1 shall relieve either party from any liability for any breach by it 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, other than as specifically set forth

herein. If this Agreement is terminated pursuant to any provision of this Agreement, the parties shall return all materials and copies of all materials delivered to PentaNova or Blue Pacific, as the case may be, or their respective Representatives.

ARTICLE 8 CONFIDENTIALITY

8.1 Confidentiality.

- (a) "**Confidential Information**" means any information relating to the disclosing party's businesses, operations, assets, liabilities, plans, prospects or affairs, or to the transactions contemplated hereby, which has been or is disclosed to or acquired by the receiving party regardless of whether such information is in oral, visual, electronic, written or other form and whether or not it is identified as "**confidential**".

Confidential Information does not include any information that:

- (i) is or becomes generally available to the public other than as a result of disclosure directly or indirectly by the receiving party or its Representatives;
 - (ii) is or becomes available to the receiving party on a non-confidential basis from a source other than the disclosing party unless the receiving party knows after reasonable inquiry that such source is prohibited from disclosing the information to the receiving party by a contractual, fiduciary or other legal obligation to the disclosing party; or
 - (iii) the receiving party can show was independently acquired or developed by the receiving party prior to the disclosure by the other party and without the use of any Confidential Information.
- (b) The receiving party shall keep confidential the Confidential Information, shall not disclose the Confidential Information in any manner whatsoever, in whole or in part, except as permitted by this Section 8.1, and shall use the Confidential Information solely to carry out the transactions contemplated hereby and not directly or indirectly for any other purpose.
- (c) The receiving party shall not disclose to any Person the fact that the Confidential Information has been made available, this Agreement has been entered into, discussions or negotiations are taking place or have taken place concerning a possible transaction, or any of the terms, conditions or other facts with respect to the foregoing, including the status thereof, except as permitted by this Agreement. Notwithstanding the foregoing, the parties acknowledge and agree that PentaNova shall be required to disclose the terms hereof in accordance with the applicable timely disclosure obligations and the regulations of the TSXV.
- (d) The receiving party may disclose Confidential Information to its Representatives but only to the extent that such Representatives need to know the Confidential Information for the purposes of carrying out the transactions contemplated hereby, have been informed of the confidential nature of the Confidential Information, are directed to hold the Confidential Information in the strictest confidence, and agree to act in accordance with the terms and conditions of this Agreement. Each party shall cause its Representatives to observe the

terms of this Agreement and is responsible for any breach by its Representatives of any of the provisions of this Agreement.

- (e) The disclosure restrictions contained in this Agreement do not apply to disclosure that is required by Applicable Laws, unless the receiving party is permitted or required by Applicable Law to refrain from making such disclosure for confidentiality or other reasons, or that the disclosing party gives the receiving party prior written consent to disclose. Prior to making any disclosure pursuant to Applicable Laws, the receiving party shall, to the extent not prohibited by Applicable Laws:
 - (i) give the disclosing party prompt notice of the requirement and the proposed content of any disclosure;
 - (ii) at the disclosing party's request and expense, co-operate with the disclosing party in limiting the extent of the disclosure and in obtaining an appropriate protective order or pursuing such legal action, remedy or assurance as the disclosing party deems necessary to preserve the confidentiality of the Confidential Information, at the disclosing party's cost; and
 - (iii) if a protective order or other remedy is not obtained or the disclosing party fails to waive compliance with the provisions of this Agreement, disclose only that portion of the Confidential Information that it is required to disclose and exercise commercially reasonable efforts to obtain reliable assurance that confidential treatment is given to the Confidential Information disclosed.
- (f) The receiving party shall make the same efforts to safeguard the Confidential Information as it makes to safeguard its own confidential and proprietary business information, or all commercially reasonable efforts to safeguard the Confidential Information if such efforts would impose on it a higher standard of care.
- (g) If this Agreement is terminated pursuant to Section 7.1, each party shall, subject to Section 8.1(h), within seven (7) Business Days of such termination:
 - (i) return all Confidential Information to the disclosing party without retaining any copies; or
 - (ii) destroy or permanently erase all copies of the Confidential Information; and
 - (iii) certify to the disclosing party in writing that this Section 8.1(g) has been complied with.

Return or destruction of Confidential Information shall not minimize the receiving party's obligation to protect and maintain the Confidential Information in the strictest confidence as provided for herein.

- (h) Despite Section 8.1(g), Blue Pacific and PentaNova may each retain data or electronic records containing the Confidential Information solely for the purposes of backup, recovery, contingency planning or business continuity planning so long as such data or records are not accessible in the ordinary course of business and are not accessed except as required for backup, recovery, contingency planning or business continuity purposes. Each party shall keep such retained Confidential Information confidential, subject to the terms

of this Agreement. Blue Pacific and PentaNova shall permanently delete any data or records that are restored or otherwise become accessible in the ordinary course of business.

ARTICLE 9 GENERAL

9.1 Costs and Expenses.

The parties acknowledge and agree that, whether or not the transactions contemplated hereby are completed, all costs and expenses relating to the transactions contemplated by this Agreement will be paid by the party incurring same.

9.2 Binding Effect.

This Agreement shall be binding upon and enure to the benefit of the parties hereto.

9.3 Entire Agreement.

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supercedes all prior agreements, understandings, negotiations and discussions, whether oral or written, between the parties with respect to the subject matter hereof, including without limitation the Letter Agreement.

9.4 Assignment.

No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of each of the other parties.

9.5 Press Releases etc.

Notwithstanding any other provision hereof, all press releases and other proposed public disclosure statements and/or documents issued by any of Blue Pacific and/or PentaNova in connection with the Arrangement or other matters contemplated hereby must be provided to each of Blue Pacific and PentaNova prior to their release and due consideration shall be given to any comments provided by either such party to the other, provided however that this Section 9.5 shall not be interpreted so as to prohibit any party from complying with its timely disclosure obligations under Applicable Laws.

9.6 Further Assurances.

Each of the parties hereto agrees to execute and deliver such further instruments and to do such further reasonable acts and things as may be necessary or appropriate to carry out the intent of this Agreement.

9.7 Notice.

Any notice which a party may desire to give or serve upon another party shall be in writing and may be delivered, mailed by prepaid registered mail, return receipt requested or sent by facsimile or email transmission to the following addresses:

- (a) Blue Pacific, Patagonia or BP Subco

2nd Floor, O'Neal Marketing Associates Building, P.O. Box 4493, Road Town, Tortola,
British Virgin Islands, VG111

Attention: Laureano Siegmund
Email: vonsiegmund@gmail.com

With a copy to:

CLA Consultores SAS
Edificio Capital Park 93
Calle 93 #11A-28 Oficina 802
Bogotá, Colombia

Attention: Lya Glaentzlin
Email: lyag@cla.com.ve

(b) PentaNova Energy Corp.

595 Burrard Street
Suite 3123
Vancouver, BC
V7X 1J1

Attention: Chief Executive Officer
Facsimile No.: (604) 609-6145
Email: lbiondi@pentanovaenergy.com

With a copy to:

Farris, Vaughan, Wills & Murphy LLP
25th Floor,
700 West Georgia Street
Vancouver, BC
V7Y 1B3

Attention: Jay Sujir
Facsimile No.: (604) 661-9349
Email: jsujir@farris.com

or to such other address as the party to or upon whom notice is to be given or served has communicated to the other parties by notice given or served in the manner provided for in this Section. In the case of delivery or facsimile or email transmission, notice shall be deemed to be given on the date of delivery and in the case of mailing, notice shall be deemed to be given on the third Business Day after such mailing.

9.8 Currency.

All dollar amounts expressed herein are in Canadian currency, unless otherwise specified.

9.9 Time of Essence.

Time shall be of the essence of this Agreement.

9.10 Governing Law.

This Agreement shall be governed by and construed in accordance with the Applicable Laws of the Province of British Columbia and the Applicable Laws of Canada applicable therein. The parties hereby irrevocably submit and attorn to the exclusive jurisdiction of the courts of the Province of British Columbia in respect of all matters arising out of this Agreement. The parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is, accordingly, agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of the Province of British Columbia having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity, subject to the provisions of this Agreement.

9.11 Waiver.

Either party may, on its own behalf only: (i) extend the time for the performance of any of the obligations or acts of another party, (ii) waive compliance with another party's agreements or the fulfillment of any conditions to its own obligations contained herein; or (iii) waive inaccuracies in another party's representations or warranties contained herein or in any document delivered by the other party; provided, however, that any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of the first party and, unless otherwise provided in the written waiver, will be limited to the specific breach or condition waived.

9.12 Severability.

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

9.13 Provision of Information; Access

- (a) Until the Effective Date or termination of this Agreement, PentaNova shall provide Blue Pacific and its Representatives reasonable access, during normal business hours and at such other time or times as Blue Pacific may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to Blue Pacific all information concerning its business, assets and personnel as Blue Pacific may reasonably request, which information shall remain subject to Section 8.1 hereof, in order to permit Blue Pacific to be in a position to expeditiously and efficiently integrate the business and operations of PentaNova immediately upon but not prior to the Effective Date.
- (b) Until the Effective Date or termination of this Agreement, Blue Pacific shall provide PentaNova and its Representatives access, during normal business hours and at such other time or times as PentaNova may reasonably request, to its premises (including field offices and sites), books, contracts, records, computer systems, properties, employees and management personnel and shall furnish to PentaNova all information concerning its business, assets and personnel as PentaNova may reasonably request, which information shall remain subject to Section 8.1 hereof.

9.14 Counterparts.

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

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first above written.

PENTANOVA ENERGY CORP.

Per: “*Serafino Iacono*”
 Authorized Signatory

1119139 B.C. LTD.

Per: “*David Farrell*”
 Authorized Signatory

BLUE PACIFIC ASSETS CORP.

Per: “*Laureano Siegmund*”
 Authorized Signatory

1119190 B.C. LTD.

Per: “*Laureano Siegmund*”
 Authorized Signatory

PATAGONIA OIL CORP.

Per: “*Laureano Siegmund*”
 Authorized Signatory

SCHEDULE "A"

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

1. INTERPRETATION

- (a) **Definitions:** In this Plan of Arrangement, unless the context otherwise requires, the following words and terms shall have the meaning hereinafter set out:
- (i) "Act" means the Business Corporations Act (British Columbia) and the regulations made thereunder;
 - (ii) "affiliate" has the meaning given to such term in the Act;
 - (iii) "Arrangement Agreement" means the agreement dated July 31, 2017 between PentaNova, PentaNova Subco, Blue Pacific, Patagonia and BP Subco, as the same may be amended, varied or supplemented from time to time;
 - (iv) "BP Subco Shares" means the common shares in the capital of BP Subco;
 - (v) "Exchange Ratio" shall have the meaning ascribed thereto in subsection 3(a)(i) hereof;
 - (vi) "Former Subscription Receiptholder" means a Person who is a registered holder of Subscription Receipts as shown on the share register of Subscription Receipts immediately prior to the Arrangement Effective Time;
 - (vii) "Lien" means any hypothec, mortgage, pledge, assignment, lien, charge, security interest, encumbrance or adverse right or claim, other third Person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
 - (viii) "PentaNova Subco Shares" means the common shares in the capital of PentaNova Subco;
 - (ix) "PentaNova Unit" means a unit comprised of one PentaNova Share and one PentaNova Warrant;
 - (x) "Tax Act" means the Income Tax Act (Canada) and the regulations thereunder.

All terms used in this Plan of Arrangement that are not defined in this Section 1(a) or elsewhere herein and that are defined in the Arrangement Agreement shall have the respective meanings ascribed to them in the Arrangement Agreement.

- (b) **Interpretation Not Affected by Headings.** The headings contained in this Plan of Arrangement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Plan of Arrangement. The terms "**this Plan of Arrangement**", "**hereof**", "**herein**", "**hereto**", "**hereunder**" and similar expressions refer

to this Plan of Arrangement and not to any particular article, section, subsection, paragraph, subparagraph, clause or sub-clause hereof and include any agreement or instrument supplementary or ancillary hereto.

- (c) **Date for any Action.** If the date on which any action is required to be taken hereunder is not a Business Day, such action shall be required to be taken on the next succeeding day which is a Business Day.
- (d) **Number and Gender.** In this Plan of Arrangement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders and neuter.
- (e) **Reference to Persons and Sections.** A reference to a Person includes any successor to that Person. A reference to any statute includes all regulations made pursuant to such statute and the provisions of any statute or regulation which amends, supplements or supersedes any such statute or regulation. Unless otherwise specified, all references to Sections and subsections shall be references to Sections and subsections of this Plan of Arrangement.
- (f) **Currency.** Unless otherwise stated in this Plan of Arrangement, all references herein to amounts of money are expressed in lawful money of Canada.
- (g) **Legislation and Agreement References.** References in this Plan of Arrangement to any statute or section thereof shall be deemed to be a reference to such statute or section as amended or substituted and inclusive of any regulations promulgated thereunder from time to time in effect. References to any agreement or document shall be to such agreement or document (together with all schedules and exhibits thereto), as it may have been or may hereafter be amended, supplemented, replaced or restated from time to time.

2. EFFECT OF THE ARRANGEMENT

- (a) **Arrangement Agreement.** This Plan of Arrangement is made pursuant to and subject to the provisions and forms part of the Arrangement Agreement.
- (b) **Arrangement Effective Time.** At the Arrangement Effective Time, the Arrangement shall, without any further authorization, act or formality on the part of the Court, be binding upon PentaNova, PentaNova Subco, Blue Pacific, Patagonia, BP Subco and the Subscription Receiptholders.

3. THE ARRANGEMENT

- (a) **The Arrangement.** Commencing at the Arrangement Effective Time, the following shall occur and shall be deemed to occur in the following order without any further act or formality:
 - (i) the Escrowed Funds will be released to PentaNova in accordance with the Escrow Agreement and each Subscription Receipt will be automatically converted (for no further consideration and with no further action on the part of the holder thereof) into one PentaNova Unit (the "**Exchange Ratio**"), and the name of such holder will be removed from the register of holders of Subscription Receipts and added to the register of holders of PentaNova Shares and the register of holders of PentaNova Warrants;

- (ii) each issued and outstanding BP Subco Share will be transferred to PentaNova and the names of the holders thereof will be removed from the register of holders of BP Subco Shares and in consideration therefore, Blue Pacific will receive an aggregate of US\$10,000 from PentaNova in respect of the BP Subco Shares so transferred;
- (iii) the Amalgamation will be completed and PentaNova Subco and BP Subco will continue as Amalco on the following terms:
 - (A) the name of Amalco shall be its incorporation number followed by “B.C. Ltd.”; the property, rights and interests of each of PentaNova Subco and BP Subco shall continue to be the property, rights and interests of Amalco;
 - (B) Amalco shall continue to be liable for the obligations of each of PentaNova Subco and BP Subco;
 - (C) the notice of articles and articles of PentaNova Subco shall be the notice of articles and articles of Amalco;
 - (D) each issued and outstanding BP Subco Share will be exchanged for one (1) fully paid and non-assessable Amalco Share and thereafter all BP Subco Shares shall be cancelled without any repayment of capital in respect thereof;
 - (E) each issued and outstanding PentaNova Subco Shares will be exchange for one (1) fully paid and non-assessable Amalco Share and thereafter all PentaNova Subco Shares shall be cancelled without any repayment of capital in respect thereof; and
 - (F) the board of directors of Amalco shall be comprised of a minimum of one and a maximum of 10 directors, and the first director of Amalco shall be Gregg Vernon.
- (b) **No Fractional Shares.** Following the Arrangement Effective Time, if the aggregate number of PentaNova Shares to which a Subscription Receiptholder would otherwise be entitled would include a fractional share, then the number of PentaNova Shares that such Subscription Receiptholder is entitled to receive shall be rounded down to the next whole number and no Subscription Receiptholder will be entitled to any compensation in respect of such fractional PentaNova Share.
- (c) **Withholding Rights.** PentaNova shall be entitled to deduct and withhold from all dividends, distributions, other payments or other consideration otherwise payable to any person such amounts as PentaNova is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax law, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the person in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority. For greater certainty, to the extent PentaNova is required to deduct and withhold from any consideration that is not cash, PentaNova

shall be entitled to liquidate such consideration to the extent necessary in order to fund its deduction, withholding and remittance obligations.

4. OUTSTANDING CERTIFICATES

- (a) At or promptly after the Arrangement Effective Time, PentaNova shall issue an irrevocable treasury order authorizing the registrar and transfer agent of PentaNova to issue certificates representing the aggregate number of PentaNova Shares to which the Subscription Receiptholders are entitled in accordance with the terms of the Arrangement, and PentaNova shall issue certificates representing the aggregate number of PentaNova Warrants to which the Subscription Receiptholders are entitled in accordance with the terms of the Arrangement.
- (b) From and after the Arrangement Effective Time, each certificate formerly representing Subscription Receipts shall be cancelled and shall thereafter represent only the right to receive the number of PentaNova Shares and PentaNova Warrants that such Subscription Receiptholder is entitled to in accordance with the terms and subject to the limitations of this Plan of Arrangement.
- (c) After the Arrangement Effective Time, the Subscription Receiptholders shall not be entitled to any interest, dividend, premium or other payment on or with respect to the PentaNova Shares other than the PentaNova Shares which they are entitled to receive pursuant to this Plan of Arrangement.

5. AMENDMENT

- (a) PentaNova, PentaNova Subco, Blue Pacific, Patagonia and BP Subco reserve the right to amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that any amendment, modification or supplement must be contained in a written document which is filed with the Court.
- (b) If such amendment, modification or supplement to this Plan of Arrangement is made following receipt of the Final Order, then such amendment, modification or supplement must be: (i) approved by the Court, and (ii) if the Court directs, approved by the Subscription Receiptholders and in any event communicated to them, and in either case in the manner required by the Court.
- (c) Notwithstanding the foregoing provisions of this Section 5, any amendment, modification or supplement to this Plan of Arrangement may be made by PentaNova, PentaNova Subco, Blue Pacific, Patagonia and BP Subco without approval of any securityholders of PentaNova, PentaNova Subco, Blue Pacific, Patagonia and BP Subco provided that it concerns a matter which, in the reasonable opinion of PentaNova, PentaNova Subco, Blue Pacific, Patagonia and BP Subco is of an administrative or ministerial nature required to better give effect to the implementation of this Plan of Arrangement and is not materially adverse to the financial or economic interests of any of PentaNova, PentaNova Subco, Blue Pacific, Patagonia and BP Subco securityholders.
- (d) Notwithstanding the foregoing provisions of this Section 5, no amendment, modification or supplement of this Plan of Arrangement may be made prior to the Arrangement Effective Time except in accordance with the terms of the Arrangement Agreement.

SCHEDULE "B"

MATERIAL CONTRACTS

KM8 ACQUISITION

1. Offer made by Frontier Hydrocarbons Ltd., a BVI corporation ("**Frontier**"), to Compañía Argentina de Comodoro Rivadavia Explotación de Petróleo S.A.M.I.C.I y F ("**CACREP**") to acquire all of the Km8 Assets, which was accepted by CACREP on February 3, 2017 (the "Km8 Assets Purchase Agreement"), as amended on July 19, 2017.
2. Stock Purchase Agreement dated February 3, 2017, entered into by Frontier with Newxa Oil & Gas to acquire all of the shares of San Jorge Oil & Gas Inc., (previously CRI Holding Inc.) a company organized under the laws of the State of Nevada (the "**Operating Company**"), which has a branch registered in Argentina under the name CRI Holding Inc., Sucursal Argentina which is the operator of the Km8 Assets, as amended on July 18, 2017.
3. Assignment Agreement entered into as of February 3, 2017, between Frontier and Patagonia for the assignment of the contractual acquisition rights to the Km8 Assets, as well as to the Operating Company, as amended on July 2017.

YPF ACQUISITION

1. Offer and term sheet dated April 17, 2017 submitted by YPF S.A. to Patagonia which shall serve as the basis for drafting a farm out agreement pursuant to which Patagonia will acquire an 11% interest in the Llanquanelo Exploitation Asset. The offer was accepted by Patagonia on April 17, 2017. The parties further amended the offer and term sheet on July 25, 2017.
2. Promissory note issued by Patagonia to YPF S.A. on July 25, 2017.

ROCH ACQUISITION

Offer made by Patagonia to Roch S.A. ("**Roch**") on March 23, 2017 to acquire all of Roch's participating interest in: (i) certain assets in Tierra del Fuego; (ii) the Sur Río Deseado Este Production Asset (54.1408%); (iii) the Sur Río Deseado Este Exploration Asset (7.920%); and (iv) the Llanquanelo Exploitation Asset (10.00%), including certain additional movable assets associated to the oil fields. The offer was accepted by Roch on April 4, 2017. The agreement was amended on May 22, 2017.

ALIANZA ACQUISITION

1. Offer made by Petro AP Hong Kong Company Limited and Procomm Investment Limited on April 7, 2017 to Patagonia to acquire 100% of the shares of Alianza Petrolera Argentina S.A. The offer was accepted by Petro AP Hong Kong Company Limited and Procomm Investment Limited on April 7, 2017. The parties amended the terms of the transaction on July 21, 2017.
2. Escrow Agreement entered into among Petro AP Hong Kong Company Limited, Procomm Investment Limited, Patagonia and Norton Rose Fullbright dated as of May 2, 2017, as amended on July 21, 2017.

PATAGONIA ENERGETICA LTD. OPTION TO INVEST

An agreement with the option to invest US\$ 40,000,000 for the 51% of the shareholding of Patagonia Energetica Ltd. a company incorporated and existing under the laws of British Virgin Islands, which owns 100% of Patagonia Energética S.A., a company incorporated and existing under the laws of Argentina. Patagonia Energética S.A. is the owner and operator of an oil refining facility under construction in the Punto Loyola, Province of Santa Cruz, and has initiated request for a number of hydrocarbon exploration Blocks in the Province of Santa Cruz, Argentina